

Taokaenoi Food & Marketing Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2017

## **Independent Auditor's Report**

To the Shareholders of Taokaenoi Food & Marketing Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Taokaenoi Food & Marketing Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taokaenoi Food & Marketing Public Company Limited and its subsidiaries and of Taokaenoi Food & Marketing Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Emphasis of Matter**

I draw attention to Note 13 to the consolidated financial statements regarding the acquisition of investment in an oversea subsidiary. The Company is in process of measuring fair value at the acquisition date of the identifiable assets acquired, the liabilities assumed and goodwill, and has not yet completed the measurement. My conclusion is not qualified in respect of this matter.

## **Key Audit Matters**

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

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

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

### *Recognition of revenue from sales of goods*

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

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

## **Other Information**

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

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

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

Vissuta Jariyathanakorn  
Certified Public Accountant (Thailand) No. 3853

EY Office Limited  
Bangkok: 26 February 2018

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	301,463,759	307,945,806	223,900,552	253,834,945
Current investments	7	261,229,436	755,506,198	261,229,436	755,506,198
Trade and other receivables	8, 9	633,654,991	490,969,890	644,566,456	502,257,089
Inventories	10	729,757,364	445,445,005	697,476,395	433,480,780
Other current assets	11	145,141,475	107,359,765	142,847,179	106,375,033
<b>Total current assets</b>		<b>2,071,247,025</b>	<b>2,107,226,664</b>	<b>1,970,020,018</b>	<b>2,051,454,045</b>
<b>Non-current assets</b>					
Restricted bank deposits	12	-	358,818	-	358,818
Long-term to a subsidiary	9	-	-	3,255,914	-
Investments in subsidiaries	13	-	-	108,690,058	40,034,073
Investment property	14	39,745,095	39,745,095	39,745,095	39,745,095
Property, plant and equipment	15	1,094,139,521	882,050,283	1,005,180,507	872,499,682
Intangible assets	16	24,036,393	9,946,826	22,640,120	9,798,994
Goodwill	17	42,018,651	-	-	-
Deferred tax assets	28	13,685,797	10,283,841	12,056,090	8,711,193
Other non-current assets	18	37,246,862	34,666,620	20,853,381	26,255,813
<b>Total non-current assets</b>		<b>1,250,872,319</b>	<b>977,051,483</b>	<b>1,212,421,165</b>	<b>997,403,668</b>
<b>Total assets</b>		<b>3,322,119,344</b>	<b>3,084,278,147</b>	<b>3,182,441,183</b>	<b>3,048,857,713</b>

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

**Taokaenoi Food & Marketing Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from banks	19	426,000,000	112,366,923	426,000,000	112,366,923
Trade and other payables	9, 20	562,142,169	559,064,691	490,244,099	532,367,578
Short-term loans	21	14,252,143	-	-	-
Current portion of long-term loans	22	-	45,320,000	-	45,320,000
Current portion of liabilities under finance lease agreements	23	-	1,358,529	-	-
Income tax payable		104,495,782	108,670,347	99,613,836	105,631,460
Other current liabilities	24	10,723,980	27,230,788	9,917,562	26,645,025
<b>Total current liabilities</b>		<b>1,117,614,074</b>	<b>854,011,278</b>	<b>1,025,775,497</b>	<b>822,330,986</b>
<b>Non-current liabilities</b>					
Long-term loans	22	17,336,828	-	-	-
Provision for long-term employee benefits	25	11,204,725	8,614,774	10,809,394	8,326,429
Other non-current liabilities		-	64,268	-	-
<b>Total non-current liabilities</b>		<b>28,541,553</b>	<b>8,679,042</b>	<b>10,809,394</b>	<b>8,326,429</b>
<b>Total liabilities</b>		<b>1,146,155,627</b>	<b>862,690,320</b>	<b>1,036,584,891</b>	<b>830,657,415</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,380,000,000 ordinary shares of Baht 0.25 each		345,000,000	345,000,000	345,000,000	345,000,000
Issued and paid-up					
1,380,000,000 ordinary shares of Baht 0.25 each		345,000,000	345,000,000	345,000,000	345,000,000
Premium on ordinary shares		1,315,440,000	1,315,440,000	1,315,440,000	1,315,440,000
Retained earnings					
Appropriated					
Statutory reserve - the Company	26	34,500,000	34,500,000	34,500,000	34,500,000
Statutory reserve - subsidiary		282,249	282,249	-	-
Unappropriated		483,234,096	523,396,920	450,601,260	520,291,640
Other components of shareholders' equity		(2,492,628)	2,968,658	315,032	2,968,658
<b>Total shareholders' equity</b>		<b>2,175,963,717</b>	<b>2,221,587,827</b>	<b>2,145,856,292</b>	<b>2,218,200,298</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,322,119,344</b>	<b>3,084,278,147</b>	<b>3,182,441,183</b>	<b>3,048,857,713</b>
		-	-	-	-

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

Directors

**Taokaenoi Food & Marketing Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		5,263,605,823	4,705,338,515	5,087,834,001	4,573,950,546
Other income		19,525,837	24,046,504	23,092,946	27,190,080
<b>Total revenues</b>		<b>5,283,131,660</b>	<b>4,729,385,019</b>	<b>5,110,926,947</b>	<b>4,601,140,626</b>
<b>Expenses</b>					
Cost of sales		3,570,856,539	3,018,758,152	3,481,925,399	2,968,953,507
Selling expenses		646,570,039	469,940,417	611,820,497	446,426,028
Administrative expenses		214,939,130	248,186,940	207,291,909	235,563,947
Loss on exchange rate		42,988,677	6,844,639	42,988,677	6,844,639
<b>Total expenses</b>		<b>4,475,354,385</b>	<b>3,743,730,148</b>	<b>4,344,026,482</b>	<b>3,657,788,121</b>
<b>Profit before finance cost and income tax expenses</b>		<b>807,777,275</b>	<b>985,654,871</b>	<b>766,900,465</b>	<b>943,352,505</b>
Finance cost		(15,919,309)	(6,543,228)	(13,699,091)	(5,845,059)
<b>Profit before income tax expenses</b>		<b>791,857,966</b>	<b>979,111,643</b>	<b>753,201,374</b>	<b>937,507,446</b>
Income tax expenses	28	(183,420,790)	(197,263,962)	(174,291,754)	(188,733,848)
<b>Profit for the year</b>		<b>608,437,176</b>	<b>781,847,681</b>	<b>578,909,620</b>	<b>748,773,598</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Unrealised gains on revaluation of available-for-sale					
investments, net of income tax	7	(2,653,626)	2,968,658	(2,653,626)	2,968,658
Exchange differences on translation of					
financial statements in foreign currency		(2,807,660)	-	-	-
<b>Other comprehensive income for the year</b>		<b>(5,461,286)</b>	<b>2,968,658</b>	<b>(2,653,626)</b>	<b>2,968,658</b>
<b>Total comprehensive income for the year</b>		<b>602,975,890</b>	<b>784,816,339</b>	<b>576,255,994</b>	<b>751,742,256</b>
<b>Earnings per share</b>					
30					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.44	0.57	0.42	0.54

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

**Taokaenoi Food & Marketing Public Company Limited and its subsidiaries**

**Statement of cash flows**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit before tax	791,857,966	979,111,643	753,201,374	937,507,446
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	91,719,081	70,294,471	87,472,549	65,812,690
Write-off equipment	1,347,601	114,545	387,494	114,545
Amortisation of premium from forward exchange contracts	19,376	153,484	19,376	153,484
Allowance for doubtful accounts (reversal)	989,029	1,248,156	(160,288)	275,224
Reduction of cost of inventories to net realisable value (reversal)	5,044,875	(7,892,802)	4,978,471	(6,765,452)
Loss (gain) on sales of equipment	(1,087,909)	421,752	(1,023,641)	507,442
Loss on impairment of assets	-	19,303,450	-	14,062,832
Reversal of allowance for impairment of deposit	-	(680,000)	-	(680,000)
Unrealised loss on exchange rate	113,332	91,411	113,332	91,411
Gain on sales of available-for-sale investments	(8,561,252)	(1,912,261)	(8,561,252)	(1,912,261)
Provision for long-term employee benefits	2,589,951	2,291,404	2,482,965	2,205,154
Reversal of provision for litigation	-	(4,370,274)	-	(4,370,274)
Interest income	(1,254,917)	(8,396,024)	(995,534)	(8,186,704)
Interest expense	13,584,120	4,653,896	12,414,278	4,552,755
Profit from operating activities before changes in operating assets and liabilities	896,361,253	1,054,432,851	850,329,124	1,003,368,292
Operating assets (increase) decrease				
Trade and other receivables	(148,189,921)	(74,560,683)	(146,664,870)	(48,433,225)
Inventories	(289,357,234)	(240,233,117)	(268,974,086)	(238,890,927)
Other current assets	(39,421,329)	(71,222,866)	(37,965,531)	(70,908,066)
Other non-current assets	(45,516,634)	(2,083,301)	(11,299)	1,368,385
Operating liabilities increase (decrease)				
Trade and other payables	7,174,111	105,188,134	(33,163,140)	95,486,196
Other current liabilities	(2,008,656)	6,162,086	(16,545,722)	6,265,008
Other non-current liabilities	17,272,560	(815,969)	-	-
Cash flows from operating activities	396,314,150	776,867,135	347,004,476	748,255,663
Cash paid for income tax	(190,379,017)	(154,033,666)	(183,035,981)	(150,230,075)
<b>Net cash from operating activities</b>	<b>205,935,133</b>	<b>622,833,469</b>	<b>163,968,495</b>	<b>598,025,588</b>

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

**Taokaenoi Food & Marketing Public Company Limited and its subsidiaries**

**Statement of cash flows (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
Decrease in restricted bank deposits	358,818	36,298,592	358,818	36,298,592
Long-term loan to a subsidiary	-	-	(3,397,694)	-
Acquisitions of investments in subsidiary	-	-	(68,655,985)	-
Increase in advance payments for purchases of assets	(61,837,459)	(79,224,996)	(53,573,184)	(78,697,296)
Acquisitions of property, plant and equipment	(244,366,163)	(348,645,339)	(167,340,369)	(343,465,554)
Acquisitions of intangible assets	(17,514,500)	(248,169)	(16,172,500)	(171,271)
Proceeds from sales of equipment	2,163,551	5,162	2,163,551	5,162
Acquisitions of available-for-sale and held-to-maturity investments	(1,462,365,330)	(1,260,000,000)	(1,462,365,330)	(1,260,000,000)
Proceeds from sales of available-for-sale investments	1,662,003,197	330,000,000	1,662,003,197	330,000,000
Proceeds from redemption of held-to-maturity investments	300,000,000	180,000,000	300,000,000	180,000,000
Interest received	5,727,072	4,066,885	5,463,235	3,857,565
<b>Net cash used in investing activities</b>	<b>184,169,186</b>	<b>(1,137,747,865)</b>	<b>198,483,739</b>	<b>(1,132,172,802)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	313,799,339	(152,557,981)	313,799,339	(152,557,981)
Repayment of long-term loans	(45,320,000)	(67,127,928)	(45,320,000)	(67,127,928)
Repayment of liabilities under finance lease agreements	(1,392,079)	(18,195,271)	-	(16,745,269)
Dividend paid	(648,263,090)	(406,968,905)	(648,263,090)	(406,968,905)
Interest paid	(12,602,876)	(7,861,867)	(12,602,876)	(7,861,867)
<b>Net cash used in financing activities</b>	<b>(393,778,706)</b>	<b>(652,711,952)</b>	<b>(392,386,627)</b>	<b>(651,261,950)</b>
Decrease in exchange differences on translation of financial statements in foreign currency	(2,807,660)	-	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(6,482,047)</b>	<b>(1,167,626,348)</b>	<b>(29,934,393)</b>	<b>(1,185,409,164)</b>
Cash and cash equivalents at beginning of year	307,945,806	1,475,572,154	253,834,945	1,439,244,109
<b>Cash and cash equivalents at end of year</b>	<b>301,463,759</b>	<b>307,945,806</b>	<b>223,900,552</b>	<b>253,834,945</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Decrease in other payables for purchases of assets	(4,443,301)	(24,057,628)	(8,170,715)	(24,139,837)
Transfer advance payments for purchases of assets to equipment	62,755,200	90,443,890	58,986,915	90,343,890
Interest expense capitalised as cost of assets	192,835	4,207,125	192,835	4,207,125
Increase (decrease) in unrealised gain on revaluation of available-for-sale investments	(3,317,033)	3,710,823	(3,317,033)	3,710,823
Increase in dividend payables	336,910	130,823	336,910	130,823

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

Taokaenoi Food & Marketing Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements

	Note	Other components of shareholders' equity							Total shareholders' equity	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Exchange differences on translation of financial statements in foreign currency	Surplus on revaluation of available-for-sale investments		Total other components of shareholders' equity
				Appropriated - statutory reserve						
				The Company	Subsidiary	Unappropriated				
<b>Balance as at 1 January 2016</b>		345,000,000	1,315,440,000	34,500,000	282,249	148,648,967	-	-	-	1,843,871,216
Profit for the year		-	-	-	-	781,847,681	-	-	-	781,847,681
Other comprehensive income for the year		-	-	-	-	-	-	2,968,658	2,968,658	2,968,658
Total comprehensive income for the year		-	-	-	-	781,847,681	-	2,968,658	2,968,658	784,816,339
Dividend paid	33	-	-	-	-	(407,099,728)	-	-	-	(407,099,728)
<b>Balance as at 31 December 2016</b>		<u>345,000,000</u>	<u>1,315,440,000</u>	<u>34,500,000</u>	<u>282,249</u>	<u>523,396,920</u>	<u>-</u>	<u>2,968,658</u>	<u>2,968,658</u>	<u>2,221,587,827</u>
<b>Balance as at 1 January 2017</b>		345,000,000	1,315,440,000	34,500,000	282,249	523,396,920	-	2,968,658	2,968,658	2,221,587,827
Profit for the year		-	-	-	-	608,437,176	-	-	-	608,437,176
Other comprehensive income for the year		-	-	-	-	-	(2,807,660)	(2,653,626)	(5,461,286)	(5,461,286)
Total comprehensive income for the year		-	-	-	-	608,437,176	(2,807,660)	(2,653,626)	(5,461,286)	602,975,890
Dividend paid	33	-	-	-	-	(648,600,000)	-	-	-	(648,600,000)
<b>Balance as at 31 December 2017</b>		<u>345,000,000</u>	<u>1,315,440,000</u>	<u>34,500,000</u>	<u>282,249</u>	<u>483,234,096</u>	<u>(2,807,660)</u>	<u>315,032</u>	<u>(2,492,628)</u>	<u>2,175,963,717</u>
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

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

**Taokaenoi Food & Marketing Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

		<b>Separate financial statements</b>				<b>Other components of shareholders' equity</b>	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Surplus on revaluation of available-for-sale investments	Total shareholders' equity
	Note	share capital	ordinary shares	Appropriated - statutory reserve	Unappropriated	investments	equity
<b>Balance as at 1 January 2016</b>		345,000,000	1,315,440,000	34,500,000	178,617,770	-	1,873,557,770
Profit for the year		-	-	-	748,773,598	-	748,773,598
Other comprehensive income for the year		-	-	-	-	2,968,658	2,968,658
Total comprehensive income for the year		-	-	-	748,773,598	2,968,658	751,742,256
Dividend paid	33	-	-	-	(407,099,728)	-	(407,099,728)
<b>Balance as at 31 December 2016</b>		<u>345,000,000</u>	<u>1,315,440,000</u>	<u>34,500,000</u>	<u>520,291,640</u>	<u>2,968,658</u>	<u>2,218,200,298</u>
<b>Balance as at 1 January 2017</b>		345,000,000	1,315,440,000	34,500,000	520,291,640	2,968,658	2,218,200,298
Profit for the year		-	-	-	578,909,620	-	578,909,620
Other comprehensive income for the year		-	-	-	-	(2,653,626)	(2,653,626)
Total comprehensive income for the year		-	-	-	578,909,620	(2,653,626)	576,255,994
Dividend paid	33	-	-	-	(648,600,000)	-	(648,600,000)
<b>Balance as at 31 December 2017</b>		<u>345,000,000</u>	<u>1,315,440,000</u>	<u>34,500,000</u>	<u>450,601,260</u>	<u>315,032</u>	<u>2,145,856,292</u>
		-	-	-	-	-	-
		-	-	-	-	-	-

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

**Taokaenoi Food & Marketing Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2017**

**1. General information**

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

As at 31 December 2017, the Group has 19 branches (2016: 15 branches) (the Company only: 5 branches (2016: 6 branches)).

**2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 Percent	2016 Percent
Taokaenoi Restaurant & Franchise Company Limited	Distribution of snacks and souvenirs	Thailand	100	100
Taokaenoi Care Company Limited (Formerly known as “Want More Industry Company Limited”)	Distribution of snacks	Thailand	100	100
NCP Trading & Supply Company Limited	Manufacture and distribution of seasoning powder	Thailand	100	100
GIM Factory, Inc.	Manufacture and distribution of seaweed snack	United States of America	100	-

In November 2017, the Company acquired ordinary shares of GIM Factory, Inc. which incorporated in United States of America. The investment represents 100 percent of the registered capital, as described in Note 13. The Company has therefore included the financial statements of this company to the consolidated financial statements since 24 November 2017.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same accounting period and significant accounting policies as the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
  - f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### **3. New financial reporting standards**

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

During the year, the Group has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

## **(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Group believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

##### *Sales of goods*

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

##### *Interest income*

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

##### *Dividend*

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

#### **4.2 Cash and cash equivalents**

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

#### **4.3 Trade accounts receivable**

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

#### **4.4 Inventories**

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

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

#### **4.5 Investments**

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

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

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

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

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

#### **4.6 Investment property**

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

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

#### **4.7 Property, plant and equipment / Depreciation**

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

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

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

Depreciation is included in determining income.

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

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

#### **4.8 Borrowing costs**

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

#### **4.9 Intangible assets**

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end.

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

The amortisation expense is calculated on a straight-line basis over the estimated useful lives and is charged to profit or loss. No amortisation is provided on computer software under implementation

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

#### **4.10 Goodwill**

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

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

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

#### **4.11 Related party transactions**

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

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

#### **4.12 Long-term leases**

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

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

#### **4.13 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.14 Impairment of assets**

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

An impairment loss is recognised in profit or loss.

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

#### **4.15 Employee benefits**

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

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

##### **Post-employment benefits**

###### *Defined contribution plans*

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

###### *Defined benefit plans*

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

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

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

#### **4.16 Provisions**

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

#### **4.17 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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

#### **4.18 Forward exchange contracts**

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

#### **4.19 Fair value measurement**

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

#### **5. Significant accounting judgements and estimates**

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

### **Reduce inventory cost to net realisable value**

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

### **Property, plant and equipment / Depreciation**

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

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

### **Post-employment benefits under defined benefit plans**

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

## **6. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Cash	796	1,421	45	175
Current and savings accounts	300,668	306,525	223,856	253,660
Total	301,464	307,946	223,901	253,835

As at 31 December 2017 and 2016, bank deposits in savings accounts of the Group are carrying interests between 0.1% and 0.375% per annum (the Company only: between 0.1% and 0.375% per annum).

## 7. Current investments

As at 31 December 2017 and 2016, the balances of current investments are as follows.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2017	2016
<b>Investments in available-for-sale securities</b>		
Unit trusts (fixed income fund) - cost	260,473	451,912
Add: Change in fair value	394	3,711
Total investment in available-for-sale securities		
- fair value	260,867	455,623
<b>Held-to-maturity investments</b>		
Private debt instruments - bills of exchange	-	49,883
6 - 12 month fixed deposits	362	250,000
Total held-to-maturity investments	362	299,883
Total	261,229	755,506

During the year 2017, the Company sold available-for-sale securities with book values totaling Baht 1,653.4 million (2016: Baht 328.1 million) and recognised gains (after tax) on the sales in profit or loss, amounting to Baht 6.8 million (2016: Baht 1.5 million). This amount included gains transferred from gain (after tax) on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 2.7 million (2016: None).

For the year ended 31 December 2017, the Company has unrealised gain on revaluation of available-for-sale securities net of tax that recognise in other comprehensive income, amounting to Baht 0.3 million (2016: Baht 3.0 million).

As at 31 December 2017, fixed deposits of the Company carry interest at a rate of 0.9% per annum (2016: 2.0% per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due	-	-	13,113	7,023
Past due				
1 - 90 days	-	-	8,887	8,510
Total trade receivables - related parties	-	-	22,000	15,533
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	431,917	376,212	424,778	374,409
Past due				
1 - 90 days	194,658	102,263	191,181	101,063
91 - 180 days	282	2,671	17	239
181 - 270 days	111	-	-	-
Over 271 days	6,058	3,942	3,708	3,715
Total trade receivables - unrelated parties	633,026	485,088	619,684	479,426
Total trade receivables	633,026	485,088	641,684	494,959
Less: Allowance for doubtful accounts	(6,063)	(5,074)	(3,714)	(3,875)
Trade receivables - net	626,963	480,014	637,970	491,084
<b>Other receivables</b>				
Interest receivables - unrelated parties	-	4,589	-	4,589
Accrued income - unrelated parties	3,013	4,108	3,013	4,108
Other receivables - related parties	-	-	873	432
Other receivables - unrelated parties	3,679	2,259	2,710	2,044
Total other receivables - net	6,692	10,956	6,596	11,173
Trade and other receivables - net	633,655	490,970	644,566	502,257

## 9. Related party transactions

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

Name	Relationship
Taokaenoi Restaurant & Franchise Company Limited	Subsidiary
Taokaenoi Care Company Limited (Formerly known as "Want More Industry Company Limited")	Subsidiary
NCP Trading & Supply Company Limited	Subsidiary
GIM Factory, Inc.	Subsidiary
Peeradechapan Holding Company Limited	Major shareholders
Dr. Tobi Company Limited	Common shareholder / directors
Gen C Inspire Corporation Company Limited*	Common shareholder / directors
Chubcheeva Company Limited	Common shareholder / director
Tokyo Runway Marketing Company Limited	Common shareholder / director
Twenty Four Projects Company Limited	Common shareholder / director
Omise Company Limited	Common shareholder / director

\*Ceased being a related company in 2017

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

	(Unit: Million Baht)				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<b>Transactions with subsidiaries</b>					
(Eliminated from the consolidated financial statements)					
Sales	-	-	65.0	90.7	Cost plus margin at 15% - 45% depending on purchase volume and product types
Accounting and financing service income	-	-	3.3	3.3	Actual cost plus margin
Service and utilities charge income	-	-	1.5	1.5	Rate stipulated in agreement
Purchases of goods	-	-	197.3	173.0	Cost plus margin at 5% - 15% depending on product types
Sale promotion expenses	-	-	0.2	0.2	Rate stipulated in agreement
<b>Transactions with related parties</b>					
Purchases of goods	0.4	2.1	-	1.5	Cost plus margin at 35% - 70% depending on product types
Purchases of assets	-	1.0	-	1.0	Price stipulated in agreement/ Close to market price
Rental expense	1.9	1.9	0.4	0.4	Rate stipulated in agreement
Other expenses	-	1.8	-	1.8	Cost plus margin

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Trade and other receivables - related parties (Note 8)</b>				
<i>Trade receivables - related parties</i>				
Subsidiaries	-	-	22,000	15,533
Total	-	-	22,000	15,533
<i>Other receivables - related parties</i>				
Subsidiaries	-	-	873	432
Total	-	-	873	432
<b>Trade and other payables - related parties (Note 20)</b>				
<i>Trade payables - related parties</i>				
Subsidiaries	-	-	14,051	14,086
Related company	44	90	-	-
Total	44	90	14,051	14,086
<i>Accrued expenses - related parties</i>				
Subsidiaries	-	-	160	144
Related company and persons	-	17	-	-
Total	-	17	160	144
<i>Other payables for purchases of assets - related party</i>				
Related person	-	1,000	-	1,000
Total	-	1,000	-	1,000

### Long-term loan to a subsidiary

As at 31 December 2017, the balance of long-term loan between the Company and its subsidiary and the movement are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Long-term loan to a subsidiary				
GIM Factory, Inc.	-	3,256	-	3,256
Total	-	3,256	-	3,256

## Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Group had employee benefit expenses payable to its directors and management as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term employee benefits	34.4	34.6	32.3	32.6
Post-employment benefits	2.3	2.1	2.3	2.1
<b>Total</b>	<b>36.7</b>	<b>36.7</b>	<b>34.6</b>	<b>34.7</b>

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	2017	2016	2017	2016	2017	2016
Finished goods	97,297	53,102	(2,715)	(939)	94,582	52,163
Work in process	2,058	13,749	(741)	-	1,317	13,749
Raw materials and ingredient	560,840	329,152	(1,154)	(535)	559,686	328,617
Packing material	80,128	55,094	(10,501)	(8,592)	69,627	46,502
Spare parts and supplies	3,532	2,408	-	-	3,532	2,408
Raw materials in transit	1,013	2,006	-	-	1,013	2,006
<b>Total</b>	<b>744,868</b>	<b>455,511</b>	<b>(15,111)</b>	<b>(10,066)</b>	<b>729,757</b>	<b>445,445</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	2017	2016	2017	2016	2017	2016
Finished goods	82,031	45,620	(2,644)	(874)	79,387	44,746
Work in process	2,058	13,749	(741)	-	1,317	13,749
Raw materials and ingredient	551,127	325,745	(1,061)	(503)	550,066	325,242
Packing material	73,851	54,468	(10,501)	(8,592)	63,350	45,876
Spare parts and supplies	2,839	1,862	-	-	2,839	1,862
Raw materials in transit	517	2,006	-	-	517	2,006
<b>Total</b>	<b>712,423</b>	<b>443,450</b>	<b>(14,947)</b>	<b>(9,969)</b>	<b>697,476</b>	<b>433,481</b>

Movements in the allowance to reduce cost of inventories to net realisable value account for the years ended 31 December 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Balance at beginning of year	10,066	17,958	9,969	16,735
Add: Reduction of cost of inventories to net realisable value	12,088	8,173	11,803	8,092
Less: Reversal due to destruction during the year	(7,043)	(16,065)	(6,825)	(14,858)
Balance at the end of year	<u>15,111</u>	<u>10,066</u>	<u>14,947</u>	<u>9,969</u>

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

#### 11. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Value added tax refundable	45,908	33,634	44,792	33,137
Advances for purchases of raw materials	87,344	61,167	87,344	61,167
Prepaid expenses	11,495	12,311	10,317	11,823
Others	394	248	394	248
Total	<u>145,141</u>	<u>107,360</u>	<u>142,847</u>	<u>106,375</u>

#### 12. Restricted bank deposits

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

### 13. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2017	2016	2017	2016	2017	2016
			(%)	(%)	(Thousand Baht)	(Thousand Baht)
Taokaenoi Restaurant & Franchise Company Limited	Baht 35.0 million	Baht 35.0 million	100	100	35,000	35,000
Taokanoi Care Company Limited (Formerly known as "Want More Industry Company Limited")	Baht 5.0 million	Baht 5.0 million	100	100	4,543	4,543
NCP Trading & Supply Company Limited	Baht 1.0 million	Baht 1.0 million	100	100	491	491
GIM Factory, Inc.	USD 3.1 million	USD 3.1 million	100	-	68,656	-
Total					108,690	40,034

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

The financial statements of GIM Factory, Inc. has been included in the consolidated financial statements since the Company gained controlling authority on 24 November 2017, ("acquisition date"). The detail of the acquisition is as follows.

(Unit: Thousand Baht)

Acquisition cost of investments in subsidiary	68,656
Less: Fair value of net assets	(24,848)
Goodwill	<u>43,808</u>
Acquisition cost of investments in subsidiary	68,656
Less: Cash and cash equivalents of subsidiary	(2)
Net cash paid for acquisitions of investments in subsidiary	<u>68,654</u>

At present, the Company is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment shall be completed within the period of twelve months from the acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2016) “Business Combinations”. The Company will make further retrospective adjustment of the provisional amounts recognised at the acquisition date when it obtains complete accounting information for reporting in the financial statements.

Fair values of the identifiable assets acquired and liabilities assumed from GIM Factory, Inc. as at the acquisition date based on the estimation performed by the Company were summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	2
Trade and other receivables	3,925
Inventories	11,168
Leasehold improvement and equipment	65,293
Other non-current assets	1,362
Trade and other payables	<u>(56,902)</u>
Fair value of net assets	24,848
Goodwill	<u>43,808</u>
Cost of acquisition of investment in subsidiary	<u>68,656</u>

The difference of Baht 43.8 million between the consideration paid and the fair value of identifiable net assets acquired on the estimation of the management was included in a part of goodwill in the consolidated statement of financial position as at 31 December 2017.

The consolidated income statement for the year ended 31 December 2017 included revenue and loss of GIM Factory, Inc. as from the acquisition date as follows.

	(Unit: Thousand Baht)
Revenue	3,465
Loss	(5,501)

For the years ended 31 December 2017 and 2016, no dividend income was received from the above 4 subsidiaries.

## 14. Investment property

As at 31 December 2017, the fair value of the investment property, which consisted of land, was Baht 42.2 million (2016: Baht 42.1 million). The assessment was made by an accredited independent valuer on the basis of market approach.

## 15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Cost</b>							
1 January 2016	81,904	168,906	314,322	78,107	27,022	168,978	839,239
Additions	12,410	-	1,216	10,231	5,092	387,081	416,030
Disposals/write-off	-	-	(411)	(856)	-	-	(1,267)
Capitalised interest	-	-	-	-	-	4,207	4,207
Transfer in (out)	-	31,869	20,928	3,374	-	(56,171)	-
31 December 2016	94,314	200,775	336,055	90,856	32,114	504,095	1,258,209
Additions	-	63	3,501	16,515	18,392	202,582	241,053
Additions from acquisition of subsidiary	-	58,917	22,185	248	475	-	81,825
Disposals/write-off	-	(24)	(14,059)	(5,430)	(5,295)	-	(24,808)
Capitalised interest	-	-	-	-	-	193	193
Transfer in (out)	-	434,276	65,194	3,672	-	(503,142)	-
Translation adjustment	-	(2,406)	(906)	(10)	(19)	-	(3,341)
31 December 2017	94,314	691,601	411,970	105,851	45,667	208,728	1,553,131
<b>Accumulated depreciation</b>							
1 January 2016	985	22,455	210,785	44,610	10,799	-	289,634
Depreciation for the year	223	17,034	31,422	14,075	5,616	-	68,370
Depreciation on disposals/write-off	-	-	(389)	(759)	-	-	(1,148)
31 December 2016	1,208	39,489	241,818	57,926	16,415	-	356,856
Depreciation for the year	223	36,569	30,952	14,554	6,996	-	89,294
Increase from acquisition of subsidiary	-	11,703	4,480	129	220	-	16,532
Depreciation on disposals/write-off	-	(8)	(13,946)	(4,210)	(4,155)	-	(22,319)
Transfer in (out)	-	-	2,797	(2,797)	-	-	-
Translation adjustment	-	(478)	(183)	(5)	(9)	-	(675)
31 December 2017	1,431	87,275	265,918	65,597	19,467	-	439,688

(Unit: Thousand Baht)

## Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Allowance for impairment loss</b>							
1 January 2016	-	-	-	-	-	-	-
Increase during the year	-	-	19,142	161	-	-	19,303
31 December 2016	-	-	19,142	161	-	-	19,303
Increase during the year	-	-	-	-	-	-	-
31 December 2017	-	-	19,142	161	-	-	19,303
<b>Net book value</b>							
31 December 2016	93,106	161,286	75,095	32,769	15,699	504,095	882,050
31 December 2017	92,883	604,326	126,910	40,093	26,200	203,728	1,094,140
<b>Depreciation for the years</b>							
2016 (Baht 46.8 million included in manufacturing cost, and the balance in selling and administrative expenses)							68,370
2017 (Baht 68.1 million included in manufacturing cost, and the balance in selling and administrative expenses)							89,294

(Unit: Thousand Baht)

## Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Cost</b>							
1 January 2016	81,904	167,792	303,791	64,863	26,673	168,978	814,001
Additions	12,410	-	516	5,570	5,093	387,081	410,670
Disposals/write-off	-	-	(411)	(856)	-	-	(1,267)
Capitalised interest	-	-	-	-	-	4,207	4,207
Transfer in (out)	-	31,869	20,928	3,374	-	(56,171)	-
31 December 2016	94,314	199,661	324,824	72,951	31,766	504,095	1,227,611
Additions	-	63	742	11,089	18,392	188,870	219,156
Disposals/write-off	-	(24)	(14,053)	(4,304)	(5,295)	-	(23,676)
Capitalised interest	-	-	-	-	-	193	193
Transfer in (out)	-	434,276	61,267	7,599	-	(503,142)	-
31 December 2017	94,314	633,976	372,780	87,335	44,863	190,016	1,423,284
<b>Accumulated depreciation</b>							
1 January 2016	985	22,124	207,476	36,828	10,674	-	278,087
Depreciation for the year	223	16,939	29,794	11,606	5,547	-	64,109
Depreciation on disposals/write-off	-	-	(389)	(759)	-	-	(1,148)
31 December 2016	1,208	39,063	236,881	47,675	16,221	-	341,048
Depreciation for the year	223	35,922	29,693	12,385	6,918	-	85,141
Depreciation on disposals/write-off	-	(8)	(13,941)	(4,045)	(4,155)	-	(22,149)
31 December 2017	1,431	74,977	252,633	56,015	18,984	-	404,040

(Unit: Thousand Baht)

Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
<b>Allowance for impairment loss</b>							
1 January 2016	-	-	-	-	-	-	-
Increase during the year	-	-	14,063	-	-	-	14,063
31 December 2016	-	-	14,063	-	-	-	14,063
Increase during the year	-	-	-	-	-	-	-
31 December 2017	-	-	14,063	-	-	-	14,063
<b>Net book value</b>							
31 December 2016	93,106	160,598	73,880	25,276	15,545	504,095	872,500
31 December 2017	92,883	558,999	106,084	31,320	25,879	190,016	1,005,181
<b>Depreciation for the years</b>							
2016 (Baht 46.4 million included in manufacturing cost, and the balance in selling and administrative expenses)							64,109
2017 (Baht 66.8 million included in manufacturing cost, and the balance in selling and administrative expenses)							85,141

Borrowing costs amounting to Baht 0.2 million were capitalised as cost of assets during the year ended 31 December 2017 (2016: Baht 4.2 million). The weighted average rate of 3.85% has been used to determine the amount of borrowing costs eligible for capitalisation (2016: 3.89%).

As at 31 December 2016, the Group had machineries and vehicles under finance lease agreements with net book values amounting to Baht 2.4 million (2017: None).

As at 31 December 2017, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 195.1 million (2016: Baht 173.8 million) (the Company only: Baht 187.0 million (2016: Baht 167.5 million)).

As at 31 December 2017, the Company had buildings and structures located on leased land with net book values amounting to Baht 82.6 million (2016: Baht 97.0 million). Under the land lease agreements, the Company has to transfer ownership of the buildings and structures to the lessors when the agreements are terminated.

The Company has pledged land with structures with net book values as at 31 December 2016 amounting to Baht 494.6 million as collateral against long-term loans received from a bank. During 2017, the Company made full repayment of the remaining loans prior to the due dates and redeemed the pledged assets.

## 16. Intangible assets

The net book values of intangible assets as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer			Total
	Computer software	software under implementation	Trademarks	
31 December 2017				
Cost	28,075	7,122	1,000	36,197
Less: Accumulated amortisation	(12,161)	-	-	(12,161)
Net book value	15,914	7,122	1,000	24,036
31 December 2016				
Cost	18,683	-	1,000	19,683
Less: Accumulated amortisation	(9,736)	-	-	(9,736)
Net book value	8,947	-	1,000	9,947

(Unit: Thousand Baht)

	Separate financial statements			
	Computer			Total
	Computer software	software under implementation	Trademarks	
31 December 2017				
Cost	24,571	7,122	1,000	32,693
Less: Accumulated amortisation	(10,053)	-	-	(10,053)
Net book value	14,518	7,122	1,000	22,640
31 December 2016				
Cost	16,521	-	1,000	17,521
Less: Accumulated amortisation	(7,722)	-	-	(7,722)
Net book value	8,799	-	1,000	9,799

A reconciliation of the net book values of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	9,947	10,623	9,799	10,332
Acquisitions of computer software	9,392	248	8,050	171
Acquisitions of computer software under implementation	7,122	-	7,122	-
Acquisitions of trademarks	-	1,000	-	1,000
Amortisation	(2,425)	(1,924)	(2,331)	(1,704)
Net book value at end of year	<u>24,036</u>	<u>9,947</u>	<u>22,640</u>	<u>9,799</u>

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

#### 17. Goodwill

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Net book value at beginning of year	-	-
Goodwill from acquisition of a subsidiary	43,808	-
Exchange differences on translation of financial statements in foreign currency	(1,789)	-
Net book value at end of year	<u>42,019</u>	<u>-</u>

As at 31 December 2017, the Company is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed of GIM Factory, Inc. as at the acquisition date as mentioned in Note to financial statements no.13.

#### 18. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deposits and guarantees	12,691	9,646	2,254	1,808
Advances for purchases of assets	22,351	23,269	17,327	22,741
Others	2,205	1,752	1,272	1,707
Total	<u>37,247</u>	<u>34,667</u>	<u>20,853</u>	<u>26,256</u>

**19. Short-term loans from banks**

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated/Separate financial statements	
	2017	2016	2017	2016
	Promissory notes	2.00 - 2.20	-	426,000
Trust receipts	-	1.95 - 2.58	-	112,367
<b>Total</b>			<b>426,000</b>	<b>112,367</b>

**20. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Trade payables - related parties	44	90	14,051
Trade payables - unrelated parties	303,513	340,125	229,479	302,910
Accrued expenses - related parties	-	17	160	144
Accrued expenses - unrelated parties	245,418	201,223	237,771	198,274
Other payables for purchases of assets - related party	-	1,000	-	1,000
Other payables for purchases of assets - unrelated parties	13,167	16,610	8,783	15,953
<b>Total</b>	<b>562,142</b>	<b>559,065</b>	<b>490,244</b>	<b>532,367</b>

**21. Short-term loans**

As at 31 December 2017, the Group has short-term loan from an unrelated company amounting to USD 0.4 million, which is due within February 2018 and carries interest at the rate of 4.6% per annum (2016: None).

## 22. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	2017	2016
<b>The Company's</b>				
Secured loan in Thai Baht	MLR-2.75	2017: Full repayment of Baht 45.3 million prior to due dates in March 2017 (2016: monthly with installments of Baht 4.7 million commencing from November 2016 to September 2017 and last repayment Baht 3.2 million)	-	45,320
<b>A subsidiary's</b>				
Unsecured loan of USD 0.1 million	2.5	Repayment on demand	3,302	-
Unsecured loan of USD 0.4 million	4.6	Grace period for repayment of loan principle and interests for 5 years from 13 November 2017	14,035	-
Total			17,337	45,320
Less: Portion due within one year			-	(45,320)
Portion due more than one year			17,337	-

In November 2016, the Company made early repayment of Baht 62.4 million prior to the due dates stipulated in the secured loan agreement and entered into a memorandum amending the repayment schedule for the secured loan. In March 2017, the Company made full repayment of Baht 45.3 million prior to the due dates.

As at 31 December 2016, the loan agreement contains covenants pertaining to matters including the maintenance of the shareholding of the major shareholders and certain financial ratios stipulated in the agreement, such as debt to equity and debt service coverage ratios (2017: None).

As at 31 December 2017, the Company has undrawn credit facility granted under the secured long-term loan agreement amounting to Baht 300.0 million (2016: Baht 287.6 million).

## 23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	-	1,392	-	-
Less: Deferred interest expenses	-	(34)	-	-
Total	-	1,358	-	-
Less: Portion due within one year	-	(1,358)	-	-
Portion due more than one year	-	-	-	-

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

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

#### 24. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Payables to the Revenue Department	5,144	3,720	4,492	3,255
Advances received from customers	1,985	5,235	1,985	5,235
Retention payable	2,906	17,350	2,752	17,350
Others	689	926	689	805
<b>Total</b>	<b>10,724</b>	<b>27,231</b>	<b>9,918</b>	<b>26,645</b>

#### 25. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2017 and 2016, which represents compensation payable to employees after they retire, was as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at end of year	8,615	6,323	8,326	6,121
Current service cost	2,309	2,083	2,212	2,003
Interest cost	281	209	271	202
<b>Provision for long-term employee benefits at end of year</b>	<b>11,205</b>	<b>8,615</b>	<b>10,809</b>	<b>8,326</b>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales	1,598	1,393	1,544	1,346
Selling and administrative expenses	992	899	939	859
Total	<u>2,590</u>	<u>2,292</u>	<u>2,483</u>	<u>2,205</u>

As at 31 December 2017, the Group expects to pay Baht 233 thousand of long-term employee benefits during the next year (2016: Baht 119 thousand) (the Company only: Baht 233 thousand (2016: Baht 119 thousand)).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 27.2 years (2016: 27.2 years) (the Company only: 26.9 years (2016: 26.9 years)).

Significant actuarial assumptions are summarised below.

	Consolidated/Separate	
	financial statements	
	2017	2016
	(% per annum)	(% per annum)
Discount rate	3.3	3.3
Salary increase rate	3.5 and 6.0	3.5 and 6.0
Staff turnover rate		
Daily employee	0 to 40	0 to 40
Monthly employee	0 to 30	0 to 30

The result of sensitivity analysis for significant assumptions that affect to increase (decrease) in the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statements	
	2017	2016	2017	2016
Discount rate				
Increase by 1%	3)	7)	3)	7)
Decrease by 1%	7	6	9	9
Salary increase rate				
Increase by 1%	5	2	8	0
Decrease by 1%	58)	3)	10)	9)
Staff turnover rate				
Increase by 20% of base in each age	22)	57)	33)	10)
Decrease by 20% of base in each age	3	3	3	2

## 26. Statutory reserve

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

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

## 27. Expenses by nature

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary, wages and other employee benefits	816,345	694,797	783,956	671,742
Depreciation and amortisation	91,719	70,924	87,473	65,813
Rental expenses from operating lease agreements	51,336	36,565	30,541	24,927
Transportation expenses	81,810	75,248	81,082	75,134
Utilities and energy expenses	64,106	43,863	62,913	43,329
Sale promotion and marketing expenses	453,262	293,587	453,117	293,473
Raw materials and consumables used	2,702,468	2,356,343	2,697,734	2,354,867
Purchases of merchandise goods	98,910	72,359	-	-
Changes in inventories of finished goods and work in process	(32,504)	(25,524)	(24,721)	(22,914)

## 28. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax				
Current income tax charge	186,160	195,847	176,974	189,903
Deferred tax				
Relating to origination and reversal of temporary differences	(2,739)	1,417	(2,682)	(1,169)
Income tax expenses reported in the statements of comprehensive income	<u>183,421</u>	<u>197,264</u>	<u>174,292</u>	<u>188,734</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax relating to unrealised gain on revaluation of available-for-sale investments	<u>79</u>	<u>742</u>	<u>79</u>	<u>742</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	791,858	979,112	753,201	937,507
Applicable tax rate in Thailand	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	158,372	195,822	150,640	187,501
Effects of:				
Non-deductible expenses	2,368	2,805	2,173	2,797
Additional expense deductions allowed	(2,607)	(2,074)	(2,526)	(2,069)
Others	25,288	711	24,005	505
Total	25,049	1,442	23,652	1,233
Income tax expenses reported in the statements of comprehensive income	183,421	197,264	174,292	188,734

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	1,230	1,032	760	792
Allowance for diminution in value of inventories	3,022	2,013	2,989	1,993
Allowance for loss on impairment of assets	3,861	3,861	2,813	2,813
Temporary differences of finance lease agreements	553	1,322	553	1,115
Temporary differences of depreciation of assets located on leased land	2,358	567	2,358	567
Provision for long-term employee benefits	2,241	1,723	2,162	1,665
Others	500	508	500	508
Total	13,765	11,026	12,135	9,453
Deferred tax liability				
Unrealised gain on revaluation of available-for-sale investments	79	742	79	742
Total	79	742	79	742
Deferred tax asset - net	13,686	10,284	12,056	8,711

As at 31 December 2017, a subsidiary has unused tax losses totaling Baht 2.0 million (2016: Baht 2.0 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will gradually expire within the year 2021 (2016: year 2021).

## 29. Promotional privileges

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

Promotional privileges for No.	Certificate no.			
	1433/2553	1514(2)/2554	2155(2)/2554	2103(2)/2557
1. Exemption from import duty on machinery as approved by the Board of Investment.	Granted (expired)	Granted (expired)	Granted (Expired and not yet exercised)	Granted (expired)
2. Exemption from corporate income tax on net profit from the promoted operations.	-	8 years (Not yet exercised)	7 years (Not yet exercised)	7 years (Not yet exercised)
3. Exemption from import duty on imported and essential raw materials used in manufacturing for export sales for a period of 1 year commencing as from the first importation date. However, the promotion period was extended.	Granted	Granted (Not yet exercised)	Granted	Granted (Not yet exercised)
4. Exemption from import duty on items imported for re-export, for a period of 1 year commencing as from the first importation date. However, the promotion period was extended.	Granted (Not yet exercised)	Granted (Not yet exercised)	Granted (Not yet exercised)	Granted (Not yet exercised)

### **30. Earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

### **31. Segment information**

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

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

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

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

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

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

(Unit: Million Baht)

	2017					Consolidated
	Snack segment	Retailer segment	Others	Total segments	Eliminations	
<b>For the year ended 31 December 2017</b>						
Revenues from external customers	5,026	236	2	5,264	-	5,264
Inter-segment revenues	65	3	194	262	(262)	-
Interest income	1	-	-	1	-	1
Interest expense	(14)	-	-	(14)	-	(14)
Depreciation and amortisation	(88)	(3)	(1)	(92)	-	(92)
Income tax expenses	(137)	(7)	(2)	(146)	-	(146)
<b>Segment profit</b>	<b>573</b>	<b>27</b>	<b>9</b>	<b>609</b>	<b>(1)</b>	<b>608</b>
<b>As at 31 December 2017</b>						
<b>Segment total assets</b>	<b>3,262</b>	<b>104</b>	<b>66</b>	<b>3,432</b>	<b>(110)</b>	<b>3,322</b>
Increase of non-current assets other than financial instruments and deferred tax assets	203	6	20	229	-	229
<b>Segment total liabilities</b>	<b>1,098</b>	<b>52</b>	<b>36</b>	<b>1,186</b>	<b>(40)</b>	<b>1,146</b>

(Unit: Million Baht)

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

For the years ended 31 December 2017 and 2016, revenues from external customers based on locations of the customers are as follows.

Country	(Unit: Million Baht)	
	2017	2016
Thailand	2,063	1,923
China	2,104	1,761
Malaysia	169	158
Indonesia	151	153
Hong Kong	135	117
United States of America	92	79
Others	550	514
<b>Total</b>	<b>5,264</b>	<b>4,705</b>

For the year 2017, the Company had revenues from 4 major customers in amount of Baht 3,200 million (2016: Baht 2,811 million derived from 4 major customers), arising from sales by the snack segment.

### 32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contribute to the fund monthly at the rate of 3% - 7% of basic salary. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The Group recognised the contributions for the year 2017 amounting to Baht 8.4 million as expenses (2016: Baht 69 million) (the Company only: Baht 8.1 million (2016: Baht 6.9 million)).

### 33. Dividends

Dividends	Approved by	Shares (Thousand shares)	Dividend per share (Baht)	Total dividends (Thousand Baht)
Final dividend for the year 2016	Annual General Meeting of the Shareholders on 26 April 2017	1,380,000	0.30	414,000
Interim dividend for the year 2017	Board of Directors' meeting on 15 August 2017	1,380,000	0.17	234,600
<b>Total for 2017</b>				<b>648,600</b>
Final dividend for the year 2015	Annual General Meeting of the Shareholders on 19 April 2016	1,380,000	0.105	144,900
Interim dividend for the year 2016	Board of Directors' meeting on 9 August 2016	1,380,000	0.19	262,200
<b>Total for 2016</b>				<b>407,100</b>

## 34. Commitments and contingent liabilities

### 34.1 Capital commitments

As at 31 December 2017, the Group had capital commitments of Baht 38.3 million and EUR 0.5 million (2016: Baht 35.0 million, USD 0.2 million and EUR 0.6 million), relating to purchases of machinery and equipment and construction of factory buildings.

### 34.2 Commitments under operating lease and service agreements

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

As at 31 December 2017 and 2016, future minimum payments required under these agreements were as follows.

Payable	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
In up to 1 year	48.1	52.8	24.0	43.3
In over 1 and up to 5 years	47.3	21.0	15.5	18.4
In over 5 years	22.1	14.9	11.3	14.9

### 34.3 Commitments under purchase of raw material agreement

The Company entered into the agreements to purchase raw materials from overseas suppliers, for period of delivery within 1 year, in quantities and at prices stipulated in the agreements. As at 31 December 2016, the Company had the commitments under these agreements of USD 2.6 million (2017: None).

### 34.4 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 2.5 million (2016: Baht 2.4 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. These included letters of guarantee to guarantee electricity use and others.

### 34.5 Litigations

On 9 February 2016, a Japanese company filed a civil lawsuit against the Company with the Central Intellectual Property and International Trade Court for breach of a technical assistance agreement, claiming damages amounting to USD 150,000 plus interest at a rate of 7.5% per annum from the date the lawsuit was filed (or approximately Baht 5.5 million). On 2 May 2016, the Court dismissed the case since the plaintiff and the Company were bound by the rules of the arbitration clause stipulated in the agreement. As the plaintiff and the Company were bound to settle the dispute through the arbitration process at Singapore International Arbitration Centre, the case was ended. However, the plaintiff appealed the Court's order to dismiss the case. The case is currently under the Supreme Court's consideration. The Company's management has assessed the circumstances and believes that the Company would not incur material losses. The Company therefore did not record any provision for compensation claims in the financial statements for the current year.

### 35. Fair value hierarchy

As at 31 December 2017 and 2016, the Company had the assets that were measured or disclosed at fair value using different levels of inputs as follow.

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	2017			
	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value				
Available-for-sale investment				
Unit trusts - fixed income fund	-	260,867	-	260,867
Financial asset which fair value is disclosed				
Investment property	-	42,162	-	42,162
	Consolidated/Separate financial statements			
	2016			
	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value				
Available-for-sale investment				
Unit trusts - fixed income fund	-	455,623	-	455,623
Financial asset which fair value is disclosed				
Investment property	-	42,110	-	42,110

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

## 36. Financial instruments

### 36.1 Financial risk management

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

#### **Credit risk**

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

#### **Interest rate risk**

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

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the tables below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	2017					
	Fixed interest rates		Floating	Non-interest	Total	Interest rate (% per annum)
Within 1 year	More than 1 - 5 years	interest rate	bearing			
<b>Financial assets</b>						
Cash and cash equivalents	-	-	283	18	301	0.10 - 0.375
Current investments	1	-	-	260	261	0.90
Trade and other receivables	-	-	-	634	634	-
	<u>1</u>	<u>-</u>	<u>283</u>	<u>912</u>	<u>1,196</u>	
<b>Financial liabilities</b>						
Short-term loans from banks	426	-	-	-	426	2.00 - 2.20
Trade and other payables	-	-	-	562	562	-
Short-term loans	14	-	-	-	14	4.60
Long-term loans	-	17	-	-	17	2.50 - 4.60
	<u>440</u>	<u>17</u>	<u>-</u>	<u>562</u>	<u>1,019</u>	

(Unit: Million Baht)

## Consolidated financial statements

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

(Unit: Million Baht)

## Separate financial statements

	2017					Interest rate (% per annum)
	Fixed interest rates		Floating	Non-interest bearing	Total	
	Within 1 year	More than 1 - 5 years	interest rate			
<b>Financial assets</b>						
Cash and cash equivalents	-	-	208	16	224	0.10 - 0.375
Current investments	1	-	-	260	261	0.90
Trade and other receivables	-	-	-	645	645	-
Long-term loan to a subsidiary	-	3	-	-	3	2.50
	<u>1</u>	<u>3</u>	<u>208</u>	<u>921</u>	<u>1,133</u>	
<b>Financial liabilities</b>						
Short-term loans from banks	426	-	-	-	426	2.00 - 2.20
Trade and other payables	-	-	-	490	490	-
	<u>426</u>	<u>-</u>	<u>-</u>	<u>490</u>	<u>916</u>	

(Unit: Million Baht)

	Separate financial statements					
	2016					
	Fixed interest rates		Floating		Total	Interest rate (% per annum)
	Within 1 year	More than 1 - 5 years	interest rate	Non-interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	1	-	173	80	254	0.10 - 1.00
Current investments	300	-	-	456	756	2.00 - 2.20
Trade and other receivables	-	-	-	502	502	-
	<u>301</u>	<u>-</u>	<u>173</u>	<u>1,038</u>	<u>1,512</u>	
<b>Financial liabilities</b>						
Short-term loans from banks	112	-	-	-	112	1.95 - 2.58
Trade and other payables	-	-	-	532	532	-
Long-term loans	-	-	45	-	45	MLR-2.75
	<u>112</u>	<u>-</u>	<u>45</u>	<u>532</u>	<u>689</u>	

### **Foreign currency risk**

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

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.1	1.3	0.3	6.3	32.68	35.83
Singapore dollar	0.8	1.7	0.2	0.6	24.45	24.80
Yen	-	-	0.1	0.2	0.29	0.31
Yuan	-	-	0.2	-	5.08	-

  

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.2	1.3	0.3	6.3	32.68	35.83
Singapore dollar	0.8	1.7	0.2	0.6	24.45	24.80
Yen	-	-	0.1	0.2	0.29	0.31
Yuan	-	-	0.2	-	5.08	-

As at 31 December 2017 and 2016, the Company has forward exchange contracts outstanding are summarised below.

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

  

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

### 36.2 Fair values of financial instruments

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

### 37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.5:1 (2016: 0.4:1) (the Company only: 0.5:1 (2016: 0.4:1)).

### 38. Events after the reporting period

On 26 February 2018, a meeting of the Company's Board of Directors passed resolutions approving to propose that the Annual General Meeting of Shareholders to be held in April 2018 as follows.

- To approve the dividend payment to the shareholders in respect of the 2017 profit totaling Baht 469.2 million. The final dividend payment after deducting the interim dividend payment of Baht 234.6 million paid during 2017 is in the amount of Baht 234.6 million, or at the rate of Baht 0.17 per share. The dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.
- To enter into a joint venture agreement with two companies in Thailand to operate a joint venture which would principally engage in the manufacture and distribution of snacks in Thailand. The share capital of the joint venture will be Baht 5 million and will be increased to Baht 60 million after registration of the joint venture. The Company's investment will represent a 50% of the joint venture's registered capital.

### **39. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2018.