

A NEW JOURNEY OF  
TAO KAE NOI



PLANT



PREMIUM



PROTEIN



2019 ANNUAL REPORT

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED



# Seaweed Crush



CRACK CRACK !!  
CRACK CRACK !!



CRACK!!





เซเดียมต่ำ.  
ทุกคำอร่อย  
ลดเกลือ 50% ไม่ใส่ผงชูรส



ทอดด้วย  
น้ำมันรำข้าว





# A NEW JOURNEY OF TAO KAE NOI

## PLANT

Products which are made entirely from vegetables and do not contain any sort of meat, contain all sorts of beneficial nutrients, including fiber, many vitamins, proteins and most importantly, they're delicious and diverse in flavors.

## PREMIUM

Products that focus on using real and natural ingredients deliver a high level of consumers' satisfaction in terms of taste.

## PROTEIN

Products that focus primarily on the benefits of protein





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# Section 1

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## Business Operations



# 1

## Vision and Business Overview

Corporate vision, mission and operational goals of the company

### VISION

To become an innovative food company, bringing happiness to the consumers worldwide

### MISSION

1

Develop and distribute innovative products for the customer without any border limitations.

2

Develop and meet the international production standards and become environment friendly.

3

Create happiness and cooperation with the company.

4

Respond and adapt to the changes that can occur to the trends of the global market and continuously improve to ensure sustainable growth.

5

Create a trustful organization through good governance and sustainable development.

### CORE VALUES

**T** Team is teamwork.

**K** Keep Excelling is striving for excellence.

**N** New Idea is being innovative.



## Historical importance and development

Taokaenoi Food and Marketing Public Company Limited registered to be in the legal entity of the public company limited with the Thailand Ministry of Commerce since the 21st September 2004 with a registered capital of 1 million baht to begin in the business of processed seaweed snack production and distribution in the brand of “Taokaenoi” products.

The company continuously increased their capital to support their business expansion and since 10th May 2013, the company registered and transform into a public company. On the 30th November 2015, the company has registered the change of paid-up capital (increase capital) to 345 million baht by issuing new ordinary shares to be proposed in order to sell shares to the general public in the amount of 360 million baht with a par value of 0.25 baht per share. This is to raise funds for

machinery development and increase the capital flow of the company.

Currently, the company has two production factories, which are Noppawong factory (NPW) located at Pathum Thani Province and Rojana factory (RJN) located at Ayutthaya province. This is to meet the demands of local and international consumers with overseas sales offices in China and the United States.

The company also invested in other related businesses to support the main business operations of the company, such as snack stores, souvenir shops and seasoning powder production factories etc. These business helped increase the company’s revenue, reduce operating costs and was able to advertise their products and publicize the company’s branding to become more recognized.



## Important developments

The significant development of the company since the beginning includes:



**2004**

Company Establishment



**2006**

Production line moved to  
Bang Bua Thong, Nonthaburi

**2008**

Moved to current factory  
Nopawong, Phatumthani

**2010**

Opened 1<sup>st</sup> shop of  
“Taokaenoi Land”



### 2004 :

- The beginning of a business that has registered and established into a company to produce and distribute processed seaweed under the brand “Taokaenoi” with a registered capital of 1 million baht and starting with a production base at Tha It office And Neerawan Village. The company started distributing processed seaweed products at “7 Eleven” convenient stores and was considered to be a commercial production since then.

### 2005 :

- The company received the Halal food certification, to confirm that the processed seaweed production process is according to the provisions of Islam, allowing Muslims to consume.
- The company also received the certified CODEX GMP from Global Certification Service Limited, given to factories that have been inspected and certified for quality standards by the Food and Drug Administration, Ministry of Public Health.
- The company began to distribute products to foreign countries through domestic exporters (Thai Exporter). The first country to open their market to Taokaenoi processed seaweed snacks was Singapore.

### 2006 :

- The company relocated its manufacturing plant from Tha It to a new factory in Bang Bua Thong. The property was leased from a third party, located at the address of 48/124-134, Village No. 6, Bang Krua Sai Noi Road, Bang Rak Yai Subdistrict, Bang Bua Thong District Nonthaburi Province (Bang Bua Thong Office).

- The company increased its registered capital from the 1 million baht (starting capital) to 3 million baht by issuing 20,000 new ordinary shares with a par value of 100 baht per share.

### 2007 :

- The company received its Thai product logo (Thailand’s brand), which helps to guarantee the quality of Thai exported products and build confidence towards Thai product quality to the consumers around the world.

### 2008 :

- The company has received the standard of ISO 9001: 2008 (the original standard is ISO 9001: 2000), which is standardized for international quality management systems created by the International Organization for Standardization.
- The company has received the standard for food safety management systems – 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 focuses on the food production safety for the consumers.
- The company has expanded and increased their production volume to meet the increased consumer demands. Moreover, this is to support new consumers in the foreseeable future. This is done by opening a 2nd production plant at Noppawong. The property here is leased from a third party to build a factory located at 12/1 Village No. 4, Na Mai Subdistrict, Lat Lum Kao District Pathum Thani Province (Noppawong Office).

- The company increased the registered capital from 3 million baht to 5 million baht by issuing 20,000 new ordinary shares with a par value of 100 baht.

- The company was awarded the Bai Po Business Awards from the Sasin Institute of Business Administration together with Siam Commercial Bank. The award is given to outstanding work by entrepreneurs, small and medium business entrepreneurs.

- By now, the company’s annual sales revenue was more than 1 billion baht.

### 2009 :

- The company established Tao Kae Noi Restaurant and Franchise Company Limited (TKNRF), in which the company holds 99.99 percent of the paid-up capital to run a snack and souvenir shop called “TaoKaeNoi Land” located in the tourist cities such as Bangkok, Chiang Mai, Pattaya and Phuket.

### 2010 :

- The Company purchased ordinary shares of Wantmore Industry Company Limited from the shareholders of the Company in the proportion of 99.99 percent of the paid-up capital, which is presently called “Tao Kae Noi Care Company Limited” (TKNC).

- The company increased its registered capital from 5 million baht to 35 and to 160 million baht respectively by issuing 1,550,000 new ordinary shares with a par value of 100 baht per share.





**2011**

“The Billionaire”  
Movie based on true story



**2015**

Listed in the Stock  
Exchange of Thailand (SET)



**2018**

Launched Nora Brand  
in US Market



**2017**

Start operation of 2<sup>nd</sup> factory  
in Rojana, Ayutthaya

### 2011 :

- The Company purchased ordinary shares of NCP Trading and Supply Company Limited (“NCP”) from a third party group that were not connected. In the proportion of 99.99% of the paid-up capital, in order to control and operate the production and distribution of seasoning powder.
- By now, the company was able to generate sales revenue of over 2 billion baht annually.

### 2013 :

- The company transform into a public company limited, using the name “Tao Kae Noi Food and Marketing Public Company Limited” and resolved to change the par value of the company’s ordinary shares from the original par value of 100 baht per share with a par value of 1 baht per share and a resolution to increase the registered capital from 160 million baht to 300 million baht by issuing 140 million new ordinary shares with a par value of 1 baht per share to offer to the existing shareholders of 60 million shares and for the initial public offering of 80 million shares.
- The company also changed its headquarters from 93 / 5-7 Village No. 5, Rattana Thibet Road, Bang Rak Noi Subdistrict, Mueang Nonthaburi District, Nonthaburi Province 11110 to a new location of 12/1 Village No. 4, Na Mai Subdistrict, Lat Lum Kaeo District Pathum Thani Province 12140.

### 2014 :

- The company has a resolution to change the allotment of ordinary shares. Increased capital by 140 million baht by selling to the existing shareholders in

the amount of 95 million baht and for public offering for the first time 45 million baht, including registration to change the registered capital of the company to 300 million baht and paid in the amount of 255 million baht.

### 2015 :

- The company began the construction of a new factory at the Rojana Industrial Park.
- The company has a resolution to change the registered capital of the company as well as being registered with the Ministry of Commerce for 345 million baht for the initial public offering of 90 million baht.
- The company has resolved to change the par value of the ordinary shares of the company with the Ministry of Commerce on 3rd September 2015 from the par value of 1.00 baht per share to 0.25 baht per share. As a result, the company’s registered capital changed to 1,380 million shares.
- The company offered to sell 360 million new ordinary shares at the price of 4 baht per share to the general public. The Company has received payment of the stated share capital increase in the total amount of 1,440 million baht. The direct expenses related to the offering of shares in the amount of 34.6 million baht are shown by deducting the surpluses (premium) on ordinary shares. Moreover, the company registered the stated increase in paid-up capital with the Ministry of Commerce on 30th November 2015.
- The estate of the company was traded in the Stock Exchange of Thailand for the first time on 3rd December 2015.
- The company now has sales revenue of over 3 billion baht per year.

### 2016 :

- The company’s 2nd production factory started operating at the Rojana Industrial Park. It’s the company 2nd production factory because there is a need to increase production output to support the continuous expansion of the market domestically and internationally.
- The company sales revenue was at over 4 billion baht annually.

### 2017 :

- The company purchased and acquired GIM Factory Inc. (Presently named: Tao-kaenoi USA Inc. “TKNUS”) located at the California state, United States of America. This is to support the expansion into the North American market.
- The company sales revenue increased surpassing 5 billion baht annually.

### 2018 :

- The company opened a representative office in Shanghai, China in order to promote sales and marketing in the People’s Republic of China.

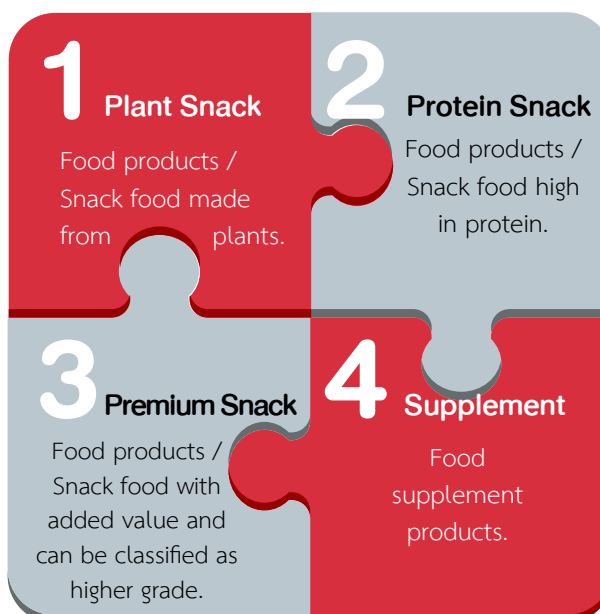
### 2019 :

- The company has partnered with business partner Pan Orion, which holds 3.5% of the company’s shares and is a representative distributor in China as well as developing products together in the future, such as crispy corn snack and corn flavored soup, Kobuk brand.

## Business overview

Tao Kae Noi Food and Marketing Public Company Limited is a business that produces and distributes snack food products and currently, 90 percent of the products are seaweed snacks that are divided into 4 different types. There's the Crispy Seaweed, Grilled Seaweed, Roasted Seaweed and Tempura Seaweed in which the company is the leading brand of processed seaweed market in Thailand. In 2019, the company has over 69 percent market share in the processed seaweed industry.

To respond and adapt to the constantly changing business trends in order to create business growth, the company has categorized snacks and supplements to develop these products into the market within the next 3-5 years as following:



### Product examples in each product group

Snack 3P + Supplement

#### Plant Snack



Seaweed Products Tao Kae Noi: Big Bag, Big Sheet, Big Roll, Roasted, Tempura, Processed Fruit Products, Marvel

#### Protein Snack



Flavored Fish Products Tin Ten, Tin Ten Roll, Milk Pellets

#### Premium Snack



Seaweed tempura with Salted Egg, Tin Ten Salted Egg

#### Supplement



Whey Protein product brands: My Whey, Whey Bar – Power Bar brand. Dietary supplement products – Back up

In the foreseeable future, the company will increase the proportion of food / snacks in more categories besides plant snacks. Apart from this, the company also has affiliated companies, which is the Tao Kae Noi Restaurant and Franchise Company Limited, which are gift shops selling snacks and souvenir to tourists visiting Thailand with over 19 branches located at popular tourist destinations in Thailand and 4 “Hinoya” curry rice restaurant branches.



## Production base

By 2019, the company has 2 seaweed processing plants, which are Noppahawong factory in Pathum Thani province and Rojana factory in Ayutthaya province. In 2018, the total production capacity was 8,250 tons / year

Noppahawong	Rojana
4,697 tons / year	3,553 tons / year

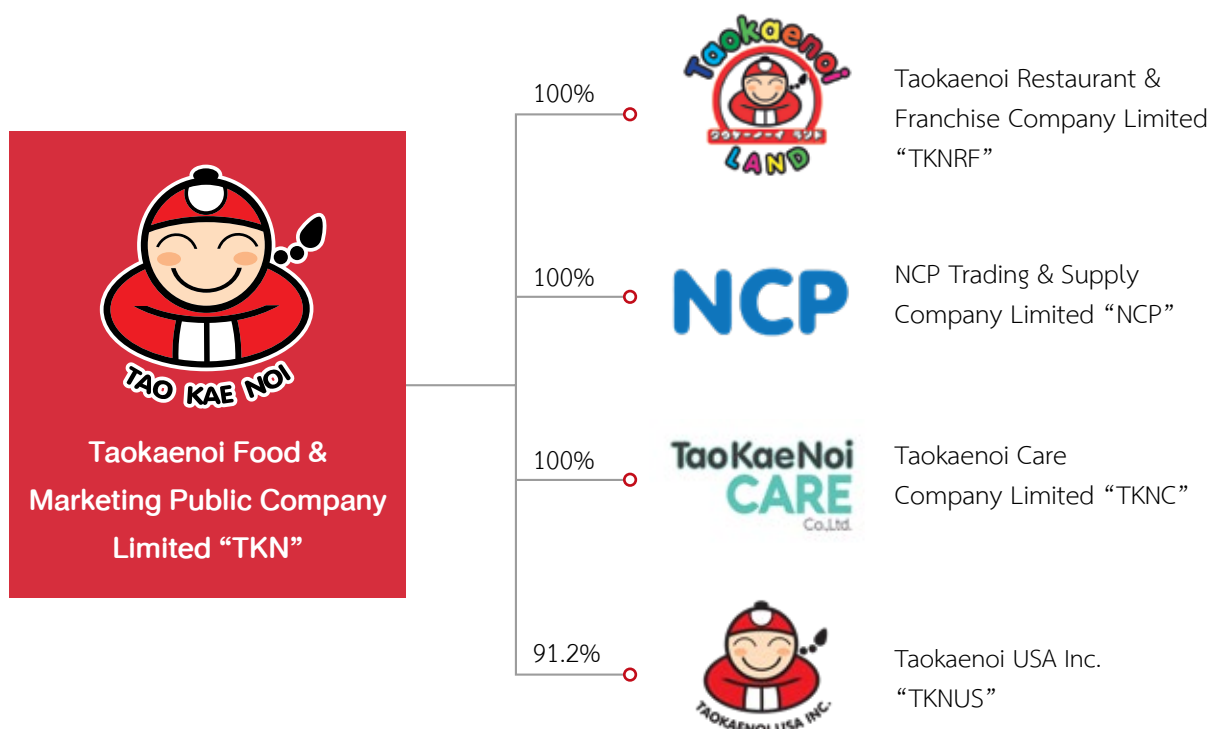
**A total of 8,250 tons / year.**

## Distribution

The company's sales proportion in 2019 is divided into domestic sales of approximately 40 percent and exports of approximately 60 percent. The exports were distributed to mainly countries such as China, Indonesia, Malaysia, The United States and Vietnam, with China considered the country with the highest proportion of exports, accumulating to 36 percent of the total sales. The domestic distribution channels are sold through modern trade, distributors, traditional retailers and through online channels. As for exports, they are sold through Overseas Distributors, Importer and Thai Exporter in order to distribute products through various channels in that country continuously.

## Subsidiaries

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



## 1. Tao Kae Noi Restaurant and Franchise Company Limited (TKNRF)



Tao Kae Noi Restaurant and Franchise Company Limited operates gift shops called “Taokaenoi Land” mainly for tourists visiting Thailand, which consists of seaweed and snack products of Tao Kae Noi Food and Marketing Public Company Limited Consignment group and house brand are products that TKNRF has developed to meet the needs of those customers. The company still focuses on providing “Tao Kae Noi Land” as a channel for selling souvenirs amongst tourists, including a channel of public relations and encouraging the Tao Kae Noi brand to be recognized amongst consumers. Tao Kae Noi also has a plan to develop house brand products to differentiate themselves from competitors and can increase gross profit higher than presently.

In 2019, the company has also focused on increasing the proportion of sales of non-food products such as health and beauty products, facial and body treatment group, herbal balm and inhaler group, spa product group. This will lead the company to expand the customer base to cover all groups, including tourists from China, Asia, and Europe as well as being a popular product for Thai consumers, which will evidently lead to continuous growth.

By the end of 2019, there are 19 Tao Kae Noi Land branches.

### Bangkok 11 branches

Terminal 21  
Platinum Pratunam (2 branches)  
Asiatique The Riverfront  
Yaowarat Chinatown  
MBK (3 branches)  
Siam Centerpoint  
Icon Siam  
The Market Bangkok

### Chiangmai 4 branches

Maya Lifestyle Shopping Center  
Central Festival Chiang Mai  
Think Park  
Thapae Walking Street

**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

### Pattaya 2 branches

Pattaya Floating market  
Terminal 21 Pattaya

### Phuket 2 branches

Jungceylon (2 branches)



In 2019, the company also expanded its business into restaurants by opening the original Japanese curry restaurant “Hinoya Curry” as a championship degree curry rice franchise, with the 1<sup>st</sup> place award of the Kanda Curry Grand Prix 2013 from the Japanese Curry Contest. The Company has also continually developed additional ‘Only in Thailand’ menu cuisine to meet the needs of Thai consumers such as Tao Kae Noi seaweed rice curry Nori, Fried Pork Belly Curry Rice, Hamburg Beef Curry Rice etc. The company has plans to expand the branch of Hinoya Curry Shop in the form of opening your own store and franchising to support the needs of the consumers in each area.

By the end of 2019 there are 4 Hinoya Curry branches

1. The Market Bangkok
2. Cosmo Bazaar Lifestyle Mall
3. The Promenade
4. Central World

Number of Branches	2017	2018	2019
Tao Kae Noi Land	11	19	19
Hinoya Curry	-	-	4



## 2. NCP Trading and Supply Public Company Limited (“NCP”)



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

NCP Trading and Supply Public Company Limited manufacture and distribute seasoning powder to the companies as essential flavoring for the production of seaweed snacks, including other products, which is a specific recipe that has been invented, allowing the company to control the production quality from the source and develop new various flavors quickly.

## 3. Tao Kae Noi Care Company Limited (TKNC)



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

Tao Kae Noi Care Company Limited operates by selling goods buy and sell (Wholesaler). Currently, there are products for health care customers such as “My Whey” whey protein, “Power Bar” whey protein bars and “BackUp” dietary supplements.

## 4. Taokaenoi USA Inc. (“TKNUS”)



<b>Head Office:</b>	13767 Milroy Place Santa Fe Springs, California United States
<b>Telephone:</b>	+1 562 404 9888
<b>Registered Capital:</b>	USD 4,070,000
<b>Issued and Paid-up Capital:</b>	USD 4,070,000
<b>Shareholding:</b>	91.2 percent

Taokaenoi USA Inc. engages in the production and distribution of baked seaweed, including the distribution of seaweed snacks from Tao Kae Noi Food and Marketing Public Company Limited to be sold in the United States. Furthermore, promotional and marketing activities of the products are held in that country under the trademark “Nora”. Currently, factories and offices are located in California, United States of America.

# 2

## Message from the Board Chairman

To the shareholders

In 2019, every country and many businesses were affected, both directly and indirectly, by the trade war between the United States of America and the People's Republic of China. We were affected in two aspects, one from the substantial decrease in number of Chinese tourists visiting Thailand which has caused sales from Chinese tourists to decline, and the other from the termination of a major distributor in China due to trade practice problems. However, we were fortunately able to engage a new distributor, which is a leading company from South Korea which engages in trading in China for around 40 years, thereby causing our sales in China in the last quarter of 2019 to gradually recover.

Other than such attempts to resolve the problems to maintain and increase sales in China and other countries, the Company also focuses on increasing its sales in the United States of America, with the positive results that our products were well received to be available for sale in Cosco department store, a large-sized retail store with its branches nationwide. Such maintenance and increase of sales also extended to new product launch, co-branding with popular and reputable snack products to promote wider recognition of our products, and sales promotional events, which required a greater deal of effort and more budget than those in 2018.

Thanks to the above-mentioned highlighted performance, we have managed to retain our total sales at Baht 5,266.78 Million in 2019, as compared to Baht 5,427.15 Million in 2018, or representing a decrease by approximately 2.95%. Despite the fact that the figures were lower than planned, the situations, particularly the second half of the year, were completely different from projections.

In order to maintain the profit margin, significant activities included investment in machinery used for certain production process instead of labor to improve the efficiency and minimize costs, and as such, in 2019, we were able to maintain our gross profit margin like previous years, namely approximately 30% of sales. In 2019, we focused on our production at Rojana factory in order to enjoy tax privileges from investment promotion granted by the Board of Investment, which helped save approximately Baht 22.5 Million of tax.

However, our net profits decreased from Baht 456.36 Million in 2018 to Baht 361.84 Million in 2019, or representing a decrease from 8.41% to 6.87% of sales. Key expenditures which resulted in such decrease in net profits were sale promotion and distribution expenses which increased by approximately Baht 100 Million in 2019, and were essential to generate sales and maintain our market share.

Last year, our top management has dedicated to resolve, improve and develop performance to maintain our positive results of operations, taken into account such opinions and suggestions, including the Board of Directors' supervision, the Board of Directors supported our top management's initiatives for quality management for the whole organization to ensure efficiency and excellence and develop our corporate culture for sustainable growth. However, the Board of Directors continues to focus on corporate governance in our business operations, particularly compliance with rules and regulations within the organization and the laws, and internal control system with quality and efficiency to prevent and minimize loss of benefits of all parties concerned.



Mr. Yuth Worachattarn  
Board Chairman



Mr. Itthipat Peeradechapan  
Chief Executive Officer



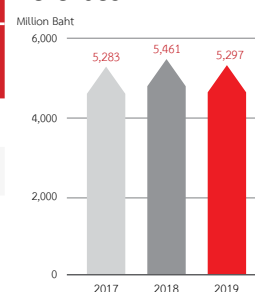
# 3

## Financial result

### Operation Result

Items	2019*		2018*		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenue</b>						
Revenue from sales	5,266.78	99.4	5,427.15	99.4	5,263.61	99.6
Other Income	29.56	0.6	34.69	0.6	19.53	0.4
Gain on exchange rates	1.00	0.0	-	-	-	-
<b>Total revenues</b>	<b>5,297.34</b>	<b>100.0</b>	<b>5,461.84</b>	<b>100.0</b>	<b>5,283.13</b>	<b>100.0</b>
<b>Expense</b>						
Cost of goods sold	3,786.47	71.5	3,932.87	72.0	3,595.25	68.1
Selling and distribution expense	768.09	14.5	671.74	12.3	646.57	12.2
Administrative expense	343.60	6.5	311.45	5.7	215.07	4.1
Loss on exchange rates	-	-	2.09	0.0	18.49	0.4
<b>Total Expenses</b>	<b>4,898.16</b>	<b>92.5</b>	<b>4,918.15</b>	<b>90.0</b>	<b>4,475.38</b>	<b>84.7</b>
Profit before share of loss from investment in joint venture	<b>399.18</b>	<b>7.5</b>	<b>543.69</b>	<b>10.0</b>	<b>807.75</b>	<b>15.3</b>
Share of loss from investment in joint venture	-	-	(0.17)	- 0.0	0.00	-
Profit before finance cost and income tax expense	<b>399.18</b>	<b>7.5</b>	<b>543.52</b>	<b>10.0</b>	<b>807.75</b>	<b>15.3</b>
Financial cost	(26.30)	- 0.5	(20.37)	- 0.4	(15.92)	- 0.3
Profit before income tax expense	<b>372.88</b>	<b>7.0</b>	<b>523.15</b>	<b>9.6</b>	<b>791.83</b>	<b>15.0</b>
Income tax expense	(11.04)	- 0.2	(66.79)	- 1.2	(183.41)	- 3.5
<b>Profit for the year</b>	<b>361.84</b>	<b>6.8</b>	<b>456.36</b>	<b>8.4</b>	<b>608.42</b>	<b>11.5</b>

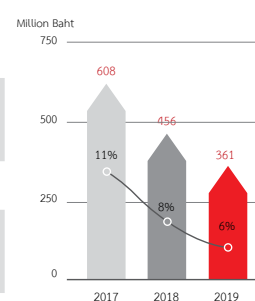
#### Revenues



#### Gross Margin



#### Net Profit



**Note :** The Company has adjusted the selling expenses in the financial statements for annual year 2018 and 2019 in compliance with Thai Financial Reporting Standard No. 15 Re: Revenue from Contracts with Customers (TFRS 15) to reflect deduction and show the net in revenue from sales, thereby causing the revenue from sales and gross margin, including the distribution costs, to reduce in value, although the net profits remain unchanged.

## Financial Ratio

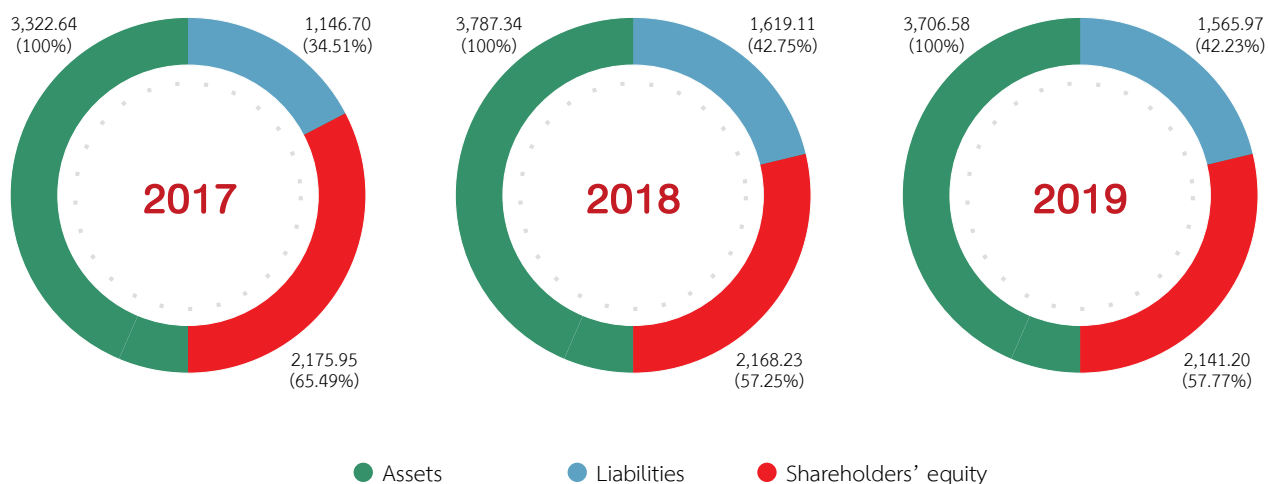
Profitability Ratio	Unit	2019*	2018*	2017
Gross Profit Margin	%	28.11	27.53	32.16
Operating Income Margin	%	7.00	9.38	14.98
Net Profit Margin	%	6.87	8.41	11.56

**Note :** The Company has adjusted the selling expenses in the financial statements for annual year 2018 and 2019 in compliance with Thai Financial Reporting Standard No. 15 Re: Revenue from Contracts with Customers (TFRS 15) to reflect deduction and show the net in revenue from sales, thereby causing the revenue from sales and gross margin, including the distribution costs, to reduce in value, although the net profits remain unchanged.

## Financial status

Items	Consolidated financial statement					
	As of 31 Dec 19		As of 31 Dec 18		As of 31 Dec 17	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
Total current assets	2,468.89	66.61	2,463.40	65.04	2,071.25	62.34
Total non-current assets	1,237.68	33.39	1,323.94	34.96	1,251.40	37.66
<b>Total assets</b>	<b>3,706.58</b>	<b>100.00</b>	<b>3,787.35</b>	<b>100.00</b>	<b>3,322.64</b>	<b>100.00</b>
<b>Liabilities</b>						
Total Current Liabilities	1,539.90	41.55	1,601.79	42.29	1,117.82	34.16
Total Non-Current Liabilities	25.47	0.69	17.32	0.46	28.88	0.35
<b>Total Liabilities</b>	<b>1,565.37</b>	<b>42.23</b>	<b>1,619.11</b>	<b>42.75</b>	<b>1,146.70</b>	<b>34.51</b>
<b>Shareholders' Equity</b>						
Total Shareholders' Equity	2,141.20	57.77	2,168.24	57.25	2,175.95	65.49
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,706.58</b>	<b>100.00</b>	<b>3,787.35</b>	<b>100.00</b>	<b>3,322.64</b>	<b>100.00</b>

Unit : Million Baht



## Financial Ratio

Liquidity Ratio	Unit	2019	2018	2017
Current Ratio	Times	1.60	1.54	1.85
Receivable Day	Days	44	45	39
Inventory Day	Days	15	11	8
Payable Day	Days	30	29	33
Cash Cycle	Days	29	27	14

Financial Analysis Ratio	Unit	2019	2018	2017
Debt to Equity Ratio	Times	0.73	0.75	0.53
Dividend Yield <sup>(1)</sup>	%	107	103	77

<sup>(1)</sup> Dividend Yield Calculated from dividends per consolidated net profit



# 4 Operating Results

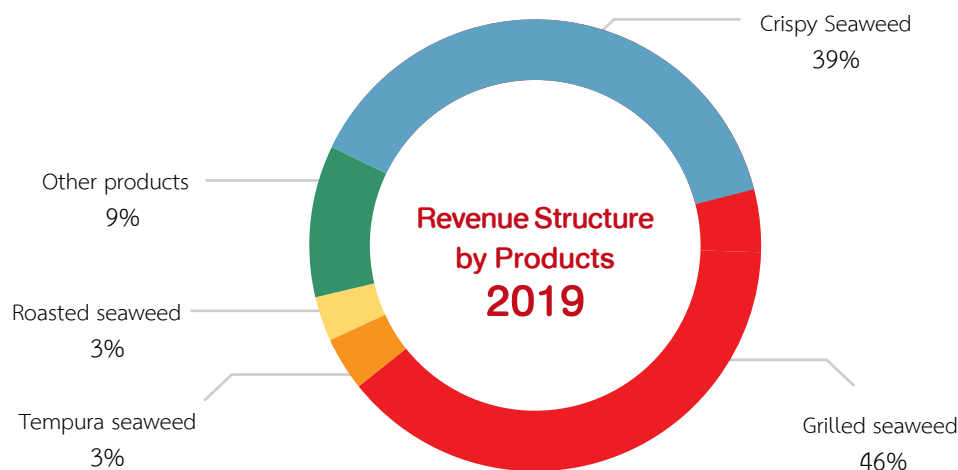
## Revenue Structure by Products

The Group's revenue structure by products over the past 3 years between 2017 – 2019 is described below.

Description	2019*		2018*		2017	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Crispy seaweed	2,079.3	39	2,259.6	42	2,408.4	46
Grilled seaweed	2,398.6	46	2,461.3	45	2,266.6	43
Tempura seaweed	143.0	3	132.3	2	99.5	2
Roasted seaweed	151.6	3	221.6	4	153.0	3
Other products <sup>1</sup>	494.3	9	352.4	6	336.1	6
Total revenues from sales	5,266.8	100	5,427.2	100	5,263.6	100

**Note :** <sup>1</sup> Revenues from other products include other goods of the Company, e.g., OEM goods, revenues from Hinoya restaurant, revenues from Taokaenoi Land stores.

The Company has adjusted the selling expenses in the financial statements for annual year 2018 and 2019 in compliance with Thai Financial Reporting Standard No. 15 Re: Revenue from Contracts with Customers (TFRS 15) to reflect deduction and show the net in revenue from sales, thereby causing the revenue from sales and gross margin, including the distribution costs, to reduce in value, although the net profits remain unchanged.



## Revenue Structure by Countries

The Group's revenue structure by countries which purchased the Company's products during 2017 – 2019 is described below.

Countries	2019*		2018*		2017	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Thailand	2,120	40.2	2,061	38.0	2,063	39.2
China	1,906	36.2	2,193	40.4	2,104	40.0
Indonesia	230	4.4	199	3.7	151	2.9
Malaysia	184	3.5	188	3.5	169	3.2
United States of America	110	2.1	79	1.5	92	1.8
Vietnam	97	1.8	75	1.4	65	1.2
Other countries	620	11.8	632	11.5	619	11.8
Revenues from sales	5,267	100.0	5,427	100.0	5,264	100.0

**Note :** The Company has adjusted the selling expenses in the financial statements for annual year 2018 and 2019 in compliance with Thai Financial Reporting Standard No. 15 Re: Revenue from Contracts with Customers (TFRS 15) to reflect deduction and show the net in revenue from sales, thereby causing the revenue from sales and gross margin, including the distribution costs, to reduce in value, although the net profits remain unchanged.

## Domestic Market

In 2019, the company had sales revenue from domestic sales of 2,120 million baht, a total of 40 percent of the total sales revenue. The company showed a growth in sales revenue from domestic sales in 2019 compared to 2018 which generated 2,061 million baht (sales revenue). A 2.9 percent increase from 2018 to 2019. The products are distributed through the main channels, which are modern trade stores (distributors), distributors themselves and on the social media (online). The growth of the domestic market is largely due to new product launches (NPD) and new promotions.

**The process for grouping future products of the company is vital**, so that business operations concur and are in line with the company's mission and correspond with market environment. These are in response to the changing consumer behavior and because of these changes; the company has implemented the marketing policy of the company by focusing on the 3P as follows:

**Premium Snack :** Is a product group that focuses on using real raw materials as part of the ingredients, which will give the consumers a new level of delicious and full-on flavor. For example, products that are the salted egg category, Tao Kae Noi uses real salted eggs as part of the ingredient, which will give the consumers a real and rich flavor of the salted egg. In the future, there will be more products in this group that will use real raw materials as ingredients in order to meet the consumers who crave a rich and full on taste.

**Plant Base Snack :** The Plant Base products are made

from plants and do not contain any meat. Currently, Plant Base products have been continuously increasing in popularity both internationally and in Thailand. It is considered one of the global trends and the Plant Base product has become more popular and is a great option for vegetarian consumers or for consumers who do not want to consume meat. However, consumers may still want to receive nutrients to replace meat as well. Therefore, most Tao Kae Noi Plant Base products today are made from seaweed that provide benefits such as fiber, essential vitamins and protein and still full of various delicious flavors to enjoy. Tao Kae Noi products certainly meet needs of today's consumers in all groups. In addition to seaweed products, the company also plans to launch more Plant Base products continuously in the future in order to meet the needs of consumers and the market. Tao Kae Noi aim is to emphasize being one of the leaders in the snack industry today and in the future as well.

**Protein Snack :** The products in this group are products that focus primarily on the benefits of protein. Presently, it is evident that protein products are continuously growing due to the increasing consumers' demands. Therefore, the company began to distribute products into snack market such as "Tinten" seasoned squid, whey protein and MyWhey brand. However, there are gaps in this product group due to the diverse needs of the consumers. Therefore, the company will continuously develop the Protein Snack group in order to have products regularly to the market to meet the needs of various consumers.

# Domestic NPD timeline





## Export Market

### The People's Republic of China Market

The People's Republic of China is the number 1 export market for the company. China accumulates to 36 percent of the total sales revenue of the company and has shown continuous growth. However, in 2019, the growth rate decreases by approximately 13 percent. The main cause for this decrease is due to the 3 original distributors of the Chinese market (China Distributor) that distributes in Guangzhou, Shanghai and Beijing faced problems in controlling the distribution scope. The sale of products through sub-distributor has overlapped the area between the regions, leading to problems of price control and therefore, all 3 distributors cannot achieve sales in each month. Therefore, distributors do not have enough marketing information to support their marketing plans, especially in modern trade and they were unable to do marketing plans in time, affecting sales growth. Furthermore, traditional trade channels has been affected with the changes in consumer behavior that prefer to buy products through online channels, which resulted in imported consumer goods (FMCG) to slow down in traditional channels and go to grow in the online channels.

The company acknowledges the great importance of the Chinese market because the People's Republic of China has the second largest economy in the world. China also has a large geological landscape, it is the most populated country in the world and the per capita income of the Chinese population is increasing every year. The central government of the People's Republic of China has plans to promote the distribution of prosperity into

new cities (tier 2-3), indicating the potential and many opportunities that the People's Republic of China market proposes.

Therefore, the company adjusted its strategy by adjusting the business model in the People's Republic of China. The company shift focus more on cooperation as a business partner than just being a distributor. In the 4th quarter, the company discontinued distribution through all previous representatives and collaborated with a new business partner, ORION GROUP of South Korea. The ORION GROUP has been doing business for a long time in the People's Republic of China, which made the company invest and hold shares of 3.5 percent of the ORION GROUP. PAN ORION CORP. LIMITED, a producer of processed food products, various snack products and is one of the largest producer in the People's Republic of China and many other countries such as South Korea, Vietnam and Russia. PAN ORION CORP. LIMITED also has a network of products covering modern trade, traditional trade and online channels. Therefore, the Company officially appointed PAN ORION to be the distributor of Tao Kae Noi products for the Chinese market (Exclusive Distributor) as of November 2019 to all 3 regions: Tianjin (north), Shanghai (central) and Guangzhou (southern). In the online channel, the company opened FLAGSHIP STORE / Official Account on various platforms such as TMALL, TAOBAO to be a channel to set price standards, notify the company's product news and to prevent counterfeit products.

The screenshot displays the TaoKaeNoi Taobao store interface. At the top, a green banner features the brand's logo and the text 'TaoKaeNoi老板仔旗舰店' (TaoKaeNoi Boss Zai Flagship Store) and '泰国国民零食品牌' (Thai National Snack Brand). Below this, a yellow navigation bar contains links to '首页' (Home), '所有产品' (All Products), '27g烤海苔卷' (27g Baked Seaweed Rolls), '32g烤海苔片' (32g Baked Seaweed Snacks), and '收藏店铺' (Add to Favorites). The main content area shows a promotional banner for '老板仔TAOKAENOI香脆海苔片泰国进口款薯片小零食32G\*6包炸海苔片' (Boss Zai TAOKAENOI Crispy Seaweed Snacks Thai Imported Potato Chips Small Snacks 32G\*6 Pack Fried Seaweed Snacks) with a price range of '¥38.90-103.20'. Below the banner, there are several product listings with images and prices. A sidebar on the right shows recommended products. The bottom of the page has a navigation bar with links to '首页', '所有产品', '27g烤海苔卷', '32g烤海苔片', and '收藏店铺'.

## The United States of America Market



In 2019, the United States market has a sales growth of over 60% compared to 2018, due to this growth, the company was able to increase distributors from 7 to 15 in 5 regions of the United States, which are West, Mid West, South West, South East and North East. In the United States market, the company will distribute seaweed snack products under the brand “Nora” and “Taokaenoi”

### Marketing plan in the United States

In the United States, the company will sell the products under 2 brands. One of the two brands is Nora.

#### Nora Brand

Nora is a brand that the company has plans to use for Main Stream in the United States and Canada. It currently consists of products in the snack group, which are fried seaweed and seaweed tempura and is being distributed through national distribution networks such as Horizon, UNFI, KeHE, DOT Foods, and National Distribution.



#### Tao Kae Noi Brand

Tao kae noi is another brand that the company plans to use to market in the Asian-American group. They include groups of fried, grilled, roasted seaweed, tempura seaweed and non-seaweed product groups such as Z-Roll Farm (Seaweed Snack Potato Chips) and Taokaenoi Coconut Roll (Tao Kae Noi Thong Muan). Tao kae noi products will be distributed by 17 partners to sell products in the Asia-American supermarket network, all over the United States. In September 2019, the company started to distribute Tao kae noi Big Roll grilled seaweed products to Costco. Currently, Tao Kae Noi products are available in more than 100 Costco locations in different regions of the United States such as Northern, Southern, Southwest and in the state of California. Tao kae noi is one of only a few Thai brands that can be distributed in Costco, USA.

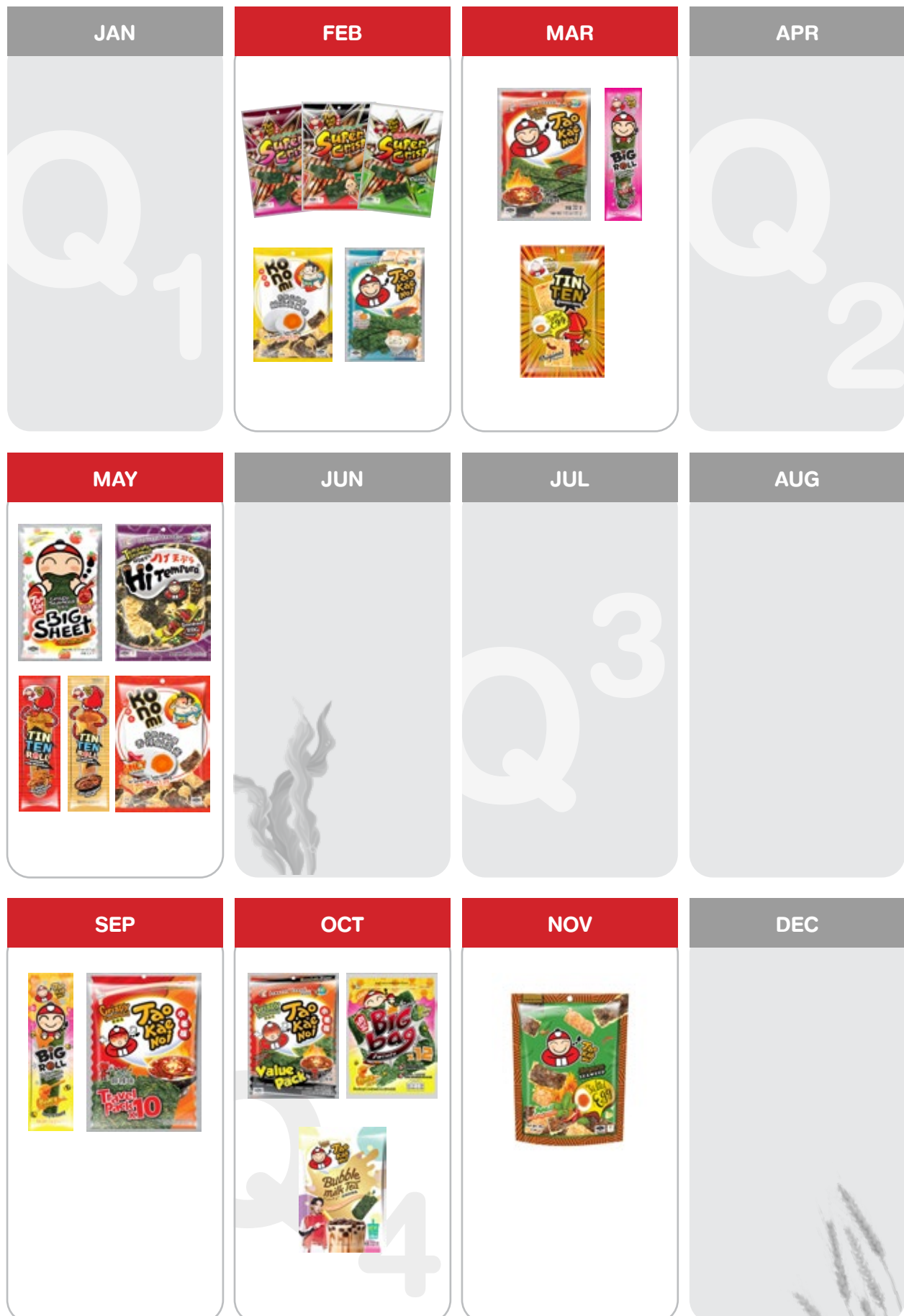
The marketing strategy that the company uses to sell the products in the United States is the concept of “Taste is Believing” to create consumer awareness. This is done by experimenting with tasting products in various channels including the supermarkets, fairs, Asian festivals at universities, ferry ports and airports to promote processed seaweed consumption in the United States. While Nora products are distributed through 6 partners and are sold in over 2,150 retail locations in the United States and Canada, including Costco, CVS, Albertsons, Safeway North Cal, Raleys, Wholefood Canada, 7-11 and others retail stores. The product is also distributed via online channels by the Amazon platform.



### Other Foreign market

The company still gives importance to other foreign markets too. In 2019, the products were distributed to more than 40 countries around the world. The importance is conveyed as the company arranged marketing promotions by organizing online marketing activities and Event Roadshows, focusing on promoting Tao Kae Noi brand in order to maintain the consumer base and size. The company creates brand and product awareness among its target audience through Brand ambassador, Influencer, KOL in organizing activities in various countries. The other key markets where to products are being distributed and branding is crucial include Indonesia, Malaysia, and CLMV countries (Cambodia, Laos, Myanmar, Vietnam) etc.

## International NPD timeline





# 5

## Investor Information



### Taokaenoi Food & Marketing Public Company Limited

<b>Symbol:</b>	TKN
<b>Type of Business:</b>	Manufacturing and distribution of seaweed snack
<b>Registered Number:</b>	0107556000337
<b>Website:</b>	<a href="http://www.taokaenoi.co.th">www.taokaenoi.co.th</a>
<b>Registered Capital:</b>	345,000,000 Baht
<b>Paid-up Capital:</b>	345,000,000 Baht
<b>Stock Value:</b>	Common stock, 0.25 Baht per stock
<b>Preferred stock:</b>	- None -
<b>Major Shareholders:</b>	On December 30, 2019 Peeradechapan group holds 58.26 % of shares while the remaining shares are held by other institutional and individual shareholders
<b>Other information:</b>	- 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  
☎ 0 3592 3055

##### 4. Taokaenoi USA Inc. (TKNUS)

📍 11688 South Street #201 Artesia CA 90703  
United States  
☎ +1 562 402 0007

## 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:




#### Deloitte Touche Tohmatsu Jaiyos Co., Ltd.

-  Mr. Chupong Surachutikan Certified Public Accountant ID 4325
-  AIA Sathorn Tower, 23<sup>rd</sup> – 27<sup>th</sup> Floor  
11/1 South Sathorn Road Yannawa, Sathorn Bangkok 10120
-  0 2034 0000
-  0 2034 0100



### Legal Advisor:


#### Kudun and Partners Company Limited

-  23<sup>rd</sup> Floor, Units C And F, Gaysorn Tower  
127 Ratchadamri Road, Lumpini Pathumwan, Bangkok 10330
-  0 2838 1750
-  0 2838 1795



### Investor Relations:

#### IR Department

-  Mr. Jettasic Sittipiyasakul
-  337 Bond Street Rd., Bangpood, Pakkret, Nonthaburi 11120
-  ir@taokaenoi.co.th
-  0 2984 0666 #316
-  0 2094 0118

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MIUM





# Section 2

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## Management and Corporate Governance

# 6

## Securities and Shareholders

**Company name** : TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED (TKN)

**Security Symbol** : TKN

- TKN's securities to be traded on 3 December 2015.
- 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 30, 2019

No.	Name	Number of shares held	Percentage
1	PEERADECHAPAN HOLDING COMPANY LIMITED	360,000,000	26.09
2	ITTHIPAT PEERADECHAPAN	315,026,200	22.83
3	THAI NVDR COMPANY LIMITED <sup>1</sup>	89,647,421	6.50
4	ORRAPAT PEERADECHAPAN	65,255,000	4.73
5	NUTCHATPONG PEERADECHAPAN	63,655,000	4.61
6	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS <sup>2</sup>	48,563,300	3.52
7	CHANTANA JIRATTITEPAT	41,455,000	3.00
8	MONGKOL PRAKITCHAIWATTANA	31,710,000	2.30
9	Bualuang Basic Dividend LTF	17,969,900	1.30
10	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	14,022,694	1.02
11	INSTITUTIONS AND INVESTORS	332,695,485	24.11
<b>TOTAL</b>		<b>1,380,000,000</b>	<b>100.00</b>

<sup>1</sup> 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](http://www.set.or.th)

<sup>2</sup> Thailand Securities Depository company limited for depositors is a securities depository account, in which the deposit center will accept the transfer of the deposited securities in the name of depository, the depositor or the client which is securities owner.

**Major shareholders** as shown in the shareholders registration as of December 30, 2019

No.	Name	Number of shares held	Percentage
1	Peeradechapan Holding Company Limited	360,000,000	26.09
2	Itthipat Peeradechapan	315,026,200	22.83
3	Orrapat Peeradechapan	65,255,000	4.73
4	Nutchatpong Peeradechapan	63,655,000	4.61
<b>Total</b>		<b>803,936,200</b>	<b>58.26</b>

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 (%) <sup>1</sup>
	Interim	Final	Total		
2017	0.17	0.17	0.34	469,200,000	81.00
2018	0.17	0.17	0.34	469,200,000	95.66
2019	0.26	-	0.26	358,800,000	83.60

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

# 7

## Management structure

### Board of Directors

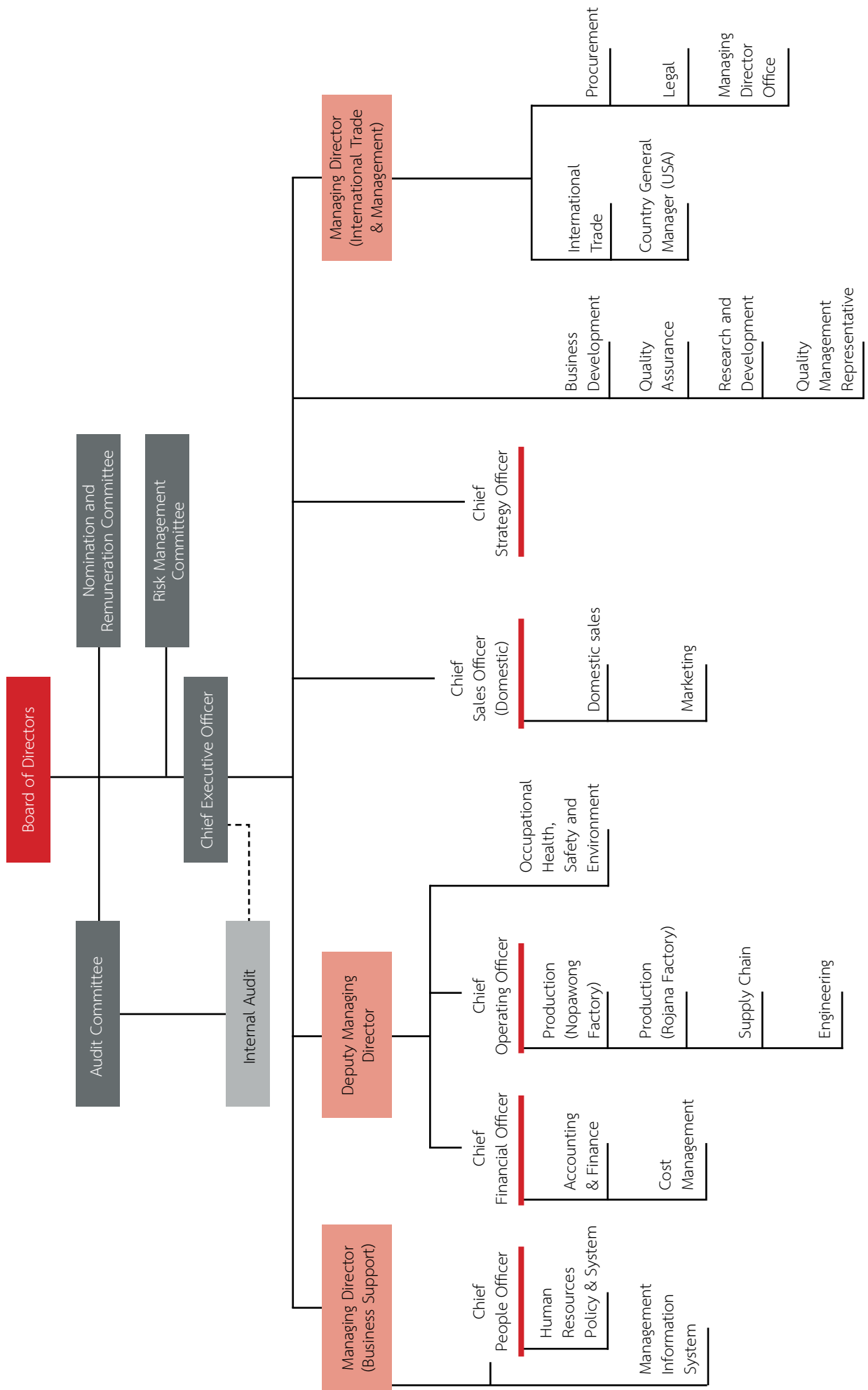
The Board of Directors consists of 8 members:



- |                                  |  |                               |  |
|----------------------------------|--|-------------------------------|--|
| 1 Mr. Yuth Worachattarn          | Chairman /<br>Independent Director                           | 5 Mr. Itthipat Peeradechapan  | Director /<br>Chief Executive Officer                                  |
| 2 Ms. Wanee Thasanamontien       | Independent Director   | 6 Ms. Orrapat Peeradechapan   | Director/ Managing Director<br>(International trade and<br>management) |
| 3 Mr. Chaiyong Ratanacharoensiri | Independent Director   | 7 Mr. Jirapong Suntipiromkul  | Director /<br>Deputy Managing Director                                 |
| 4 Mr. Somboon Prasitjutrakul     | Director and Executive<br>Director and Board of<br>Directors | 8 Ms. Porntera Rongkasiriphan | Director /<br>Director of Internal Audit                               |



## Organization Chart





# Mr. Yuth Worachattarn

Age 72

## Current Position:

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

## Date of Appointment as a Director

24 March 2011

## 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 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 / Member of the Audit Committee Grandprix International PCL

## Positions held in other listed company

2017 - Present	Director / Chairman of the Audit Committee Nutrix PCL
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

2017 - 2019	Chairman of the Board of Directors SCB Protect Co., Ltd.
2003 - 2019	Chairman of the Board of Directors / Member of the Audit Committee Maybank Kim Eng (Thailand) PCL
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 30, 2019

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

## Criminal record for the last 10 years

- None -



# Mrs. Wanee Thasanamontien

Age 65

## Current Position:

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

## Date of Appointment as a Director

13 November 2014

## 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 30, 2019

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

## Criminal record for the last 10 years

- None -



# Mr. Chaoyong Rattanacharoensiri

Age 64

## Current Position:

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

## Date of Appointment as a Director

24 March 2011

## Education

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

## Certifications from the Thai Institute of Director (IOD) courses

- Batch 1, 2008 Successful Formulation & Execution the Strategy (SFE)
- 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 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 30, 2019

Held by self - None -

Held by spouse and/or minor child - None -

## Criminal record for the last 10 years

- None -





# Mr. Somboon Prasitjutrakul

Age 61

## Current Position

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

## Date of Appointment as a Director

8 November 2013

## 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 30, 2019

Held by self      - None -

Held by spouse and/or minor child      - None -

## Criminal record for the last 10 years

- None -

# Mr. Itthipat Peeradechapan

Age 36

## Current Position

- Director
- Chief Executive Officer

## Date of Appointment as a Director

21 September 2004

## 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 non-listed company

2019 - Present	Director Thonglor 24 Co., Ltd.
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.
2010 - Present	Director Dr. Tobi 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.

## Positions held in other listed company

- None -

## Working experience for the last 5 years

2013 - 2562	Director Tokyo Runway Marketing Co., Ltd.
2009 - 2562	Director Twenty Four Projects Co., Ltd.
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 30, 2019

Held by self	315,026,200 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

## Date of Appointment as a Director

21 September 2004

## Education

- Master of Public Administration,  
Ramkamhaeng 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 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

2009 - Present	Director Twenty Four Projects Co., Ltd.
----------------	--

## 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 30, 2019

Held by self	65,255,000 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
- Deputy Managing Director
- Member of the Risk Management Committee

## Date of Appointment as a Director

1 September 2018

## 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 287, 2019 Director Certification Program (DCP)
- Batch 8, 2017 Ethical Leadership Program (ELP)

## Positions held in other listed company

- None -

## Positions held in non-listed company

- |                |   |
|----------------|---|
| 2018 – Present | Director<br>Taokaenoi Restaurant and<br>Franchise Co., Ltd. |
| 2013 – Present | Director<br>JWK Engineering 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 30, 2019

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

## Criminal record for the last 10 years

- None -





# Miss Porntera Rongkasiripan

Age 51

## Current Position

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

## Date of Appointment as a Director

3 January 2013

## 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  
NCP Trading and Supply 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 30, 2019

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, Mr.Jirapong Suntipiromkuland Ms. Porntera Rongkasiriphan. Two of the three directors can jointly sign and use the company's seal of approval.

## Attendance of the Board of Directors meeting 2019

No.	Name	BOD <sup>1</sup>	AC <sup>2</sup>	NRC <sup>3</sup>	RMC <sup>4</sup>	AGM <sup>5</sup>
1	Mr. Yuth Worachattarn	11/11	5/5	2 / 2		1 / 1
2	Ms. Wanee Thasanamontien	10/11	5/5	2 / 2		1 / 1
3	Mr. Chaoyong Ratanacharoensiri	11/11	5/5	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	10/11			1/1	1 / 1
7	Ms. Porntera Rongkasiriphan	7/11				1 / 1
8	Mr. Jirapong Suntipiromkul	11/11			1/1	1 / 1
9	Mr. Nutchatpong Peeradechapan	10/11			1/1	1 / 1
10	Mr. Natthaphark Saranyaphongkorn <sup>a1</sup>	5/11			0/1	1 / 1
Number of attendance (Person)		8	3	4	3	10

<sup>a1</sup> Mr. Natthaphark Saranyaphongkorn resign from the position on 5 July 2019.

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

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

<sup>3</sup> The Nomination and Remuneration Committee (NRC) consists of 3 members with Mr. Chaoyong Ratanacharoensiri as Chairman of the Nomination and Remuneration Committee.

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

<sup>5</sup> The Annual General Meeting 2019 (AGM) was held on the 25th April 2019 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 31<sup>st</sup> December 2019, 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 3 members:



1. Ms. Orrapat Peeradechapan  
Chairman of the Risk Management Committee
2. Mr. Jirapong Suntipiromkul  
Risk Management Committee
3. 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:



**Mr. Itthipat Peeradechapan**  
Director/ Chief Executive Officer



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



**Mr. Nutchutchaphong  
Phiradechaphan**  
Managing Director  
(Business support)



**Mr. Jirapong Suntipiromkul**  
Director /  
Deputy Managing Director



**Mr Prayut Aphisitserikun**  
Chief Strategy Officer



**Mr. Koosoon Rattanaporn**  
Acting Chief Financial Officer <sup>1</sup>

<sup>1</sup> (Held Position since March 1, 2020  
, Chief Financial Officer)

# Mr. Itthipat Peeradechapan

Age 36

## 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 non-listed company

2019 - Present	Director Thonglor 24 Co., Ltd.
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.
2010 - Present	Director Dr. Tobi 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.

## Positions held in other listed company

- None -

## Working experience for the last 5 years

2013 - 2562	Director Tokyo Runway Marketing Co., Ltd.
2009 - 2562	Director Twenty Four Projects Co., Ltd.
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 30, 2019

Held by self	315,026,200 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,  
Ramkamhaeng 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 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

2009 - Present	Director Twenty Four Projects Co., Ltd.
----------------	--

## 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 30, 2019

Held by self	65,255,000 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

## 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 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

2009 - 2019	Director Twenty Four Projects Co., Ltd.
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 Mr. Itthipat Peeradechapan  
Older brother of Ms. Orrapat Peeradechapan

## Amount of shares held in the company (including that of spouse and/or minor child) as of December 30, 2019

Held by self	63,655,000 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
- Deputy Managing Director
- 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 287, 2019     Director Certification Program (DCP)
- 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

- 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 30, 2019

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

## Criminal record for the last 10 years

- None -



# Mr. Prayut Apisitsareekul

Age 42

## Current Position

- Chief Strategy Officer

## 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 30, 2019

Held by self	50,000 shares
Held by spouse and/or minor child	- None -

## Criminal record for the last 10 years

- None -



# Mr. Koosoon Rattanaporn

Age 39

## Current Position

- Acting Chief Financial Officer<sup>1</sup>

## Education

- Bachelor of Accounting,  
Chiang Mai University

## 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

- 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 30, 2019

Held by self - None -

Held by spouse and/or minor child - None -

## Criminal record for the last 10 years

- None -

<sup>1</sup> (Mr. Koosoon Rattanaporn held position since March 1, 2020, Chief Financial Officer)

## Remuneration for Directors and Executives

### The Director's Remuneration

According to the Annual General Meeting of Shareholders 2019 on the 25th April 2019, 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 600,000 baht/year. Allowance for meetings of the the Nomination and Remuneration Committee is paid on a regular basis. Furthermore, the total remuneration bonus on performance for 2018 is 250,000 baht. The details are as follows:

Position	Unit	2017	2018	2019
Board of Directors				
- Chairman	Baht / month	60,000	60,000	60,000
- Independent Director	Baht / month	30,000	30,000	30,000
- Director and Executive Director	Baht / month	80,000	80,000	80,000
Auditing Committee				
- Chairman	Baht / month	10,000	15,000	20,000
- Committee	Baht / month	5,000	10,000	15,000
The Nomination and Remuneration Committee				
- Chairman	Baht / each	10,000	10,000	10,000
- Committee	Baht / each	8,000	8,000	8,000

In 2019, the Board of Directors received a total of 3,040,500 Baht. The details are as follows:

Rank	Name List	Remuneration/ Compensation			Bonus Yr 2019	Total
		BOD <sup>1</sup>	AC <sup>2</sup>	NRC <sup>3</sup>		
1	Mr. Yuth Worachattarn	720,000	160,000	16,000	75,000	971,000
2	Ms. Wanee Thasanamontien	360,000	220,000	16,000	50,000	646,000
3	Mr. Chaiyong Ratanacharoensiri	360,000	160,000	20,000	45,000	585,000
4	Mr. Somboon Prasitjutrakul	960,000	-	16,000	80,000	1,056,000
5	Mr. Itthipat Peeradechapan <sup>4</sup>					
6	Ms. Orrapat Peeradechapan <sup>4</sup>					
7	Mr. Jirapong Suntipiromkul <sup>4</sup>					
8	Ms. Porntera Rongkasiripan <sup>4</sup>					
Total		2,400,000	540,000	68,000	250,000	3,258,000

<sup>1</sup> BOD – Board of Directors

<sup>2</sup> AC – Auditing Committee

<sup>3</sup> NRC – Nomination and Remuneration Committee

<sup>4</sup> The Group's directors are remunerated as executives only (not as a director).



## 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 2019, the Securities and Exchange Commission has 6 executives in total. These are: Chief Executive Officer, Managing Director (International trade and management), Managing Director (Business support), Deputy Managing Director, Chief Financial Officer, Chief Operating Officer and Chief Strategic Officer received remunerations in the forms of salaries, bonuses and other benefits totaling 36,324,936 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
From 7 years upwards	7

## Personnel

As of December 31, 2019, there are 3,857 employees in the Company and its subsidiaries as detailed below;

Company List	Monthly Employee	Daily Employee	Total
Taokaenoi Food & Marketing PLC	2,839	709	3,548
Taokaenoi Restaurant & Franchise Co., Ltd.	205	-	205
NCP Trading & Supply Co., Ltd.	44	55	99
Taokaenoi Care Co., Ltd	-	-	0
Taokaenoi USA Inc.	5	-	5
<b>Total</b>	<b>3,093</b>	<b>764</b>	<b>3,857</b>

## Policy on Personnel Development

### Human Resources Development Policy

The Company continues to develop skills and competency for staff at all levels. In response to business needs and to accommodate the business expansion, both in Thailand and abroad, the Company focuses on personnel development by ensuring that all personnel in the Company have been given training on competency development to improve their skills in order to efficiently perform their works to achieve the Company's goals, along with development of skills, knowledge, competency, including ethics, and core value of the Company, which will lead to constructive working culture to drive the organization to sustainable achievement and growth.

### Training Results

Subjects	Results
Number of Training Courses	280 courses per year
Number of Training Hours (excluding orientation)	Totaling 35,560 hours per year
Number of Training Hours per Number of Staff	10.90 hours per year
Average Evaluation Scores	90%

### Training Photos



FSPCA Training at RJJN (30 May 2019)



TLS Training at NPW (26 April 2019)



First Aid Training



GMP HACCP Training at NPW



Strategy Leadership Training on 18 June 2019



Constructive Feedback Training at NPW



High Impact Communication Training at MTT



High Impact Communication Training at NPW



Finance for Non-Finance Training



Fire Fighting Training

# 8

## 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](http://www.taokaenoi.co.th) for convenient access of directors, management and staff to such information.

**In 2019, 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 2019 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 2019 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:

#### Chapter 1 Rights of Shareholders

The Company realizes and focuses on basic rights of all groups of shareholders, including corporate share-

holders, 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](http://www.taokaenoi.co.th). In addition, the Company made other arrangements to promote and facilitate the shareholders' exercise of rights at the 2019 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](http://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 2019 AGM.

2. The Company disseminated information regarding date, time, place and agenda of the AGM on February 20, 2019, 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 Thursday, April 25, 2019 at 10.00 hours at Grand Ballroom, 5th Floor, S31 Sukhumvit Hotel, No. 545, Soi Sukhumvit 31, Klongtoey-Nua, Wattana, 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 2019 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](http://www.taokaenoi.co.th) on April 26, 2019, 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 10, 2019.

## Chapter 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 2019 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](http://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.

### Chapter 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.

## **Chapter 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 2017, 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 Gover-

nance 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 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](http://www.taokaenoi.co.th)
2. Via e-mail at [whistleblower@taokaenoi.co.th](mailto: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.

## Chapter 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 2019, 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 **89.00 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 2019, 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 **85.88 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 **92.80 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, 2017, 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.

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

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

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

(i) 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 expe-

riences 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, 2019, 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	2.00	0.55	0.35	0.10	2.41
Non-Audit Fee*	0.08	0.01	0.003	-	-
Total	2.08	0.56	0.35	0.10	2.41


**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.





# 9 Internal control and Audit

## Summary of the board of directors About the Company's internal control system.

The Board of Directors emphasizes the great importance to the internal control system. They have established a comprehensive internal control system in the finance, management, efficient and effective procedure in compliance with laws, related rules and regulations, and risk management which are effective enough to an acceptable level of risk management, and suitable for the work environment or agency activities.

For the internal control framework, the Board of Directors including the Audit Committee keep and refer to is the assessment of the company's internal control system in 5 parts:

### 1. Control Environment

The company has good organizational structure and environment. The internal control system has been promoted to proceed to the company's policy, the board of directors keeping and prioritizing on justice, righteousness, and ethics. Organization internal controlling is considered the specific target possibility and providing a goal communication to employees regularly. Including, employees' performance indicators and fair business goals, set for each employee are the working guidance.

In addition, the company has a clear organizational structure that enables the management to operate effectively and has a policy of recruiting and selecting qualified employees with knowledge, ability, and availability of supporting the organization's goals by providing the right incentives.

### 2. Risk Assessment

Paying attention to risk management, the company defines the risk assessment process in accordance with the business objectives and goals by identifying, and analyzing all types of risks, both present and future. Evaluate whether measures are taken to monitor the appropriate risk, if unable to achieve the objective. The

necessary guidelines are set for controlling both impact levels and opportunity by assessing the factors that may affect the company's business procedure in external and internal impact from every sector.

Furthermore, the risk management committee has been set up to perform risk management in overall as responsibility for all sector to manage and control risk to an acceptable level. This is clearly identified in the Key Risk Indicator (KRI), which is a key risk indicator to improve the successful proceeding goal with a proper situation.

### 3. Control Activities

The company is constantly in control of its operations in accordance with the rules, regulations and operating manual. The authority and approval level are clear and written. In addition, the audit committee has reviewed the internal audit report quarterly to acknowledge the key issues and problems encountered by the audit, with suggestions for the management to amend and report the improved results.

In case that the company has transactions with the individual who may have conflicts or relate to an executive. This issue will be notified or presented to the audit committee meeting for a reasonable consideration

and apply for the board of directors' approval by following the relevant procedures and related rules correctly.

#### **4. Information & Communication**

The company provides a qualified system of storage and information, stores the categorized document properly. The company's board of directors examine the important accounting documents for the preparation of financial reports. The accounting records will be kept and audited appropriately. Invitation letter and supporting documents were prepared for discussion before the meeting within the appropriate time and by the law. The information can be used for the benefit of company's business properly and sufficiently for the decision of the relevant parties assisting to control a procedure effectively, and understand each level of responsibility, including the ability to use it at the right time. The organization's internal communicating process is efficient in order to facilitate the accessibility of the necessary information to perform the task or to review the items by the external communicating process appropriately.

Furthermore, the company provides channels of communication with stakeholders: Call Center, and Investor Relations to identify defects and problems and to provide external agencies with the required information and response to the company.

#### **5. Monitoring & Evaluation**

The company has a continuous follow-up process. The audit committee has considered and approved the annual internal audit plan reviewed the issues with the internal audit. Besides, the committee has invited the auditors to present their financial budget with a regular follow-up and report preparation to present to the audit committee and the board of directors quarterly. The company continually and consistently assesses it to ensure its internal control's effectiveness.

Based on the internal audit's report, the information from company's management inquiries, and document consideration as the evidence of the executive, it can be concluded that the company has a sufficient and effective internal control system.

### **Auditor's Opinion on Internal Control**

In 2019, Deloitte Touche Tohmatsu Jaiyos Co., Ltd ( " Deloitte " ) who is the company's auditor has no issues with monitoring information systems.

### **Company's Internal Audit Supervisor**

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 Risk Management

Business Risk Includes

## 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

## 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

## 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 2019 the proportion was approximately 36% 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 and digital media.

## 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 and have a business continuity plan.

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 Share-holders Holding More Than 50%

At 30<sup>th</sup> December 2019, Peeradechapan Group holds shares in the company of 803,936,200 shares, representing 58.26 % 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.

# 11

## 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.

**In the year 2019**, the company has developed various CSR activities. In order to be in line with the global change. In the year 2019, focus on the environment and the relationships of people in society, including helping victims in emergency situations such as floods

The main CSR activities this year will be the landscape development of communities around the factory. Promoting and looking after the health of people in communities near the factory, including youth to have good health and far from drugs which the big events of the year are organize football league to find youth representatives going practicing by "Coach Zico" (Thai's famous football coach) in England, with the company as a supporter including supporting marathon activities

In addition to social activities Environmental activities the company has adjusted the use of plastic products. To reduce carbon dioxide emissions into the atmosphere, reduce global warming (Carbon Footprint) such as "Hinoya Curry" that changed to use packaging containers from natural materials that are environmentally friendly.



## 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 2019, 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 2019

1-10 Jan 2019

Send the happiness to schools nearby factory Noppawong in Pathum Thani Province, Children's Day.



7 Feb 2019

TKN joins the garbage collection and landscape improvement in Khlong Laguek Community, Na Mai Sub-district, Nonthaburi Province



26 Feb 2019

Mobile Project create a public smile in Pathum Thani Province





18 Oct 2019

TKN invites villagers of the Mai Mai community to receive annual health check-ups



14-15 Dec 2019

Support football match Promote youth Team of Wat Na Mai School



2019

Join the campaign to use plastic replacement products for the environment.

**TKNRF ร่วมสนับสนุนการลดใช้ผลิตภัณฑ์พลาสติกเพื่อลดโลกร้อน**

ถุงพลาสติกแบบรีไซเคิล และถุงผ้าสปันบอนด์

คุณสมบัตื

- น้ำหนักเบา
- สามารถใช้งานได้หลายครั้ง
- ใช้งานได้ถึง 5 ปี
- เป็นมิตรต่อสิ่งแวดล้อม
- ย่อยสลายได้ 100%

**Hinoya Curry** เปลี่ยนไปใช้ “บรรจุภัณฑ์จากเยื่อกระดาษธรรมชาติ”

**DEZPA SCG**  
FOOD PACKAGING SOLUTIONS







# PRO TEIN



# Section 3

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Financial and  
Operating performance



# 12 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, 2019 were reliable with compliance to widely-accepted accounting standards and relevant rules and regulations.



Mr. Yuth Worachattarn  
Chairman of the Board  
of Director



Mr. Itthipat Peeradechapan  
Chief Executive Officer





# 13 The Audit Committee's Report

Dear Shareholders:

In 2019, 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 5 Audit Committee meetings in 2019 with 100% attendance by each of the Committee member in the 5 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 2019, 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 2019 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](http://www.taokaenoi.co.th), and by sending an e-mail to [whistleblower@taokaenoi.co.th](mailto:whistleblower@taokaenoi.co.th) attentive to the Chief Executive Office. The complaint system received no complaint in 2019.

**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 2019's Audit Compensation** To propose for approval upon auditor appointment and 2020 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 2020, approve the 2020 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 Related Party Transactions

For the year ended December 31, 2019, the Company and its subsidiaries executed related party 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 and Nature of Their Relationships	Nature of Relationships
Mr. Itthipat Peeradechapan	Director and Chief Executive Officer of the Company He holds 22.83 percent of shares in the Company and 70.00 percent of shares in Peeradechapan Holding Co., Ltd.
Miss Orrapat Peeradechapan	Director and Managing Director of the Company She holds 4.73 percent of shares in the Company and 15.00 percent of shares in Peeradechapan Holding Co., Ltd.
Mr. Nutchatpong Peeradechapan	Managing Director of the Company He holds 4.61 percent of shares in the Company and 15.00 percent of shares in Peeradechapan Holding Co., Ltd.
Chubcheeva Co., Ltd.	This company has 1 common director with the Company, namely, Mr. Itthipat Peeradechapan.
Dr. Tob Co., Ltd. ("Dr. Tob")	This company has 2 common directors with the Company, namely, Mr. Itthipat Peeradechapan and Miss Orrapat Peeradechapan.
Taokaenoi USA Inc ("TKN US")	Taokaenoi Food & Marketing Public Company Limited holds 91.20 percent of its shares.

There are a total of 11 related party transactions during the period ended December 31, 2019, all of which have complied with the policy granting approval for execution of such transactions, with the details of the respective categories as follows:

#### 1. Purchase and Sale of Goods and Services, totaling 5 transactions

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. <ul style="list-style-type: none"> <li>Sales of goods</li> <li>Trade accounts receivable</li> </ul>	96.38 56.75	<p><b>Necessity of the Transaction</b></p> <p>TKN sold goods such as crispy seaweed, grilled seaweed and Tempura flavored seaweed to TKN US for distribution.</p> <p><b>Price Justification</b></p> <p>The price was based on such price generally charged to other customers.</p> <p><b>Opinion of the Audit Committee</b></p> <p>Such transaction was executed in the ordinary course of business, whereby the nature, reasons and necessity, including price justifications, complied with the policy on related party transactions, as approved by the Board of Directors' Meeting No. 8/2016 on August 9, 2016.</p>
Dr. Tobi	TKN	TKN purchased goods from Dr. Tobi as welfare benefits to staff at the factory, subject to such price generally charged by Dr. Tobi to other customers. <ul style="list-style-type: none"> <li>Purchase of goods</li> </ul>	0.04	<p><b>Necessity of the Transaction</b></p> <p>TKN purchased Vitamix drink from Dr. Tobi as welfare benefits to staff.</p> <p><b>Price Justification</b></p> <p>The price was based on such price generally charged to other customers.</p> <p><b>Opinion of the Audit Committee</b></p> <p>The Audit Committee considered and approved the justification of the transaction, including the conditions thereof and price justification of the transaction on an arm's length basis.</p>
Dr. Tobi	TKN RF	TKN RF purchased goods from Dr. Tobi for distribution in the shops of TKN RF, subject to such price generally charged by Dr. Tobi to other customers. <ul style="list-style-type: none"> <li>Purchase of goods</li> <li>Trade accounts payable</li> </ul>	0.66 0.08	<p><b>Necessity of the Transaction</b></p> <p>Taokaenoi Land purchased Jub Lip and Dr.Love from Dr. Tobi for distribution in the shops of Taokaenoi Land.</p> <p><b>Price Justification</b></p> <p>The price was based on such price generally charged to other customers.</p> <p><b>Opinion of the Audit Committee</b></p> <p>The Audit Committee considered and approved the justification of the transaction, including the conditions thereof and price justification of the transaction on an arm's length basis.</p>

Seller / Service Provider	Buyer / Customer	Description / Key Conditions	Transaction Value (Million Baht)	Necessity and Justifications of the Transactions
Dr. Tob	TKN RF	TKNRF charged upfront and promotional fees to Dr. Tob. <ul style="list-style-type: none"> <li>Promotional fees</li> </ul>	0.01	<p><b>Necessity of the Transaction</b></p> <p>Taokaenoi Land charged upfront and promotional fees to Dr. Tob for consignment of goods in the shops of Taokaenoi Land in the ordinary course of business for snack retail stores.</p> <p><b>Price Justification</b></p> <p>The upfront and promotional fees were based on the rates generally agreed upon with other brands.</p> <p><b>Opinion of the Audit Committee</b></p> <p>The Audit Committee considered and approved the justification of the transaction, including the conditions thereof and price justification of the transaction on an arm's length basis.</p>
TKNUS	TKN	TKN US charged upfront and promotional fees to TKN. <ul style="list-style-type: none"> <li>Promotional fees</li> </ul>	3.04	<p><b>Necessity of the Transaction</b></p> <p>Since TKN US acted as the distributor of Taokaenoi products in the United States of America, the upfront fee was charged to the shops prior to starting the distribution.</p> <p><b>Price Justification</b></p> <p>TKN also contributed the promotional fees to other distributors at not exceeding certain percentages of sales as specified in the respective distributorship agreements.</p> <p><b>Opinion of the Audit Committee</b></p> <p>The Audit Committee considered and approved the justification of the transaction, including the conditions thereof and price justification of the transaction on an arm's length basis.</p>



## 2. Grant or Receipt of Financial Assistance, totaling 2 transactions

Lender	Borrower	Description / Key Conditions	Transaction Value (Million Baht)	Necessity and Justifications of the Transactions
TKN	TKN US	<p>TKN US borrowed a long-term loan from TKN at the loan interest rate higher than the bank's interest rate on fixed deposit as of the execution date of the loan agreement, with the details as follows:</p> <p>Purpose of Borrowing: For use as its working capital</p> <p>Interest Rate: 2.5 percent per annum</p> <ul style="list-style-type: none"> <li>• Loan</li> <li>• Loan interest</li> </ul>	0.05	<p><b>Necessity of the Transaction</b></p> <p>The Company acquired the business of TKN US on November 24, 2017, and increased its capital in April 2018. The Company also 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, which the Company proceeded within the scope of authority of the Chief Executive Officer.</p> <p>TKN US proceeded with capital increase and capitalized its debts to equity in the amount of 7,800 shares at the price of USD 65 per share, totaling USD 507,000 on April 25, 2019.</p> <p><b>Price Justification</b></p> <p>The loan interest rate was higher than the bank's interest rate on fixed deposits as of the execution date of the loan agreement. Please refer to the Company's long-term loan rate relative to the subsidiary's loan rate.</p> <p><b>Opinion of the Audit Committee</b></p> <p>Such transaction provided financial assistance, whereby the description, reasons and necessity, including price justification, complied with the policy on related party transactions as approved by the Board of Directors' Meeting No. 8/2016 on August 9, 2016.</p>
Mr. Itthipat	TKNRF	<p>TKNRF borrowed a short-term loan from Mr. Itthipat Peeradechapan at the loan interest rate higher than the interest rate on fixed deposits of UOB where Mr. Itthipat Peeradechapan received interest on such deposits (UOB's interest rate at 1.65 percent) and lower than the loan interest rate of Siam Commercial Bank at 2.1 percent, with the details as follows:</p> <p>Purpose of Borrowing: For use as its working capital</p> <p>Interest Rate: 2.15 percent per annum</p> <ul style="list-style-type: none"> <li>• Loan</li> <li>• Loan interest</li> <li>• Accrued interest</li> </ul>	10.00 0.22 0.02	<p><b>Necessity of the Transaction</b></p> <p>TKNRF invested in expanding the Hinoya Curry stores. During the initial launch of the stores, TKNRF borrowed a short-term loan from a director (Mr. Itthipat Peeradechapan) for use as its working capital, while applying for a credit facility from financial institutions, on May 29, 2019.</p> <p><b>Price Justification</b></p> <p>The loan interest rate was higher than the interest rate on fixed deposits of UOB where Mr. Itthipat Peeradechapan received interest on such deposits (UOB's interest rate at 1.65 percent) and lower than the loan interest rate of Siam Commercial Bank at 2.1 percent.</p> <p><b>Opinion of the Audit Committee</b></p> <p>Such transaction provided financial assistance, whereby the description, reasons and necessity, including price justification, complied with the policy on related party transactions as approved by the Board of Directors' Meeting No. 8/2016 on August 9, 2016.</p>

### 3. Building Lease, totaling 4 transactions

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	<b>Necessity of the Transaction</b> The Company took on lease of such building from Miss Orrapat for document storage. <b>Price Justification</b> The rent was comparable to such rent of nearby buildings. <b>Opinion of the Audit Committee</b> 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	<b>Necessity of the Transaction</b> The Company took on lease of such building from Mr. Itthipat for document storage. <b>Price Justification</b> The rent was comparable to such rent of nearby buildings. <b>Opinion of the Audit Committee</b> 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 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	<b>Necessity of the Transaction</b> The Company took on lease of such building from Mr. Nutchatpong for document storage. <b>Price Justification</b> The rent was comparable to such rent of nearby buildings. <b>Opinion of the Audit Committee</b> 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 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	<b>Necessity of the Transaction</b> TKNRF took on lease of such building from Dr. Tobi for use as its office. <b>Price Justification</b> The rent and service fees were based on such building areas used by TKN RF. <b>Opinion of the Audit Committee</b> The Audit Committee considered and approved the justification of such transaction, including the conditions thereof and price justification of the transaction.

# 15 Analysis of Operating Results and Financial Position

## Overview of the Company's Operating Results

	Consolidated Financial Statements				Change
	2019*		2018*		
	Million Baht	percent	Million Baht	percent	percent
Revenues from sales	5,266.78	100.0	5,427.15	100.0	-3.0
Cost of sales	3,786.47	71.9	3,932.87	72.5	-0.6
Selling and distribution expenses	768.09	14.6	671.74	12.4	2.2
Administrative expenses	343.60	6.5	311.45	5.7	0.8
Finance costs	26.30	0.5	20.37	0.4	0.1
Profit for the year	361.84	6.9	456.36	8.4	-1.5

**Note :** The Company has adjusted the selling expenses in the financial statements for annual year 2018 and 2019 in compliance with Thai Financial Reporting Standard No. 15 Re: Revenue from Contracts with Customers (TFRS 15) to reflect deduction and show the net in revenue from sales, thereby causing the revenue from sales and gross margin, including the distribution costs, to reduce in value, although the net profits remain unchanged.

In 2019, Taokaenoi Food & Marketing Public Company Limited and its subsidiaries (the "Company") had revenue from sales in the amount of Baht 5,266.78 Million, which was decreased from that of 2018 by 3.0 percent, mainly due to the declining sales in the People's Republic of China, representing approximately 13 percent during the transition from the former distributor to the new distributor, namely Orion China during the third quarter. Despite the fact that such transition has caused sales to decrease for a short-term period, it will positively affect the distribution in the People's Republic of China in the long run as the new distributor has a relatively more extensive network of distribution of products than that of the former distributor and given the more in-depth marketing data, the Company will be able to market its products in the People's Republic of China to more target customers in the future. In spite of the declining sales in the People's Republic of China, other international markets enjoyed an average growth by approximately 3 percent, with the highest growth rate in Vietnam, followed by CLMV, the United States of America and Indonesia.

On the contrary, domestic sales grew by approximately 3 percent from that of last year against the slowdown of domestic market of seaweed snack products by approximately 3.4 percent due to consumers' shift to other snack products from promotional campaigns late last year. However, the Company continued to derive revenue from sales from Taokaenoi Land and Hinoya Curry stores in addition to the slight decrease in sales of seaweed snack.

The total cost of sales in 2019 accounted for 72 percent, representing a decrease by approximately 0.6 percent from last year due to recognition of the decreased cost of new seaweed in crispy products and management of factory overhead costs, whereas the selling expenses in 2019 increased by approximately 2.2 percent from the costs of new product development (NPD) and presenter, including increased administrative expenses from the opening of Hinoya Curry stores.

The profit for the year 2019 is equal to Baht 361.8 Million or 6.9 percent of revenue from sales, representing a decrease by 1.5 percent from that of 2018 due to the above reasons.

## Revenue from sales

Percentage of Distribution	2019*		2018*		2017	
	Million Baht	percent	Million Baht	percent	Million Baht	percent
Domestic	2,120	40.3	2,061	38.0	2,063	39.2
International	3,147	59.7	3,366	62.0	3,200	60.8
<b>Revenue from sales</b>	<b>5,267</b>	<b>100.0</b>	<b>5,427</b>	<b>100.0</b>	<b>5,264</b>	<b>100.0</b>

**Note :** The Company has adjusted the selling expenses in the financial statements for annual year 2018 and 2019 in compliance with Thai Financial Reporting Standard No. 15 Re: Revenue from Contracts with Customers (TFRS 15) to reflect deduction and show the net in revenue from sales, thereby causing the revenue from sales and gross margin, including the distribution costs, to reduce in value, although the net profits remain unchanged.

In 2019, the Company's total revenue from sales amounted to Baht 5,267 Million, which was decreased from Baht 5,427 Million in 2018, representing a decrease by 3 percent, with the percent of domestic and international sales at 40 percent and 60 percent, respectively, as follows:

**Revenue from domestic sales** in 2019 amounted to Baht 2,120 Million, representing 40 percent of total revenue from sales, which was increased by 2.9 percent from Baht 2,061 Million in 2018. Such increase was due to new product launch in terms of seaweed, e.g., Kimchi flavor crispy seaweed snack, co-branding between Taokaenoi and Pringles, and non-seaweed, such as BackUp food supplement and whey protein bars, and as at the end of 2019, the Company's market share in Thailand was at 68 percent of seaweed snack market, including increased sales from Taokaenoi Land and Hinoya Curry stores.

**Revenue from international sales** in 2019 amounted to Baht 3,147 Million, the growth of which declined by 6.5 percent from that of 2018, primarily due to the short-term transition of distribution in the People's Republic of China. The People's Republic of China remained the major export market which accounted for 36 percent of total revenue from sales. The Company expects that upon the lapse of the transition of its distributor in the People's Republic of China, sales in the People's Republic of China will grow as planned thanks to the distribution network of the new distributor. Meanwhile, other international markets which were clearly growing include Vietnam, the United States of America, and Indonesia.

## Financial Position

### Assets

Total assets in the Company's consolidated financial statements as at December 31, 2019 amounted to Baht 3,706.6 Million, which was decreased by Baht 80.7 Million from that of last year or representing 2.1 percent, primarily due to the decrease in inventories in respect of raw materials, accounts receivable and other receivables, property, plant and equipment.

As at December 31, 2019, the list of major assets in the Company's consolidated financial statements comprise property, plant and equipment in the amount of Baht 1,018.7 Million, representing 27.5 percent of total assets, inventories in the amount of Baht 1,332.6 Million, representing 35.9 percent of total assets, and accounts receivable and other receivables in the amount of Baht 919.2 Million, representing 24.8 percent of total assets.

### Property, plant and equipment

As at December 31, 2019, the Company's consolidated financial statements show property, plant and equipment in the amount of Baht 1,018.7 Million, which accounts for 27.5 percent of total assets, representing a decrease by Baht 99.1 Million from that of last year or 8.9 percent, mainly due to the fact that in 2019, the acquisition of assets decreased as compared to that of 2018 in which assets in the form of factory and machinery of Rojana factory in Phra Nakhon Si Ayutthaya Province had been accepted, including the improvement of factory and addition of machinery at Nopawong factory, Pathum Thani Province, and acceptance of assets, office building (No. 1) at Muang Thong Thani.

### Inventories

Unit: Million Baht

Inventories	Consolidated Financial Statements	
	As at December 31, 2019	As at December 31, 2018
Finished goods	144.29	147.63
Work in process	2.71	3.53
Raw materials	1,060.55	1,154.60
Packing materials	107.11	127.62
Spare parts and factory supplies	9.71	9.56
Goods in transit	13.57	10.46
<b>Less</b> Allowance for devaluation of inventories	<b>(-5.37)</b>	<b>(-26.29)</b>
<b>Net inventories</b>	<b>1,332.57</b>	<b>1,427.11</b>

As at December 31, 2019, the Company's consolidated financial statements show inventories in the amount of Baht 1,332.6 Million, which accounts for 35.9 percent of total assets, representing a decrease by Baht 94.5 Million from that of last year or 6.6 percent, mainly due to the decrease in import of seaweed to Thailand and gradual utilization of available raw materials imported last year.

However, the Company has revised its policy on allowance for devaluation of inventories to 100 percent on the following basis:

- Seaweed and palm oil

After 12 months, they will be considered whether they may be reused, and those anticipated not to be reused shall immediately be subject to such allowance at 100%.

- Seasoning powder

After 6 months, they will be considered whether they may be reused, and those anticipated not to be reused shall immediately be subject to such allowance at 100%.

- Packaging

After 12 months, they will be considered whether they may be reused, and those anticipated not to be reused shall immediately be subject to such allowance at 100%.

- Finished goods in domestic sachets

After 6-8 months.

- Finished goods in international sachets

After 12 months.

There may be other allowances, and should they be at risk of deterioration or discontinuation or change in appearances, they shall be submitted to seek approval from management from time to time. The allowance for devaluation of inventories of the Company as at December 31, 2019 complied with the above policy on allowance for devaluation of inventories.

### Other current assets

As at the end of 2019, the Company's consolidated financial statements show other current assets in the amount of Baht 47.2 Million, representing 1.3 percent of total assets. Other current assets as at the end of 2019 decreased by Baht 12.1 Million or 20.4 percent from that as at the end of 2018, mainly due to value added tax receivable in the amount of Baht 44.4 Million, which was decreased by Baht 12.1 Million from the end of 2018. It is noted that the major item of other current assets as at the end of 2019 is value added tax receivable in the amount of Baht 44.4 Million.



### Other non-current assets

As at the end of 2019, the Company's consolidated financial statements show other non-current assets in the amount of Baht 50.9 Million, which was increased by Baht 10 Million from that as at the end of 2018 or by 24.6 percent, mainly due to deposits and guarantees and advances for rental expenses of TKNRF. Major items of other non-current assets as at the end of 2019 include deposits and guarantees in the amount of Baht 30.8 Million and advances for purchase of assets in the amount of Baht 10.9 Million.

### Trade receivables

Unit: Million Baht

Aging of Trade Receivables	Consolidated Financial Statements		
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2017
Current	408.78	416.17	431.92
Overdue 1-90 days	128.98	267.44	194.66
Overdue 91-180 days	0.21	0.17	0.28
Overdue 181-270 days	-	13.33	0.11
Overdue 271 days or longer	24.96	3.68	6.06
Total trade receivables	562.94	700.79	633.03
Less Allowance for doubtful accounts	- 15.61	- 16.26	- 6.06
<b>Trade receivables - Net</b>	<b>547.33</b>	<b>684.53</b>	<b>626.96</b>

As at December 31, 2019, the Company's net trade receivables amounted to Baht 547.33 Million, which was decreased by Baht 137.20 Million from that of last year or 20.0 percent, and current accounts receivable represented 74.7 percent of total accounts receivable, and accounts receivable overdue 1-90 days represented 23.6 percent.

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

Aging of Outstanding Accounts Receivable	Allowance for Doubtful Accounts
Over 3 months up to 6 months	40 percent of the outstanding balance
Over 6 months up to 9 months	80 percent of the outstanding balance
Over 9 months	100 percent of the outstanding balance

The management shall use its discretion to forecast potential loss from the respective debtors, taking into account historical debt collection, ages of the outstanding accounts and the current economic circumstances in support of the allowance for doubtful accounts.

The accounts receivable turnover ratio for 2019 was at 8.3 times, with an average collection period of 44 days, representing an increase from that of 2018, due to the fact that the revenue from sales to overseas customers with credit in 2019 was higher than that of 2018, and the long holidays at the end of the year.

### Investment Property

Investment property remained unchanged in 2019 with the value of Baht 39.7 Million, which was equal to that as at the end of 2018.

### Liabilities

Total liabilities as at December 31, 2019 in the Company's consolidated financial statements amounted to Baht 1,565.4 Million, representing a decrease by Baht 53.7 Million or 3.3 percent as compared to that of last year, mainly due to the decrease in short-term loans from banks.

### Short-term loans from banks and other short-term loans

As at December 31, 2019, the Company's consolidated financial statements show short-term loans from banks and other short-term loans in the total amount of Baht 855 Million, which accounted for 54.6 percent of total liabilities, representing a decrease by Baht 26 Million from that of last year or 3 percent, mainly due to the Company's working capital to repay the loans.

### Other current liabilities

As at the end of 2019, the Company's consolidated financial statements show other current liabilities in the amount of Baht 45.62 Million, representing an increase by Baht 30.1 Million from that as at the end of 2018 or 193.9 percent, primarily due to the advances received from customers, which were increased by Baht 28.5 Million from that as at the end of 2018. Major item of other current liabilities as at the end of 2019 was advances received from customers in the amount of Baht 34.5 Million.

## Liquidity and Source of Capital of the Company

Unit: Million Baht

Description	Consolidated Financial Statements		
	2019	2018	2017
Net cash provided by (used in) operating activities	488.58	(172.44)	211.93
Net cash provided by (used in) investing activities	(77.96)	84.71	178.17
Net cash provided by (used in) financing activities	(431.72)	(34.71)	(393.78)
Cash equivalents in foreign currency	4.32	0.05	(2.80)
Net increase (decrease) in cash and cash equivalents	(16.77)	(122.39)	(6.48)

In 2019, the Company and its subsidiaries had the net cash flows from operating activities in the amount of Baht 488.58 Million, the major item of which was the profit before corporate income tax expense in the amount of Baht 372.88 Million, and after various adjustments, such as, depreciation, the profit from operations before changes in operating assets and liabilities amounted to Baht 576.48 Million. In addition, another major item was the increase in trade and other current receivables in the amount of Baht 124.19 since the revenue from sales to overseas customers with credit in 2019 was higher than that of 2018.

In 2019, the Company and its subsidiaries had the net cash flows from investing activities in the amount of Baht 77.96 Million, the major item of which was the cash paid for acquisitions of fixed and intangible assets in the amount of Baht 98.9 Million.

In 2019, the Company and its subsidiaries had the net cash flows from financing activities in the amount of Baht 431.72 Million, the major item of which was dividends paid in the amount of Baht 383.9 Million.

## Financial Highlights

### Liquidity Ratio

As at December 31, 2019, the liquidity ratio from the Company's consolidated financial statements was 1.60 times, while the quick ratio from the Company's consolidated financial statements was 0.70 times. Such increase in the liquidity and quick ratios from those of the previous year was mainly due to the increase in trade and other current receivable in the amount of Baht 126 Million and the decrease in inventories in the amount of Baht 95 Million.

### Capital Structure

As at the end of 2019, the debt to equity ratio from the Company's consolidated financial statements was 0.73 times, which was decreased from that as at the end of 2018 due to the decrease in borrowings from financial institutions and trade accounts payable.



# 16 Financial statement

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED

### Opinion

We have audited the consolidated financial statements of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Taokaenoi Food & Marketing Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2019, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries, and separate financial position of Taokaenoi Food & Marketing Public Company Limited as at December 31, 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRS”).

### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER	AUDIT RESPONSES
<p><b>Valuation of investment in a subsidiary in the separate financial statements</b></p> <p>A subsidiary of the Company has incurred material retained deficit which is an indication that the carrying amount of investment in such subsidiary in the separate financial statements may exceed the recoverable amount. Therefore, the investment of a subsidiary may have incurred impairment.</p> <p>The consideration of impairment of investment in a subsidiary in the separate financial statements is depended on the judgements and assumptions used by management in estimating the recoverable amount</p> <p>Accounting policies for impairment of investments and details of investment in a subsidiary was disclosed in the Notes 3.14, 4 and 10 to the financial statements.</p>	<p><b>Our key audit procedures included:</b></p> <ul style="list-style-type: none"><li>• Understanding the impairment consideration process and related internal control procedures relating to recognition of loss from impairment</li><li>• Reviewing the design and implementation of the internal control procedures for such matter</li><li>• Involving our internal specialist to assist with:<ul style="list-style-type: none"><li>- Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of TAS 36 Impairment of Assets.</li><li>- Validating the assumptions used to calculate the discount rates and recalculating these rates.</li></ul></li><li>• Analysing the projected future cash flows used in the models to determine whether they are reasonable and supportable given the current market and expected future performance.</li><li>• Subjecting the key assumptions to sensitivity analysis.</li><li>• Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections.</li><li>• Comparing between the recoverable amount and the carrying value.</li></ul>

## Other Matter

The consolidated statement of financial position of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries and the separate statement of financial position of Taokaenoi Food & Marketing Company Limited as at December 31, 2018, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended (before reclassification described in Note 37 to the financial statements) presented herein as corresponding figures, were audited by another auditor, whose report thereon dated February 20, 2019 expressed an unmodified opinion on those statements.

## Other Information

Management is responsible for the other information. The other information comprises information included in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

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

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

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

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

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

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

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



- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the

consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

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

Choopong Surachutikarn  
Certified Public Accountant (Thailand)  
Registration No. 4325

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

BANGKOK: February 24, 2020

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	162,298,035	179,072,117	130,928,093	138,760,874
Temporary investments	6	7,612,435	4,337,765	4,870,735	1,314,865
Trade and other current receivables	7	919,176,535	793,578,509	1,026,535,791	836,636,719
Inventories	8	1,332,570,702	1,427,106,329	1,264,451,089	1,364,538,406
Other current assets	9	47,236,839	59,308,962	44,164,253	54,961,101
Total Current Assets		2,468,894,546	2,463,403,682	2,470,949,961	2,396,211,965
NON-CURRENT ASSETS					
Investment in subsidiaries	10	-	-	137,461,570	121,119,946
Investment in a joint venture	10	-	29,831,127	-	30,000,000
Loan to a subsidiary	11	-	-	-	11,337,659
Investment property	12	39,745,095	39,745,095	39,745,095	39,745,095
Property, plant and equipment	13	1,018,745,092	1,117,809,944	961,186,363	1,022,164,003
Goodwill	14	11,512,927	12,389,473	-	-
Other intangible assets	15	50,969,372	35,858,692	34,222,029	31,200,333
Deferred tax assets	24	65,822,810	47,459,241	19,710,161	19,342,434
Other non-current assets	16	50,885,406	40,850,277	20,831,737	10,931,560
Total Non-current Assets		1,237,680,702	1,323,943,849	1,213,156,955	1,285,841,030
TOTAL ASSETS		3,706,575,248	3,787,347,531	3,684,106,916	3,682,052,995

See notes to the financial statements

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term borrowings from financial institutions	17	854,671,573	881,226,569	846,671,573	881,226,569
Trade and other current payables	18	603,777,807	656,867,890	555,949,706	579,414,918
Short-term borrowings	19	24,055,680	19,127,620	-	-
Income tax payable		11,774,221	29,047,334	11,766,634	28,355,859
Other current liabilities	20	45,619,590	15,523,349	38,910,113	11,468,112
<b>Total Current Liabilities</b>		<b>1,539,898,871</b>	<b>1,601,792,762</b>	<b>1,453,298,026</b>	<b>1,500,465,458</b>
<b>NON-CURRENT LIABILITIES</b>					
Non-current provision for employee benefits	21	25,473,718	17,319,597	24,874,922	17,017,252
<b>Non-current provision for employee benefits</b>		<b>25,473,718</b>	<b>17,319,597</b>	<b>24,874,922</b>	<b>17,017,252</b>
<b>TOTAL LIABILITIES</b>		<b>1,565,372,589</b>	<b>1,619,112,359</b>	<b>1,478,172,948</b>	<b>1,517,482,710</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>SHARE CAPITAL</b>					
Authorized share capital					
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 share capital					
1,380,000,000 ordinary shares of Baht 0.25 each					
fully paid		345,000,000	345,000,000	345,000,000	345,000,000
SHARE PREMIUM ON ORDINARY SHARES		1,315,440,000	1,315,440,000	1,315,440,000	1,315,440,000
SURPLUS ARISING FROM CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY		1,186,255	1,121,461	-	-
<b>RETAINED EARNINGS</b>					
Appropriated					
Legal reserve		34,500,000	34,500,000	34,500,000	34,500,000
Unappropriated		449,510,851	471,296,333	510,959,570	469,628,336
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY		(4,715,426)	(2,758,649)	34,398	1,949
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>2,140,921,680</b>	<b>2,164,599,145</b>	<b>2,205,933,968</b>	<b>2,164,570,285</b>
NON-CONTROLLING INTERESTS		280,979	3,636,027	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,141,202,659</b>	<b>2,168,235,172</b>	<b>2,205,933,968</b>	<b>2,164,570,285</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,706,575,248</b>	<b>3,787,347,531</b>	<b>3,684,106,916</b>	<b>3,682,052,995</b>

See notes to the financial statements

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
<b>Revenues</b>					
Revenue from sales	37	5,266,779,496	5,427,151,114	4,929,891,705	5,198,813,821
Other income		29,558,399	34,687,359	17,476,113	26,812,105
Gain on exchange rates		996,624	-	944,870	-
<b>Total revenues</b>		<b>5,297,334,519</b>	<b>5,461,838,473</b>	<b>4,948,312,688</b>	<b>5,225,625,926</b>
<b>Expenses</b>					
Cost of sales		3,786,467,306	3,932,865,099	3,569,869,904	3,793,772,798
Distribution costs		768,086,519	671,743,599	635,165,372	588,162,746
Administrative expenses		343,595,168	311,447,111	259,334,235	280,007,271
Loss on exchange rates		-	2,088,255	-	2,087,548
Finance costs		26,301,612	20,372,297	23,676,017	18,128,981
<b>Total expenses</b>		<b>4,924,450,605</b>	<b>4,938,516,361</b>	<b>4,488,045,528</b>	<b>4,682,159,344</b>
Share of loss from investment in a joint venture		-	(168,873)	-	-
<b>Profit before income tax expense</b>		<b>372,883,914</b>	<b>523,153,239</b>	<b>460,267,160</b>	<b>543,466,582</b>
Income tax expense	24	11,042,632	66,795,366	30,973,873	52,994,035
<b>PROFIT FOR THE YEAR</b>		<b>361,841,282</b>	<b>456,357,873</b>	<b>429,293,287</b>	<b>490,472,547</b>
<b>OTHER COMPREHENSIVE INCOME:</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
• Unrealized gain (loss) on revaluation of available-for-sale investments - net of income tax		32,449	(313,083)	32,449	(313,083)
• Translation differences of financial statements of a foreign subsidiary		(2,181,578)	52,165	-	-
<i>Item that will not be reclassified subsequently to profit or loss</i>					
• Actuarial loss - net of income tax		(1,623,616)	(2,185,029)	(1,562,053)	(2,245,471)
<b>Other comprehensive income (loss) for the year - net of income tax</b>		<b>(3,772,745)</b>	<b>(2,445,947)</b>	<b>(1,529,604)</b>	<b>(2,558,554)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>358,068,537</b>	<b>453,911,926</b>	<b>427,763,683</b>	<b>487,913,993</b>

See notes to the financial statements

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the Parent		366,238,134	459,180,540	429,293,287	490,472,547
Non-controlling interests		(4,396,852)	(2,822,667)		
		361,841,282	456,357,873		
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO					
Owners of the Parent		362,657,741	456,729,851	427,763,683	487,913,993
Non-controlling interests		(4,589,204)	(2,817,925)		
		358,068,537	453,911,926		
BASIC EARNINGS PER SHARE (BAHT)					
	29	0.26	0.33	0.31	0.36
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (SHARES)					
		1,380,000,000	1,380,000,000	1,380,000,000	1,380,000,000

See notes to the financial statements



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

	Notes	Other components of shareholders' equity										Non - controlling interests	Total shareholders' equity
		Issued and paid-up share capital	Share premium on ordinary shares	Surplus arising from change in ownership interest in a subsidiary	Retained earnings		Other comprehensive income (loss)			Total other components of shareholders' equity	Total shareholders' equity attributable to owners of the Parent		
					Appropriated - legal reserve The Company	Unappropriated	Unrealized gain (loss) on revaluation of available-for-sale investments	Translation differences of financial statements of a foreign subsidiary					
<b>Beginning balances as at January 1, 2018</b>													
Profit (loss) for the year		345,000,000	1,315,440,000	-	34,500,000	483,500,822	315,032	(2,808,021)	(2,492,989)	2,175,947,833	-	2,175,947,833	
Other comprehensive income (loss) for the year		-	-	-	-	459,180,540	-	-	-	459,180,540	(2,822,667)	456,357,873	
Total comprehensive income (loss) for the year		-	-	-	-	456,995,511	(313,083)	47,423	(265,660)	456,729,851	4,742	(2,445,947)	
Change in equity attributable to non-controlling interests of a subsidiary		-	-	1,121,461	-	-	-	-	-	1,121,461	6,453,952	7,575,413	
Dividends paid	27	-	-	-	-	(469,200,000)	-	-	-	(469,200,000)	-	(469,200,000)	
<b>Ending balances as at December 31, 2018</b>													
		345,000,000	1,315,440,000	1,121,461	34,500,000	471,296,333	1,949	(2,760,598)	(2,758,649)	2,164,599,145	3,636,027	2,168,235,172	
<b>Beginning balances as at January 1, 2019</b>													
Profit (loss) for the year		-	-	-	-	366,238,134	-	-	-	366,238,134	(4,396,852)	361,841,282	
Other comprehensive income (loss) for the year		-	-	-	-	(1,623,616)	32,449	(1,989,226)	(1,956,777)	(3,580,393)	(192,352)	(3,772,745)	
Total comprehensive income (loss) for the year		-	-	-	-	364,614,518	32,449	(1,989,226)	(1,956,777)	362,657,741	(4,589,204)	358,068,537	
Change in equity attributable to non-controlling interests of a subsidiary	10	-	-	64,794	-	-	-	-	-	64,794	1,234,156	1,298,950	
Dividends paid	27	-	-	-	-	(386,400,000)	-	-	-	(386,400,000)	-	(386,400,000)	
<b>Ending balances as at December 31, 2019</b>													
		345,000,000	1,315,440,000	1,186,255	34,500,000	449,510,851	34,398	(4,749,824)	(4,715,426)	2,140,921,680	280,979	2,141,202,659	

See notes to the financial statements

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

### SEPARATE FINANCIAL STATEMENTS

	Notes	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
				Appropriated - Legal reserve	Unappropriated	Other comprehensive income (loss)		
						Unrealized gain (loss) on revaluation of available-for-sale investments		
Beginning balances as at January 1, 2018								
Profit for the year		345,000,000	1,315,440,000	34,500,000	450,601,260	315,032		2,145,856,292
Other comprehensive income (loss) for the year		-	-	-	490,472,547	-		490,472,547
Total comprehensive income (loss) for the year		-	-	-	(2,245,471)	(313,083)		(2,558,554)
Dividends paid	27	-	-	-	488,227,076	(313,083)		487,913,993
		-	-	-	(469,200,000)	-		(469,200,000)
Ending balances as at December 31, 2018								
		345,000,000	1,315,440,000	34,500,000	469,628,336	1,949		2,164,570,285
Beginning balances as at January 1, 2019								
Profit for the year		345,000,000	1,315,440,000	34,500,000	469,628,336	1,949		2,164,570,285
Other comprehensive income (loss) for the year		-	-	-	429,293,287	-		429,293,287
Total comprehensive income for the year		-	-	-	(1,562,053)	32,449		(1,529,604)
Dividends paid	27	-	-	-	427,731,234	32,449		427,763,683
		-	-	-	(386,400,000)	-		(386,400,000)
Ending balances as at December 31, 2019								
		345,000,000	1,315,440,000	34,500,000	510,959,570	34,398		2,205,933,968

See notes to the financial statements

## STATEMENTS OF CASH FLOWS

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
Notes	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before income tax expense	372,883,914	523,153,239	460,267,160	543,466,582
Adjustments for				
Depreciation	154,257,422	116,604,563	132,998,007	102,031,345
Amortization of intangible assets	9,081,182	6,427,954	7,226,599	4,484,377
Amortization of premium on forward exchange contracts	(127,050)	(183,127)	(127,050)	(183,127)
Loss from devaluation of inventories (reversal)	(20,924,372)	11,182,877	(21,348,868)	10,303,062
Allowance for doubtful accounts (reversal)	(644,249)	10,193,211	(375,825)	9,980,948
Impairment loss on fixed assets	4,344,505	214,094	-	-
(Gain) loss on sale and write-off of fixed assets	26,228,991	33,419	414,628	(41,736)
Unrealized (gain) loss on exchange rate	(2,050,268)	4,515,330	(2,433,916)	4,583,330
Gain on sale of available-for-sale securities	(880,676)	(4,323,743)	(880,676)	(2,473,549)
Unrealized loss on revaluation of securities held for trading	281,200	851,953	-	-
Loss from liquidation of a joint venture	1,679,128	-	1,679,128	-
Share of loss from investment in a joint venture	-	168,873	-	-
Employee benefit expense	6,592,600	3,483,147	6,373,104	3,401,019
Interest income	(540,317)	(618,943)	(407,772)	(591,350)
Finance costs	26,301,612	16,546,254	23,676,017	16,512,769
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>576,483,622</b>	<b>688,249,101</b>	<b>607,060,536</b>	<b>691,473,670</b>
<b>Operating assets (increase) decrease</b>				
Trade and other current receivables	(124,191,280)	(73,226,532)	(189,242,104)	(111,645,353)
Inventories	115,459,999	(708,531,842)	121,436,184	(677,365,073)
Other current assets	9,117,745	(10,096,263)	10,659,909	(4,189,300)
Other non-current assets	(10,120,559)	(14,020,773)	(9,639,525)	(1,396,679)
<b>Operating liabilities increase (decrease)</b>				
Trade and other current payables	(63,395,032)	84,228,502	(33,302,705)	77,399,836
Other current liabilities	32,376,922	1,581,239	29,423,407	(926,178)
Other non-current liabilities	-	(175,374)	-	-
Employee benefit obligations paid	(468,000)	(99,561)	(468,000)	-
	<b>535,263,417</b>	<b>(32,091,503)</b>	<b>535,927,702</b>	<b>(26,649,077)</b>
Income tax paid	(46,679,314)	(140,350,470)	(47,540,311)	(131,086,159)
<b>Net cash provided by (used in) operating activities</b>	<b>488,584,103</b>	<b>(172,441,973)</b>	<b>488,387,391</b>	<b>(157,735,236)</b>

## STATEMENTS OF CASH FLOWS (CONTINUED)

AS AT DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
Cash flows from investing activities					
Advances payments for purchases of fixed and intangible assets		(16,984,280)	(61,447,060)	(7,897,804)	(49,934,195)
Cash paid for acquisitions of fixed and intangible assets	5.2.1	(98,899,373)	(85,296,394)	(67,732,522)	(60,605,725)
Proceeds from sales of equipment		11,866,955	862,313	-	862,313
Cash paid for investment in a subsidiary		-	-	-	(12,429,888)
Cash paid for investment in a joint venture		-	(30,000,000)	-	(30,000,000)
Proceeds from liquidation of a joint venture		28,151,999	-	28,320,872	-
Cash paid for acquisitions of investments in securities held for trading investment in available-for-sale securities and held-to-maturity investments		(369,634,633)	(533,897,144)	(369,634,633)	(520,003,233)
Proceeds from sales of available-for-sale securities and held-to-maturity investments		367,000,000	793,869,251	367,000,000	782,000,000
Loan to a subsidiary	5.2.2	-	-	(5,159,700)	(7,734,341)
Cash repayment from a subsidiary	5.2.2	-	-	241,417	-
Interest received		540,317	618,943	407,772	390,766
Net cash (used in) provided by investing activities		(77,959,015)	84,709,909	(54,454,598)	102,545,697
Cash flows from financing activities					
Cash repayments for short-term borrowings from financial institutions	5.2.4	(3,606,247,426)	(3,896,384,940)	(3,599,747,426)	(3,896,384,940)
Proceeds from short-term borrowings from financial institutions	5.2.4	3,579,692,430	4,351,611,509	3,565,192,430	4,351,611,509
Cash repayments for short-term borrowings	5.2.4	(4,258,007)	(12,080,356)	-	-
Proceeds from short-term borrowings from a director	5.2.4	10,000,000	-	-	-
Cash repayments for liabilities under finance lease agreements	5.2.4	(314,143)	(223,176)	-	-
Dividends paid	5.2.3	(383,388,944)	(469,148,402)	(383,388,944)	(469,148,402)
Interest paid		(27,199,786)	(16,061,791)	(23,821,634)	(16,028,306)
Proceeds from non-controlling interests of a subsidiary		-	7,575,413	-	-
Net cash used in financing activities		(431,715,876)	(34,711,743)	(441,765,574)	(29,950,139)
Effect of change of exchange rate on cash and cash equivalents held in foreign currencies		4,316,706	52,165	-	-
Net decrease in cash and cash equivalents		(16,774,082)	(122,391,642)	(7,832,781)	(85,139,678)
Cash and cash equivalents as at January 1,		179,072,117	301,463,759	138,760,874	223,900,552
Cash and cash equivalents as at December 31,		162,298,035	179,072,117	130,928,093	138,760,874

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## 1. GENERAL INFORMATION AND THE OPERATION OF THE COMPANY

Taokaenoi Food & Marketing Public Company Limited (the “Company”) was incorporated under the Thai Civil and Commercial Code on September 21, 2004. Subsequently, on May 10, 2013, the Company was transformed into Public Company Limited. The address of its registered office is at 12/1 Moo 4, Tambon Na Mai, Amphur Lad Lum Kaew, Pathumthani.

The Company’s major and ultimate shareholder is Peeradechapan Holding Company Limited, which was registered in Thailand, holding 26.09% of the Company’s share capital.

The Company is the parent company within the group of companies. The principal business activities are manufacturing and distribution of fried, grilled, and baked seaweed and seaweed snacks.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 The Group and the Company maintain their accounting records in Thai Baht and prepare their statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted.

2.2 The Group’s and the Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2018) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2019, and the Regulation of the Stock Exchange of Thailand (SET) dated October 2, 2017, regarding “The Preparation and Submission of Financial Statements and Reports for the Financial Position and Results of Operations of the Listed Companies B.E. 2560” and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No. 2) B.E. 2559” dated October 11, 2016.

The accounting standards adopted by the Company may not be in conformity with accounting principles generally accepted in other countries because the financial statements of the Company are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and accounting practices generally accepted in countries other than Thailand. Accordingly, the financial statements have not been designed for those who are not familiar with accounting principles and accounting practices generally accepted in Thailand.

For the convenience of readers, an English translation of the financial statements has been prepared from Thai language statutory financial statements which are issued for domestic financial reporting purposes. In the event of any conflict or interpretation difference between two different languages, the Thai version of consolidated and separate financial statements in accordance with Thailand laws supersedes.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).



2.4 The consolidated financial statements include the financial statements of the Company and its subsidiaries (hereinafter called as “the Group”), and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2018.

2.5 The consolidated and separate statements of financial position as at December 31, 2018, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which had been previously audited.

2.6 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year’s financial statements. During the year, the Group has adopted the revised and new Thai Financial Reporting Standards including the Guideline on accounting issued by the Federation of Accounting Professions which become effective for the financial statements for the accounting periods beginning on or after January 1, 2019. These Thai Financial Reporting Standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards except the adoption of the revenue recognition under the Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers”

#### **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.

2.7 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the periods beginning on or after January 1, 2020 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when they become effective. The Group’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Group in the period of initial application. The relevant TASs and TFRSs are as follows:

#### **Thai Accounting Standard No. 12 “Income Taxes”**

This revised accounting standard clarifies about the recognition of the income tax consequences of dividends in profit or loss, other comprehensive income or shareholders’ equity according to where the entity originally recognized the transactions that generated distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

### **Thai Accounting Standard No. 19 “Employee Benefits”**

This revised accounting standard clarifies that the past service cost or the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). This accounting standard requires the application of the prospective method for such amendment. It applies only to plan amendment, curtailment or settlement that occurs on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

### **Thai Accounting Standard No. 23 “Borrowing Costs”**

This revised accounting standard clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This accounting standard requires the application of the prospective method for such amendment. Earlier application is permitted.

### **Thai Financial Reporting Standard No. 3 “Business Combinations”**

This revised financial reporting standard clarifies that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognized assets or liabilities and goodwill relating to the joint operation. This revised financial reporting standard requires the application of the prospective method for such amendment. Earlier application is permitted.

### **Groups of Financial Instruments Standards**

<b>Thai Accounting Standards (“TAS”)</b> TAS 32	Financial Instruments: Presentation
<b>Thai Financial Reporting Standards (“TFRS”)</b> TFRS 7 TFRS 9	Financial Instruments: Disclosures Financial Instruments
<b>Thai Financial Reporting Standard Interpretations (“TFRIC”)</b> TFRIC 16 TFRIC 19	Hedges of a Net Investment in a Foreign Operation Extinguishing Financial Liabilities with Equity Instruments

These groups of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon their effective date.

### Thai Financial Reporting Standards No. 16 “Leases” (“TFRS 16”)

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No. 17 “Leases”, Thai Accounting Standard Interpretation No. 15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No. 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No. 4 “Determining whether an Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Group’s management is in the process of assessing the impact of this TFRS on the financial statements of the Group in the period of initial application.

#### 2.8 Basis for preparation of consolidated financial statements

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

SUBSIDIARY	BUSINESS TYPE	COUNTRY OF REGISTRATION	PERCENTAGE OF SHAREHOLDINGS AS AT DECEMBER 31,	
			2019	2018
			%	%
Taokaenoi Restaurant & Franchise Company Limited	Distribution of snacks and souvenirs, and restaurant business	Thailand	100.00	100.00
Taokaenoi Care Company Limited	Distribution of snacks	Thailand	100.00	100.00
NCP Trading & Supply Company Limited	Manufacturing and distribution of seasoning powder	Thailand	100.00	100.00
TAOKAENOI USA, Inc. <sup>(1)</sup>	Manufacturing and distribution of seaweed snacks	United States of America	91.21	91.00

(1) On April 25, 2019, TAOKAENOI USA, Inc., a subsidiary of the Company, increased its registered share capital amounting to USD 0.55 million, from USD 2.64 million to USD 3.19 million. Such subsidiary has converted its debts owed to the Company to equity of USD 0.51 million (equivalent to Baht 16.34 million).

a) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and has the ability to direct the activities that significantly affect the amount of its returns.

b) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date such control ceases.

c) The financial statements of the subsidiaries are prepared using the same accounting period and significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Baht using the exchange rate prevailing on the end of the reporting period, and revenues and expenses are 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.

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f) 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.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies as follows:

#### **3.1 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and all types of deposits at financial institutions with the original maturities of three months or less from the date of acquisition, excluding deposits at financial institutions used as collateral.

#### **3.2 Trade accounts receivable**

Trade accounts receivable are stated at the net realizable 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.

#### **3.3 Inventories**

Finished goods and work in process are valued at the lower of cost or net realizable 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, ingredients, packing materials and spare parts and factory supplies are valued at the lower of cost under the first-in, first-out method or net realizable value and are charged to production costs whenever consumed.

### 3.4 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 amortized cost. The premium/discount on debt securities is amortized/accreted by the effective rate method with the amortized/accreted amount presented as an adjustment to the interest income. Debt securities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity.

d) Investment in a joint venture is accounted for in the consolidated financial statements using the equity method.

e) Investments in subsidiaries and a 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 an investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and the fair value on the date of reclassification is recorded in profit or loss or 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 recognized in profit or loss.

### 3.5 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 recognized in profit or loss in the period when the asset is derecognized.

### 3.6 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 improvements	20 years and based on the 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 for land and assets under installation and construction.

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

### 3.7 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 capitalized 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.

### 3.8 Intangible assets

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

Intangible assets with finite lives are amortized 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 amortization period and method of such intangible assets are reviewed at least at each financial year end. The amortization is charged to profit or loss.

The amortization 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
Rights under the operating lease contract from business combination	Based on the remaining period of the operating lease contract

No amortization is provided for computer software under implementation.

The Group does not amortize 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 the indefinite useful lives of the intangible assets is conducted annually.

### 3.9 Goodwill

Goodwill is initially recorded at cost, which equals 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 recognized 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 from a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that is 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 recognized in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

### 3.10 Revenue Recognition

#### **Sales of goods**

Sales of goods are recognized when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. The Group has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Sales are the invoiced value, excluding value-added tax of goods supplied after deducting goods returned, discounts and allowances.

#### **Interest income**

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

#### **Dividend**

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

### 3.11 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 associates, 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 over the planning and direction of the Company's operations.

### 3.12 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets or 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. An asset acquired under a 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 to the lessees are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease period.

### 3.13 Transactions in 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 the reporting period.

Gain and loss on exchange is included in determining income.

### 3.14 Impairment of assets

The carrying amounts of the assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any indication exists, the recoverable amount of an asset is estimated. The Company recognizes impairment loss when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher amount which is either the asset's fair value less cost to sell or its value in use. The Company determines the value by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining the fair value less costs to sell, an appropriate valuation model is used. The calculation reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Company recognizes impairment loss as expense in the statement of profit or loss and other comprehensive income.

#### **Reversal of impairment loss**

The Company reverses impairment loss of asset, which had been recognized in the prior periods, if there is an indication that impairment may no longer exist or may have decreased. The recoverable amount must be estimated.

### 3.15 Employee benefits

#### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognized 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 recognized 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 the 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 gain and loss arising from the defined benefit plan is recognized immediately in other comprehensive income.

### 3.16 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and 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.

### 3.17 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 recognizes deferred tax liabilities for all taxable temporary differences but recognizes deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the 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 utilized.

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

### 3.18 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 the reporting period. Unrealized gains and losses from the translation is included in profit or loss. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

### 3.19 Fair value measurement

Fair value is the price that would be received from selling an asset or paid for transferring a liability, which is a transaction that occurs in the ordinary course of business between the buyer and the 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. In case of no active market for an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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



#### **4. 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 realizable value**

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates net realizable value of inventory based on the amount of the inventories that are expected to be realized. The estimate takes into consideration fluctuations of the 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 the 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 the 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 the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

##### **Impairment of investments**

The carrying amounts of the investments in subsidiaries are reviewed at the end of each reporting period. Management estimates the recoverable amount from its value in use which require management to make estimate 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.

##### **Goodwill**

The initial recognition and measurement of goodwill as at the acquisition date, and the 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 recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

##### **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 employee turnover rate.

## 5. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

### 5.1 Cash and cash equivalents

Cash and cash equivalents as at December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Cash on hand	1,678	2,456	136	216
Bank deposits - savings and current accounts	160,620	176,616	130,792	138,545
	<b>162,298</b>	<b>179,072</b>	<b>130,928</b>	<b>138,761</b>

### 5.2 Non-cash transactions are as follows:

5.2.1 Cash payments for acquisition of fixed and intangible assets for the years ended December 31, are as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Liabilities incurred from acquisition of fixed and intangible assets as at January 1,	22,915	13,167	19,804	8,783
<b>Add</b> Purchase of fixed and intangible assets during the year	125,444	167,416	82,684	132,880
<b>Less</b> Cash payments	(98,899)	(85,296)	(67,732)	(60,606)
<b>Less</b> Advance payments for purchase of fixed assets paid in the prior year	(17,948)	(72,372)	(7,552)	(61,253)
Liabilities incurred from acquisition of fixed and intangible assets as at December 31,	<b>31,512</b>	<b>22,915</b>	<b>27,204</b>	<b>19,804</b>

5.2.2 Significant non-cash items for the years ended December 31, are as follows:

(Unit : Thousand Baht)

As at December 31, 2019		CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2019	Cash flows from investing activities	Non-cash changes		Balance as at December 31, 2019
			Gain on exchange rate	Other changes	
Loan to a subsidiary	(11,338)	(4,918)	(85)	16,341	-

(Unit : Thousand Baht)

As at December 31, 2018

## CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at January 1, 2018	Cash flows from investing activities	Non-cash changes		Balance as at December 31, 2018
			Gain on exchange rate	Other changes	
Loan to a subsidiary	(3,256)	(7,734)	(348)	-	(11,338)

In April 2019, the Company has converted this loan of USD 507,000 (equivalent to Baht 16.34 million) to 7,800 ordinary shares of TAOKAENOI USA, Inc. at the price of USD 65 per share (see Notes 10 and 11).

5.2.3 Dividends paid for the years ended December 31, are as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Accrued dividends as at January 1,	519	467	519	467
<b>Add</b> Dividends declared during the year	386,400	469,200	386,400	469,200
<b>Less</b> Paid during the year	(383,389)	(469,148)	(383,389)	(469,148)
Accrued dividends as at December 31,	3,530	519	3,530	519

5.2.4 Movements of interest-bearing liabilities arising from financing activities for the years ended December 31, are as follows:

(Unit : Thousand Baht)

As at December 31, 2019

## CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at January 1, 2019	Cash flows from financing activities	Non-cash changes		Balance as at December 31, 2019
			Translation differences of financial statements	Other changes	
Short-term borrowings from financial institutions	881,227	(26,555)	-	-	854,672
Short-term borrowings from a director	-	10,000	-	-	10,000
Long-term borrowings	19,127	(4,258)	(813)	-	14,056
Liabilities under finance lease agreements	317	(315)	-	-	2
<b>Total</b>	<b>900,671</b>	<b>(21,128)</b>	<b>(813)</b>	<b>-</b>	<b>878,730</b>

(Unit : Thousand Baht)

**As at December 31, 2018****CONSOLIDATED FINANCIAL STATEMENTS**

	Balance as at January 1, 2018	Cash flows from financing activities	Non-cash changes		Balance as at December 31, 2018
			Translation differences of financial statements	Other changes	
Short-term borrowings from financial institutions	426,000	455,227	-	-	881,227
Short-term borrowings	31,589	(12,080)	(382)	-	19,127
Liabilities under finance lease agreements	540	(223)	-	-	317
<b>Total</b>	<b>458,129</b>	<b>442,924</b>	<b>(382)</b>	<b>-</b>	<b>900,671</b>

(Unit : Thousand Baht)

**As at December 31, 2019****SEPARATE FINANCIAL STATEMENTS**

	Balance as at January 1, 2019	Cash flows from financing activities	Non-cash changes	Balance as at December 31, 2019
Short-term borrowings from financial institutions	881,227	(34,555)	-	846,672

(Unit : Thousand Baht)

**As at December 31, 2018****SEPARATE FINANCIAL STATEMENTS**

	Balance as at January 1, 2018	Cash flows from financing activities	Non-cash changes	Balance as at December 31, 2018
Short-term borrowings from financial institutions	426,000	455,227	-	881,227

## 6. TEMPORARY INVESTMENTS

Temporary investments as December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>Investment in securities held for trading</b>				
Equity securities - cost	3,875	3,875	-	-
Change in fair value	(1,133)	(852)	-	-
<b>Total investment in securities held for trading - fair value</b>	<b>2,742</b>	<b>3,023</b>	<b>-</b>	<b>-</b>
<b>Investment in available-for-sale securities</b>				
Unit trusts (open-ended fixed income fund) - cost	4,828	947	4,828	947
Change in fair value	43	3	43	3
<b>Total investments in available-for-sale securities - fair value</b>	<b>4,871</b>	<b>950</b>	<b>4,871</b>	<b>950</b>
<b>Held-to-maturity investments</b>				
Time deposits with maturity of more than 3 months but not more than 1 year (interest rate of 0.9% p.a.)	-	365	-	365
<b>Total held-to-maturity investments</b>	<b>-</b>	<b>365</b>	<b>-</b>	<b>365</b>
<b>Total temporary investments</b>	<b>7,613</b>	<b>4,338</b>	<b>4,871</b>	<b>1,315</b>

## 7. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Trade receivables - related parties	-	-	130,324	66,515
Trade receivables - other parties	562,939	700,788	541,711	681,998
	562,939	700,788	672,035	748,513
<b>Less</b> Allowance for doubtful accounts	(15,612)	(16,256)	(13,319)	(13,695)
<b>Total trade receivables</b>	<b>547,327</b>	<b>684,532</b>	<b>658,716</b>	<b>734,818</b>
Other receivables - related parties	14	328	1,381	204
Other receivables - other parties	7,172	8,962	5,596	8,126
Accrued income - other parties	1,000	2,000	1,000	2,000
Prepaid expenses	24,366	38,844	20,599	32,619
Advances for purchases of raw materials	339,298	58,912	339,244	58,870
<b>Total trade and other current receivables</b>	<b>919,177</b>	<b>793,578</b>	<b>1,026,536</b>	<b>836,637</b>



Trade receivables as at December 31, classified by aging are as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>Trade receivables</b>				
Subsidiaries				
Current	-	-	36,022	36,918
Overdue				
• 3 months or less	-	-	51,103	36,918
• Over 3 months up to 6 months	-	-	30,872	206
• Over 6 months up to 9 months	-	-	12,182	-
• Over 9 months	-	-	145	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>130,324</b>	<b>66,515</b>
<b>Other parties</b>				
Current	408,781	416,173	396,554	406,703
Overdue				
• 3 months or less	128,984	267,441	122,229	261,630
• Over 3 months up to 6 months	214	166	214	151
• Over 6 months up to 9 months	-	13,333	-	13,179
• Over 9 months	24,960	3,675	22,714	335
<b>Total</b>	<b>562,939</b>	<b>700,788</b>	<b>541,711</b>	<b>681,998</b>
	<b>562,939</b>	<b>700,788</b>	<b>672,035</b>	<b>748,513</b>
<b>Less</b> Allowance for doubtful accounts	(15,612)	(16,256)	(13,319)	(13,695)
<b>Total trade receivables</b>	<b>547,327</b>	<b>684,532</b>	<b>658,716</b>	<b>734,818</b>

## 8. INVENTORIES

Inventories as at December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Finished goods	157,862	147,626	103,527	99,228
Work in process	2,712	3,528	2,694	3,528
Raw materials	1,060,550	1,154,599	1,047,999	1,146,386
Packaging materials	107,107	127,621	104,931	124,572
Spare parts and supplies	9,709	9,564	9,201	5,612
Goods in transit	-	10,462	-	10,462
	<b>1,337,940</b>	<b>1,453,400</b>	<b>1,268,352</b>	<b>1,389,788</b>
<b>Less</b> Allowance for devaluation of inventories	(5,369)	(26,294)	(3,901)	(25,250)
	<b>1,332,571</b>	<b>1,427,106</b>	<b>1,264,451</b>	<b>1,364,538</b>

Movements in the allowance for devaluation of inventories account for the years ended December 31, are summarized as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Beginning balances of the year	26,294	15,111	25,250	14,947
<b>Add</b> Loss from devaluation of inventories	4,819	17,251	2,172	15,963
<b>Less</b> Reversal due to destruction during the year	(25,744)	(6,068)	(23,521)	(5,660)
<b>Ending balances of the year</b>	<b>5,369</b>	<b>26,294</b>	<b>3,901</b>	<b>25,250</b>

## 9. OTHER CURRENT ASSETS

Other current assets as at December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Value-added tax payable	44,373	56,511	43,658	54,415
Others	2,863	2,798	506	546
<b>Total</b>	<b>47,236</b>	<b>59,309</b>	<b>44,164</b>	<b>54,961</b>

## 10. INVESTMENTS IN SUBSIDIARIES AND A JOINT VENTURE

Investments in subsidiaries recorded by the cost method in the separate financial statements as at December 31, consist of:

(Unit : Thousand Baht)

TYPE OF BUSINESS		PAID-UP SHARE CAPITAL	PERCENTAGE OF SHAREHOLDING (%)		BALANCE (AT COST)	
			2018	2561	2019	2018
					Thousand Baht	Thousand Baht
<b>Subsidiaries</b>						
Taokaenoi Restaurant & Franchise Company Limited	Distribution of snacks and souvenirs and restaurant business	Baht 35 million	100.00	100.00	35,000	35,000
Taokaenoi Care Company Limited	Distribution of snacks	Baht 5 million	100.00	100.00	4,543	4,543
NCP Trading & Supply Company Limited	Manufacturing and distribution of seasoning powder	Baht 1 million	100.00	100.00	491	491
TAOKAENOI USA, Inc.	Manufacturing and distribution of seaweed snacks	USD 4,912,000	91.21	91.00	97,428	81,086
<b>Total investments in subsidiaries</b>					<b>137,462</b>	<b>121,120</b>

For the years ended December 31, 2019 and 2018, the subsidiaries and the joint venture did not declare dividends.

In April 2019, the Company converted the loan to TAOKAENOI USA, Inc. of USD 507,000 to 7,800 ordinary shares of TAOKAENOI USA, Inc. at the price of USD 65 per share. As a result, the Company invested in such company totaling 44,800 shares or equivalent to 91.21% of the capital of such company (see Notes 11). The Company recognized the difference between the cost and the carrying value of its interest in this subsidiary of Baht 0.06 million due to the change in shareholding under the caption of “Capital surplus from the change in shareholding in a subsidiary” in the shareholders’ equity as at December 31, 2019.

As at December 31, 2019, the recoverable amount of investment in TAOKAENOI USA, Inc. 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 the assets are summarized below.

Percent per annum	
Long-term growth rate	19.0
Pre-tax discount rate	19.0

The management determined the growth rate based on historical operating results, the expected growth of such subsidiary and market, 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.

Investment in a joint venture as at December 31, consists of:

(Unit : Thousand Baht)

Type of business	Paid-up share capital		Percentage of shareholding (%)		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
					Balance (at equity method)		Balance (at cost method)	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Joint venture</b>								
Taokaenoi Maruesu (Thailand) Co., Ltd. Manufacturing and distribution of snacks	-	60,000	-	50.00	-	29,831	-	30,000

On November 9, 2018, the meeting of the Company's Board of Directors passed a resolution approving the liquidation of a joint venture in Taokaenoi Maruesu (Thailand) Co., Ltd. On December 25, 2018, such company registered the dissolution with the Ministry of Commerce. Subsequently, in March 2019, the Company received Baht 28.3 million after the liquidation of such joint venture and incurred loss from this investment of Baht 1.7 million, which was recognized as an expense in the consolidated and separate statements of profit and loss and other comprehensive income for the year ended December 31, 2019.

## 11. LOAN TO A SUBSIDIARY

Loan to a subsidiary as at December 31, consists of:

(Unit : Thousand Baht)

Subsidiary	Principal	Interest Rate % per annum	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
			2019	2018	2019	2018
TAOKAENOI USA, Inc.	USD 507,000	2.5	-	-	-	11,338

During 2018 and 2019, the Company granted a loan to TAOKAENOI USA, Inc. in the form of promissory notes of USD 507,000. Such loan is unsecured and is callable on demand. The Company anticipated that the loan to such subsidiary would be collectible after 12 months.

Subsequently, in April 2019, the Company has converted this loan of USD 507,000 (equivalent to Baht 16.34 million) to 7,800 ordinary shares of TAOKAENOI USA, Inc. at the price of USD 65 per share (see Notes 10).

## 12. INVESTMENT PROPERTY

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 January 15, 2018 on the basis of market approach. As at December 31, 2019, the management determined that there was no material change in the fair value from the assessment date.

## 13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, consist of:

(Unit : Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2019	Balance as at January 1, 2019	Additions	Disposals	Transfer in (Transfer out)	Differences on Translation of Financial Statements	Balance as at December 31, 2019
<b>Cost</b>						
Land and land improvements	94,314	-	-	-	-	94,314
Buildings and building improvements	728,339	125	(30,251)	60,728	(2,312)	756,629
Machinery and equipment	482,174	3,521	(22,605)	31,364	(1,484)	492,970
Furniture and office equipment	138,479	17,091	(3,436)	29,097	(34)	181,197
Vehicles	47,127	12	(262)	-	(57)	46,820
Assets under installation and construction	122,228	80,424	(80)	(121,189)	-	81,383
<b>Total cost</b>	<b>1,612,661</b>	<b>101,173</b>	<b>(56,634)</b>	<b>-</b>	<b>(3,887)</b>	<b>1,653,313</b>
<b>Accumulated depreciation</b>						
Land and land improvements	(1,654)	(223)	-	-	-	(1,877)
Buildings and building improvements	(124,760)	(61,930)	9,350	-	223	(177,117)
Machinery and equipment	(257,721)	(50,987)	7,065	-	89	(301,554)
Furniture and office equipment	(67,003)	(33,449)	2,064	-	12	(98,376)
Vehicles	(24,196)	(7,668)	59	-	23	(31,782)
<b>Total accumulated depreciation</b>	<b>(475,334)</b>	<b>(154,257)</b>	<b>18,538</b>	<b>-</b>	<b>347</b>	<b>(610,706)</b>
<b>Less Allowance for impairment - building improvements and equipment</b>	<b>(19,517)</b>	<b>(4,345)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,862)</b>
<b>Property, plant and equipment</b>	<b>1,117,810</b>					<b>1,018,745</b>



(Unit : Thousand Baht)

As at December 31, 2018

## CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at January 1, 2018	Additions	Disposals	Transfer in (Transfer out)	Reclassifications	Differences on Translation of Financial Statements	Balance as at December 31, 2018
<b>Cost</b>							
Land and land improvements	94,314	-	-	-	-	-	94,314
Buildings and building improvements	668,000	2,610	-	57,962	-	(233)	728,339
Machinery and equipment	408,458	13,326	(49,478)	109,994	-	(126)	482,174
Furniture and office equipment	105,930	32,500	(12,786)	12,837	-	(2)	138,479
Vehicles	46,026	4,626	(3,519)	-	-	(6)	47,127
Assets under installation and construction	203,728	101,220	-	(180,793)	(1,927)	-	122,228
<b>Total cost</b>	<b>1,526,456</b>	<b>154,282</b>	<b>(65,783)</b>	<b>-</b>	<b>(1,927)</b>	<b>(367)</b>	<b>1,612,661</b>
<b>Accumulated depreciation</b>							
Land and land improvements	(1,431)	(223)	-	-	-	-	(1,654)
Buildings and building improvements	(75,961)	(48,784)	-	-	-	(15)	(124,760)
Machinery and equipment	(261,584)	(42,569)	49,235	(2,797)	-	(6)	(257,721)
Furniture and office equipment	(65,477)	(16,589)	12,266	2,797	-	-	(67,003)
Vehicles	(19,274)	(8,439)	3,518	-	-	(1)	(24,196)
<b>Total accumulated depreciation</b>	<b>(423,727)</b>	<b>(116,604)</b>	<b>65,019</b>	<b>-</b>	<b>-</b>	<b>(22)</b>	<b>(475,334)</b>
<b>Less</b> Allowance for impairment - building improvements and equipment	(19,303)	(214)	-	-	-	-	(19,517)
<b>Property, plant and equipment</b>	<b>1,083,426</b>						<b>1,117,810</b>

## Depreciation for the years ended December 31,

2019	Thousand Baht	<b>154,257</b>
2018	Thousand Baht	<b>116,604</b>

## Cost of fully depreciated fixed assets that is still in use as at December 31,

2019	Thousand Baht	<b>226,607</b>
2018	Thousand Baht	<b>205,719</b>

(Unit : Thousand Baht)

As at December 31, 2019

## SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2019	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2019
<b>Cost</b>					
Land and land improvements	94,314	-	-	-	94,314
Buildings and building improvements	675,848	125	-	60,728	736,701
Machinery and equipment	438,586	1,435	(3,112)	36,780	473,689
Furniture and office equipment	102,690	10,967	(1,746)	2,367	114,278
Vehicles	45,511	12	-	-	45,523
Assets under installation and construction	120,474	59,896	(74)	(99,875)	80,421
<b>Total cost</b>	<b>1,477,423</b>	<b>72,435</b>	<b>(4,932)</b>	<b>-</b>	<b>1,544,926</b>
<b>Accumulated depreciation</b>					
Land and land improvements	(1,654)	(223)	-	-	(1,877)
Buildings and building improvements	(117,341)	(55,347)	-	-	(172,688)
Machinery and equipment	(242,258)	(54,205)	3,098	-	(293,365)
Furniture and office equipment	(56,396)	(15,850)	1,419	-	(70,827)
Vehicles	(23,547)	(7,373)	-	-	(30,920)
<b>Total accumulated depreciation</b>	<b>(441,196)</b>	<b>(132,998)</b>	<b>4,517</b>	<b>-</b>	<b>(569,677)</b>
<b>Less</b> Allowance for impairment - building improvements and equipment	(14,063)	-	-	-	(14,063)
<b>Property, plant and equipment</b>	<b>1,022,164</b>				<b>961,186</b>

(Unit : Thousand Baht)

As at December 31, 2018

## SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2018	Additions	Disposals	Transfer in (Transfer out)	Reclassifications	Balance as at December 31, 2018
<b>Cost</b>						
Land and land improvements	94,314	-	-	-	-	94,314
Buildings and building improvements	633,976	2,610	-	39,262	-	675,848
Machinery and equipment	372,780	4,981	(49,447)	110,272	-	438,586
Furniture and office equipment	87,335	15,394	(12,598)	12,559	-	102,690
Vehicles	44,863	4,167	(3,519)	-	-	45,511
Assets under installation and construction	190,016	94,478	-	(162,093)	(1,927)	120,474
<b>Total cost</b>	<b>1,423,284</b>	<b>121,630</b>	<b>(65,564)</b>	<b>-</b>	<b>(1,927)</b>	<b>1,477,423</b>
<b>Accumulated depreciation</b>						
Land and land improvements	(1,431)	(223)	-	-	-	(1,654)
Buildings and building improvements	(74,977)	(42,364)	-	-	-	(117,341)
Machinery and equipment	(252,633)	(38,831)	49,206	-	-	(242,258)
Furniture and office equipment	(56,015)	(12,531)	12,150	-	-	(56,396)
Vehicles	(18,984)	(8,082)	3,519	-	-	(23,547)
<b>Total accumulated depreciation</b>	<b>(404,040)</b>	<b>(102,031)</b>	<b>64,875</b>	<b>-</b>	<b>-</b>	<b>(441,196)</b>
<b>Less</b> Allowance for impairment						
- building improvements and equipment	(14,063)	-	-	-	-	(14,063)
<b>Property, plant and equipment</b>	<b>1,005,181</b>					<b>1,022,164</b>

## Depreciation for the years ended December 31,

2019	Thousand Baht	<b>132,998</b>
2018	Thousand Baht	<b>102,031</b>

## Cost of fully depreciated fixed assets that is still in use as at December 31,

2019	Thousand Baht	<b>212,416</b>
2018	Thousand Baht	<b>195,833</b>

As at December 31, 2019, the Group had vehicles with carrying value of Baht 0.1 million (2018: Baht 0.3 million) which were acquired under finance lease agreements (the Company only: none)

As at December 31, 2019, the Company had buildings and structures located on leased land with net book values amounting to Baht 67.6 million (2018: Baht 71.6 million). Under the land lease agreements, the Company has to transfer the ownership of the buildings and structures to the lessors when the agreements are terminated.

## 14. GOODWILL

Movements of the goodwill for the years ended December 31, are summarized as follows:

(Unit : Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS		
	2019	2018
Balance as at January 1,	12,389	12,478
Translation differences of financial statements of a foreign subsidiary	(876)	(89)
<b>Carrying amount as at December 31,</b>	<b>11,513</b>	<b>12,389</b>

Goodwill from the business acquisition (acquisition of shares of TAOKAENOI USA, Inc. in 2017) 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 the production capacity and increase the revenue from sale of natural seaweed products, as well as enabling the Group to add marketing channels and expand its customer base in North America.

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

## 15. INTANGIBLE ASSETS

Intangible assets as at December 31, consist of:

(Unit : Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2019	Balance as at January 1, 2019	Additions	Disposals	Transfer in (Transfer out)	Differences on Translation of Financial Statements	Balance as at December 31, 2019
<b>Cost</b>						
Computer software	30,233	6,283	-	4,603	-	41,119
Computer software under implementation	10,114	5,637	-	(4,603)	-	11,148
Others	14,097	12,351	-	-	(245)	26,203
<b>Total cost</b>	<b>54,444</b>	<b>24,271</b>	<b>-</b>	<b>-</b>	<b>(245)</b>	<b>78,470</b>
<b>Accumulated amortization</b>						
Computer software	(14,755)	(2,842)	-	-	-	(17,597)
Others	(3,830)	(6,239)	-	-	165	(9,904)
<b>Total accumulated amortization</b>	<b>(18,585)</b>	<b>(9,081)</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>(27,501)</b>
<b>Intangible assets</b>	<b>35,859</b>					<b>50,969</b>

(Unit : Thousand Baht)

As at December 31, 2018

## CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at January 1, 2018	Additions	Disposals	Transfer in (Transfer out)	Reclassifications	Differences on Translation of Financial Statements	Balance as at December 31, 2018
<b>Cost</b>							
Computer software	28,075	506	(275)	-	1,927	-	30,233
Computer software under implementation	7,122	2,992	-	-	-	-	10,114
Others	4,486	9,636	-	-	-	(25)	14,097
<b>Total cost</b>	<b>39,683</b>	<b>13,134</b>	<b>(275)</b>	<b>-</b>	<b>1,927</b>	<b>(25)</b>	<b>54,444</b>
<b>Accumulated amortization</b>							
Computer software	(12,161)	(2,736)	142	-	-	-	(14,755)
Others	(134)	(3,692)	-	-	-	(4)	(3,830)
<b>Total accumulated amortization</b>	<b>(12,295)</b>	<b>(6,428)</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>(18,585)</b>
<b>Intangible assets</b>	<b>27,388</b>						<b>35,859</b>

Amortization for the years ended December 31,

2019	Thousand Baht	<b>9,081</b>
2018	Thousand Baht	<b>6,428</b>

(Unit : Thousand Baht)

As at December 31, 2019

## SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2019	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2019
<b>Cost</b>					
Computer software	26,230	924	-	4,603	31,757
Computer software under implementation	10,114	5,637	-	(4,603)	11,148
Others	9,251	3,688	-	-	12,939
<b>Total cost</b>	<b>45,595</b>	<b>10,249</b>	<b>-</b>	<b>-</b>	<b>55,844</b>
<b>Accumulated amortization</b>					
Computer software	(12,315)	(3,010)	-	-	(15,325)
Others	(2,080)	(4,217)	-	-	(6,297)
<b>Total accumulated amortization</b>	<b>(14,395)</b>	<b>(7,227)</b>	<b>-</b>	<b>-</b>	<b>(21,622)</b>
<b>Intangible assets</b>	<b>31,200</b>				<b>34,222</b>



(Unit : Thousand Baht)

As at December 31, 2018

## SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2018	Additions	Disposals	Transfer in (Transfer out)	Reclassifications	Balance as at December 31, 2018
<b>Cost</b>						
Computer software	24,571	7	(275)	-	1,927	26,230
Computer software under implementation	7,122	2,992	-	-	-	10,114
Others	1,000	8,251	-	-	-	9,251
<b>Total cost</b>	<b>32,693</b>	<b>11,250</b>	<b>(275)</b>	<b>-</b>	<b>1,927</b>	<b>45,595</b>
<b>Accumulated amortization</b>						
Computer software	(10,053)	(2,404)	142	-	-	(12,315)
Others	-	(2,080)	-	-	-	(2,080)
<b>Total accumulated amortization</b>	<b>(10,053)</b>	<b>(4,484)</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>(14,395)</b>
<b>Intangible assets</b>	<b>22,640</b>					<b>31,200</b>

Amortization for the years ended December 31,

2019	Thousand Baht	<b>7,227</b>
2018	Thousand Baht	<b>4,484</b>

## 16. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Deposits and guarantees	30,825	24,882	6,827	4,647
Advances for purchase of assets	10,883	11,845	6,356	6,009
Others	9,177	4,123	7,649	276
<b>Total</b>	<b>50,885</b>	<b>40,850</b>	<b>20,832</b>	<b>10,932</b>

## 17. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at December 31, are as follows:

(Unit : Thousand Baht)

	INTEREST RATE (% P.A.)		CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Promissory notes	1.85 - 2.13	1.85 - 2.13	698,000	840,000
Trust receipts	1.90 - 2.20	1.85 - 1.90	156,672	41,227
			<b>854,672</b>	<b>881,227</b>

(Unit : Thousand Baht)

	INTEREST RATE (% P.A.)		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Promissory notes	1.85 - 2.13	1.85 - 2.13	690,000	840,000
Trust receipts	1.90 - 2.20	1.85 - 1.90	156,672	41,227
			<b>846,672</b>	<b>881,227</b>

Such loans are unsecured and callable on demand. As at December 31, 2019 and 2018, the Company had unused bank credit facilities of Baht 1,347 million and Baht 1,643 million, respectively.

## 18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Trade payables - related parties	83	446	31,748	18,960
Trade payables - other parties	303,056	317,069	235,211	239,767
Other payables - related parties	18	-	1,333	594
Other payables - other parties	90,075	149,928	84,638	136,568
Payables for purchase of fixed and intangible assets	31,512	22,915	27,204	19,804
Accrued expenses	179,034	166,510	175,815	163,722
	<b>603,778</b>	<b>656,868</b>	<b>555,949</b>	<b>579,415</b>

## 19. SHORT-TERM BORROWINGS

Short-term borrowings as at December 31, consist of:

(Unit : Thousand Baht)

	CREDIT LIMIT	INTEREST RATE (% P.A.)	REPAYMENT TERM	CONSOLIDATED FINANCIAL STATEMENTS	
				2019	2018
<b>TAOKAENOI USA, Inc.</b>					
Borrowing from Samhae Commercial Co., Ltd.	USD 0.4 million	4.6	At call	14,056	15,849
Borrowing from a director	USD 0.1 million	2.5	At call	-	3,278
<b>Taokaenoi Restaurant &amp; Franchise Company Limited</b>					
Borrowing from a director	Baht 10 million	2.15	At call	10,000	-
				<b>24,056</b>	<b>19,127</b>

## 20. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, consist of:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Payables to the Revenue Department	5,045	4,924	4,396	4,442
Advances received from customers	34,488	6,015	28,841	3,102
Retention payable	1,483	763	1,482	763
Liabilities under finance lease agreements	2	317	-	-
Others	4,601	3,504	4,191	3,161
<b>Total</b>	<b>45,619</b>	<b>15,523</b>	<b>38,910</b>	<b>11,468</b>

## 21. NON-CURRENT PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries provided employee benefit obligations upon retirement which are considered as unfunded defined benefit plans.

Non-current provisions for employee benefit obligations and amounts recognized as expenses in the statements of profit or loss and other comprehensive income in respect of the defined benefit plans for the years ended December 31, are as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>The Statement of Financial Position as at December 31,</b>				
Non-current provision for employee benefit obligations	25,474	17,320	24,875	17,017
<b>The Statement of Comprehensive Income for the years ended December 31,</b>				
Recognized in profit or loss				
• Current service cost	3,794	3,153	3,704	3,079
• Interest cost	460	330	448	322
• Past service cost	2,339	-	2,221	-
	<b>6,593</b>	<b>3,483</b>	<b>6,373</b>	<b>3,401</b>
Recognized in other comprehensive income				
• Actuarial loss on defined employee benefit plan	2,029	2,732	1,953	2,807
<b>Expenses recorded in the statements of profit or loss and other comprehensive income</b>	<b>8,622</b>	<b>6,215</b>	<b>8,326</b>	<b>6,208</b>

Movements of the present value of the defined benefit obligations for the years ended December 31, are as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Balance of present value of defined benefit obligation as at January 1,	17,320	11,205	17,017	10,809
Current service cost	3,794	3,153	3,704	3,079
Interest cost	460	330	448	322
Past service cost	2,339	-	2,221	-
Actuarial loss on defined employee benefit plan	2,029	2,732	1,953	2,807
<b>Less</b> Benefits paid during the year	(468)	(100)	(468)	-
<b>Balance of present value of defined benefit obligation as at December 31,</b>	<b>25,474</b>	<b>17,320</b>	<b>24,875</b>	<b>17,017</b>

For the year ended December 31, 2019, the Company recognized the actuarial loss in the consolidated and separate statements of profit or loss and other comprehensive income in the amounts of Baht 2.03 million and Baht 1.95 million, respectively. Such actuarial loss mainly resulted from the decrease in the discount rate according to the actuarial assumption (2018 : Baht 2.73 million and 2.81 million, respectively)

The key actuarial assumptions used to calculate the defined benefit obligations as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Discount rate (% p.a.)	1.43-3.92%	1.43-3.92%	1.43-3.92%	1.43-3.92%
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2017	Thai Mortality Table 2017	Thai Mortality Table 2017
Salary increase rate	3.5% - 7.0%	3.5% - 7.0%	3.5% - 7.0%	3.5% - 7.0%
Employee turnover rate	0% - 50%	0% - 50%	0% - 50%	0% - 50%

Sensitivity analysis for significant assumptions that affect to increase (decrease) in the present value of the long-term employee benefit obligation as at December 31, 2019 and 2018, are summarized as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>Discount rate</b>				
Decrease by 1 percent	1,924	1,707	1,858	1,651
Increase by 1 percent	(1,668)	(1,474)	(1,612)	(1,429)
<b>Salary growth rate</b>				
Decrease by 1 percent	(1,986)	(1,589)	(1,926)	(1,541)
Increase by 1 percent	2,260	1,806	2,189	1,749
<b>Employee turnover rate</b>				
Decrease by 20 percent of base in each age	5,483	4,426	5,251	4,240
Increase by 20 percent of base in each age	(3,539)	(2,846)	(3,402)	(2,736)

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019. This Labor 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 of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to the post-employment benefit plan. The Company has recorded the effect of such change by recognizing past service cost as an expense in the related consolidated and separate statements of profit or loss for the year ended December 31, 2019.

## 22. LEGAL RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a legal reserve of at least 5 percent of net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital and the reserve is not available for distribution as dividends. 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 legal reserve of at least 5 percent of net earnings each time the subsidiaries pay out a dividend until the reserve reaches 10 percent of the registered share capital and the reserve is not available for distribution as dividends.

## 23. EXPENSE BY NATURE

Significant expenses by nature for the years ended December 31, are as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Salaries, wages and other employee benefits	1,047,650	1,005,400	943,730	934,613
Depreciation and amortization	163,338	123,033	140,225	106,516
Rental expenses under operating lease agreements	136,693	100,350	71,995	57,307
Transportation expenses	98,669	97,176	89,776	96,011
Utility and energy expenses	83,437	75,232	77,743	70,958
Sales promotion and marketing expenses	420,618	314,542	398,677	305,627
Raw materials and consumable goods	2,886,626	2,902,290	2,563,827	2,897,517
Changes in inventories of finished goods and work in process	(9,420)	(51,799)	(3,465)	(18,667)

## 24. INCOME TAX

Income tax expenses for the years ended December 31, are summarized as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>Current income tax</b>				
Corporate income tax for the year	35,855	79,495	35,402	76,311
Adjustment in respect of income tax of the previous year	(6,847)	(16,977)	(4,444)	(16,670)
<b>Deferred tax</b>				
Deferred tax relating to origination and reversal of temporary differences	(17,966)	4,277	15	(6,647)
<b>Income tax expenses reported in the statements of profit or loss and other comprehensive income</b>	<b>11,042</b>	<b>66,795</b>	<b>30,973</b>	<b>52,994</b>



The amount of income tax relating to each component of other comprehensive income for the years ended December 31, are summarized as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Deferred tax relating to unrealized gain on revaluation of available-for-sale investments	8	(78)	8	(78)
Deferred tax relating to actuarial losses	(406)	(546)	(391)	(561)
	<b>(398)</b>	<b>(624)</b>	<b>(383)</b>	<b>(639)</b>

The reconciliation between accounting profit and tax expenses for the years ended December 31, is as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Accounting profit before income tax	372,884	523,153	460,267	543,466
Applicable corporate income tax rates	20% and 28%	20% and 28%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	92,526	111,661	92,053	108,693
Adjustment in respect of income tax of the previous year	(6,847)	(16,977)	(4,444)	(16,670)
Effects on:				
Gain from operations exempted from corporate income tax (Note 25)	(52,887)	(42,849)	(52,887)	(42,849)
Non-taxable expenses	16,274	6,961	13,583	6,579
Expenses that are deductible more than amount paid	(37,470)	(2,519)	(16,924)	(2,517)
Others	(554)	10,518	(408)	(242)
<b>Total</b>	<b>(74,637)</b>	<b>(27,889)</b>	<b>(56,636)</b>	<b>(39,029)</b>
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>11,042</b>	<b>66,795</b>	<b>30,973</b>	<b>52,994</b>

Movements of deferred tax assets and liabilities for the years ended December 31, are as follows:

(Unit : Thousand Baht)

As at December 31, 2019	CONSOLIDATED FINANCIAL STATEMENTS			
	Balances as at January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Balances as at December 31, 2019
<b>Deferred tax assets</b>				
Unrealized loss on revaluation of investments in trading securities	170	57	-	227
Allowance for doubtful accounts	3,268	(145)	-	3,123
Allowance for diminution in value of inventories	5,259	(4,185)	-	1,074
Allowance for loss on impairment of assets	3,904	868	-	4,772
Temporary differences of depreciation of assets located on leased land	4,182	3,833	-	8,015
Fair value adjustment of assets from business combination	2,599	(373)	-	2,226
Provision for long-term employee benefits	3,464	1,225	406	5,095
Unused tax loss	23,963	16,900	-	40,863
Others	1,232	(12)	-	1,220
<b>Total</b>	<b>48,041</b>	<b>18,168</b>	<b>406</b>	<b>66,615</b>
<b>Deferred tax liabilities</b>				
Unrealized gain on revaluation of investments in available-for-sale securities	(1)	-	(8)	(9)
Rights under the operating lease contract from business combination	(484)	449	-	(35)
Temporary differences of finance lease agreements	(97)	(651)	-	(748)
<b>Total</b>	<b>(582)</b>	<b>(202)</b>	<b>(8)</b>	<b>(792)</b>
<b>Deferred tax asset - net</b>	<b>47,459</b>	<b>17,966</b>	<b>398</b>	<b>65,823</b>

(Unit : Thousand Baht)

As at December 31, 2018

## CONSOLIDATED FINANCIAL STATEMENTS

	Balances as at January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Balances as at December 31, 2018
<b>Deferred tax assets</b>				
Unrealized loss on revaluation of investments in trading securities	-	170	-	170
Allowance for doubtful accounts	1,230	2,038	-	3,268
Allowance for diminution in value of inventories	3,022	2,237	-	5,259
Allowance for loss on impairment of assets	3,861	43	-	3,904
Temporary differences of finance lease agreements	553	(553)	-	-
Temporary differences of depreciation of assets located on leased land	2,358	1,824	-	4,182
Fair value adjustment of assets from business combination	4,930	(2,331)	-	2,599
Provision for long-term employee benefits	2,241	677	546	3,464
Unused tax loss	33,966	(10,003)	-	23,963
Others	500	732	-	1,232
<b>Total</b>	<b>52,661</b>	<b>(5,166)</b>	<b>546</b>	<b>48,041</b>
<b>Deferred tax liabilities</b>				
Unrealized gain on revaluation of investments in available-for-sale securities	(79)	-	78	(1)
Favourable operating lease contract from business combination	(1,470)	986	-	(484)
Temporary differences of finance lease agreements	-	(97)	-	(97)
<b>Total</b>	<b>(1,549)</b>	<b>889</b>	<b>78</b>	<b>(582)</b>
<b>Deferred tax asset - net</b>	<b>51,112</b>	<b>(4,277)</b>	<b>624</b>	<b>47,459</b>

(Unit : Thousand Baht)

As at December 31, 2019

## SEPARATE FINANCIAL STATEMENTS

	Balances as at January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Balances as at December 31, 2019
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,756	(92)	-	2,664
Allowance for diminution in value of inventories	5,050	(4,270)	-	780
Allowance for loss on impairment of assets	2,813	-	-	2,813
Temporary differences of depreciation of assets located on leased land	4,182	3,833	-	8,015
Provision for long-term employee benefits	3,403	1,181	391	4,975
Others	1,236	(16)	-	1,220
<b>Total</b>	<b>19,440</b>	<b>636</b>	<b>391</b>	<b>20,467</b>
<b>Deferred tax liabilities</b>				
Unrealized gain on revaluation of investments in available-for-sale securities	(1)	-	(8)	(9)
Temporary differences of finance lease agreements	(97)	(651)	-	(748)
<b>Total</b>	<b>(98)</b>	<b>(651)</b>	<b>(8)</b>	<b>(757)</b>
<b>Deferred tax asset - net</b>	<b>19,342</b>	<b>(15)</b>	<b>383</b>	<b>19,710</b>

(Unit : Thousand Baht)

As at December 31, 2018

## SEPARATE FINANCIAL STATEMENTS

	Balances as at January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Balances as at December 31, 2018
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	760	1,996	-	2,756
Allowance for diminution in value of inventories	2,989	2,061	-	5,050
Allowance for loss on impairment of assets	2,813	-	-	2,813
Temporary differences of finance lease agreements	553	(553)	-	-
Temporary differences of depreciation of assets located on leased land	2,358	1,824	-	4,182
Provision for long-term employee benefits	2,162	680	561	3,403
Others	500	736	-	1,236
<b>Total</b>	<b>12,135</b>	<b>6,744</b>	<b>561</b>	<b>19,440</b>
<b>Deferred tax liabilities</b>				
Unrealized gain on revaluation of investments in available-for-sale securities	(79)	-	78	(1)
Temporary differences of finance lease agreements	-	(97)	-	(97)
<b>Total</b>	<b>(79)</b>	<b>(97)</b>	<b>78</b>	<b>(98)</b>
<b>Deferred tax asset - net</b>	<b>12,056</b>	<b>6,647</b>	<b>639</b>	<b>19,342</b>

## 25. PROMOTIONAL PRIVILEGES

The Company has received promotional privileges from the Board of Investments for the manufacturing 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	2155(2)/2554	2103(2)/2557
1. Exemption from corporate income tax on net profit from the promoted operations	-	7 years from 1 October 2017	8 years (Not yet exercised)
2. Exemption from import duty on imported and essential raw materials used in manufacturing for export sales for a period of 1 year commencing from the first importation date. However, the promotion period was extended.	Granted	Granted	Granted
3. Exemption from import duty on items imported for re-export, for a period of 1 year commencing from the first importation date. However, the promotion period was extended.	Granted	Granted	Granted

The Company's operating revenues for the years ended December 31, divided between promoted and non-promoted operations, are summarized as follows:

(Unit : Thousand Baht)

	PROMOTED OPERATIONS		NON-PROMOTED OPERATIONS		TOTAL	
	2019	2018	2019	2018	2019	2018
<b>Sales</b>						
Domestic sales	288,878	267,336	1,548,339	1,583,808	1,837,217	1,851,144
Export sales	1,564,023	1,334,595	1,528,652	2,013,075	3,092,675	3,347,670
<b>Total sales</b>	<b>1,852,901</b>	<b>1,601,931</b>	<b>3,076,991</b>	<b>3,596,883</b>	<b>4,929,892</b>	<b>5,198,814</b>

## 26. 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 salaries. 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's rules. The Group and its subsidiaries recognized the contributions for the year 2019 amounting to Baht 11.8 million and 10.9 million as expenses, respectively. (2018: Baht 9.8 million and 9.2 million, respectively)

## 27. DIVIDENDS

On April 23, 2018, the Annual General Shareholders' Meeting passed a resolution to distribute annual dividends from the operations of the year 2017 for 1,380 million shares at Baht 0.34 per share, totaling Baht 469.2 million. The dividends consist of interim dividends at Baht 0.17 per share, totaling Baht 234.6 million, which were paid on September 13, 2017, and additional dividends at Baht 0.17 per share, totaling Baht 234.6 million, which were paid on May 4, 2018.

On August 9, 2018, the Board of Directors' Meeting of the Company passed a resolution to distribute the interim dividend from the operations of the six-month period ended June 30, 2018 for 1,380 million shares at Baht 0.17 per share, totaling Baht 234.6 million, which were paid on September 6, 2018.

On April 25, 2019, the Annual General Shareholders' Meeting passed a resolution to distribute annual dividends from the operations of the year 2018 for 1,380 million shares at Baht 0.34 per share, totaling Baht 469.2 million. The dividends consist of interim dividends at Baht 0.17 per share, totaling Baht 234.6 million, which were paid on September 6, 2018, and additional dividends at Baht 0.17 per share, totaling Baht 234.6 million, which were paid on May 8, 2019.

On August 14, 2019, the Board of Directors' Meeting of the Company passed a resolution to distribute the interim dividend from the operations of the six-month period ended June 30, 2019 for 1,380 million shares at Baht 0.11 per share, totaling Baht 151.8 million, which were paid on September 11, 2019.

## 28. TRANSACTIONS WITH RELATED PARTIES

The relationships between the Company and related parties are summarized as follows:

COMPANY NAME	RELATIONSHIP
Taokaenoi Restaurant & Franchise Company Limited	Subsidiary
Taokaenoi Care Company Limited	Subsidiary
NCP Trading & Supply Company Limited	Subsidiary
TAOKAENOI USA, INC.	Subsidiary
Peeradechapan Holding Company Limited	Major shareholders
Dr. Tobi Company Limited	Common shareholders/directors
Chubcheeva Company Limited	Common shareholders/directors



For the years ended December 31, 2019 and 2018, the Group had significant business transactions with related parties. Such transactions, which are summarized 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 : Thousand Baht)

ACCOUNT NAME	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>Subsidiaries</b>				
Revenue from sales	-	-	187,158	128,141
Revenue from rendering accounting and financing services	-	-	1,788	2,820
Interest income	-	-	52	196
Other income	-	-	1,082	54
Purchase of goods	-	-	210,151	224,028
Sales promotion expense	-	-	9,071	3,022
<b>Related parties</b>				
Sales promotion income	-	171	-	-
Other income	-	265	-	-
Purchase of goods	691	962	-	-
Rental expense	1,920	1,920	360	360
Interest expense	219	-	-	-
Other expense	40	-	-	-

Pricing policies of each account can be described as follows:

(Unit : Thousand Baht)

ACCOUNT	TRANSFER PRICING POLICY
Revenue from sales	Cost plus margin at 15% - 45% depending on the purchase volume and product types
Revenue from rendering accounting and financing services	Actual cost plus margin
Interest income	Rate stipulated in the agreement
Other income	Rate stipulated in the agreement
Purchase of goods	Cost plus margin at 5% - 15% and cost plus margin at 35% - 70% depending on the purchase volume and product types for subsidiaries and related parties, respectively
Sales promotion expense	Rate stipulated in the agreement
Rental expense	Rate stipulated in the agreement
Interest expense	Rate stipulated in the agreement
Other expense	Rate stipulated in the agreement

The balances of the accounts between the Group and those related parties as at December 31, are as follows:

(Unit : Thousand Baht)

ACCOUNT NAME	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>Trade receivables</b>				
Subsidiaries	-	-	130,324	66,515
<b>Other receivables</b>				
Subsidiaries	-	-	1,381	159
Related parties	14	328	-	45
<b>Total</b>	<b>14</b>	<b>328</b>	<b>1,381</b>	<b>204</b>
<b>Trade payables</b>				
Subsidiaries	-	-	31,748	18,960
Related parties	83	446	-	-
<b>Total</b>	<b>83</b>	<b>446</b>	<b>31,748</b>	<b>18,960</b>
<b>Other payables</b>				
Subsidiaries	-	-	1,333	594
Related parties	18	-	-	-
<b>Total</b>	<b>18</b>	<b>-</b>	<b>1,333</b>	<b>594</b>

#### BORROWINGS FROM DIRECTORS

Borrowings from directors as at December 31, are as follows:

(Unit : Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Taokaenoi Restaurants & Franchise Co., Ltd.	2.15	-	10,000	-
TAOKAENOI USA, Inc.	-	2.50	-	3,278
<b>Total</b>			<b>10,000</b>	<b>3,278</b>

#### DIRECTOR AND MANAGEMENT'S BENEFITS

During the years ended December 31, the Group had employee benefit expenses for its directors and management as follows:

(Unit : Million Baht)

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	2019	2018	
Short-term benefits	37.1	32.0	
Post-employment benefits	2.5	2.4	
<b>Total</b>	<b>39.6</b>	<b>34.4</b>	

## 29. BASIC 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 issued during the year.

## 30. OPERATING SEGMENT

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 organized into business units based on its products and has 3 reportable segments as follows:

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

The chief operating decision maker monitors the operating results of the business units separately for the purposes of making decisions about resource allocation and assessing performance. Segment performance is measured by the Group based on the operating profit or loss, total assets and total liabilities and on a basis consistent with that used to measure the 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 Group is organized into business units based on its products. During the current year, there has been no change in the structure of the operating segments as reported.

The information of revenues and segment profit for the years ended December 31, is as follows:

(Unit : Million Baht)

FOR THE YEAR ENDED DECEMBER 31, 2019						
	Snack segment	Retailer and restaurant segment	Other segments	Total	Elimination of inter-segment	Total
Segment revenues from external customers	4,891.2	355.3	20.3	5,266.8	-	5,266.8
Charges between segments	187.1	(2.0)	212.2	397.3	(397.3)	-
<b>Total revenues</b>	<b>5,078.3</b>	<b>353.3</b>	<b>232.5</b>	<b>5,664.1</b>	<b>(397.3)</b>	<b>5,266.8</b>
Segment profit (loss)	397.7	(30.2)	(2.7)	364.8	3.8	368.6
Other income						30.5
Finance costs						(26.3)
Profit before income tax expense						372.8
Income tax expense						(11.0)
Profit for the year						361.8
Other comprehensive loss for the year - net of tax						(3.7)
<b>Total comprehensive income for the year</b>						<b>358.1</b>

(Unit : Million Baht)

FOR THE YEAR ENDED DECEMBER 31, 2018						
	Snack segment	Retailer segment	Other segments	Total	Elimination of inter-segment	Total
Segment revenues from external customers	5,127.9	282.7	16.6	5,427.2	-	5,427.2
Charges between segments	128.1	3.9	220.2	352.2	(352.2)	-
<b>Total revenues</b>	<b>5,256.0</b>	<b>286.6</b>	<b>236.8</b>	<b>5,779.4</b>	<b>(352.2)</b>	<b>5,427.2</b>
Segment profit	497.5	3.1	7.8	508.4	0.6	509.0
Other income						34.7
Finance costs						(20.4)
Share of loss from investment in a joint venture						(0.2)
Profit before income tax expense						523.1
Income tax expense						(66.8)
Profit for the year						456.3
Other comprehensive loss for the year - net of tax						(2.4)
<b>Total comprehensive income for the year</b>						<b>453.9</b>

For the years ended December 31, revenues from external customers based on customers' locations are as follows:

(Unit : Million Baht)

COUNTRY	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
Thailand	2,120	2,061
People Republic's of China	1,906	2,193
Indonesia	230	199
Malaysia	184	188
United States of America	110	79
Vietnam	97	75
Others	620	632
<b>Total</b>	<b>5,267</b>	<b>5,427</b>

### 31. COMMITMENTS AND LETTERS OF GUARANTEE

#### 31.1 Capital commitments

As at December 31, 2019, the Group had capital commitments of Baht 10.5 million, relating to the purchase of machinery and equipment (2018: Baht 56.8 million, relating to the purchase of machinery and equipment, and factory building improvements).

#### 31.2 Commitments under operating lease and service agreements

The Group entered into lease agreements in respect of the lease of land, building space and office, and service agreements including marketing agreements. The terms of the agreements are generally between 1 and 15 years.

Future minimum payments required under these agreements are as follows:

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>Payment periods</b>				
Within 1 year	75.3	91.8	25.3	45.1
Over 1 year but not over 5 years	66.3	78.2	22.8	17.0
Over 5 years	13.4	14.3	10.4	8.7

For the years ended December 31, 2019 and 2018, the office rental expense and service expense were recorded as expenses in the consolidated statements of profit or loss and other comprehensive income amounting to Baht 81.2 million and Baht 61.5 million, respectively, and the separate statements of profit or loss and other comprehensive income amounting to Baht 24.9 million and Baht 19.5 million, respectively.

### 31.3 Commitments under the raw material purchase agreements

The Company entered into agreements to purchase raw materials from overseas suppliers, for a period of delivery within 1 year, in quantities and at prices stipulated in the agreements. As at December 31 2019, the Company had commitments under the agreements of USD 1.7 million (2018 : Nil).

### 31.4 Letters of guarantee

As at December 31, 2019 and 2018, there were outstanding letters of guarantee of Baht 3.7 million and Baht 3.8 million, respectively, 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 usage and others.

## 32. LITIGATIONS

32.1 On February 9, 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 (approximately Baht 5.7 million). Subsequently, on May 2, 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 September 15, 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 July 19, 2018, the Supreme Court dismissed the judgment of the Central Intellectual Property and International Trade Court since additional issues raised by the plaintiff had not been considered by the Court. Witnesses of Plaintiff and the Defendant appeared before the court as prescribed in August 2019 for examinations. Subsequently, on October 25, 2019, the Court rendered the judgment ordering the Company to pay the Defendant for compensation of THB 500,000 with interest of 7.5% per annum calculating from the date of judgment rendered and costs for the Plaintiff. On November 6, 2019, the Company issued a cashier cheque for paying to the Intellectual Property and International Trade Court in the amount of THB 641,219 as the Court's judgment. The Company recorded such amount as expense in the financial statement. Subsequently, on January 22, 2020, the Plaintiff filed an appeal to the court and our lawyer filed a cross-appeal in early of March 2020.

32.2 On February 18, 2019, the Company filed a claim against one of the Company's distributors in China under a civil lawsuit on the ground of breaching the distributorship agreement since the aforementioned distributor sold products in the same category as the Company's and used trademark imitated from the Company's trademark. The Company demanded for compensation on damages, product cost, and related expenses including loss of benefit in the approximate amount of Chinese Yuan 119 million (approximately Baht 569 million). Due to the provision of the Agreement, this case must be brought to the arbitration proceedings. Later, on August 30, 2019, The Company filed the claim to The Thai Arbitration Institute (TAI). The company claimed for damages, products and other related expenses including fee for loss of opportunity in the amount of Baht 96 million. The Thai Arbitration Institute prescribed February 19, 2020 as a hearing date. The distributor did not attend the hearing therefore the Arbitrators have proceeded the ex parte trial. After the trial, the Arbitrators prescribed to file a closing statement (if any) by March 19, 2020 and the Award will be rendered within April 19, 2020.



Subsequently, on March 16, 2019 and on May 6, 2019, the court officer served the plaintiff with summons by posting. The Company is claimed against as joint defendant with another distributor in China to stop violating Chinese brand name immediately and demanded the Company and the distributor to compensate for damages in the approximate amount of Chinese Yuan 25 million (approximately Baht 120 million) for the first case and Chinese Yuan 25 million (approximately Baht 120 million) for the second case, and to demand the Company to stop using 2 marks and jointly or severally compensate for expenses resulting from this case. On December 27, 2019, the Court's decision ordered the company to cease the trademark infringement from the date of decision onwards and ordered the Company and our distributor and compensate the Plaintiff for the expenses of CNY150,000 (approximately Baht 0.65 million) for the first case within 10 days from the date of decision came into effect, and compensate the Plaintiff for the expenses of CNY195,680.40 (approximately Baht 0.85 million) for the second case within 10 days from the date of decision came into effect.. Accordingly, we filed an appeal for both cases to the Intellectual Property Court of Shanghai on February 5, 2020. The Company has recorded such amount (CNY 345,680.40 or equal to 1.51 Million Baht) as expense in the statement of profit or loss.

### **33. FINANCIAL INSTRUMENTS**

#### **33.1 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, temporary investments, accounts receivable, accounts payable and loan. The financial risks associated with these financial instruments and how they are managed are 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 does 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 December 31, 2019 and 2018, significant financial assets and liabilities classified by type of interest rate, 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) are as follows:

(Unit : Million Baht)

As at December 31, 2019

## CONSOLIDATED FINANCIAL STATEMENTS

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	More than 1-5 years				
Financial assets						
Cash and cash equivalents	149.4	-	-	12.9	162.3	0.125 - 0.500
Temporary investments	-	-	7.6	-	7.6	-
Trade and other receivables	-	-	-	919.2	919.2	-
Financial liabilities						
Short-term loan from financial institutions	854.7	-	-	-	854.7	1.800 - 2.130
Trade and other payables	-	-	-	603.8	603.8	-
Short-term loan from a director	10.0	-	-	-	10.0	2.15
Short-term loans	-	14.1	-	-	14.1	4.6

(Unit : Million Baht)

As at December 31, 2018

## CONSOLIDATED FINANCIAL STATEMENTS

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	More than 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	101.6	77.5	179.1	0.100 - 0.375
Temporary investments	0.4	-	-	3.9	4.3	0.90
Trade and other receivables	-	-	-	793.6	793.6	-
Financial liabilities						
Short-term loan from financial institutions	881.2	-	-	-	881.2	1.850 - 2.130
Trade and other payables	-	-	-	656.9	656.9	-
Short-term loans	-	19.1	-	-	19.1	2.500 - 4.600
Liabilities under finance lease	0.3	-	-	-	0.3	7.86

(Unit : Million Baht)

As at December 31, 2019

## SEPARATE FINANCIAL STATEMENTS

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	More than 1-5 years				
Financial assets						
Cash and cash equivalents	124.8	-	-	6.1	130.9	0.125 - 0.500
Temporary investments	-	-	4.9	-	4.9	-
Trade and other receivables	-	-	-	1,026.5	1,026.5	-
Financial liabilities						
Short-term loan from financial institutions	846.7	-	-	-	846.7	1.800 - 2.130
Trade and other payables	-	-	-	556.0	556.0	-

(Unit : Million Baht)

As at December 31, 2018

## SEPARATE FINANCIAL STATEMENTS

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	More than 1–5 years				
Financial assets						
Cash and cash equivalents	-	-	70.2	68.6	138.8	0.100 - 0.375
Temporary investments	0.4	-	-	0.9	1.3	0.90
Trade and other receivables	-	-	-	836.6	836.6	-
Loan to a subsidiary	-	11.3	-	-	11.3	2.5
Financial liabilities						
Short-term loan from financial institutions	881.2	-	-	-	881.2	1.850 - 2.130
Trade and other payables	-	-	-	579.4	579.4	-

### Foreign currency risk

The Group's exposure to foreign currency risk arises 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 December 31, the balances of financial assets and liabilities denominated in foreign currencies are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	6.1	2.1	3.3	1.4	30.15	32.45
Singapore Dollar	0.5	0.9	0.1	0.1	22.32	23.69
Hongkong Dollar	-	-	0.1	-	3.87	-
Yuan	-	-	1.1	0.1	4.31	4.78
Euro	-	-	0.1	-	33.73	-

SEPARATE FINANCIAL STATEMENTS						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	3.7	3.3	0.6	1.4	30.15	32.45
Singapore Dollar	0.5	0.9	0.1	0.1	22.32	23.69
Hongkong Dollar	-	-	0.1	-	3.87	-
Yuan	-	-	1.1	0.1	4.31	4.78
Euro	-	-	0.1	-	33.73	-

The Company has outstanding forward exchange contracts as at December 31, as summarized below:

**As at December 31, 2019**

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
Sold amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 1.8 million	20.92 - 30.26	USD 1.8 million
Bought amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 1.0 million	30.15 - 30.45	March - June 2020

**As at December 31, 2018**

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
Sold amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 2.0 million	32.24 - 32.71	April - July 2019
SGD 0.3 million	23.63 - 23.69	March 2019
Bought amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 5.0 million	32.31 - 33.14	February - July 2019

### 33.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature, loan payable bearing 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.

### 34. FAIR VALUE MEASUREMENTS

Certain financial assets of the Company and the subsidiaries are measured at fair value in the statements of financial position at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation technique and key input
	Fair value (Thousand Baht)		Fair value (Thousand Baht)			
	2019	2018	2019	2018		
Investment in securities held for trading	2,742	3,023	-	-	Level 1	Use of quoted market prices in an active market for such assets or liabilities
Investment in available-for-sale securities	4,871	950	4,871	950	Level 2	Use of other observable inputs for such assets or liabilities, whether directly or indirectly
Investment property	42,162	42,162	42,162	42,162	Level 2	Use of other observable inputs for such assets or liabilities, whether directly or indirectly

### 35. 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 maximize shareholder value. As at December 31, 2019, the Group's debt-to-equity ratio was 0.7:1 (2018: 0.8:1), and the Company's was 0.7:1 (2018: 0.7:1).

### 36. EVENT AFTER THE REPORTING PERIOD

On February 24, 2020, the Board of Directors' Meeting of the Company passed a resolution to distribute annual dividends from the operations of the year 2019 for 1,380 million shares at Baht 0.26 per share, totaling Baht 358.8 million. The dividends consist of interim dividends at Baht 0.11 per share, totalling Baht 151.8 million, which were paid on September 11, 2019, and additional dividends at Baht 0.15 per share, totaling Baht 207.0 million, which will be paid on May 8, 2020.



### 37. RECLASSIFICATIONS

Certain transactions in the financial statements as at and for the year ended December 31, 2018 and for the year then ended have been reclassified to conform to the classification used in the current year's financial statements. Such reclassifications have no effect on the previously reported net profit, total comprehensive income and the shareholders' equity. The reclassifications are as follows:

Transaction	Previous presentation	Current presentation	Amount (Thousand Baht)	
			CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS
Statement of financial position as at December 31, 2018				
Prepaid expenses	Other current assets	Trade and other current receivables	97,756	91,489
Short-term borrowings	Long-term borrowings	Short-term borrowings	19,128	-
Statement of profit or loss and other comprehensive income for the year ended December 31, 2018				
Indirect discount to customers	Distribution costs	Revenue from sales	235,575	235,575

### 38. APPROVAL OF THE FINANCIAL INFORMATION

This financial information was approved for issue by the Board of Directors of the Company on February 24, 2020.



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