



I N  
N A T U R E  
W E A L L  
L I V E



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## IN NATURE WE ALL LIVE

Mother Nature have long been human's source of life as man and nature have been living in harmony since the beginning of time. We at Tipco believe that the healing force of nature is a miracle to mankind. We continue to strive and take pride in delivering the miracle of nature to our consumer. Our tireless effort to emulate nature's strength can be seen in our product innovation and quality. We are proud to be part of your daily life as the bridge to deliver nature's best quality to improve your health and quality of life.

# Mission

## Bring wellness to society

Wellness means the state of being in good health, physically and mentally. Wellness can be achieved through our overall way of living, not through any particular activity. Wellness requires self-discipline and time. There is no short-cut. Thus, TIPCO aims not only to sell products but also to learn and understand people's way of living in order to create and propose living patterns that lead to the well-being of people by using products and services to bring wellness to society.



# Vision

A market driving company that enhances value to stakeholders

To realize our mission, TIPCO not only focuses on the needs of consumers but also leads and drives changes in consumers' behaviors and living patterns. Leading and driving the market will enhance value to all stakeholders from employees, customers, trading partners, business alliances, shareholders and lenders to communities and society as a whole. That is, we aim to improve the well-being of each and every party.





## Core Value

T Teamwork

I Innovation

P Passion

C Commitment

O Openness

# Organization Chart



# Ratio for Annual Report

As of / for the year ending 31 December	2016 (Consolidated)	2016 (Company)	2015 (Consolidated)	2015 (Company)
<b>Common Share (Per Share)</b>				
Par value	1.00	1.00	1.00	1.00
Book value	8.44	3.67	7.39	3.39
Earnings per share	1.69	0.79	2.46	0.38
<b>Financial Performance (Baht)</b>				
Revenues from sale	5,273,206,676	2,773,320,086	4,677,507,627	2,266,843,958
Total Revenues	5,366,966,970	3,100,879,023	4,899,034,995	2,599,658,322
Gross Profit	1,456,474,138	458,289,718	1,066,329,777	191,346,815
Earning before interest and tax	821,383,684	407,953,922	1,249,760,326	223,922,378
Net Profit	765,845,662	380,920,313	1,178,936,355	182,967,033
<b>Financial Position (Baht)</b>				
Current Assets	1,698,511,961	796,626,808	1,754,047,906	611,246,000
Total Assets	6,808,820,972	2,771,920,942	6,714,943,708	2,649,113,691
Current Liabilities	1,507,690,273	488,081,381	2,157,894,279	860,370,919
Total Liabilities	2,366,386,487	1,000,584,382	2,734,164,641	1,014,046,009
Issued and paid-up share capital	482,579,640	482,579,640	482,579,640	482,579,640
Shareholder's equity of the parent	4,074,332,347	1,771,336,560	3,565,419,357	1,635,067,682
Shareholder's equity	4,442,434,485	1,771,336,560	3,980,779,067	1,635,067,682
<b>Financial Ratio</b>				
Gross Profit margin (%)	27.6%	16.5%	22.8%	8.4%
EBIT margin (%)	15.3%	13.2%	25.5%	8.6%
Net Profit margin (%)	14.3%	12.3%	24.1%	7.0%
Dividend Payout ratio (%)	23.1%	49.4%	10.2%	65.8%
Return on Equity (%)	20.0%	21.5%	33.3%	11.2%
Return on Total non-current assets (%)	15.0%	19.3%	23.8%	9.0%
Return on Total assets (%)	11.2%	13.7%	17.6%	6.9%
Time interest earned (Times)	20.8	18.8	21.2	6.4
Current ratio (Times)	1.1	1.6	0.8	0.7
Quick ratio (Times)	0.5	0.7	0.5	0.4
Debt - equity ratio (Times)	0.5	0.6	0.7	0.6







# Message from the Chairman

To All shareholders,

2016 showed signs of a slight economic recovery as compared to the year earlier with the highly competitive business environment in which Tipco and its group companies operated. It is my great pleasure to announce Tipco's successful operating results for 2016. The Company posted income of Baht 5,273 million, a 13% increase year-on-year, and a net profit attributable to its shareholders of Baht 814 million. The solid performance was driven by the strong determination and collaboration of the Company's management and personnel to develop plans and cope with challenges faced by its various businesses in an efficient manner.

As for the outlook of each business, the fruit processing business encountered a very challenging situation, especially in the past 2-3 years, with the high level of raw material prices. However, thanks to the ability to manage product selling prices, production costs, and raw material prices through the contract farming scheme, the fruit processing business revived and saw a satisfactory performance last year.

As regards the consumer business, despite the high competition from the new players, the Company managed to maintain a leader position in the fruit juice market. Last year, the Company continued to focus on launching new products to consumers, such as Tipco Plus Collagen and Tipco Mocktail. As for the mineral water business, the "Aura" natural mineral water, which is originated from the cold spring in the mountain at an altitude of 2,700 feet above sea level, saw ongoing growth in sales and market share. The production capacity of the factory in Mae Rim District, Chiangmai Province, reached a high level. As such, the expansion of the production capacity to support the growing demand for the "Aura" natural mineral water became a key mission for the Company to drive its business growth going forward.

The agricultural business continued to grow due to the unique taste of the Company's own "Homsuwan" pineapple that received a warm welcome from its consumers. As for the retail business, the Company continually developed and introduced new products through diversified formats such as healthy food, snacks, and drinks to respond to the health and wellness trends where consumers are more drawn to what nourishes and strengthens their bodies.

Apart from its main businesses, the Company recently opened two new businesses last year. The first one is "August Organic Eatery" with the first branch located at the Mercury Ville Tower, offering organic fusion cuisine with high-quality organic ingredients and refined taste to stay current with the healthy food trends. The second one is "Homsuwan Pina Pina" with the first shop opened at the Siam Paragon shopping mall, selling snacks and drinks most of which are developed from the "Homsuwan" pineapple. The highlights include a variety of menus creatively made from the "Homsuwan"

pineapple plus its unique flavor. The shop is aimed to build and strengthen the "Homsuwan" brand and its quality to be more widely recognized by consumers.

2016 marked another important year in which the Company and its group companies showed their capabilities through their high-quality products and consumer confidence towards the "Tipco" brand. The Company achieved outstanding success through winning a number of prestigious awards at the global and national levels, including the following:

- The "Aura" natural mineral water achieved the Grand Gold Quality Award 2016 in the category of Beers, Waters, and Soft Drinks. The award is regarded as the highest accolade for a product with great quality and flavors, granted by Monde Selection, an international quality institute, which evaluates consumer products to indicate the level of quality to consumers for more than 50 years.
- The "Aura" natural mineral water and the "Homsuwan" pineapple won the Superior Taste Award at the 3-star level (the highest level) from the International Taste and Quality Institute (ITQi), the world's leading organization dedicated to testing and promoting superior food and drink products. The "Homsuwan" pineapple was the only pineapple variety that achieved the Superior Taste Award for 2016. Tipco's other award-winning products included Broccoli Juice, Cranberry Juice, Carrot Juice, Shogun Orange Juice, and Coconut Juice.
- The "Tipco" brand was the world's first fruit juice brand that won the "Brand of the Year" at the World Branding Award 2016 hosted by the World Branding Forum. The award is annually granted based on brand value creation and consumer market research.
- The Company received the "No.1 Brand Thailand 2015-2016 Award" as the most popular brand in the categories of 100% Fruit Juice and Non 100% Fruit Juice by the Marketeer Magazine, Thailand's leading marketing and advertising magazine.
- The Company won the Prime Minister's Export Award in the category of Best Exporter. This award is the Thai government's highest official award annually granted to outstanding Thai manufacturers and exporters of products and services to showcase and acknowledge their top quality, high standards, and good image.

On behalf of the Board of Directors of Tipco, I would like to express my sincere thanks to all shareholders, trading partners, and trading alliances across all sectors for the continued support and confidence in our organization. Also, I would like to thank our management team as well as employees for their hard work and dedication throughout 2016. Moving forward, we will continue to adhere to the good corporate governance principle and strive to achieve sustainable success in leading the market and creating value for our shareholders.



Laksana Supsakorn  
Chairman



BOARD OF DIRECTORS



BOARD OF INDEPENDENT  
DOIRECTORS



MANAGING DIRECTOR AND  
COMPANY SECRETARY



EXECUTIVE MANAGEMENT  
OF TIPCO FOOD GROUP





**Miss Laksana Supsakorn**  
Chairman of the Board  
Authorized director

**Age:** 64 years

**Education:**

- M.B.A. Wharton Business School, University of Pennsylvania, USA
- Bachelor Degree, Accounting (Honor), Chulalongkorn University

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2014 Role of the Chairman Program (RCP)
- 2014 Director Certification Program (DCP)
- 2012 Director Accreditation Program (DAP)

**Shareholding in Company:** 37,861,267 shares 7.85%

**Family Relationship with Management:**

Younger sister of Mrs. Anurat Tiamtan and Mr. Sitilarb Supsakorn, elder sister of Miss Roumsin Supsakorn and elder sister of Mr. Somchit Sertthin's wife

**Holding a Position of Director in Listed Companies at present:**

- Tipco Asphalt Public Co., Ltd.

**Holding a Position of Director in Other Companies at present :**

- Siam Container Terminal Co., Ltd.
- Peyanarongwit Co., Ltd.
- Vanichapark Co., Ltd.
- Thanomwongse Service Co., Ltd.
- Ruamsapsin Co., Ltd.
- Thai Slurry Seal Co., Ltd.

**Related Experience :**

2013 - Present	Present Chairman of the Board, Tipco Foods Public Co., Ltd.
2013 - Present	Present Chairman of the Board, Tipco F&B Co., Ltd.
2013 - Present	Present Chairman of the Board, Tipco Asphalt Public Co., Ltd.
2012 - Present	Present Director, Peyanarongwit Co., Ltd.
2011 - Present	Present Director, Vanichapark Co., Ltd.
2003 - Present	Present Director, Thanomwongse Service Co., Ltd.

\*Appointed to be the director since 1992



**Mrs. Anurat Tiamtan**  
Director  
Authorized director

**Age:** 67 Years

**Education:**

- M.Sc. (Biochemistry), The American University, Washington D.C., USA
- B.Sc. (Chemistry), Kasetsart University

**Courses on Directors Roles & Responsibilities / Thai Institute of Directors:**

- 2004 Director Certification Program (DCP)
- 2001 Chairman Program 2000

**Shareholding in Company:** 30,966,765 shares 6.42%

**Family Relationship with Management:**

Elder sister of Mr. Sitilarb Supsakorn, Miss Laksana Supsakorn and Ms. Roumsin Supsakorn and elder sister of Mr. Somchit Sertthin's wife

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Companies at present :**

- Thanomwongse Service Co., Ltd.
- Siam Container Terminal Co., Ltd.
- Ruamsapsin Co., Ltd.
- Tipco Tower Co., Ltd.
- Tipco Biotech Co., Ltd.

**Related Experience :**

2013 - Present	Director, Tipco Foods Public Co., Ltd.
2008 - Present	Present Director, Tipco Biotech Co., Ltd.
2003 - 2013	Chairman of the Board, Tipco Foods Public Co., Ltd.
2003 - 2013	Chairman of the Board, Tipco Asphalt Public Co., Ltd.
2003 - 2013	Chairman of the Board, Thanomwongse Service Co., Ltd.

\*Appointed to be the director since 1992



## Miss Roumsin Supsakorn

Director

Authorized director

**Age:** 63 years

**Education:**

- Master's Degree of MBA The American University, Washington DC, USA
- Bachelor's Degree of B.S. Boston University, Boston, Massachusetts, USA

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2013 Director Accreditation Program (DAP)

**Shareholding in Company:** 48,500,000 shares 10.05%

**Family Relationship with Management:**

Sister of Mrs. Anurat Tiamtan Mr. Sitilarb Supsakorn Miss Laksana Supsakorn and elder sister of Mr. Somchit Sertthin's wife

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Companies at present :**

- Siam Container Terminal Co., Ltd.
- Thanomwongse Service Co., Ltd.
- Ruamsapsin Co., Ltd.
- Tipco Tower Co., Ltd.

**Related Experience:**

1996 - Present Director, Tipco Foods Public Co., Ltd.  
 1988 - 2000 Director, Siam Container Transport and Terminal Co., Ltd.  
 1988 - 1990 Director, Ekachai Container Terminal Co., Ltd.

\*Appointed to be the director since 1996



## Mr. Sitilarb Supsakorn

Director

Authorized director

**Age:** 66 years

**Education:**

- Bachelor's Degree of Business Administration, Babson College, MA, USA

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2012 Director Accreditation Program (DAP)

**Shareholding in Company:** 55,000,000 shares 11.40%

**Family Relationship with Management:**

Brother of Mrs. Anurat Tiamtan, Miss Laksana Supsakorn and Miss Roumsin Supsakorn and brother-in-law of Mr. Somchit Sertthin

**Holding a Position of Director in Listed Companies at present:**

- Tipco Asphalt Public Company Limited

**Holding a Position of Director in Other Companies at present:**

- Siam Container Terminal Co., Ltd.
- Thanomwongse Service Co., Ltd.
- Ruamsapsin Co., Ltd.
- Tipco Tower Co., Ltd.
- Thai Slurry Seal Co., Ltd.

**Related Experience:**

2013 - Present Director, Tipco Foods Public Co., Ltd.  
 2012 - Present Director, Siam Container Terminal Co., Ltd.  
 2001 - Present Director, Tipco Asphalt Public Co., Ltd.  
 1996 - Present Director, Thanomwongse Service Co., Ltd.

\*Appointed to be the director since 1992





**Mr. Somchit Sertthin**  
 Director  
 Authorized Director

**Age:** 64 years

**Education:**

- B.S. Business Administration, Babson College, Wellesley, MA, USA

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2014 Anti-Corruption for Executive Program (ACEP)
- 2014 National Director Conference
- 2013 Director Accreditation Program (DAP)
- 2003 Director Certification Program (DCP)

**Shareholding in Company:** 11,599,846 shares (2.4%)

**Family Relationship with Management:**

Brother-in-law of Mrs. Anurat Tiamtan, Mr. Sitilarb Supsakorn, Ms. Laksana Supsakorn and Ms. Roumsin Supsakorn

**Holding a Position of Director in Listed Companies at present:**

- Tipco Asphalt Public Co., Ltd.

**Holding a Position of Director in Other Companies at present:**

- Tipco Biotech Co., Ltd.

**Related Experience:**

- 2008 - Present Present Director, Tipco Biotech Co., Ltd.
- 2005 - Present Present Director, Tipco Foods Public Co., Ltd.  
Present Chief Executive Officer,
- 2001 - Present Tipco Asphalt Public Co., Ltd. (Type of business : Manufacturer and distributor of asphalt products)
- 1986 - Present Present Director, Tipco Asphalt Public Co., Ltd. (Type of business : Manufacturer and distributor of asphalt products)

\*Appointed to be the director since 2005



**Mr. Surachet Supsakorn**

Director and Member of the Nomination and Remuneration Sub-Committee  
 Authorized director

**Age:** 55 years

**Education:**

- Master's Degree of Business Administration in Finance, Kasetsart University
- Bachelor's Degree of Business Administration in Accounting, Rajamangala University of Technology

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2004 - Director Certification Program (DCP), Diploma, IOD
- 2003 - Director Certification Program (DCP), Certificate of Completion, IOD

**Shareholding in Company:** None

**Family Relationship with Management:**

Cousin of Mrs. Anurat Tiemtjan, Mr. Sitilarb Supsakorn, Miss Laksana Supsakorn, Ms. Roumsin Supsakorn

**Holding a Position of Director in Listed Companies at present:**

- United Paper Public Co., Ltd.

**Holding a Position of Director in Other Companies at present:**

- Thanomwongse Service Co., Ltd.
- Ruamsapsin Co., Ltd.
- Tipco Tower Co., Ltd.

**Related Experience:**

- 2014 - Present Present Managing Director, Tipco Tower Co., Ltd.
- 2011 - Present Present Managing Director, Thanomwongse Service Co., Ltd.
- 2004 - Present Present Director and Nomination and Remuneration Committee, Tipco Foods Public Co., Ltd.
- 2004 - Present Present Independent Director and Chairman of the Audit Committee, United Paper Public Co., Ltd.
- 2001 - 2010 Deputy Managing Director, Thanomwongse Service Co., Ltd.
- 2000 Senior Manager - Administration, Thanomwongse Service Co., Ltd.

\*Appointed to be the director since 2003



**Mr. Virat Phairatphiboon**  
Independent Director and Chairman of the Audit Committee

**Age:** 69 years

**Education:**

- Bachelor's Degree in Economics and Business Administration, Adam State College, Colorado, U.S.A.
- Executive Development Program, Princeton University, USA

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2014 Director Certification Program Update (DCPU)
- 2013 Anti-Corruption for Executive Program (ACEP)
- 2008 Role of the Compensation Committee Program(RCC)
- 2004 Audit Committee Program (ACP)
- 2002 Director Certification Program DCP

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Companies at present:** Bank of Ayudhya Public Co., Ltd.

**Holding a Position of Director in Other Company :** None

**Related Experience:**

- |                |  |
|----------------|--|
| 2007 - Present | Present Audit Director and Nomination and Remuneration Committee Member - Bank of Ayudhya Public Co., Ltd. |
| 1999 - Present | Present Audit Committee Member - Bank of Ayudhya Public Co., Ltd.  |
| 1998 - Present | Present Independent Director - Bank of Ayudhya Public Co., Ltd.  |
| 2000           | President - CIMIC Finance and Securities Public Co., Ltd.  |

\*Appointed to be the director since 2007



**Mr. Paisal Pongprayoon**  
Independent Director / Audit Committee/  
Chairman of the Nomination & Remuneration Committee

**Age:** 67 years

**Education:**

- Master's Degree : Engineering concentrated in Industrial Engineering from Fairleigh Dickinson, USA
- Bachelor's Degree : Engineering concentrated in Civil Engineering from Villanova University, USA

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2014 Role of the Chairman Program (RCP)
- 2014 Director Certification Program (DCP)
- 2012 Directors Accreditation Program (DAP)

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Company :** None

**Related Experience:**

- |             |   |
|-------------|---|
| 2000 - 2010 | Head of Business Partner: True Corporation Public Co., Ltd.               |
| 2000 - 2010 | Managing Director, Smart Cable System Public Co., Ltd.                    |
| 1993 - 1997 | Director in Commercial Section, Telecom Asia Corporation Public Co., Ltd. |
| 1992 - 1993 | Real Estate Development Projects Manager, Thai Wah Engineering Co., Ltd.  |
| 1991 - 1992 | Assistant Managing Director, Hi-Tech Industry Estate Public Co., Ltd.     |

\*Appointed to be the director since 2012



**Mrs. Achara Pricha**  
Independent Director  
Audit Committee  
Member of the Nomination and  
Remuneration committee

**Age:** 60 years

**Education:**

- 1981- 1983 Master in Business Management, Asian Institute of Management
- 1974-1977 Bachelor degree of Mass Communications Arts. Major in Journalism.
- 1972-1974 Borpit Pimuk College. Major in French Language

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- 2014 Director Certificate Program
- 2015 Advanced Audit Committee Program(AACP)

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** Non

**Holding a Position of Director in Other Companies at present:**

- Sarnti Green Pack Co., Ltd.

**Related Experience:**

- 1995 - Present Present Director, Sarnti Green Pack Co., Ltd.
- 2008 - 2012 Director, SSJ Pte ., Ltd ., Singapore.
- 2008 - 2011 Director, Shaldan (Thailand) Co., Ltd.
- 2010 -2012 Assistant Vice President, Reno (Thailand) Co., Ltd.
- 2005 -2010 Second Vice President, International Business Division, ICC International PCL.

\*Appointed to be the director since 2014



**Mr. Chalit Limpanavech**  
Independent Director

**Age:** 64 years

**Education:**

- Master's Degree in Public Administration from Chulalongkorn University
- Attained the Senior Marketing Management Course in London 1987
- Bachelor's Degree of Business Administration in Marketing from Assumption University

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- Director Certificate Program (DCP)
- Financial Statements for Directors
- Audit Committee Program

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Company :** None

**Related Experience:**

- 2011 - Present Present Vice President for Academic Affairs, Marketing Association of Thailand
- 2011 - Present Present Chairman of marketing Management Group of the Thai Management Association (TMA)
- 2003 - 2011 Audit Director of Chuo Senko Advertising (Thailand) Public Company Limited
- 2003 - 2010 Dean of Communication Arts, Assumption University (ABAC)

\*Appointed to be the director since 2008



## Mr. Phicharn Sluckpetch Company Secretary

**Age:** 60 years

**Education:**

- Master's and Bachelor's Degree in Accounting from Thammasat University

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- Company Secretary Program
- Effective Minute Taking
- The new Anti-Corruption law 2011
- Improving Corporate Governance : Key to Advancing Thailand 2014
- Strengthening Anti-Corruption Practices in Your Boardroom 2014

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Company :** None

**Related Experience:**

2004 - Present	Company Secretary, Tipco Foods Public Co., Ltd.
2006 - 2014	VP Accounting & Internal Control, Tipco Foods Public Co., Ltd.
1990 - 2005	Manager of Finance and Accounting, Tipco Foods Public Co., Ltd.
1989	Dhara Pipe Co., Ltd.
1980 - 1988	Siam Cement Co., Ltd.

\*Appoint Company Secretary of Tipco Foods Public Company Limited on March 25 th , 2003

## Mr. Ekaphol Pongstabhon Managing Director Authorized director

**Age:** 52 years

**Education:**

- Master's Degree : Finance and Marketing, Kellogg School of Management, Northwestern University, USA
- Bachelor's Degree: Science in Chemical Engineering, Chulalongkorn University

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- Director Certificate Program 141/2011, IOD
- Anti-Corruption for Executive Program (ACEP)
- First 100 Companies: Collective Power in Anti-corruption

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Companies at present:**

- Wice Logistics Public Company Limited

**Holding a Position of Director in Other Companies at present:**

- Tipco F&B Co., Ltd.
- Tipco Retail Co., Ltd.
- Tipco Biotech Co., Ltd.
- Sun Express Logistics, Singapore

**Related Experience:**

2012 - Present	Present Managing Director, Tipco Foods Public Co., Ltd.
2009 - 2012	Managing Director, Thai Film Industries Public Co., Ltd.
2006 - 2012	Acting Managing Director, Thai Copper Industries Public Co., Ltd.
2000 - 2006	Managing Director, DHL Express Vietnam Regional Sales Manager, DHL Express Singapore National Sales Manager, DHL Express Thailand

\*Appointed to be the director since 2012



**Mr. Chokchai Tocharoentanaphol**  
Chief Operating Officer

**Age:** 53 years

**Education:**

- Bachelor, Department of chemistry, Faculty of science, Chulalongkorn University
- Master of science in marketing, Thammasat University

**Seminars on Director Roles Responsibilities / Thai Institute of Directors :** None

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Company :** None

**Related Experience:**

General Electric, Product Manager ( Asia Pacific )  
Guardian industry, Sales and Marketing Director  
Ocean glass, Sales and Marketing Director  
Kuiburi fruit cannery, Managing Director



**Mr. Seishi Ueno**

Chief Operating Officer - Tipco F&B Co., Ltd.

**Age:** 64 years

**Education:**

- Master's Degree: M.B.A., New York University, Leonard N. Stern School of Business, U.S.A.
- Bachelor's Degree: Commerce, Doshisha University, Kyoto, Japan

**Seminars on Director Roles Responsibilities / Thai Institute of Directors :** None

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Company :** None

**Related Experience:**

2013 -Present	Present Chief Operating Officer, Tipco F&B Co., Ltd.
2011 - 2013	Executive Officer, Overseas Business Division II, Calbee, Inc., Tokyo, Japan
2010 - 2011	Executive General Manager, International Strategy Division, Suntory Limited, Tokyo, Japan
2007-2010	President and CEO, Suntory International Corporation, New York, U.S.A.



**Ms. Nitima Aungaticharts**  
Chief Financial Officer – Consumer  
Business and Retail Business

**Age:** 50 years

**Education:**

- M.B.A. (Master of Business Administration) Thammasat University
- Graduate Diploma in Audit Thammasat University
- Bachelor in Faculty of Commerce and Accountancy, Thammasat University

**Seminars on Director Roles Responsibilities / Thai Institute of Directors:**

- Corporate Secretary
- Investor relations

**Shareholding in Company:** 1,645 shares 0.0003%

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Company :** None

**Related Experience:**

2013 - Present	Chief Financial Officer – Consumer Business
2005 - 2013	Senior Manager: Finance & Planning Of Tipco Foods Public Company Limited
1999 - 2005	Finance & Planning Manager of Tipco Foods Public Company Limited
1998 - 1999	Financial controller (Thailand) Media Trans Asia (Thailand) and its affiliated companies.



**Mr. Peerapong Archawapongsawat**  
Managing Director – Tipco Retail Co., Ltd.

**Age:** 46 years

**Education:**

- Master's Degree: International Business, University of New Orleans, USA
- Bachelor's Degree: Marketing, Assumption University

**Seminars on Director Roles Responsibilities / Thai Institute of Directors :** None

**Shareholding in Company :** None

**Family Relationship with Management :** None

**Holding a Position of Director in Listed Company :** None

**Holding a Position of Director in Other Company :** None

**Related Experience:**

2015 - Present	Managing Director – Tipco Retail Co., Ltd.
2012 - 2014	Consumer Business Director
	Senior Manager - Retail Business & Food Services
2005 - 2012	Food Services
2003 - 2005	Retail Business Manager
2002 - 2003	Business Development Manager – Tipco Foods PCL.
2000 - 2001	Channel Manager – QSR – Nestle Co., Ltd.



# General Company Information

## 1. General Information

### 1.1 Company Information

Tipco Foods Public Company Limited (former name "Tipco Foods (Thailand) Public Company Limited") operates the main business in producing and exporting of canned pineapple, pineapple juice concentrate and canned mixed fruits. Current paid-up capital is Bt 482.58 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District , Bangkok. 10400
Public Company No	0107535000052
Home Page	<a href="http://www.tipco.net">www.tipco.net</a>
Telephone No.	0-2273-6200
Fax No.	0-2271-4304, 0-2271-1600
Factory	212 Moo 16, Tambon Aou Noi, Muang District, Prachuab Kirikan Province. 77210
Factory	205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province. 50180

### 1.2 Associated and Subsidiary Companies

**Tipco Asphalt Public Company Limited**, operates the business in manufacturing asphalt emulsion and distribution of petroleum products. Currently the Company holds 23.82 percent shares. Total paid-up capital is Bt 1,552.99 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok 10400
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**Tipco F&B Company Limited** , operates the business in producing and distribution of ready - to-drink beverage products. Currently the Company holds 50 percent shares. Total paid-up capital is Bt600 million.



Head Office	118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok. 10400
Factory	212 Moo 16, Tambon Aou Noi, Muang District, Prachuab Kirikan Province. 77210
Factory	90/1 Moo 7, Tambon Sanubtueb, Wang Noi District, Ayutthaya Province. 13170

**Tipco Biotech Company Limited**, operates the business of herbal extraction substance and agriculture business. Currently the Company holds 99.99 percent shares. Total paid-up capital is Bt36.8 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok. 10400
Factory	504 Tambon Prachuab Kirikan, Muang District, Prachuab Kirikan Province

**TIPCO Retail Company Limited**, operates the retail business. Currently the Company holds 50.99 percent shares and 49 percent shares by TIPCO F&B Co., Ltd. Total paid-up capital is Bt50 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok 10400
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**TFB Distributionl Company Limited**, operates wholesale and retail business. Currently the Company holds 50 percent shares by TIPCO F&B Co., Ltd. Total paid-up capital is Bt0.25 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok. 10400
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### 1.3 References:

Company Registrar	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, 14 Fl., Rajadapisek Road, Dindaeng, Dindaeng, Bangkok 10110 Telephone: 0-2229-2800
Auditor	Mr. Supachai Phanyawattano, CPA No. 3930, and/or Mr. Narong Puntawong, CPA No. 3315, and/or Ms. Waraporn Prapasirikul, CPA No. 4579 EY Office Limited 193/136-137 33rd Floor, Lake Rajada Office Complex Klongtoey, Bangkok 10110, Thailand Telephone: 0-2264-9090
Legal Advisors	Mr. Tawadchai Jaranakranya Ch. Chana Songkram Law Firm 52/3 Su-main Road, Bangkok Telephone: 0-2282-2955

### 2. Other Information

- Nil -

Investors can study more information from the Company Annual Report (Form 56-1) posted on [www.sec.or.th](http://www.sec.or.th), or the Company's website [www.tipco.net](http://www.tipco.net)

# Policy and Business Operation Overview

Established on 22 March 1976 with an initial registered capital of Baht 10 million, Tipco Foods Public Company Limited currently has a registered capital of Baht 500 million with Baht 482.6 million paid-up. The Company and its subsidiaries are principally engaged in the business of production and distribution of canned pineapple, pineapple juice concentrate, mixed fruit juice, ready-to-drink beverages and natural mineral water, and herbal/agricultural produce extracts, for domestic and overseas markets. Besides being the world's first pineapple producer to be certified in accordance with ISO 9002 (updated ISO 9001: 2000), TIPCO was accredited by SGS(Thailand) Ltd. for compliance with HACCP (Hazard Analysis and Critical Control Point), and by SGF TRMAV (Sure-Global- Fair). This implies that the Company's products meet international quality standards. In December 2006, the Company was ISO 22000 certified for its food safety management system, making it Thailand's first canned pineapple producer to win this approval as well as the world's first company to undergo integrated assessment of 4 quality systems, namely ISO 9001:2000, GMP, HACCP and ISO 22000.

On 5 July 2007, Tipco achieved another milestone of its achievements as it was Thailand's first food organization to pass the criteria of "Single Food Audit Pack" which refers to an integrated assessment of various quality systems, namely ISO 9001, ISO 22000, HACCP, GMP and IFS. In 2008, the Company was certified by FAI (Food Audit International) to comply with the food safety and food security criteria, with an "Excellent" rating. In addition, Tipco was certified by the Department of Agriculture for its organic aloe vera products and by the Organic Agriculture Certification Thailand for its organic aloe vera cultivation. In 2011, Tipco's canned pineapple production factory was certified to comply with the Thai Labour Standard (TLS8001-2010) (Initial Final Stage).

Tipco achieved a total rating of 83% or "Very Good" according to the corporate governance assessment conducted by the National Corporate Governance Committee in 2016.

Tipco implemented an efficient risk management system through methodically preventing and mitigating risks as well as overcoming obstacles in its business

operations. Starting from 2009, Tipco has focused on improving its internal management process ranging from forecasting customer demand to product delivery (demand & supply management). Tipco's business objective is to offer quality products to the market with quality materials, efficient production controls, and reasonable selling prices in order to maximize customer satisfaction.

Tipco adjusted its social and labor compliance standards to meet customer demands and standards in the European Union. Towards this end, the Company became a member of BSCI (Business Social Compliance Initiative) and SMETA (Sedex Members Ethical Trade Audit). Members of these organizations are obliged to conduct business and production activities in accordance with set guidelines, and adopt a system to monitor compliance with social standards during the production process to ensure social, environmental and labor care.

With regard to the production process development and improvement, Tipco's factories conducted machinery upgrade and production cost reduction through use of modern and efficient technologies.

New machines were installed to accommodate future business expansion.

Tipco's success was owing to the strong determination of its staff and management to delivering the best suite of products to customers as customer satisfaction is our pride. The Company continuously developed its quality products to the market with a highly engaged team of professionals and a consistent personnel development policy. Moving forward, it is the Company's mission to put customer needs at the heart of its business activities and help improve the well-being of consumers through continually offering new products and solutions to the market.

### **Significant changes and developments**

#### **1989**

The Company changed its shareholders' structure by listing on the Stock Exchange of Thailand and offering its shares to the public. Its major shareholders remained unchanged with a reduction in the shareholding proportion.

**1993**

The Company increased its investment in a subsidiary company, Tipco F&B Co., Ltd., to expand its business to the ready-to-drink fruit juice market. Its fruit juice products received a warm response from domestic consumers. Subsequently, the Company focused its efforts on product research and development, aimed at staying current with the consumer trends. Since 1997, the Company has adopted the policy to launch at least one new product every year. In 2007, Tipco partnered with Suntory Japan to jointly expand their domestic and overseas markets through the introduction of flagship products of Tipco and Suntory. The expansion has been supported by the use of the modern beverage factory in Wang Noi District, Ayutthaya Province, as a main beverage production base. The Company achieved ongoing growth through strategically focusing on product quality and new product introduction. Thanks to the products created by a team of professionals and the investment in modern technologies, the Tipco brand has been firmly established and widely recognized and trusted by consumers.

**2004**

The Company entered a new market segment, i.e. blended fresh juice, under the brand 'Squeeze Juice Bar', starting with 10 branches. In 2007, Tipco Retail Co., Ltd. was established to support the business expansion of this business. At present, Tipco's Squeeze Juice Bar has a total of 53 branches, 48 of which are owned by the Company and 10 are franchises. Strategically, the Company has made changes to its beverage menu and branch model to generate higher income and profits. In a longer-term, the Company has planned to open more branches with branch size and menus appropriate for each branch in each channel.

**2007**

The Company invested in Tipco Biotech Co., Ltd. whose main assets included the plantation area, the Tissue Culture Lab for selecting and propagating plants, and the plant extract factory.

**2009**

The Company launched a new pineapple variety, namely Tipco Homsuwan, which has received a great response by consumers. Its outstanding features are fragrance, golden firm pulp, lower liquid content, and shallow pineapple "eyes". The whole fruit ripens simultaneously and contains 4 times higher vitamin C than the Sri Racha variety. Equipped with the largest melting equipment in Thailand, the Company's plant extract factor operates at the high level of efficiency and safety. The Company provides a full range of customer services encompassing raw material procurement, de-hydration, grinding, and production of extract substances. The Company also works with its customers in developing extracting processes through laboratory experiments and real production at the industrial level.

**2013**

Tipco continued to focus and place importance on leveraging the capabilities of Tipco Biotech Co., Ltd. through development of a quality production system and a series of marketing activities. Equipped with the highly efficient and safe melting equipment, the

plant extract factory enabled Tipco to provide full services to its customers and receive the Good Manufacturing Practice (GMP) certificate from the National Food Institute (NFI).

**2014**

The Company installed additional machines to support the increased production capacity of the "Aura" mineral water in April. This doubles the Company's production capacity, which enables the Company to accelerate its production to meet the rapidly growing demand for the product.

**2015**

The Company constantly developed and introduced product innovations to the market. In this year, the Company joined hands with its customers in developing many new product items through leveraging its strengths. With the proximity of the locations of pineapple production line and coconut product line, the Company was able to develop "pineapple in coconut milk in plastic cup" which was introduced to the market in America and received a very warm welcome. Moreover, the Company developed and introduced canned coconut

juice with chocolate flavor" and "chia seeds in coconut milk with assorted flavors" such as banana, chocolate, cherry plus almond, and vanilla plus cinnamon for the markets in America and Canada. It was expected that these new products would continue to grow and expand into other markets in 2016.

## 2016

The Company opened two new businesses:

1. August Organic Eatery was opened in the form of a full-service restaurant, offering organic fusion cuisine with high-quality

organic ingredients. The first branch is located at the Mercury Ville Tower to respond to the healthy food trends. 2. Homsuwan Pina Pina offers snacks and drinks most of which are developed from the "Homsuwan" pineapple. The highlights are the unique flavor of the "Homsuwan" pineapple and various creative menus. The first shop is located at the Siam Paragon shopping mall.

**International quality assurance standard certification**

1994	Tipco became the world's first pineapple factory to be ISO 9002 certified by Germany's RW TUV.
1995	Tipco was certified to comply with HACCP standard by SGS (Thailand) Ltd.
2000	Tipco was ISO 9002 certified for its pineapple juice and pineapple concentrate products by SGF International E.V./IRMA of Germany.
2002	Tipco was certified to comply with HALAL standard by the Central Islam Committee of Thailand. Tipco was certified to comply with KOSHER standard by Thai Kashurt Service Co., Ltd.
2002/2003	Tipco was certified to comply with BRC standards, which were developed by UK retailers to assess food products exported to the UK, by SGS (Thailand) and EFAIA (SAI GLOBAL).
2003	Tipco was certified to comply with ISO 9001: 2000 by SGS (Thailand) Ltd.
2004	Tipco was certified to comply with International Food Standard (IFS), which was set by German and French retailers to assess food products exported to Europe, by SGS of Germany.
2006	Tipco was certified to comply with ISO 22000 for its food safety management, making it Thailand's first food producer to be certified by SGS (Thailand) for compliance with this standard.



- 2007 The Company was Thailand's first company to undergo an integrated audit of 5 quality assurance systems, namely ISO 22000, ISO 9001, GMP, HACCP, and IFS (Single Food Audit Pack) and was certified by SGS (Thailand) Ltd. Subsequently, SGS (Thailand) used Tipco as a model for the integrated audit of other companies worldwide. In the same year, the Company was certified to comply with the GMA-SAFE AUDIT (USA) system for its food safety by Food Audit International (FAI).
- 2007/2008 Tipco was certified for its organic aseptic aloe vera products (from plant cultivation to factory production) by the Department of Agriculture.
- 2008/2009 Tipco was certified to comply with IFOAM Organic Standard for its organic aseptic aloe vera products covering the processes from plant cultivation to factory production by the Office of Thai Organic Agriculture.
- 2009 Tipco was certified to comply with the Food Safety and Food Security Audit Program of the United States by FAI (Thailand) with an "Excellent" rating.
- 2010 Tipco was certified to comply with ISO 9001: 2008 by SGS (Thailand) Ltd.
- 2011 Tipco's factory in Prachuab Kiri Khan Province received the Good Governance Award in the category of Environment; was certified to comply with the Thai Labour Standard (TLS8001-2010) (Initial Final Stage); and the Outstanding Enterprise Award in the category of labor relations and welfare.
- 2012 Tipco's factory in Prachuab Kiri Khan Province expanded its scope of products to be certified. For example, its coconut water product passed the GMP/HACCP/BRC/IFS standards; its fruit in plastic cup product passed

the GMP/HACCP/IFS standards: and its pineapple product passed the factory standards set by TESCO and YUM. Also, Tipco's fruit cocktail, pineapple concentrate and aloe vera products obtained permits to display Kosher's STARK logo after the whole production process was certified by Kosher.

2013 In June, Tipco was certified to comply with the food safety standards set by the British Retail Consortium (BRC). Also, Tipco's plant extract factory was certified to meet the Good Manufacturing Practice (GMP) standards by the National Food Institute.

2014 Tipco was certified to comply with the IFS standards for its canned coconut milk aseptic and frozen pineapple single strength juice products. Additionally, the Company received Kosher's certificate for its coconut water with pomegranate juice and coconut water with mango flavor products.  
Tipco was certified as an authorized economic operator (AEO).

2015 The Wang Noi factory passed the standards on workplace drug abuse prevention and solution in 2015. The factory also won the Best Workplace Award in the category of safety, occupational health, and workplace environment at the outstanding level in Phra Nakhon Sri Ayutthaya Province. Furthermore, the factory received a prestigious certificate for its workplace safety under the Safe Workplace Project in Honor of Her Royal Highness Princess Maha Chakri Sirindhorn.

2016 The "Aura" mineral water factory in Mae Rim District, Chiangmai Province was certified to comply with the HALAL, FSSC22000, GMP Codex, and HACCP Codex standards.

The Wang Noi factory in Phra Nakhon Sri Ayutthaya Province was certified to comply with the FSSC22000 standard by UKAS Management System.

In 2016, reflecting its outstanding success, the Company achieved several awards as follows:

- The "Aura" natural mineral water achieved the Grand Gold Quality Award 2016 in the category of beers, waters, and soft drinks. The award is regarded as the highest accolade for a product with great quality and flavors, granted by Monde Selection, an international quality institute, which evaluates consumer products to indicate the level of quality to consumers for more than 50 years.
- Tipco's products also won the Superior Taste Award from the International Taste and Quality Institute (iTQi), the world's leading organization dedicated to testing and promoting superior food and drink products. The award winners were selected based on decisions made by a team of chefs and professionals in drinks. This award is an efficient marketing tool to differentiate food and products. The referee committee consists of drink experts from the 15 most prestigious associations in Europe, namely the Mdtres Cuisiniers of France; the Academy of Culinary Arts; the Hellenic Chefs' Association; the Acadmie Culinaire of France; the Verband der Ktche Deutschlands; the Federacimn de Asociaciones de Cocineros de Espaa; the Federerazione dei Cuochi Italiana; the

arets Kock of Sweden; the Euro-Toques; the Gilde Van Nederlandse Meesterkoks; the Associao de Cozinheiros Profissionais de Portugal; the Craft Guild of Chefs; the Turkish Cooks Association; the World Master Chefs Society (WMCS); and the Association de la Sommellerie Internationale (ASI). Tipco's 7 products joined in the program and received the following rating results:

- Homsuwan Pineapple: 3 stars
- Auro Mineral Water: 3 stars
- Broccoli Juice: 2 stars
- Cranberry Juice: 2 stars
- Carrot Juice: 2 stars
- Shogun Orange Juice: 1 star
- Coconut Juice: 1 star

- The Company received the "No.1 Brand Thailand 2015-2016 Award" as it was singled out as the most popular brand in the categories of 100% Fruit Juice and Non 100% Fruit Juice by the Marketeer Magazine, Thailand's leading marketing and advertising magazine. The award was based on the results of a research called "T-Cube" conducted by Video Research International (Thailand) Ltd. with the headquarters in Japan. The research was to survey people's opinions on Thai brands in the topic of the most popular brand or No.1 Brand Thailand. The

survey covered consumers around the country with more than 4,000 examples, 1,000 brands, and over 100 categories of product using disciplinary research methodology. The results were reliable and highly recognized.

- Tipco won the Prime Minister's Export Award in the category of Best Exporter 2016. This honor is the Thai government's highest official award annually granted to outstanding Thai manufacturers and exporters of products and services to showcase and acknowledge their top quality, high standards, and good image. The awards inspire the award winners (including those not achieving the awards) to further develop their products and services to meet standards and gain recognition at the global level. The awards also help importers and buyers in other countries gain more confidence in our Thai exporters who are award winners.
- The "Tipco" brand was the world's first fruit juice brand that won the "Brand of the Year" at the World Branding Award 2016 hosted by the World Branding Forum. The award is to honor organizations that achieve success in building their brands at the international and national levels. The award event has been annually organized since 2014. The consideration of the award winners is based on the 3 main criteria, namely brand value creation, consumer market research, and online voting results from over 120,000 voters worldwide. In 2016, more than 2,800 brands from 35 countries were nominated for the 2016-2017 awards.
- The "Aura" mineral water factory won the "Thailand PES Award 2016" for giving back to the ecological system according to the PES principle on 16 November 2016 from the Biodiversity-Based Economy Development Office (Public Organization).
- The fruit juice factory in Wang Noi District, Phra Nakhon Sri Ayutthaya Province won a provincial award for being a happy workplace free of diseases and hazards with an "Excellent" rating, granted by the Phra Nakhon Sri Ayutthaya Provincial Public Health Office.
- The factory in Prachuab Kiri Khan Province has achieved the Outstanding Enterprise Award in the category of labor relations and welfare for 6 consecutive years from the Director-General of the Department of Labour Protection and Welfare. Also, the factory won the Best Workplace Award in the category of safe workplace at the national level from the Department of Labour Protection and Welfare.

# Nature of Business Operations

## **Fruit processing business:**

Tipco Foods Public Company Limited is the manufacturer and distributor of the following products:

- Canned pineapple products come in 5 sizes (8 oz, 15 oz, 20 oz, 30 oz, and 100 oz) and various styles (slices, chunks, tidbits, pieces, dices or cubes, and crushed contents). All products meet the standards of the Thai Industrial Standards Institute (TISI) and importers of respective countries.
- Pineapple juice concentrate products come in various forms, namely "Frozen", "Aseptic", and "Preservative" in 200-liter steel tanks.
- Aseptic crushed pineapple products come in aseptic pouches of 23 liters and 200 liters.
- Pineapple in plastic cup products are available in 4-oz and 7-oz sizes.
- Pineapple in retort pouch products are sold in 1.5-kg and 10-kg sizes and in forms of tidbits, pieces, and dices or cubes.
- Canned tropical fruit salad products are exported to foreign markets and available in 15-oz, 20-oz, 30-oz, and 108-oz sizes.
- Tropical fruit salad in plastic cup products are available in 4-oz and 7-oz sizes.

- Canned diced aloe vera products are available in 15-oz and 108-oz sizes.
- Aseptic crushed aloe vera products are available in aseptic pouches of 23 liters and 200 liters.
- Coconut milk products are available in cans of 15 oz and coconut juice products are available in cans of 24 ml and 520 ml.

Main products of the fruit processing business are canned pineapple and pineapple juice concentrate. Other key products include aseptic crushed pineapple and aseptic crushed aloe vera in aseptic pouches: canned tropical fruit salad: canned aloe vera: canned coconut juice: and canned coconut milk.

## **Consumer Business**

Tipco F&B Company Limited is a joint venture between Tipco Foods Public Company Limited and Suntory Beverage & Foods Asia. The company is the producer and distributor of the following products:

- Ready-to-drink fruit juice and vegetable juice products
- Tipco 100% fruit juice in 200-ml and 1-liter cartons
- Tipco Veggie - 100% mixed vegetable

and fruit juice in 200-ml and 1-liter cartons

- Tipco Super Kid - 100% fruit juice/ mixed vegetable and fruit juice for kids in 110-ml cartons
- Tipco Super Fruit Essence - Combo of pomegranate juice concentrate and prune juice concentrate plus fig pulp in 110-ml cartons
- Tipco Squeeze - 100% pasteurized fruit juice and mixed vegetable and fruit juice in 300-ml and 1-liter cartons
- Tipco Cool Fit - 40% mixed vegetable and fruit juice in 200-ml and 1-liter cartons
- Tipco Profiber - 100% mixed vegetable and fruit juice plus high fiber in 300-ml PET bottles and 1-liter cartons
- Aura natural mineral water is available in different bottle sizes, 300 ml, 500 ml and 1.5 liters. Aura mineral water is originated from the cold spring in the mountain at an altitude of 2,700 feet above sea level in Pong Yaeng Subdistrict, Mae Rim District, Chiangmai Province. This cold spring, which is a very large reservoir, is located 297 feet deep under the ground. It is among a few sources of its kind in the

world and the only source in Thailand. The natural mineral water is bottled without involving the chemical process.

- Suntory Tea Plus, or Oolong Tea OTPP packed in 500-ml PET bottle, is the first and only Oolong Tea product in Thailand with the Oolong Tea Polymerized Polyphenols (OTPP) substance of more than 70 mg in all flavors. OTPP helps block the absorbing of fats into the body by obstructing the lipase enzyme digestive system in small intestine.

#### **Plant Extract and Agricultural Business**

Tipco Biotech Company Limited is a subsidiary company which is engaged in the plant extract and agricultural business as follows:

- Plant Extract Business: The company is the producer of extracts from natural substances that serve as ingredients for manufacturing foods, beverages, cosmetics, dietary supplements, and medicines. The company's plant extract factory is equipped with the largest smelter in Thailand operating at the highest level of efficiency and safety. The company provides a full range of services covering raw material procurement, de-hydration,

grinding, and production of extract substances. The company also works with customers in developing extracting processes through laboratory experiments and real production at the industrial level. Moreover, the company provides services according to customers' orders regarding plant and herb extraction for customers in domestic and overseas markets. Currently, the products and services of Tipco Biotech Company Limited can be divided into the following two main categories:

- Services according to customers' orders related to production of plant and herb extracts used as ingredients for foods, dietary supplements, cosmetics, and medicines (OEM)
- Produce and sell plant and herb extracts used as ingredients for food, dietary supplements, cosmetics, and medicines (Ingredients)
- Agricultural Business: The company also conducts research and development of new plant varieties and cultivation. Thanks to its consistent research and development efforts, the company successfully developed the Homsuwan pineapple, its key product, which is

unique in its taste and nutritional value. This pineapple is available at leading supermarkets, Squeeze Juice Bar by Tipco branches, and the Homsuwan Pina Pina shop.

### **Retail Business**

Tipco Retail Company Limited is a subsidiary company and established through the joint investment between Tipco Foods Public Company Limited and Tipco F&B Company Limited. The company operates its retail business under the logo "Squeeze Juice Bar by Tipco". The company's products consist of the following:

1. Smoothies: Fresh fruit puree smoothies without any sugar or syrup with soft and smooth contents can be divided into the following 4 categories:
  - Super fruit
  - Hi Fiber
  - Mega Smoothie
  - Anti-Aging
2. Wheatgrass, Freshly extracted wheatgrass juice.
3. Mountain Beans
4. Healthy Meal, including salad, soup and sandwich.
5. Special Goods, namely Happy yogurt, Happy Soya.

At the end of 2016, there were a total of 58 Squeeze Juice Bar shops. The shops are also the hubs of distributing the products of the affiliated companies, including Tipco's fruit juices, Homsuwan pineapples, etc. The Squeeze Juice Bar business also covers snack box catering services for event participants and vehicle passengers.

### Income structure

Structure of income generated by the sale of products or services to external parties in the past 3 years

(Unit: Baht Million)

Products/ services	Operated by	% of shareholding	2014		2015		2016	
			Income	%	Income	%	Income	%
Products of vegetable & fruit	Tipco Foods Pcl. Tipco Bio Tech Co., Ltd.	100	1,888	34%	1,863	40%	2,394	45%
Beverage*	Tipco Retail Co., Ltd.	75	3,502	64%	2,670	57%	2,788	53%
	Tipco F&B Co., Ltd.	50						
Others			117	2%	145	3%	91	2%
Total			5,507	100%	4,678	100%	5,273	100%

\* Note: Beverage revenue in 2016 and 2015 were recorded as Net Revenue which deducted partial selling expenses while 2014 Beverage revenue was recorded as Gross Revenue.



## Changes during the past year

### Fruit Processing Business

In 2016, the global supply of key raw materials, especially pineapples, in Thailand and other regions of the world was still lower than the global demand. Thailand experienced the drought situation in the past year and thus pineapple prices remained at high levels. Nonetheless, the global demand for canned pineapple products continued to be at high levels. Thus, the selling prices of canned pineapple products and related products went up. Furthermore, Tipco focused on maintaining its raw material procurement process in terms of quantity and quality through implementation of the contract farming program, better cost controls, and improved production efficiency. Thus, the operating result of the fruit processing business improved significantly from the previous year.

### Consumer Business

Thailand's premium fruit juice market in 2016 had a value of approximately Baht 5,200 million\*, an approximately 7% increase year-on-year. The Tipco brand continued to sustain No.1 market share and its new products were launched to

meet consumer demand such as Tipco Season's Best and Tipco Plus. The domestic mineral water market in 2016 was worth about Baht 3,888 million, an around 15% increase year-on-year. Tipco's Aura mineral water achieved approximately 26% market share. The healthy tea market in 2016 was approximately Baht 400 million, with Tipco's Oolong Tea products achieving around 18% market share.

### Plant Extract and Agricultural Business

In 2016, Tipco Biotech Company Limited started its commercial operations of new extracts with overseas customers such as "Agarwood" and received next years' purchase orders. This was another great milestone for the company in developing new products. As for the agricultural business, the Homsuwan pineapple achieved ongoing sales growth. The first frozen Homsuwan pineapples similar to "IFQ" were shipped to overseas markets and received a warm welcome. Also, the Homsuwan Pina Pina shop was first opened to create a whole new experience of the Homsuwan brand to consumers.

### Retail Business

The retail business of Tipco expanded through

\* Source : Nielsen Report

increased branches and new business opening. Squeeze Juice Bar's 6 new branches were opened, including U House Tower, Fitness First Rama 3, The Nine, Don Mueng Airport, Fitness First Bangna, and The Jas Ramintra.

### **Industry Outlook and Competition**

#### **Food Processing Business**

Thailand's pineapple industry continued to face difficulties in 2016 due to the severe drought situation. As a result, the raw material supply still did not match production demand and pineapple prices continuously increased to an unprecedented level. With regard to raw material quality, some pineapples were found to contain nitrate and hence were removed from the quality control system. As for raw material prices, the continued shortage of raw materials from 2015 caused raw material prices to remain at very high levels until the end of 2016.

The upside of the aforesaid situation, though, was that the producers who relied on pineapple raw materials were forced to increase product selling prices to an unprecedented level. Pineapple juice concentrate product prices increased to almost USD 4,000/ton in 2016 as compared to normal prices of around USD

1,000-1,500/ton. However, this positive impact was short-lived because significant increases in pineapple juice concentrate product prices pushed the importers and producers of fruit juice products, especially in the European region, to adopt the formulas with less contents of pineapple juice concentrate or to remove related products from shelves. In the long run, the Thai producers may have to face a significant decrease in the demand for pineapple juice concentrate products.

It is expected that in 2017 Thailand will recover from the drought crisis and pineapple output will gradually increase to match factory demand. It is also expected that raw material prices will continue to fall.

#### **Marketing Strategy**

##### **Competition strategy in brief**

Tipco's competitive advantage includes the following:

1. Customer base: Most of the customers are those who have been in business with Tipco for a long period of time. Tipco deals with a wide range of customers, including importers, supermarkets, retailers, food producers, and food service business operators.

2. Farmer base: Tipco has received continued support from its allied farmers for a long period of time. Most of them grow pineapples nearby the Company's factory premises. Also, most of them are under the "Contract Farming, Big Grower, Quality Grower" system. The system is to ensure continued supply of raw materials and quantity, lower transportation costs, and quality control.
3. Product diversification: The Company is capable of producing canned pineapple products in different forms and cans with different styles of cuttings and liquid contents. This helps serve the different needs of various markets in all regions.
4. Product quality: The Company has been certified to pass several standards by internationally acclaimed organizations. Its longstanding reputation is a guarantee of its product and service quality.

#### Target customers

Target customers include major importers in other countries, sales agents, chain supermarkets, and blending houses for pineapple juice concentrate.

#### Main markets for product distribution

Geographically, the Company's main markets can be divided into the following 4 main regions:

1. Americas: This includes Canada, the United States of America, and Latin American countries. The United States is No.1 trading partner with the Company in terms of transaction value. Each year, the Company's export value to this country accounts for around 35% of the total export value. In the past, the Company used to have a competitive advantage in the United States because of the implementation of the anti-dumping duty system of the United States Department of Commerce. However, after the cancellation of the said system in 2004, market competition has intensified.
2. Europe: This includes European and Eastern European countries as well as the Russian Federation. The export value to these countries is second to the United States, or about 30% each year. Europe is the main market for pineapple juice concentrate products. Most of the customers are blending houses in various European countries. The canned pineapple market is highly sensitive to

price partly because customers welcome products of different levels of quality and many producers of different kinds of products have entered this market.

3. Asia: This includes Australia and New Zealand. The customers in this group, particularly Japanese customers, require products of high quality and have mutual trust in conducting business. The transaction value with this market accounts for approximately 20% each year. Currently, Korea is the main market for crushed aloe vera in aseptic pouches with continuous purchase orders.
4. Middle East: The Middle Eastern market accounts for approximately 7%. This market has high potential due to high income per capita and consumer demand for canned pineapple. Due to the economic slowdown in European and Eastern European countries following the cross-region problems and conflicts, their purchasing power and consumer demand were affected. Middle Eastern countries have emerged as a new target market that many businesses have tapped into to replace European and Eastern European countries that faded away.

### Consumer Business

In 2016, Thailand's ready-to-drink fruit juice and vegetable juice market was worth a total of Baht 13,836 million\*. The market can be divided based on product characteristics into the following 5 categories:

- 100% fruit juice and vegetable juice market (Premium market) with the market value of 38%
- 40% fruit juice and vegetable juice market (Medium market) with the market value of 9%
- 25% fruit juice and vegetable juice market (Economy market) with the market value of 12%
- Lower than 25% fruit juice and vegetable juice market (Super Economy market) with the market value of 27%
- Other fruit juice and vegetable juice market (Other market) such as longan juice and fresh toddy palm juice with the market value of 14%

The fruit juice and vegetable juice market can also be divided based on product life into the following two categories: 1) Products which can be kept at room temperature and last 6-12 months or "UHT" and 2) Products which

\* Source : Nielsen Report

last approximately 30-45 days and must be kept in refrigerator or "Pasteurized".

In 2016, the fruit juice and vegetable juice market grew by approximately 1%\*. Tipco F&B Company Limited was able to maintain market share leadership in the 100% fruit juice segment by creating brand value, selecting quality raw materials, improving production processes, and prioritizing benefits to consumer health. The company also developed and introduced new products aimed at gaining higher market share. Moreover, the company expanded its footprint to overseas fruit juice and vegetable juice markets in the Asian region, including South Korea, China, Indonesia, and the Philippines.

In 2016, the mineral water market value was approximately Baht 3,888 million\* with 15% market growth. Subsequent to the expansion of the production capacity to accommodate market growth in 2014, Aura mineral water saw strong growth in terms of sales and market share. The healthy tea market value in 2016 was around Baht 400 million\* with the Oolong Tea Plus achieving 18% market share.

\* Source : Nielsen Report

#### **Competition strategy in brief:**

1. Consistently produce products that are widely accepted by markets and meet product standards in terms of quality and taste
2. Introduce wide-ranging products that serve customers' needs through research and development of new products and innovations that respond to consumer demand
3. Regularly hold marketing activities to maintain relationships with customers and to promote brand awareness and loyalty
4. Set plans on raw material procurement, product production, and inventory storage to respond to market needs
5. Efficiently manage production costs to maintain competitiveness
6. Distribute products on a broad-based basis and adopt a stock management system to ensure fresh products

#### **Main markets for product distribution**

Domestic sales are divided into the following two categories: 1) Sales through distributors as a main channel and 2) Direct sales by Tipco through display booths and special channels. Export sales grow fast due to wide acceptance

of Tipco's products. Main overseas markets include Asia and Africa.

### **Plant Extract and Agricultural Business**

- **Plant Extract Business:** A growing number of consumers have embraced the wellness and beauty trends and Thailand's health and beauty products and services market continued to see high growth in the past several years. This is a good opportunity for Tipco Biotech Company Limited to drive sales growth in its plant and herb extract business to provide raw materials for domestic manufacturers of foods, drinks, dietary supplements, cosmetics and medicines. At the same time, focus is placed on the creation of collaboration with overseas alliances and trading partners whose raw materials are based on extracts from plants and herbs which can be grown only in specific areas or with lower costs.
- **Agricultural Business:** Each year Thailand's market consumes fresh pineapples of around 300,000 tons most of which are of the Pattavia (Sriracha) variety. As for the Homsuwan pineapple of Tipco Biotech Company Limited, its characteristics are unique in terms of its aroma, sweetness,

tight and tender meat, smooth taste, and a higher vitamin C content. Its outstanding and non-GMO features make the Homsuwan pineapple a popular choice for consumers. The Homsuwan pineapple has high price compared to its peers in the market since close care is needed to ensure higher quality. Because of its thin skin, harvesting and selecting the Homsuwan pineapple fruits for packaging require a large number of employees with careful hands to avoid damage. Nevertheless, consumers can enjoy its easy-to-peel skin and do not have to remove its eyes. Thus, they can purchase its whole fresh fruit back home to peel its skin by themselves. The Homsuwan pineapple saw continuous sales growth since its introduction to the market during the past 4 years.

### **Retail Business**

The retail business in the category of food and beverage in Thailand continues to grow further. At present, consumer behaviors have changed towards having more concerns about their health and safety, as evidenced by the trends of organic or clean foods

(the least processed foods). By tapping into these trends, the retail business of Tipco offers a number of healthy products to consumers.

At Squeeze Juice Bar shops, fruit juice smoothie drinks have been regarded as main products and widely recognized by consumers for a long period of time. Squeeze Juice Bar shops also constantly offer new

healthy food and beverage products with ongoing sales growth. The August Organic Eatery is a full service restaurant, offering organic fusion cuisine with spicy flavors and high-quality organic ingredients from various sources to attract health-conscious diners. The Homsuwan Pina Pina shop is a snack, refreshment and light meal shop, offering a variety of menus mostly created from the Homsuwan pineapple with its unique taste.

# Explanation and Analysis of Financial Position and Operating Results

## Operating Results for 2016

In 2016, Tipco had the total sales and service income of Baht 5,273.21 million, an increase of Baht 595.70 million or a 12.74% increase year-on-year. The profit before share of profit from investment in associated company, finance costs, and income tax expenses, increased by Baht 47.05 million or 140.07% to Baht 80.63 million. Nevertheless, this year's share of profit from investment in associated company went down by Baht 475.42 million or 39.09% to Baht 740.75 million. Thus, the net profit attributable to the parent company decreased by Baht 374.83 million or 31.54% to Baht 813.64 million as compared to the previous year. This year's earnings per share decreased to Baht 1.69, as compared to Baht 2.46 in the previous year.

## Income Analysis

### Sales and Service Income Analysis

#### Sales and Service Income by Business Segment

Unit :Thousand Bath

Sales and Service Income by Business Segment (Baht Thousand)	2016		2015		Changes in 2016/2015
	Income	% of total income	Income	% of total income	
Products from plants, vegetables, and fruits	2,393,617.42	45.39%	1,863,736.10	39.85%	28.43%
Beverages	2,787,646.90	52.87%	2,669,548.24	57.07%	4.42%
Others	91,942.35	1.74%	144,223.29	3.08%	-36.25%
<b>Total</b>	<b>5,273,206.67</b>	<b>100.00%</b>	<b>4,677,507.63</b>	<b>100.00%</b>	<b>12.74%</b>



**Income by Business Segment**

In 2016, 52.86% of the Company's sales and service income was from beverages, fruit and vegetable juices under the Tipco brand, the Auro natural mineral water, and the Oolong Tea+ drink. Compared to 2015, income from the beverage business in 2016 increased by 4.42%. The income from the products from plants, vegetables, and fruits accounted for 45.39%. The main products included canned pineapples, canned aloe vera, canned coconut water, and fresh Homsuwan pineapples. The income from the products from plants, vegetables, and fruits increased from 2015 by 28.43% as a result of the increases in the selling prices based on the raw material cost situation and the increased purchase orders.

**Sales and Service Income by Geographical Location**

Unit :Thousand Bath

Sales and Service Income by Geographical Location (Baht Thousand)	2016		2015		Changes in 2016/2015
	Income	%	Income	%	
Overseas	2,648,229.89	50.22%	2,201,607.13	47.07%	20.29%
Domestic	2,624,976.78	49.78%	2,475,900.50	52.93%	6.02%
Total	5,273,206.67	100.00%	4,677,507.63	100.00%	12.74%

**Income by Geographical Location**

This year, the Company saw an increase in the sales and service income in both the domestic and overseas markets. Domestic sales and service income increased by Baht 149.08 million or 6.02% to Baht 2,624.98 million, mainly because of the increase in the sales in the beverage business. Overseas sales and service income increased by Baht 446.62 million or 20.29% to Baht 2,648.23 million, largely due to the increase in the sales of processed fruits.

## **Explanation of Income Situation by Business Segment**

### **Processed Fruit Business**

In 2016, the supplies of pineapple raw materials in Thailand and other regions of the world were still not sufficient for the demand in the markets, especially Thailand where the drought was experienced and thus the pineapple prices remained at a high level. However, the global market demand for canned pineapples continued to be at a high level. Thus, the selling prices of canned pineapples and related products increased. In addition, the Company placed importance on the management of raw materials in terms of quantity and quality through various forms of contract farming; cost controls; and production performance improvement. These factors led to the significant improvement in the operating results of the Company's processed fruit business as compared to the year earlier.

### **Consumer Business**

The domestic fruit juice market in the premium segment in 2016 was worth around Baht 5,200 million, a 7% growth from the previous year. The Tipco brand continued to be the market share leader and introduce new products to meet consumer needs such as Tipco Season's Best and Tipco Plus. As for the mineral water market, in 2016 the market value was approximately Baht 3,888 million, an approximately 15% increase from the year earlier. The Auro mineral water sustained about 26% market share. For the healthy tea drink market, in 2016 the market value was around Baht 400 million. The Oolong T+ product represented about 18% market share. (Source: Nielsen Report)

### **Extract and Agricultural Business**

In 2016, Tipco Biotech Co., Ltd. started its commercial operations of new extracts with overseas customers such as Agarwood and received next years' purchase orders. This was another great milestone for the company in developing new products. As for the agricultural business, the Homsuwan pineapple achieved ongoing sales growth. The first frozen Homsuwan pineapples similar to "IF0" were shipped to the overseas markets and received a warm welcome. Also, the Homsuwan Pina Pina shop was first opened to create a whole new experience of the Homsuwan brand to consumers.

### Retail Business

The retail business of Tipco expanded through increased branches and new business opening. Squeeze Juice Bar's 6 new branches were opened, including U House Tower, Fitness First Rama 3, The Nine, Don Mueng Airport, Fitness First Bangna, and The Jas Ramintra. Also, the Company opened two new businesses in 2016. The first business is August Organic Eatery, a full service restaurant offering organic fusion cuisine with organic ingredients. The first branch is located at the Mercury Ville Tower to respond to the healthy food trends. The second business is Homsuwan Pina Pina shop, selling snacks and drinks most of which are created from Homsuwan pineapples with the unique taste in various menus. The shop is located at the Siam Paragon shopping mall.

### Analysis of Cost of Sales and Gross Profit

Unit :Thousand Bath

	2016		2015	
	Amount	% Sales	Amount	% Sales
Sales and service income	5,273,207	100.00%	4,677,508	100.00%
Cost of sales and services	3,816,733	72.38%	3,611,178	77.20%
Gross profit	1,456,474	27.62%	1,066,330	22.80%

In 2016, the Company posted a gross profit of Baht 1,456.47 million, up Baht 390.14 million or 36.59% from the previous year. This year, the Company saw an increase in the gross profit margin to 27.62% compared to 22.80% in the previous year, primarily because of the decrease in the cost of production in the processed fruit business.

**Analysis of Selling and Administrative Expenses**

Unit :Thousand Bath

	2016		2015	
	Amount	% Sales	Amount	% Sales
Selling and administrative expenses	1,282,709	23.90%	1,252,929	25.58%

In 2016, the Company had the total selling and administrative expenses of Baht 1,282.71 million, an increase of Baht 29.78 million or 2.38% year-on-year. The ratio of total selling and administrative expenses to total income in 2016 decreased from 25.58% in the previous year to 23.90%. The decrease in the selling and administrative expenses was mainly because of the decrease in the selling and promotion expense for the consumer business. Moreover, in 2016 the Company recorded impairment losses on machinery and equipment totaling Baht 186.47 million.

**Analysis of Net Profit Attributable to the Parent Company**

Unit :Thousand Bath

	2016		2015	
	Amount	% Sales	Amount	% Sales
Net profit attributable to the parent company	813,638	15.16%	1,188,468	24.26%

The net profit attributable to the parent company decreased by Baht 374.83 million from the previous year or 31.54% to Baht 813.64 million primarily because of the decrease in the share of profit from investment in associated company of Baht 475.42 million or 39.09%. The profit exclusive of the share of profit from investment in associated company significantly improved.

**Report of Cash Flow Analysis**

Unit :Thousand Bath

Items	2016	2015
Cash flow statement		
Net cash flows from operating activities	702,176	59,632
Net cash flows from investing activities	77,087	249,491
Net cash flows used in financing activities	(796,636)	(274,424)
Net increase (decrease) in cash and cash equivalents	(17,373)	34,699
Cash and cash equivalents at beginning of period	76,356	41,657
Cash and cash equivalents at end of period	58,983	76,356

In 2016, the Company had net cash flow from operating activities of Baht 702.2 million, higher than that in 2015, due to the increase in sales and the decrease in the accounts receivable as a result of payment of the accounts receivable of a subsidiary company outstanding at the end of 2015. Net cash flow from investing activities in 2016 consisted of net cash flow from the dividends received from an associated company of Baht 258.9 million. Additional investments were equipment and devices as well as IT systems to enhance operational efficiency. As for net cash flow from financing activities, the short-term loans decreased while the long-term loans increased by Baht 480.5 million whereas principal payments were gradually made starting from the beginning of 2016. The Company also paid the dividends of Baht 230.7 million.

**Liquidity**

Liquidity ratios	2016	2015
Current ratio (time)	1.1	0.8
Interest coverage ratio (time)	20.8	21.2
Debt to equity ratio (time)	0.5	0.7

In 2016, the Company's current ratio increased from 0.8 time in the previous year to 1.1 times due mainly to the decrease in overdraft and short-term facilities from financial institutions.

The interest coverage ratio decreased to 20.8 times from 21.2 times in the previous year because the decrease in the profit before finance costs and income tax expenses was more than the decrease in the finance costs and income tax expenses.

The debt to equity ratio went down from 0.7 time to 0.5 time as a result of the increase in the unappropriated portion of the retained earnings to Baht 3,650.87 million from Baht 3,081.06 million in the previous year. This resulted in the increase in the shareholders' equity to Baht 4,442.43 million from Baht 3,980.78 million. Also, the total liabilities decreased to Baht 2,366.39 million from Baht 2,734.16 million.

**Profitability**

Ratios	2016	2015
Return on shareholders' equity	20.0%	33.3%
Gross profit margin	27.6%	22.8%
Net profit margin	14.3%	24.1%

The return on shareholders' equity for 2016 decreased to 20.00% since the net profit attributable to the parent company decreased to Baht 813.64 million

The gross profit margin for 2016 increased to 27.62% primarily due to the better production cost control of the processed fruit business. Also, in 2016 the Company successfully negotiated for adjustments of selling prices to better reflect costs.

The net profit margin for 2016 decreased to 14.30% mainly as a result of the decrease in the share of profit from investment in associated company.

# Risk Management

The Company established the Risk Management Committee responsible for analyzing risks directly affecting its overall business in 4 areas, namely strategic risk, operational risk, financial risk, and legal risk, as well as assessing the severity of risks in order to seek guidelines to prevent and mitigate such severity.

In 2016, Tipco managed risks in the following key areas:

- 1. Risk from volatile pineapple volumes and prices:** Pineapple is an agricultural product and therefore is subject to weather conditions on which supply availability and quality depend. This results in fluctuations in pineapple prices and production costs. In coping with this risk, the Company studied satellite images of pineapple plantation areas and national output data of the Office of the Agricultural Economics (OAE) as well as installed the software to support output forecasts.
- 2. Risk from core business profitability:** The firm's core business profits are mainly from export activities. Most trading contracts are forward contracts, for

example, 1-3 months and 6-12 months contracts. One key factor considerably affecting corporate profits is the purchase cost of pineapple raw materials. The formats of trading contracts and product delivery have been customized based on short-term and long-term periods, depending upon raw material availability and prices. Also, new products have been developed and launched into the markets with positive growth trends.

- 3. Risk from succession planning:** The Company specified some key positions and successors. Currently, it is in the process of forming individual development plans for further implementation.
- 4. Risk from exchange rate fluctuations:** 2016 saw fluctuations in exchange rates, especially in US dollars. This greatly affected the Company's income and profits. Therefore, the Company utilized a number of foreign exchange risk management tools, including forward exchange contracts with banks, in order to manage income and costs for optimum results.



# Dividend Payment Policy

The Company and its subsidiaries pay dividends they have positive retained earnings. The dividend payout ratio depends on the Company's operating results and investment projects planned but shall not be less than one third of net profits recorded in the separate financial statements.

Year	2016	2015	2014	2013	2012
Net profit/share	0.79	0.38	(0.28)	(0.16)	0.14
Dividend/share	0.39	0.25	0.00	0.00	0.00
Dividend/profit (%)	49.4%	66%	0%	0%	0%



# Corporate Social Responsibility



# Corporate Social Responsibility

The Company conducts business by taking responsibility for all of its stakeholders. As a part of the community, the Company is committed to environmental and social responsibility by acting as a good citizen and living with others in society with pride and dignity. The Company instills such concept into its employees at all levels, comprising directors, high-level executives, managers, supervisors, employees, and other stakeholders. In addition, the Company developed the Corporate Social Responsibility (CSR) policy and principle for use by its stakeholders as guidelines to ensure their consistent and strict compliance therewith under all circumstances. The concept of conducting business and performing duties by taking environmental and social responsibility seriously shall be adopted by all stakeholders of the Tipco Food Group according to Tipco's policy:

‘Tipco develops business along with environment and society’.

To ensure effective management and operations with respect to environmental and social responsibility and compliance with the CSR

policy, the Company appointed environmental and social working groups attached to its respective factories and headquarters. Each group consists of representatives from the management team to support and promote environmental and social activities, group head, members, and secretary. Roles and responsibilities of each working group are as follows:

1. Present environmental and social contribution activities to seek support from government agencies and communities in responsible areas
2. Coordinate and undertake environmental and social contribution activities according to approved budgets
3. Supervise, monitor, and present activities to ensure that each factory's environmental management meets regulations, laws, and standards concerned
4. Act as the hub for communicating news and information regarding environmental and social contribution activities through local media
5. Prepare an annual activity plan and propose a budget for implementing environmental and social contribution projects
6. Conduct other activities related to promotion of environmental and social image of Tipco as assigned

Each environmental and social working group shall conduct meetings for planning environmental and social contribution activities: following up on progress: and reporting results to the management team for acknowledgement on a regular basis.

Environmental and social contribution activities can be divided into the following 3 categories:

1. Social

- Provide scholarships for community schools
- Provide scholarships for the children of farmers supplying raw materials
- Conduct community relations visits along with nearby communities and government agencies such as visiting senior citizens for physical checkup along with community hospitals
- Provide funds according to Tipco's fiscal year budget to support communities and society

2. Environmental

- Support domestic forestry ecosystem conservation and creation activities

3. Religious

- Promote morals or ethics and social contribution by raising employees' awareness of volunteerism, merit making, moral and ethical conduct, and integrity

It is the Company's policy that its employees must perform duties based on the principles of integrity, transparency, and fairness, with no conflicts of interest against the Company and its stakeholders, and maintain confidentiality of business transactions with its stakeholders. As such, the Company stipulated channels for filing complaints or reporting fraud cases as follows:

- Allow the public to provide leads or complaints of illegal or unethical acts as per the address and telephone number posted in the Company's website
- Visit the community to seek opinions
- Hold forums with local administrative organizations, community leaders, and the community
- Adopt a complaint handling system by verifying information and reporting results to the Board of Directors

As for the results of the "Community Satisfaction Level (CSL)" survey continuously conducted by the Company, in 2016 the Company obtained an average score of 4.42 out of the total score of 5, compared to 4.41 in the previous year. The Prachuap Khiri Khan factory obtained a score of 4.51, lower than the previous year's score of 4.52. The

Chiangmai factory obtained a score of 4.30, lower than the previous year's score of 4.37. The Wang Noi factory obtained a score of 4.45, higher than the previous year's score of 4.37. The Company assigned relevant functional units to implement recommendations made by the community for improvement and correction.

To promote awareness of its stakeholders' rights and ensure relevant implementation actions, the Company defined its business framework through its vision and core values as follows:

Vision:

“A company that leads the market and adds value for its stakeholders”

(Its stakeholders consist of employees, consumers, trading partners, business alliances, and society.)

5 core values are determined according to the acronym of “TIPCO” as follows:

T: Teamwork  
I: Innovation  
P: Passion  
C: Commitment  
O: Openness

The Company continues to focus on the alignment between its corporate vision and core values to drive sustainable growth. The corporate core values include the strong commitment towards its internal and external customers across all functional units. All functional units of the Company shall have a service mind and offer quality products that meet the needs of consumers and service users. Such strong commitment helps foster the culture of good corporate governance. In 2016, the Company obtained an average Customer Satisfaction Index score of 97.6% with mixed responses ranging from “fair” to “very good”.

In addition, the Company recognizes the importance of its employees as a key driver of continued growth. Hence, the Employee

Opinion Survey (EOS) was conducted to survey employees' opinions on corporate image, reputation, welfare, management, and good corporate governance. In 2016, the Company obtained an EOS score of 4.08 out of 5.00, higher than 3.99 of the prior year.

The Company also conducted the Supplier Satisfaction Survey and obtained an average score of 4.59 out of 5.00, lower than 4.65 in the previous year. The Company made improvement based on the opinions received by assigning action owners and target completion date as well as evaluating results on regular basis. This is to ensure that the Company complies with the good corporate governance principle and treats its shareholders equally.

(Remark: Ratings of 1-5 are defined as follows: 5 - Very Good, 4 - Good, 3 - Fair, 1 and 2 - Need Improvement)

**In 2016, the Company carried out a number of social and environmental contribution activities as follows:**

Social

- Donated fruit juice products to orphans

under the care of the Thai Red Cross Children Home

- Donated fruit juice products and drinking water to soldiers and youths in the 3 southern border provinces through the representatives under the royal development projects of Her Majesty Queen Sikitrit.
- Donated fruit juice, T Plus tea, and other products to schools and government agencies in Wang Noi District, Phra Nakhon Sri Ayutthaya Province on the 2016 Children's Day
- Donated Aura mineral water on the 2016 National Labour Day in Chiangmai Province
- Donated fruit juice products to the Kop Chao Tambon Administrative Organization of Phra Nakhon Sri Ayutthaya Province to support flood victims
- Sponsored and participated in the establishment of the public service center at the Royal Plaza under the activity titled "Doing Good Deeds for the Late King Rama IX" along with the Tipco Food Group
- Sponsored and participated in activities on the National Oral Health Day with the Chaloe Phra Kiat Tambon Health Promoting Hospital

- Collaborated with the provincial football team named "Prachuap FC" in donating Baht 1 million to support the football sports for children and youths in Mueang District, Prachuap Khiri Khan Province. The purpose of the donation is to encourage children and youths to play sports and learn football basic skills and techniques.
- Joined hands with the Prachuap Khiri Khan Provincial Office in donating Aura mineral water totaling Baht 12,000 to support the activity to pay a tribute to the late King Bhumibol

#### Environmental

- Donated Aura mineral water to the community to help stop forest fires nearby the factory
- Donated Aura mineral water in support of the Chaloem Phra Kiat Check Dam project (Pracharat Check Dam) at Ban Mae Sa Mai Village
- Donated Aura mineral water in support of the activity to grow vetiver grass to reduce soil erosion and direct water runoff as well as to preserve the environment at Ban Buak Toei Village, Tung Rao Royal Project Development Center, Pong Yang

Subdistrict, Mae Rim District, Chiangmai Province

- Donated Aura mineral water in support of the National Mother's Day event and the reforestation activity to preserve upstream forests at Ban Mae Sa Mai Village and Ban Mae Sa Noi Village, Mae Sa Mai Royal Project Development Center, Pong Yang Subdistrict, Mae Rim District, Chiangmai Province

#### Educational

- Granted 169 scholarships worth Baht 401,000 to the children of employees with good academic records and farmers at the headquarters and the Prachuap Khiri Khan factory
- Donated fruit juice products to support the school fair activity titled "Dok Rak Baan Day" at Saint Joseph Convent School
- Donated Aura mineral water to support the sport competition activity to fight against drugs at Wat Pong Yang Chaloem Phra Kiat School, Pong Yang Subdistrict, Mae Rim District, Chiangmai Province
- Donated rice, stationeries, and sports equipment to Ban Bueng School,

Prachuap Khiri Khan Province

- Donated Aura mineral water to support the morals and ethics training camp program for the students at Wat Pong Yang Chaloem Phra Kiat School, Pong Yang Subdistrict, Mae Rim District, Chiangmai Province
- Donated Aura mineral water to support the opening of a new learning building, Ban Buak Chan Child Development Center, Pong Yang Subdistrict, Mae Rim District, Chiangmai Province

#### Arts, Cultural, and Religious

- Donated Aura mineral water in support of the Buddhist Rope Offering ceremony under the activity to promote employment and merit making for peace and harmony of Chiangmai Province by the Chiangmai Provincial Employment Office
- Supported the merit-making activity titled "Bai Ni Dai Boon" (No.3) with MCOT Public Company Limited
- Supported and coordinated the bathing ceremony for the elderly with the Phai Tam Tambon Administrative Organization, Phra Nakhon Sri Ayutthaya Province
- Donated fruit juice products in support

of the 2016 National Mother's Day activity of the National Council on Social Welfare of Thailand

- Donated Aura mineral water in support of the Buddhist Rope Offering ceremony to the "Mother of the Land" Fund, Ban Muang Kham Village, Pong Yang Subdistrict, Mae Rim District, Chiangmai Province
- Donated Baht 30,000 for the Buddhist Kathin Robe Offering Ceremony with the temples in the community

The Tipco Food Group also supported other activities in the public and private sectors, including visiting local communities and volunteering employees to attend activities with organizations, government agencies, schools, temples, etc.

#### Disclosure of Prevention Against Corruption

The Board of Directors supported the Company to participate in the declaration of its intent to comply with the Anti-Corruption Collective Action in Thailand in 2010 along with the Thai Institute of Directors Association (IOD), the Thai Chamber of Commerce, the Thai Listed Companies Association (TLCA), the Thai Bankers' Association (TBA), and the National



Anti-Corruption Commission (NACC), details of which are as follows:

1. The Company developed its anti-corruption policy and guideline in writing and included them in its code of conduct which was approved by the Board of Directors. The details are disclosed in the Company's website.
2. The Board of Directors, under the anti-corruption policy, declared its intent to join the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company jointly ratified the declaration of its intent to counter all forms of corruption.
3. The Board of Directors approved anti-corruption measures in writing, as shown in the Company's website, which shall be strictly adhered to by all employees to promote transparency and fairness in doing business and compliance with the good corporate governance and anti-corruption policies.
4. In 2016, the Company established a working group comprising representatives from all relevant departments in order to apply for certification as a member of Thailand's Private Sector Collective Action Coalition

Against Corruption (CAC). The Company was certified to be a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on 14 October 2016.

#### **Anti-Corruption Policy**

Directors, executives, and employees at all levels of the Tipco Food Group and its related parties shall strictly refrain from committing any forms of corruption in all cases either directly or indirectly. The Tipco Food Group shall have in place measures to audit and review compliance with the anti-corruption policy on a regular basis to ensure alignment with changing business environments, regulations, rules, and laws. Any violations or actions to support corruption shall be subject to disciplinary actions according to the Company's procedures.

Furthermore, the Company has taken the following actions to prevent any involvement in fraud and corruption:

#### **Disclosure of the Anti-Corruption Policy**

To ensure that all people within the organization are aware of the anti-corruption policy, the Company has taken the following actions:

1. Posting the anti-corruption policy announcement at the public relations boards at the premises of all companies in the Tipco Food Group
2. Disseminating the anti-corruption policy via the Company's communication channels, including its emails, website, annual registration statement (56-1 form), annual report (56-2 form), and leaflets
3. Facilitating trainings in the anti-corruption policy to new employees and incorporating the matter in the employees' manual
4. Reviewing the anti-corruption policy on an annual basis

**Whistleblowing or complaint-filing channels**

Persons who witnessed any fraudulent or corrupt practices or who were affected by their refusal to conduct corrupt practices may report leads or file complaints with or without their names disclosed. In this regard, they shall identify facts or evidences which clearly indicate that there is a reasonable ground to believe that corrupt practices were conducted or they were affected by their refusal to conduct corrupt practices. Reporting

leads or filing complaints shall be made via one of the following channels:

1. Email: [anti-corruption@tipco.net](mailto:anti-corruption@tipco.net)
2. Website: [www.tipco.net](http://www.tipco.net) (Topic: Reporting fraudulent or corrupt practices)
3. Telephone numbers: 02-273-6888, 02-273-6400
4. Mailing to: Managing Director  
Mailing Address: Tipco Foods Public Company Limited  
118/1 Rama 6 Road, Samsen Nai, Phayathai, Bangkok 10400

1. For important or emergency cases that may affect corporate image or are related to high-level executives or directors: reports shall be submitted directly to the Chairman of the Audit Committee.
2. The Company shall examine the complaints based on reliable facts. However, the whistleblowers or complainants are aware that the complaints without their names disclosed could affect the efficiency of fact-finding operations.

**Protection of whistleblowers and those refusing to conduct corrupt practices**

The Company set a mechanism to provide

protection for persons who cooperate with the Company in fighting against corruption, including whistleblowers, those providing information, and those refusing to conduct corrupt practices. This is to ensure that such persons will not face any trouble or suffer any damage from such actions.

1. The unit receiving the complaint shall consider preliminary information or find supporting information. If it is deemed appropriate to conduct a fact finding, the top executive of the unit receiving the case shall grant endorsement before submitting the case to the relevant unit for further actions according to the procedures.

2. The Company shall provide protection for those cooperating with the Company in providing leads or refusing to conduct corrupt practices so that they are free from trouble, threats, or unfair practices as a result of such cooperation.

3. The Company shall not demote, punish or incur a negative impact on the employees or executives who refused to conduct corrupt practices although such action might cause losses of business opportunities.

4. In the case where the whistleblowers/ complainants find that they may not be safe or may suffer from any damage, they can request the Company's protection as appropriate.

5. To protect the rights of the complainants and the information given in good faith, the Company shall maintain keep information and names of whistleblowers as confidential. Only those responsible for conducting a fact-finding are allowed to access such information. Disclosure of such information to irrelevant persons shall be considered as a disciplinary offence and shall be subject to disciplinary actions according to the Company's procedures.

6. If it is found that an employee or executive unfairly treats or causes damage to another person because such person provides leads/file a complaint or refuses to conduct a corrupt practice: that employee or executive shall be regarded as committing a disciplinary offence and shall be subject to disciplinary actions according to the Company's procedures.

### **Punishment**

Any person intentionally or negligently violating this regulation or exhibiting a misconduct through any form of persecution, threatening, disciplinary action, or discrimination against those providing leads/filing complaints or those involved in the implementation of this regulation shall be deemed as committing a disciplinary offence and shall be subject to disciplinary actions according to the Company's procedures. Such person shall also be liable for any damage incurred to the Company and those affected by said action.

Details of the anti-corruption policy and relevant activities are disclosed in the Company's website under the topic of "Good Corporate Governance".

### **Responsibility for stakeholders**

The Tipco Food Group has developed a set of desirable behaviors for its management team and included such information in the Company's Code of Conduct (as shown in the Company's website). All stakeholders, including shareholders, employees, customers or consumers, trading partners and/or creditors, competitors, environment and communities, shall be treated with the highest standard of morals and integrity.





# Report of the Corporate Governance Subcommittee

The Board of Directors, in its capacity as the Corporate Governance Subcommittee, is committed to ensuring that the Company's operations comply with the good corporate governance guidelines stipulated by the Stock Exchange of Thailand as well as the international standards.

The Company encourages its employees at all levels to perform duties according to the good corporate governance principles with the aim of assuring its shareholders, investors, customers and other stakeholders that it has adopted the efficient, transparent, auditable and fair management mechanism for increased value and corporate sustainable growth. This is in accordance with its vision of "To achieve ongoing growth and competitiveness and to gain trust from the customers in both the domestic and global markets".

The Company provided trainings on the manual on good corporate governance and business ethics as a concrete way to communicate its relevant policies to its management and employees at all levels: and to encourage its employees to realize the importance of good corporate governance and their

responsibilities and to comply with the organization's code of conduct so as to consistently cultivate the good corporate governance culture within the workplace. In addition, the Company participated in the National Anti-corruption Day event. According to the Employee Opinion Survey (EOS) for 2016, the average score of all entities under the topic of anti-corruption was 4.38 (out of the total of 5.00), which was the highest score compared to that of other topics. On 14 October 2016, the Company was officially certified as a member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC).

With its strong commitment to complying with the principles of good corporate governance, the Company won the Top Corporate Governance Report Award from the Stock Exchange of Thailand for five years (2003-2006 and 2010). In 2016, the National Corporate Governance Committee assigned the Company the good corporate governance score of 83%, or a "Very Good" rating, which was above the average score of 78% assigned to its peer SET-listed companies. In addition, the Company's 2016 shareholders meeting received the score

of 98.75 points, or an "Excellent" rating, by the Thai Investors Association.

From 2010–2015, the Company won the CSR-DIW Continuous Award from the Department of Industrial Works, Ministry of Industry, for sixth consecutive years, as an entrepreneur who implemented corporate social responsibility activities in a continuous and sustainable manner and was ready for the adoption of the ISO 26000 international standard towards sustainable development. The Company also prepared the corporate social responsibility report according to the standards of the Management System Certification Institute (Thailand). This reflects the Company's continuous commitment to implementing its corporate social responsibility initiatives. As for human resources management, the Company focused on developing the competencies of its employees as well

as creating and promoting a positive work environment. Thanks to its ongoing systematic human resources development efforts, Tipco Foods Public Company Limited (the Company) has been granted the Outstanding Enterprise Award for Labour Relations and Welfare by the Department of Labour Protection and Welfare for 6 consecutive years. Also, the Company won the National Outstanding Enterprise Award for Workplace Safety, Health and Environment from the Department of Labour Protection and Welfare.

The aim of the abovementioned activities is for the Company to achieve sustainable growth and to live happily in the society and surrounding environment in accordance with our ultimate goal of upholding the good corporate governance philosophy in our operations.



Miss Laksana Supsakorn  
Chairman of the Corporate Governance Subcommittee



# Good Corporate Governance

The Company adopted the Stock Exchange of Thailand's 2012 Principles of Good Corporate Governance for Listed Companies by integrating the updated version of the Principle of Good Corporate Governance into the original SET's 2006 Principles of Good Corporate Governance for Listed Companies, which the company had already implemented during the period 2006-2012, thereby ensuring consistency and alignment with the Organization for Economic Co-operation and Development (OECD) and the ASEAN Community criteria for good corporate governance.

In 2016, the Company revised the Handbook on Good Corporate Governance and Code of Conduct by incorporating the anti-corruption policy into the handbook with a view to declaring its intent to be a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). In conducting business, there are many key factors that drive corporate reputation, continuous growth, and success. One of the key factors that the Company pays much attention to is conducting business and managing operations in accordance with the principles of honesty, integrity, transparency, and auditability.

Building trust across all sectors is not easy. Therefore, the Company started building awareness about negative impacts of corruption among its executives and employees at all levels within the organization. This is to ensure alignment with the Company's aim and commitment to fight against all forms of corruption. All employees shall acknowledge, understand, and be ready to take serious actions against corruption. The Company is strongly determined to build a strong culture of integrity and transparency as the foundation for its business.

Apart from the above, the Company facilitated trainings in this handbook at all workplaces across the Tipco Food Group. This is to ensure that its employees clearly understand and fully comply with the principle of good corporate governance and business ethics as well as continuously help drive a culture of good corporate governance as the foundation for sustaining long-term growth and adding value for all of its stakeholders.

According to the 2016 annual corporate governance assessment conducted by the National Corporate Governance Committee,

the Company received a total score of 81%, or a 'Very Good' rating. Details of TIPCO's scores in 2016-2016 are as follows:

	<u>2016</u>	<u>2015</u>
Rights of Shareholders	99%	99%
Equitable Treatment of Shareholders	98%	96%
Rights of Stakeholders	73%	65%
Information Disclosure and Transparency	83%	84%
Board of Directors' Responsibility	78%	78%

### 1. Corporate Governance Policy

To achieve the Company's objectives, develop responsibility for work performance, build a culture of transparency and integrity, sustain long-term business competitiveness, and increase confidence of stakeholders: the Board of Directors has implemented the policy on compliance with the principle of good corporate governance as follows:

1. The Board of Directors shall perform duties according to their stipulated role and responsibilities in an efficient manner.
2. There shall be efficient risk management

and internal control systems.

3. Policies shall be provided for and strategies /business plans shall be revised with the management team.
4. There shall be supervision to ensure no conflicts of interest.
5. Shareholders and stakeholders shall be treated equally and fairly.
6. The principles of transparency, integrity, and auditability shall be implemented when doing business.
7. Adequate data shall be disclosed to stakeholders, especially operating results and financial statements.
8. The Company's Code of Conduct shall be provided and complied with by all directors, executives, and employees.
9. Environmental and social activities shall be conducted in a concrete manner and the management team shall implement and communicate such policy to employees for their understanding and compliance.

The Company reviewed its corporate vision, targets, strategies, and immediate or urgent action plans to ensure alignment with current and future business environments. The new vision statement focused on creating value

added for all groups of stakeholders, including employees, consumers, trade partners, business allies, and society. To ensure that targets are aligned with this vision, the Company focused on managing 4 areas, namely finance, customer relations, internal processes, and personnel learning and growth. In addition, critical success factors and areas of excellence of the Company were translated into concrete operational goals of all entities, including individual employees, departments, divisions, and business groups. All such goals were linked together to help drive achievement of the overall goal and vision. Furthermore, the Company defined a number of policies, including the policy on quality assurance to ensure customer satisfaction through a number of key drivers such as personnel, operational processes, safety, environment, and society. This is aimed to create and foster exemplary work practices for society and nation. The Board of Directors also established the Corporate Governance Committee consisting of all directors and adopted the good corporate governance policy and code of conduct as disclosed in the Company's annual report and website. To ensure concrete and clear good corporate governance

practices, the Company promoted awareness and understanding of the good corporate governance principle among its employees.

In 2016, the Corporate Governance Committee approved the adoption of the SET's 2012 Principle of Good Corporate Governance for Listed Companies. Corporate practices as per the said principle are described as follows:

### **Rights of Shareholders**

#### **Annual Shareholders' Meeting**

At the 2016 Annual General Meeting of Shareholders, 9 directors, including the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee, attended the meeting. Miss Roumsin Supsakorn, director, and Mr. Chalit Limpanavech, independent director, were absent on an overseas assignment. The Company convened the meeting in accordance with legal requirements regarding meeting invitation, document submission, and meeting agenda notification. Also, adequate information was provided to shareholders in a timely manner prior to the meeting. Absentee shareholders were allowed to assign independent directors

to act as proxies to exercise their votes at the meeting (Please refer to 'Equitable Treatment of Shareholders' for more information). In 2016, the Company adopted the barcode registration system at the Annual General Meeting of Shareholders to identify the number of participating shareholders and voting results on each agenda item. Prior to the meeting, the Chairman informed the shareholders of the voting procedure using paper ballots. The vote counting process was witnessed by the representatives of the independent directors, external auditors, and employees. The meeting was videotaped to ensure transparency and auditability. Furthermore, all shareholders were given an equal opportunity to examine the Company's operating results and to raise questions and opinions. The minutes of the shareholders' meeting were disclosed in the Company's website. As for the rights of minority shareholders, the Company allowed time for its minor shareholders to propose agenda items and nominate candidates for directors in advance through the Company's website prior to the shareholders' meeting. The Company's 2016 Annual General Meeting of Shareholders obtained a total score of 98.75 (out of 100), or an "Excellent" rating,

compared to an average score of 91.62 of all listed companies.

### **Equitable Treatment of Shareholders**

Recognizing its shareholders' equal rights to receiving accurate and adequate information in a timely manner, the Company submitted a meeting invitation letter, including supporting documents for all meeting agenda items, a list of identification documents required for attending the meeting, proxy form, and details of proxy assignment procedures, to its shareholders 14 days prior to the meeting date. Since the Annual General Meeting of Shareholders No. 1/2006, the Company allowed its shareholders to access information at the earliest opportunity by sharing meeting agenda supporting documents in advance in its website before submitting such documents. In 2009, the Company started the practice of sharing meeting information in its website 30 days prior to the meeting date. Moreover, the Company determined meeting time and venue to facilitate convenience for its shareholders. On the meeting date, the registration service started 2 hours before the meeting and the shareholders were allowed to raise their

opinions and questions independently. Voting on each agenda item was undertaken according to chronological order. No new agenda item was added without giving a prior notice to the shareholders. The shareholders were informed of the voting procedure before voting. Each agenda item was open for clarification and discussion before voting. All shareholders were allowed to vote equally, except for those with conflicts of interest. Since 2008, the Company shared its objectives and criteria to allow its minor shareholders to propose agenda items and names of candidates for directors via the Company's website. In 2016, the Company held one shareholders' meeting. For each meeting agenda, relevant details, rationale, potential impacts, and opinions of the Board of Directors were provided to shareholders for their better understanding, analysis and decision making, and examination. The Company also allowed its shareholders not only to assign others as their proxies to attend the meeting and vote, but also to assign independent directors as their proxies to vote on their behalf. The Board of Directors realized the importance of shareholders' meetings and encouraged all directors to

attend all meetings unless in necessary cases. The Company's high-level executives attended shareholders' meetings on a regular and consistent basis.

The meeting minutes represented all significant details, including participating directors, clarification provided by the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Managing Director, and other relevant directors. The meeting minutes also contained questions and opinions raised by shareholders: voting and counting processes: numbers of approval votes, disapproval votes and abstention votes: and other relevant information. The meeting minutes were submitted to the Stock Exchange of Thailand within 14 days from the meeting date. The Company posted the meeting minutes via its website to allow its shareholders to check the accuracy of all resolutions and matters discussed or clarified at the meeting as well as to provide additional suggestions regarding matters to be added or corrected before submitting them to the next shareholders' meeting for adoption.

Voting ballots, documents and evidences were systematically stored and could be examined and referred to. The Company shared the shareholders' meeting resolutions through the Stock Exchange of Thailand's news channel within the next day after the meeting. The said resolutions contained voting results in terms of approval votes, disapproval votes, and abstention votes so that the absentee shareholders could learn of the meeting results soonest.

With respect to the profit allocation, the Company adopted a mechanism to assure its shareholders that they would receive returns on their investments in a comprehensive manner. Such mechanism included clear shareholding structure and no cross-shareholding. The Company and its related company (Tipco Asphalt Pcl.) shared the same shareholders through investments in ordinary shares at the rate of 23.96 percent. Related party transactions were approved by the Audit Committee before submission to the Board of Directors for approval. Any directors with conflicts of interest would refrain from voting for such transactions. The Audit Committee had authority to oversee and prevent conflicts of interest and implemented the measure on

prevention against misuse of insider information for personal gain. Since 2004, the Company's directors and executives were obliged to report any changes in their shareholding to the Secretary to the Board of Directors instead of individual reporting. The directors and executives were also required to disclose their shareholding in the Company at each Board of Directors' meeting.

#### **Roles of Stakeholders**

Fully aware of the importance of the rights of both internal and external stakeholders, the Company established the "Code of Conduct" covering anti-corruption measures, responsible political involvement, equal and fair treatment of stakeholders, social and environmental responsibility, compliance with labor laws, and respect for employees' rights. Also, the Company stipulated desirable practices for 3 groups of people involved in the Company's operations and having beneficial interest in the Company, including management team (directors, high-level executives, managers, and supervisors), employees, and major shareholders. In particular, management team's desirable practices included the details of how the management team should treat 7

groups of stakeholders, namely shareholders, employees, customers/consumers, trading partners and/or creditors, competitors, and environment as well as their role in community development. The aforesaid code of conduct and desirable practices were based on the philosophy of quality and integrity. Also, the Company focused on the system of good corporate governance that prevents its major shareholders from taking control over decisions made by its management team whose work was based on the principles of integrity and professionalism. Realizing its role as a member of the community, Tipco stipulated the policy on corporate social and environmental responsibility. Employees were assigned to conduct activities to support implementation of the said policy implementation. Examples of the corporate social and environmental activities included the provision of assistance through granting of scholarships, educational equipment, or other forms of school development for schools nearby the factory or other schools as appropriate. The Company donated funds or products to support a number of activities held by government agencies, schools, temples, other organizations, and nearby communities.

The Company also strived to prevent any possible impacts of its factory environments on surrounding communities.

### **Conflicts of Interest**

To prevent conflicts of interest, the Company implemented the code of conduct and defined desirable practices for various stakeholders groups, especially its major shareholders, by focusing on preventing any adverse impacts of its major shareholders on other stakeholder groups. The Board of Directors was informed of any transaction that might cause conflicts of interest and any related party transaction: and carefully reviewed the suitability of such transactions (Please refer to the "Elimination of Conflicts of Interest" under the "Equitable Treatment of Shareholders"). The Company complied with the regulations of the Stock Exchange of Thailand and amended its articles of association to protect the interests of its minority shareholders. The amendments were duly approved by the 2003 Annual General Meeting of Shareholders, details of which are as follows:

\*The Company's articles of association, section 8, item 48: In the case where

the Company or its subsidiaries agree to enter into a related party transaction, or a transaction related to the acquisition or disposal of the Company's or its subsidiaries' assets according to the definition stated in the Stock Exchange of Thailand's Notification on the undertaking of related party transactions of listed companies or the acquisition or disposal of listed companies' assets as the case may be: the Company shall comply with relevant regulations and methods stated in the said notification."

To prevent against potential conflicts of interest, the Company's employees were required to sign the "Conflicts of Interest Agreement". The agreement specifies disciplinary procedures and punishments, including possible employment termination in the event of an intentional violation or breach of the agreement. Also, to prevent misuse of internal information for personal gain, the Company's directors and executives shall disclose their shareholding in the Company at its Board of Directors' meeting every quarter: and shall report any changes in their shareholding to the Secretary to the Board of Directors upon learning of such changes.

Related party transactions, according to the criteria of the Stock Exchange of Thailand, must be reviewed by the Audit Committee before submission to the Board of Directors for approval. Directors having conflicts of interest shall abstain from voting. A related party transaction of high value must be approved by the shareholders' meeting and posted in newspaper. The value of related party transactions shall be marked to market and compared with the market prices determined by at least 3 companies.

#### **Business Ethics**

Business ethics are incorporated into the code of conduct of the Tipco Food Group for use as guidelines. Business ethics are based on good corporate governance, commitment to excellence, and corporate social responsibility. Examples of business ethics include fighting against corruption, responsible political involvement, equal and fair treatment of stakeholders, social and environmental responsibility, compliance with labor laws, and respect for employees' rights. In addition, desirable practices for management team, employees, and stakeholders as well as



recommendations on problem solving were identified. These business ethics were communicated to all directors and employees on an ongoing basis. Relevant parties were required to sign a form of acknowledgement of and compliance with such business ethics every 2 years. Also, the management team was required to ensure that all employees strictly comply with relevant requirements. Any employee who violates the code of conduct will be subject to disciplinary actions according to the Company's procedure.

#### **Disclosure and Transparency**

The Company pays attention to the disclosure of information as it could affect decisions made by investors and other stakeholders. It is necessary to control and specify measures on the disclosure of financial and non-financial information to comply with laws. The disclosure of information shall be comprehensive, adequate, reliable, transparent, and timely; and shall be available in both English and Thai versions. The information shall be disclosed via the SET Portal system of the Stock Exchange of Thailand and the Company's website.

The Company shall strictly adhere to the laws, rules, and regulations stipulated by the Office of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and government agencies. The Company shall also follow up on any regulatory updates on a regular basis to ensure compliance with up-to-date laws, rules, and regulations. This helps assure its shareholders that the Company conducts business with transparency, accuracy, and integrity.

The Board of Directors adheres to the guideline on disclosure of relevant information of the Company. Information disclosure shall be conducted systematically to avoid any potential damage from presenting incorrect information and to assure shareholders, investors, the public or other stakeholders that Company's information is presented correctly, clearly, fairly, and in accordance with laws and the information disclosure policy.

#### **Board of Directors' Responsibility**

The Board of Directors shall review its good corporate governance policy on a yearly basis in order to achieve the Company's objectives, develop responsibility for work performance, build a culture of transparency and integrity,

sustain long-term business competitiveness, increase confidence of stakeholders, and stay current with the current business environment.

To ensure that employees at all levels correctly understand and comply with the good corporate governance policy and code of conduct, such topics are included in the orientation program for new employees and refresher courses to be conducted at least twice per year. In addition, these topics are incorporated into the Employee Opinion Survey (EOS) to allow employees to raise opinions, for example:

1. "I agree with the principle of good corporate governance and code of conduct and perform duties with transparency towards shareholders, employees, customers, and other stakeholders."
2. "I agree with doing business based on the CSR principle and in compliance with the corporate policies."

In 2016, the ratings of the above 2 topics were 4.10 and 4.16, respectively, out of 5.00. To adhere to business ethics, apart from building awareness of anti-corruption among its employees, the Company added another question in its 2016 EOS as follows: "I agree

and will comply with the Company's anti-corruption policy". The score of this topic was 4.24 out of 5.00. Such good corporate governance system enables the Company to drive a sense of good corporate governance and consistent practices among its employees at all levels.

## 2. Board of Directors and Committees

### Structure and scope of authority and responsibility of Board of Directors and Committees

Tipco's Board of Directors consist of highly qualified and capable individuals. The directors have consistently participated in self-development programs organized by the Thai Institute of Director Associations (IOD). The Board of Directors helps formulate and endorse corporate vision, strategies, goals, business plans, and budgets: and supervises the management team to ensure that business plans and budgets are met efficiently and effectively. The Board of Directors and the management team shall take responsibility for the shareholders according to their duties. There is segregation of duties between the Board of Directors and the management team.

Internal control and risk management systems were reviewed and evaluated to mitigate risks to be at acceptable levels. This is based on legal framework, corporate objectives and articles of association, shareholders' meeting resolutions, and protection of business interests based on the principle of good corporate governance. Four committees were established, namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management Committee. Members of the said committees have qualifications and duties and responsibilities that meet the requirements of the Stock Exchange of Thailand. Roles, duties and responsibilities between the committees and the management team and between the committees and the major shareholders were clearly defined in writing.

#### **Authority and Duties of the Board of Directors**

1. Oversee and manage the Company's business activities to ensure compliance with relevant laws, business objectives, the articles of association, and resolutions of shareholders' meetings, and protect the Company's interests in accordance with the principles of good corporate governance.
2. Determine the Company's policies and business directions as well as monitor and supervise management performance to ensure effectiveness, efficiency and compliance with such policies with a view to maximizing the Company's economic value and shareholders' wealth.
3. Arrange for the organization of an annual general meeting of shareholders within 4 months from the end of the Company's accounting period, and convene an extraordinary general meeting of shareholders as necessary.
4. Hold a Board of Directors meeting on a quarterly basis, wherein at least one-half of the total number of directors shall be present. Decisions at the meetings shall be resolved by a majority vote. If votes result in a tie, the Chairman of the meeting shall have the casting vote.
5. Provide recommendations, discuss problems in a collaborative and comprehensive manner, and make decisions with discretion and prudence concerning agenda items proposed at Board of Directors meetings.
6. Arrange for the preparation of the balance sheets and the profit and loss statement at the end of the Company's accounting

period, and have them audited before submission thereof to the Annual General Meeting of Shareholders for consideration and approval.

7. Appoint the Managing Director and determine his/her remuneration.
8. Empower the Managing Director to direct the Company's business activities, appoint and terminate employment of employees, determine remuneration in accordance with policies set by the Board of Directors, and authorize employees to take actions in accordance with business situations.
9. Consider and approve capital expenditures and the annual operating budget, and supervise usage of the Company's resources.
10. Determine guidelines and policies for remuneration of high-level executives.
11. Arrange to have internal controls and audits, financial control systems, compliance supervision, and risk control and management.
12. Ensure preparation of financial reports and general information important to shareholders in a complete, correct and adequate manner. Also, confirm verification and certification of such reports.

#### **Authority and Duties of the Managing Director**

1. Manage and direct the Company's operations in accordance with policies and authorities determined by the Board of Directors.
2. Establish short-term and long-term business goals, annual business plan, expenditure budget, and long-term strategic plan for submission to the Board of Directors for approval.
3. Manage operations through the management team in order to achieve business plan goals; and ensure sustainable competitiveness and appropriate returns for shareholders.
4. Allocate resources and recruit high potential personnel for maximum benefits to the Company.
5. Promote and develop a strong organizational culture to support the Company's vision and business growth.
6. Closely monitor the Company's operations, evaluate performance, and report activities undertaken by the management to the Board of Directors on a regular basis and in a timely manner.
7. Consider, screen and present to the Board of Directors for approval the following matters: policies and business directions

of the Company, affairs which may have significant impact on the Company's business after their implementation, and issues related to compliance with laws and regulations of the Stock Exchange of Thailand.

8. Prepare details of the scope of authority for submission to the Board of Directors for approval. The determined scope of authority is aimed at delegating authority to employees to perform duties and make decisions efficiently while ensuring flexibility and control management.
9. Prepare reports on the Company's financial position and financial statements for submission to the Board of Directors for consideration and approval on a quarterly basis.

#### **Authority and Duties of the Audit Committee**

1. Ensure that the Company's financial reports are correct as per facts, complete, adequate and reliable.
2. Ensure that the Company and the management establish suitable and efficient internal control systems. The committee may, as appropriate, invite directors, executives or staff members

concerned to attend Committee meetings and provide relevant information.

3. Consider, select and nominate an auditor and propose his/her remuneration.
4. Ensure that the Company and the management comply with relevant regulations and laws.
5. Safeguard against conflict of interests.
6. Prepare the Audit Committee's report which shall be disclosed in the Company's annual report. The Audit Committee's report to be signed by the Chairman of the Audit Committee shall contain opinions on such matters as required by the Stock Exchange of Thailand.

#### **Authority and Duties of the Nomination and Remuneration Committee**

1. Select and nominate persons who are qualified to assume the position of director in accordance with the Company's operating regulation on selection and nomination of directors. The committee shall also consider the performance, qualifications and appropriateness of the directors who retire by rotation and those who are qualified for reelection. The committee shall then propose a list of candidates to

- the Board of Directors for consideration and endorsement before submission thereof to the Shareholders Meeting for election as directors.
2. Propose remuneration rates and employment conditions, including remuneration rates of Chairman of the Executive Committee, the Managing Director, and high-level executives of the Company, as assigned by the Board of Directors.
  3. Provide opinions regarding remuneration rates of the Chairman of the Board of Directors and directors according to the regulation on consideration of remuneration to the Board of Directors for approval and to the shareholders' meeting for endorsement.
  4. Provide recommendations regarding successors of the Chairman of the Executive Committee and the Managing Director to the Board of Directors. Review succession plans for high-level executives, executives and key positions as prepared by the Chairman of the Executive Committee or the Managing Director.
  5. Determine duties and responsibilities related to the following strategies:
    - 5.1 Human resources strategies for high-level executives
      - 5.1.1 Consider and provide opinions on human resources policies for high-level executives as proposed by the Chairman of the Executive Committee and/or the Managing Director to ensure alignment with the Company's business strategies before submission to the Board of Directors.
      - 5.1.2 Ensure that qualified candidates are included in succession plans for high-level executives, executives, and key positions. Ensure that these plans are regularly reviewed by the Chairman of the Executive Committee and the Managing Director.
    - 5.2 Strategies on performance evaluation and remuneration of high-level executives
      - 5.2.1 Review remuneration strategies and propose them to the Board of Directors for endorsement.
      - 5.2.2 Review and propose remuneration, including allocation of the

Company's shares, to the Board of Directors to motivate high-level executives to develop and promote their capabilities and subordinates' performance as well as to dedicate their efforts to business development and duty performance in the long and short terms.

5.2.3 Provide recommendations to the Chairman of the Executive Committee and the Managing Director regarding guidelines for considering salary, welfare and benefits for high-level executives of the Company.

5.2.4 Consider and provide opinions to the Board of Directors regarding policies and incentive programs aimed at retaining personnel with capabilities, quality, and potential.

#### **Authority and Duties of the Corporate Governance Committee**

1. Determine the good corporate governance policy to meet regulations of the Stock Exchange of Thailand.
2. Review the good corporate governance policy and assess compliance therewith on a regular basis.

3. Consider and approve the Company's code of conduct.

#### **Authority and Duties of the Risk Management Committee**

1. Convene meetings to assess risks that may have short-term and long-term impacts on business operations; and review such risks at least once per quarter
2. Establish action plans to minimize business risks
3. Monitor and report risk management results to the Audit Committee and the Board of Directors for acknowledgement

#### **List of Audit Committee members with knowledge and experience in financial statement review**

Mr. Virat Phairatphiboon (Please refer to his profile in page 27)

#### **List of directors with knowledge in financial**

Mr. Somchit Sertthin, Mr. Ekaphol Pongstabhon, and Mr. Virat Phairatphiboon (Please refer to their profiles in pages 26-29)

### 3. Nomination and Appointment of Directors and Top Executive

#### The procedure for consideration, nomination, and appointment of directors, independent directors, and the managing director:

1. The Board of Directors determines qualifications of directors, independent directors, and the managing director.
2. The Nomination and Remuneration Committee screens and selects persons with qualifications as specified by the Board of Directors and propose them to the Board of Directors for consideration.
3. The Board of Directors considers and selects candidates for directors and proposes them to the shareholders' meeting for consideration and appointment.
4. The Board of Directors considers and appoints the managing director.

#### Qualifications of independent directors

1. Meet required qualifications of directors.
2. Perform duties and express opinions independently using their own discretion. Uphold integrity and placing corporate benefits as priority rather than only interests of major or retail shareholders or oneself.
3. Possess qualifications as required by the Stock Exchange of Thailand and meet best practices as follows:
  - 3.1 Hold no more than 2% of the total shares with voting rights in the Company and its affiliated companies, associated companies, or parties with possible conflicts of interest (including related parties as per the Section 258 of the Securities and Exchange Act)
  - 3.2 Have no involvement in management and hold no position as worker, employee, advisor with regular salary, or person with control authority in the Company and its affiliated companies, associated companies, or parties with possible conflicts of interest. He/she shall have none of such benefits or interest for at least 1 year.
  - 3.3 Have no business relationship or beneficial interest either directly or indirectly in the finance and management of the company, affiliated companies, associated companies, or parties with possible conflicts of interest that may lead to lack of independence.



- 3.4 Have no relationship as a close relative with management team members and major shareholders of the company, affiliated companies, associated companies, or parties with possible conflicts of interest: and be not appointed as a representative to protect interests of the directors or major shareholders.
- 3.5 Disclose any relations that may lead to lack of independence to the Board of Directors.

#### **Qualifications of directors**

1. Have a clean record.
2. Have a vision and demonstrate a broad business perspective.
3. Exhibit good interpersonal skills, morals, and appropriate personalities.
4. Possess effective communications skills.
5. Demonstrate business acumen and systematic decision making.
6. Possess good knowledge and understanding of finance, commerce or industry with experience in business management.
7. Have experience as director of a company or state enterprise.

#### **Qualifications of the managing director**

1. Uphold integrity and have a clean record.
2. Hold no position as a major shareholder. Be a professional and modern manager.
3. Possess skills and experience in various areas, including international business.
4. Exhibit strong leadership skills with broad visions, good interpersonal skills, effective communication skills, and appropriate personalities.
5. Be able to leverage differences and capabilities of employees to achieve business goals and conform to the corporate culture.
6. Demonstrate skills in marketing, finance, and personnel management.
7. Be able to lead, supervise and manage operations of the entire organization
8. Effectively identify business opportunities and solve problems.

#### **Criteria for consideration and selection of directors**

1. Candidates must meet required qualification criteria of directors.
2. The Board of Directors should consist of experts in different fields that are beneficial to directing and controlling the Company's operations

**Procedures and criteria for election of directors at shareholders' meeting**

1. At the shareholders' meeting, the election of each director shall be voted separately.
2. To vote for each director, each shareholder shall have the number of votes equal to the number of shares held whereas one share shall have one vote.
3. The election of each director requires approval by a majority of the votes cast by the shareholders present at the meeting and entitled to vote.

**Company's Articles of Association regarding the Board of Directors**

16. At every annual general meeting of shareholders, one-third of the number of the directors shall vacate the office. If the number is not a multiple of three, then the number nearest to one-third shall retire from the office. Directors to retire during the first and second years following the registration of the Company shall be determined by drawing lots. In subsequent years, directors who have served in office the longest will be required to leave their post.

A retiring director may be eligible for re-election.

17. Apart from vacancy upon the expiry of his/her term of office, a director shall vacate the office upon:

(1) Death:

(2) Resignation:

(3) Disqualification or possession of prohibited characteristics under Section 68 of the Public Company Limited Act B.E. 2535:

(4) Removal by the resolution of the shareholders meeting as per 20: or

(5) Removal by court order.

18. Any director desiring to resign from office shall submit a resignation letter to the Company. The resignation shall be effective from the date on which the resignation letter reaches the Company.

The director who has resigned under the first paragraph may also notify the registrar of his/her resignation for acknowledgement.

19. In case of a vacancy in the Board of Directors for reasons other than the expiration of the director's term of office, the Board of Directors shall elect a person with suitable qualifications and having no prohibited

characteristics under Section 68 of the Public Company Limited Act B.E. 2535 to fill the vacancy at the next meeting of the Board of Directors, except in the case where the remaining term of office of such director is less than 2 months. The replacement director shall hold the office only for the remaining term of the director whom he/she replaces.

The resolution of the Board of Directors under the first paragraph shall be passed by a vote no less than three-fourths of the number of the remaining directors.

20. The shareholders meeting may pass a resolution to remove a particular director prior to the expiry of his/her term of office. Such resolution shall comprise no less than three-fourths of the total votes of the shareholders who attend the meeting and are entitled to vote, subject to the condition that the combined number of shares shall not be less than one-half of the total number of shares held by the shareholders who attend the meeting and are entitled to vote.

21. Directors may or may not be a shareholder of the Company.

### **Checks and balances through non-executive directors**

The Board of Directors consists of 11 directors with different fields of knowledge and experiences beneficial to the Company as follows:

- 1 executive director, representing 9%
- 10 non-executive directors, representing 91%
- 4 independent directors, representing 36%

More than one-third of the directors are independent directors and more than half of the directors are non-executive directors.

The number of directors representing shareholders with control authority (significant shareholders) is fair, compared to that representing other shareholders.

The Board of Directors shall be responsible for complying with laws, the Company's objectives and articles of association, and shareholders' meeting resolutions with integrity and good corporate governance. The term of office of directors is specified in the Company's articles of association, according to which one-third of the directors shall retire by rotation at every annual general meeting

of shareholders (Please refer to "Articles of Association regarding the Board of Directors"). Since 2003, each director has conducted self-assessment along with the performance assessment of the entire Board of Directors. Each director showed interest in self-development to enhance knowledge, skills, and standards of practice to ensure effective management and supervision (Please refer to "Board of Directors /Committees Evaluation"). (Please refer to "Board of Directors / Committees Evaluation").

#### **Aggregation or Segregation of Duties**

The chairman of Board of Directors and 5 directors, totaling 6 persons, shall represent major shareholders.

The managing director is a professional executive and has no connection or relation with major shareholders. More than one-third of the directors are independent directors and more than half of the directors are non-executive directors. This factor contributes to proper checks and balances on management. In addition, there is clear segregation of duties between formulating the good corporate governance policy and managing routine

operations. (Please refer to role, authority, and responsibilities of the managing director, the Board of Directors, the respective committees under the section of "Management Structure". The Board of Directors appointed the Nomination and Remuneration Committee to consider, select, and nominate candidates based on requirements of the Board of Directors for the positions of the managing director or directors. The Nomination and Remuneration Committee shall also consider remuneration of the respective committees and management team.

To ensure that the mechanism to follow up, audit, and provide checks and balances on management is correct and transparent, the internal audit function shall independently determine the scope of audit and directly present audit reports to the Audit Committee consisting of 3 independent directors (Please refer to "Scope of Authority and Duties of the Audit Committee").

#### **Remuneration Determination Process and Suitability**

The Company established the policy on directors' remuneration in a clear and transparent

manner. Directors' remuneration was commensurate with industry standards; and was approved by the shareholders' meeting. Directors also serving as members of the Audit Committee received additional remuneration according to a wider scope of responsibility. The remuneration of the managing director and employees was based on individual performance and was considered by the Nomination and Remuneration Committee. To ensure transparency and clarity in the determination of remuneration of the managing director and high-level executives, the shareholders considered the policy and guideline on remuneration of the managing director and high-level executives at the Annual General Meeting of Shareholders No. 1/2006 held on 28 April 2006.

Each year the Nomination and Remuneration Committee shall review appropriateness of directors/committee members' remuneration by comparing to peers in the industry and companies of similar business size.

#### **4. Supervision of subsidiary and associated companies**

Supervision of operations of the Company and its subsidiaries is based on the operating guidelines which were established in writing by Tipco Food Business Group. Management of business operations of subsidiary and associated companies is as follows:

1. The Board of Directors considers and appoints representatives of the Company to be directors of the subsidiary and associated companies according to investment proportion.
2. The subsidiary companies shall report, on a quarterly basis, the operating performance and internal control to the Audit Committee for further submission to the Board of Directors.
3. Activities among subsidiary and associated companies should be held to ensure that they are aware of aligned action plans.
4. The budgets for the entire food business group should be combined before submission to the Board of Directors of the Company for consideration.
5. Related party transactions must be proposed to the Board of Directors on a quarterly basis through the consideration of the Audit Committee.

6. Job transfers or promotions within Tipco Food Business Group are allowed whereas the work duration shall be counted on a continuous basis.

### 5. Supervision of insider information use

The Company has developed the policy and regulations prohibiting the management from use of information for personal gain or for trading of shares during one month prior to the disclosure of the financial statements to the public. Details of the said policy are as follows:

- It is prohibited to seek benefits for oneself or related persons by using non-public information of the organization.
- It is prohibited to disclose confidential information to external parties, especially competitors.
- It is required that the first top 4 executives, directors of the Company and members of the Executive Committee report their trading of shares of the Company to the SEC in strict compliance with the specified regulations. Also, directors of the Company must provide collaboration in not trading shares after each Board of Directors

meeting and prior to submission of information to the SET or SEC. Nonetheless, from 2004 onwards, the requirement of reporting of trading of shares of the Company by directors and executives to the corporate secretary for further submission to the SEC has replaced the practice of individual reporting. Directors and executives are required to report their shareholding in the Company on a quarterly basis to reflect any changes thereto.

### Punishment

Disciplinary warnings or punishments shall be as per the human resources management guidelines of the Company and its subsidiaries.

### 6. Audit Fee

The Audit Committee considers the qualifications and performance of the auditors and presents the information to the Board of Directors on an annual basis for endorsement of the appointment of auditors and the determination of audit fees which shall be proposed to the shareholders' meetings for approval. The proposed auditors shall be

on the approved list of auditors of the Office of the Securities and Exchange Commission.

In 2016, the auditor's remuneration consisted of:

1. Audit fee

The Company and its subsidiaries paid an audit fee of Baht 3,012,500. Details are as follows:

Separate and consolidated financial statements: Baht 1,350,000.

Financial statements of 4 subsidiaries: Baht 1,662,500.

2. Non-audit fee

The Company and its subsidiaries paid a non-audit fee of Baht 123,768.

**7. Compliance with the good corporate governance principle – other matters**

**Risk Management:**

The frequency of reviewing risk management issues was changed from 6 months to 3 months. In addition, the Company has adopted an early warning system and regularly reviewed risks to evaluate changes in severity levels and the efficiency of corrective/preventive measures. Time frame or frequency of the review depends on the nature of each transaction. Such practice

has been implemented since 2014. Early warning signs have been defined more clearly and colour codes have been used to indicate the severity levels such as the red colour which signifies high severity level. Besides the identification of severity levels, risk probability and impact have been evaluated. To foster risk management awareness among employees at all levels: team meetings are held on a daily basis; department meetings and management meetings are held on a monthly basis; and the Risk Management Committee's meetings are held once per every 3 months. Furthermore, the Audit Committee assigns the Internal Control Audit Department to examine the practicality of risk management and track the progress of rectification of each issue on a quarterly basis. The Audit Committee then reports issues to be improved to the Board of Directors.

**Corporate Secretary:**

A relevant officer possessing requisite skills and good knowledge about legal requirements as well as rules, regulations and practices stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission has been appointed by the Company as a corporate secretary and attended the training on corporate secretarial practices in 2004.

**Disclosure of agenda for shareholders' meetings:**

Disclosure of agenda for shareholders' meetings shall be made in advance via the Company's website before submission of relevant documents to the shareholders and at least 30 days prior to shareholders' meetings. This practice was first adopted at the Annual General Meeting of Shareholders No. 1/2008 held on 24 April 2008.

**Nomination of candidates for independent directors by minor shareholders:**

Since 2006, the Company has provided minor shareholders with the opportunity to nominate candidates for independent directors. The Company submitted a letter to the Stock Exchange of Thailand (SET), requesting the announcement via the SET's website that minor shareholders of the Company may nominate qualified candidates to replace independent directors who will retire by rotation in accordance with the Company's selection process and within applicable timeline. From 2008 onwards, nomination can be directly made via the Company's website.

**Channels of communication between stakeholders and the Board of Directors:**

Stakeholders having concerns regarding accuracy of financial reports, internal control weaknesses, or violations of laws or ethics may directly contact the Executive Committee through the following channels:

1. Website: [www.tipco.net](http://www.tipco.net) (Topic: Reporting fraudulent or corrupt practices)
2. Email: [anti-corruption@tipco.net](mailto:anti-corruption@tipco.net)
3. Telephone numbers: 02-273-6888, 02-273-6400
4. Mailing to: Managing Director  
 Mailing Address: Tipco Foods Public Company Limited  
 118/1 Rama 6 Road, Samsen Nai, Phayathai, Bangkok 10400

**Formulation of a clear CSR policy:**

The policy was established in 2006.

**Inclusion of reports on the opinions of respective committees in the Company's annual reports:**

From 2005 onwards, such reports were included in the Company's annual reports.

**Chairman of the Board of Directors:**

The Chairman of the Board of Directors shall not be a chairman or a member of a respective



committee, starting from 2003. The Chairman of the Board of Directors shall not be the Chairman of the Executive Committee, starting from 2007.

**Reporting of operating results to the Board of Directors:**

In the case where the Board of Directors meetings are not held every month, the Company will ensure that the operating results are reported to the Board of Directors on a monthly basis. Such reporting practice was initiated in 2007 and adjusted in 2009.

**The principle and policy regarding remuneration of the managing director and high-level executives:**

The Nomination and Remuneration Committee prepared the principle and policy regarding the remuneration for submission to the Board of Directors for consideration and for further submission to the Shareholders Meeting No. 1/2006 for approval. The Nomination and Remuneration Committee had considered and adjusted remunerations for every level of employees to ensure alignment with the Company's business operations and peers with similar business size.

**Managing Director Succession Planning:**

The Managing Director is required to regularly report the succession plans for the Managing Director and high-level executive positions as well as to implement and report the executive development project on an annual basis, starting from 2005 onwards.

In 2016, at the Board of Directors' Meetings, self-assessment in terms of compliance with the good corporate governance principle was conducted based on a questionnaire containing 99 items prepared by the Corporate Governance Center, Stock Exchange of Thailand, in May 2013. This questionnaire was filled out by each director prior to the Board of Directors' Meeting. Views and opinions were exchanged before the Board of Directors' Meeting and it was concluded at the meeting that the following items were not implemented or were not fully implemented:

**The Chairman of the Board of Directors being an independent director:**

This practice was not yet implemented as the major shareholders were not ready for a change and no independent director expressed interest to assume the position.

**Clear determination of director's office term:**

The maximum office term of each director was not yet determined due to concerns regarding seeking qualified candidates. Although, IOD has a list of chartered directors but only a handful of people met the criteria. The retirement age is 75 years.

**The policy on Tipco's directors serving as directors in other companies of appropriate nature or status:**

According to the policy, each director of Tipco may serve as a director for a maximum of 3 listed companies. However, there is no requirement regarding serving as a director for non-listed companies.

**Clear determination of committee member's office term:**

The maximum office term was not yet determined due to the same reason in the case of director's office term.

**Directors' Participation in Board of Directors/Committees' Meetings**

List of directors (No. of attended meetings/No. of meetings)	Audit Committee's Meetings	Nomination and Remuneration Committee's Meetings	Board of Directors' Meetings	Shareholders' Meetings
Miss Laksana Supsakorn			5/5	1/1
Mrs. Anurat Tiamtan			5/5	1/1
Mr. Virat Phairatphiboon	4/5		4/5	1/1
Mr. Surachet Supsakorn		2/2	5/5	1/1
Mr. Somchit Sertthin			5/5	1/1
Mr. Chalit Limpanavech			4/5	0/1
Miss Roumsin Supsakorn			5/5	0/1
Mr. Sitilarb Supsakorn			5/5	1/1
Mr. Paisal Pongprayoon	4/5	2/2	4/5	1/1
Mrs. Achara Pricha	5/5	2/2	5/5	1/1
Mr. Ekaphol Pongstabhon			5/5	1/1

**Board of Directors /Committees Evaluation**

According to the good corporate governance principle for listed companies, self-assessment of the board of directors and committees shall be conducted at least once per year to highlight achievements and issues for improvement. Self-assessment shall be conducted for both the entire board of Directors and each director.

**Self-assessment of the Board of Directors and each director:**

Self-assessment forms for the Board of Directors were developed and distributed by the Stock Exchange of Thailand (SET) and can be divided as follows:

1. Self-assessment form for the Board of Directors
2. Self-assessment form for each director

**Self-assessment process:**

1. The Board of Directors conducts self-assessment through a form developed by the SET.
2. The Corporate Secretary reports the self-assessment results of each director.
3. The Corporate Secretary reports the self-assessment results to the Board

of Directors for enhanced operational efficiency.

**Self-assessment forms for the Board of Directors and for each director consist of 6 topics:**

1. Structure and qualifications of the Board of Directors and each director
2. Role, duties, and responsibilities of the Board of Directors and each director
3. Meetings of the Board of Directors and each director
4. Performance of duties as a board member
5. Relationships with the management team
6. Self-development of a board member and a management team member

**Board of Directors Evaluation**

The Board of Directors assessed its role and efficiency of operations by discussing and reviewing past meeting agenda items and key achievements in various aspects such as past year's operating results compared to business plans, risk management performance, strategy determination, business plan approval,

consideration of major investments, etc. The areas for improvement included the Chairman of the Board of Directors being an independent director: independent directors representing more than half of the Board of Directors: and all directors attending the shareholders' meeting.

Evaluation of the Chairman of the Board of Directors was conducted through discussion between the directors. The directors commended that the Chairman of the Board of Directors appropriately performed duties, created positive meeting environments, exhibited impartiality, and allowed every director to raise opinions freely without time limits. The directors felt that they were valuable because of their devotion and contribution.

No significant issues were found from the Board of Directors evaluation.

The Board of Directors viewed that they had efficiently performed duties and clearly understood their role and duties as well as Tipco's nature of business and situation. Each director devoted his/

her time and efforts for the successful performance of the Board of Directors.

#### **Self-assessment of respective committees:**

Self-assessment shall be conducted for the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee once per year. Self-assessment forms for respective committees can be divided as follows:

1. Self-assessment form for each committee
2. Self-assessment form for each committee member

#### **Self-assessment process:**

1. The respective committee conducts self-assessment.
2. The Corporate Secretary reports the self-assessment results of the respective committee for enhanced operational efficiency.
3. The Corporate Secretary reports the self-assessment results of the respective committee to the Board of Directors.

Self-assessment forms for respective committee and for each committee member consist of 6 topics:

1. Structure and qualifications of the respective committee
2. Role, duties, and responsibilities of the respective committee
3. Meetings of the respective committee
4. Performance of duties as a committee member
5. Relationships with the management team
6. Self-development of a committee member and a management team member

#### **Audit Committee Evaluation**

Based on the self-assessment of the Audit Committee, it was found that the Audit Committee performed duties as assigned and conducted meetings every quarter together with the external and internal auditors to consider whether adequate controls were in place. The Audit Committee also held special meetings with the external auditors, apart from regular meetings, and reported the results to the Board of Directors for acknowledgement and rectification actions.

The Board of Directors viewed that the Audit Committee performed duties in a comprehensive and efficient manner. The Audit Committee provided comments and recommendations that were beneficial to the management of the Company. The Audit Committee also advised the management team to take caution in various matters and to revise action plans to avoid any potential damage. The Audit Committee achieved a very satisfactory performance.

#### **Nomination and Remuneration Committee Evaluation**

The self-assessment of the Nomination and Remuneration Committee was conducted by comparing 2015 and 2016 checklists of authority, duties, and responsibilities of the Nomination and Remuneration Committee. The evaluation results revealed that the Nomination and Remuneration Committee performed its duties in a comprehensive manner.

The managing director conducted self-assessment. The Nomination and Remuneration Committee and the

Chairman of the Board of Directors also evaluated his performance by considering various aspects, including corporate performance, business performance scorecard, smart goal, target achievement, budgets, action plans, etc.

The Board of Directors deemed that the Nomination and Remuneration Committee fully performed its duties and provided useful recommendations on, for example, human resources management and salary structure.

#### **Chairman Evaluation**

The independent directors viewed that the Chairman of the Board of Directors performed duties in a comprehensive and

effective manner and allowed all directors to express their opinions freely through positive environments. Thus, the directors felt that they were valuable because of their performance of duties.

#### **Orientation for new directors**

Tipco requires that all new directors attend an orientation session so as to learn about business policies, shareholding structure, capital structure, information system, and regulations and laws concerned. In addition, each new director will receive a manual for directors and other information. The managing director will give a summary of the Company's policies and relevant information as well as latest operating results.

**Director development and training**

Participant	Position	Course	Date
Mr. Ekaphol Pongstabhorn	• Managing Director	1. Succession Plan & People Challenge in Global Business	15/8/2016
		2. Internal Fraud Prevention and Control	24/8/2016
		3. CEO Branding & CEO as a Brand Champion for Sustainability	31/8/2016- 1/9/2016
		4. Marketing with Digital Technology Era	5/10/2016
		5. Competitive Strategy	21/12/2016
Mr. Paisal Pongprayoon	• Independent Director • Chairman of the Nomination and Remuneration Committee • Audit Committee Member	1. Audit Committee Forum	29/6/2016
Mrs. Achara Pricha	• Independent Director • Audit Committee Member	1. Clean Business Engagement with Public Sector	29 /2/2016
		2. Nurture Social Enterprise	20/4/ 2016
		3. Quarterly Economic Wrap- UP for Listed Companies	21/4/2016

Participant	Position	Course	Date
	• Member of the Nomination and Remuneration Committee	4. Integrity and Prudence: Directors' Protection	17 /5/ 2016
		5. Sustaining Business through Ethical Leadership	30 /5/ 2016
		6. Enhancing Growth Through Governance in Family Controlled Business	9 /6/ 2016
		7. Audit Committee Forum	29 /6/ 2016
		8. Insight Management Techniques by Management Professionals	26/6/2016
		9. Director Forum on Corporate Governance Code	13 /9/ 2016

### Investor Relations

The Board of Directors attaches importance to accurate, transparent, and timely disclosure of financial reports and generation information. The Company appointed the Corporate Planning Manager, Mr. Pongtorn Kanchana-akradet, to be mainly responsible for investor relations

and coordination. For corporate information, investors may call 02-273-6807 (ext.7860) or visit the Company's website: [www.tipco.net](http://www.tipco.net) or contact email address: [pongturn@tipco.net](mailto:pongturn@tipco.net). Investors can access the corporate information published under the Investor Relations section in the Company's website.



# Shareholding Structure

## Shareholding Structure (30/12/2016)

No.	Name	No. of Shares	%
1	Mr. Sitilarb Supsakorn	55,500,000	11.397
2	Ms. Roumsin Supsakorn	48,500,000	10.050
3	Miss Laksana Supsakorn	37,861,267	7.845
4	Mrs. Anurat Tiamtan	30,966,765	6.417
5	Miss Piyaratana Supsakorn	30,379,328	6.295
6	THAI NVDR Co.,LTD	24,131,468	5.001
7	Mr. Viwat Kovitsopon	19,900,000	4.124
8	Mrs. Rieam Supsakorn	18,039,299	3.738
9	Ms. Natalie Supsakorn	12,000,000	2.487
10	Mr. Somchit Sertthin	11,599,846	2.404

## Persons with Mutual Interest and Related Transactions

Stake holding interest of management is considered in relation to connected companies, subsidiaries and associated companies. Certain business are suppliers providing product or materials transport services in which the cost of such products or services provided to the company is calculated at market rates stated in mutual price policies referring to the Notes to Financial Statements No. 5.10, and with no contractual obligations between the Board of Directors with stake-holding interest owing to their status as Directors or shareholders are:

1. Ms. Laksana Supsakorn
2. Mrs. Anurat Tiamtan
3. Mr. Surachet Supsakorn
4. Mr. Somchit Sertthin
5. Ms. Roumsin Supsakorn
6. Mr. Sitilarb Subsakorn

Details of connected relations among the Company's Directors with related companies are summarized mainly as the table below:

Related company	Type and Nature of Business	Relationship with the related companies	Relationship with the company/shareholder name and equity stake of the related company's total share
Thanomwongse Service Co., Ltd.	Distributor of petroleum products, constructor of buildings, roads and surface maintenance	Ms. Laksana Supsakorn Director Mr. Sitilarb Subsakorn Director Mr. Surachet Supsakorn Director Mr. Somchit Sertthin Director	-None-  1 share held by Mr. Sitilarb Supsakorn  -None-  -None-
Tipco Asphalt PCL.	Producer and distributor of asphalt and distributor of fuel products	Ms. Laksana Supsakorn Director Mr. Somchit Sertthin Director Mr. Sitilarb Supsakorn Director	23.82% held by Tipco Foods PCL.
Siamcontainer Terminal Co., Ltd.	Provides to Full Functional Services and Main Services are : Container Terminal	Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan Director	16.67% held by Ms. Laksana Supsakorn  16.67% held by Mrs. Anurat Tiamtan

Related company	Type and Nature of Business	Relationship with the related companies	Relationship with the company/shareholder name and equity stake of the related company's total share
Ruamsapsin Co., Ltd.	Service, Warehouse management System, Transportation Service  To purchase, provide, acquire , rent , lease, possess improve, use, manage and others any assets including benefit of such assets	Ms. Roumsin Supsakorn Director Mr. Sitilarb Supsakorn Director  Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan Director Ms. Roumsin Supsakorn Director Mr. Sitilarb Subsakorn Director Mr. Surachet Supsakorn Director	16.67% held by Ms. Roumsin Supsakorn  16.67% held by Mr. Sitilarb Supsakorn  20.00% held by Miss Laksana Supsakorn 20.00% held by Mrs. Anurat Tiamtan 20.00% held by Miss Roumsin Supsakorn 20.00% held by Mr. Sitilarb Supsakorn -None-
Tipco Tower Co., Ltd.	Rental office, Contractor and civil works of all types.	Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan Director Ms. Roumsin Supsakorn Director	20.00% held by Miss Laksana Supsakorn 20.00% held by Mrs. Anurat Tiamtan 20.00% held by Miss Roumsin Supsakorn

Related company	Type and Nature of Business	Relationship with the related companies	Relationship with the company/shareholder name and equity stake of the related company's total share
Thai Slurry Seal Co., Ltd.	Asphalt road and construction services	<p>Mr. Sitilarb Subsakorn Director</p> <p>Mr. Surachet Supsakorn Director</p> <p>Ms. Laksana Supsakorn</p> <p>-</p> <p>-</p> <p>Mr. Sitilarb Subsakorn Director</p> <p>Mr. Somchit Sertthin Director</p>	<p>20.00% held by Mr. Sitilarb Supsakorn</p> <p>-None-</p> <p>7.50% held by Miss Laksana Supsakorn</p> <p>0.84% held by Mrs. Anurat Tiamtan</p> <p>7.50% held by Miss Roumsin Supsakorn</p> <p>7.50% held by Mr. Sitilarb Supsakorn</p> <p>-None-</p>

# Management Structure

## Board of Directors

1. Miss Laksana Supsakorn	Chairman
2. Mrs. Anurat Tiamtan	Director
3. Mr. Somchit Sertthin	Director
4. Miss Roumsin Supsakorn	Director
5. Mr. Sitilarb Supsakorn	Director
6. Mr. Surachet Supsakorn	Director
7. Mr. Virat Phairatphiboon	Independent Director
8. Mr. Chalit Limpanavech	Independent Director
9. Mrs. Achara Pricha	Independent Director
10. Mr. Paisal Pongprayoon	Independent Director
11. Mr. Ekaphol Pongstabhon	Managing Director
12. Mr. Phicharn Sluckpetch	Secretary

## Audit Committee

1. Mr. Virat Phairatphiboon	Chairman
2. Mr. Paisal Pongprayoon	Member
3. Mrs. Achara Pricha	Member
4. Miss Kullakarn Cheenpun	Secretary

## Nomination and Remuneration Committee

1. Mr. Paisal Pongprayoon	Chairman
2. Mr. Surachet Supsakorn	Member
3. Mrs. Achara Pricha	Member

## Corporate Governance Committee

All members of the Board of Directors shall serve as members of the Corporate Governance Committee.

**Risk Management Committee**

Mr. Ekaphol Pongstabhon	Chairman
4. Mr. Chokchai Tocharoentanaphol	Member
5. Mr. Kitti Thannara	Member
6. Mrs. Karnchana Warotemaporn	Member
7. Mr. Pongtorn Kanchana-akradet	Member
8. Mrs. Pornanong Yoocha	Member and Secretary
9. Miss Kanittha Seubchakdee	Assistant Secretary

Member's Name	Position	Committee Meetings	
		Number of meetings	Number of attended meetings
Miss Laksana Supsakorn	Chairman of the Board of Directors	5	5
Mrs. Anurat Tiamtan	Director	5	5
Mr. Surachet Supsakorn	Director	5	5
	Member of the Nomination and Remuneration Committee	2	2
Mr. Somchit Sertthin	Director	5	5
Miss Roumsin Supsakorn	Director	5	5
Mr. Sitilarb Subsakorn	Director	5	5

Member's Name	Position	Committee Meetings	
		Number of meetings	Number of attended meetings
Mr. Viroj Phairothphiboon	Independent Director	5	4
	Chairman of the Audit Committee	5	4
Mr. Paisal Pongprayoon	Independent Director	5	4
	Member of the Audit Committee	5	4
	Chairman of the Nomination and Remuneration Committee	2	2
Mrs. Achara Pricha	Independent Director	5	5
	Member of the Audit Committee	5	5
	Member of the Nomination and Remuneration Committee	2	2
Mr. Chalit Limpanavech	Independent Director	5	4
Mr. Ekaphol Pongstabhon	Managing Director	5	5

#### Management Team-Tipco Food Group

1. Mr. Ekaphol Pongstabhon  
Managing Director, Acting Chief Financial Officer  
- Fruit Processing Business, and Acting Chief  
People and Information Technology Officer
2. Mr. Seichi Ueno  
Chief Operations Officer - Consumer Business

3. Ms. Nitima Aungaticharts

Chief Financial Officer - Consumer Business  
 and Retail Business

4. Mr. Peerapong Archawapongsawat

Managing Director - Tipco Retail Co., Ltd.

5. Mr. Chokchai Tocharoentanaphol

Chief Operations Officer - Fruit Processing  
 Business

### Corporate Secretary

The Board of Directors passed a resolution to appoint Mr. Phicharn Sluckpetch as corporate secretary starting from 25 March 2004. The Company has assigned an individual possessing suitable qualifications and experience to assume the position of corporate secretary. The requisite qualifications and responsibilities of this position are as follows:

#### Qualifications

- Bachelor's Degree (in Accounting or Law)
- Knowledge about laws and requirements related to the Company and the SEC
- Good interpersonal and communication skills
- Previous experience related to this position
- Knowledge of good corporate governance

#### Responsibilities

- Oversee operations related to meetings of the Board of Directors, the Audit Committee, the Nomination and

Remuneration Committee, and the shareholders

- Prepare and retain minutes of the Board of Directors' meetings
- Oversee the disclosure of information and reporting in accordance with relevant laws and regulations and the principle of good corporate governance
- Provide preliminary recommendations and advice on legal issues, operating procedures, and good corporate governance practices for the Board of Directors
- Circulate resolutions and policies of the Board of Directors to relevant parties, follow up on results, and submit reports to the Board of Directors
- Communicate and provide information concerning the Company's businesses to the directors
- Arrange orientation sessions for new directors and support continuous



development of directors

- Coordinate matters with external consultants such as legal counsel

### Remuneration of Directors and Executives

The Company defined a clear and transparent policy on directors' remuneration. Its remuneration rates were comparable to those of other companies in the same industry and an average market rate: and were approved by the shareholders. Directors also working as the Audit Committee's members received additional remuneration according to their enhanced scope of responsibilities. The Company's Managing Director and employees were paid based on individual performance. The remuneration rates were reviewed by the

Nomination and Remuneration Committee.

To ensure transparency and clarity in the determination of remuneration rates of the Company's Managing Director and high-level executives, the shareholders considered the policy and principle on the remuneration of the Company's Managing Director and high-level executives at the Annual General Meeting of Shareholders No. 1/2006 held on 28 April 2006.

In 2016, the remuneration rates of the Company's Board of Directors and executives were as follows: (Directors did not receive any remuneration from Tipco's subsidiary companies.)

### 1. Monetary Remuneration (per annum)

Monetary remuneration consisting of meeting allowance was paid according to the number of attended meetings as follows:

Name	Position	Remuneration (Baht)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
Miss Laksana Supsakorn	Chairman	960,000			960,000
Mrs. Anurat Tiamtan	Director	720,000			720,000
Miss Roumsin Supsakorn	Director	720,000			720,000

Name	Position	Remuneration (Baht)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
Mr. Somchit Sertthin	Director	720,000			720,000
Mr. Sitilarb Supsakorn	Director	720,000			720,000
Mr. Surachet Supsakorn	- Director - Member of the Nomination and Remuneration Committee	720,000		30,000	750,000
Mr. Virat Phairatphiboon	- Independent Director - Chairman of the Audit Committee	720,000	240,000		960,000
Mr. Chalit Limpanavech	Independent Director	720,000			720,000
Mr. Paisal Pongprayoon	- Independent Director - Chairman of the Nomination and Remuneration Committee - Member of the Audit Committee	720,000	160,000	50,000	930,000

Name	Position	Remuneration (Baht)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
Mrs. Achara Pricha	- Independent Director - Member of the Nomination and Remuneration Committee - Member of the Audit Committee	720,000	160,000	30,000	910,000
Mr. Ekaphol Pongstabhon	Managing Director	720,000			720,000

### Remuneration of executives

In 2016, 7 executives received remuneration consisting of salary and bonus totaling Baht 30,980,683.43.

### 2. Other Remuneration

Other remuneration of directors and committee members

- None -

### Other remuneration of executives

The Company established the provident fund for executives by paying contributions to the fund at the rate of 5% of salary. In

2016, the employer's contributions to the provident fund for 7 executives totaled Baht 1,260,897.00. In addition, 2 executive directors/executives were provided with company cars and 5 executives were provided with vehicle allowances totaling Baht 2,956,437.49.

### Personnel

In 2016, the Company had a total 1,479 employees who were paid remuneration totaling Baht 416 million consisting of salary, overtime pay, cost of living allowance, special allowance, social security fund contributions, and provident fund contributions, etc. In addition, the subsidiary companies paid similar

forms of employee remuneration totaling Baht 276 million.

Addressing employees' health as a priority, the Company implemented an annual physical

checkup program with a budget of Baht 789,723.83. During the past year, the Company also paid Baht 2,054,846.65 to cover medical expenses (under its health insurance plan) and influenza vaccination for its employees.

2016	Tipco Foods Pcl.	Tipco F&B Co., Ltd.	Tipco Retail Co., Ltd.	Tipco Biotech Co., Ltd.
Operating employees	1,436	565	307	146
Executive employees	43	28	4	4
Total (person)	1,479	593	311	150
Employees at Headquarters	133	125	104	3
Employees outside Headquarters	1,346	468	207	147
Total (person)	1,479	593	311	150
Employees' remuneration (Baht Million)	416	200	47	29

### Changes in Numbers of Employees in the Last 3 Years

Tipco Foods Public Company Limited's numbers of employees were as follows:

- As at 31 December 2013, the Company's number of employees was 2,155.
- As at 31 December 2014, the Company's number of employees was 1,470.
- As at 31 December 2015, the Company's number of employees was 1,414.

### Major Labour Disputes in the Last 3 Years

The Company did not have any labour dispute, protest, or strike during the last 3 years.

### Accident Statistics in 2016

- The number of employees taking leave as a result of accidents 10 persons (LTA. or Frequency Rate=0.62)
- The number of leave days 345 days (DLT. or Level of Severity = 21.27)

## Human Resources Development

### Policy

The Company places importance on adequate and consistent personnel development to ensure that its employees are capable of fulfilling duties and ready advance in their career path to support additional assignments in an efficient and effective manner.

### Rules and Regulations

1. Every position must have job description, qualification, and competency, for example, academic degree, experience, and expertise required for the performance of duties in such position.
2. Employees at the level of OM5/05 and above must be subject to core competency analysis which covers knowledge, skills, and expertise in various aspects. The analysis results shall be used as a guideline for preparing individual development plans (IDP). The positions to be chosen for this assessment shall be in line with the Company's annual personnel development plan.
3. For other employees that are not subject to core competency analysis, knowledge and competency development needs shall be considered by supervisors based on their annual performance evaluation results. Then, individual development plans will be determined and proposed to supervisors for approval before submission to the Human Resources Department for compiling and preparing training and development plans.
4. Employees shall improve their knowledge, skills, and competency in various areas, including management, supervision, technical and professional fields, specialized assignments, business acumen, basics of quality management system, and awareness of quality assurance through one or more of the following methods:
  - 4.1 On-the-job training
  - 4.2 Training, seminar, case study, or site visit on- and off-premises
  - 4.3 Job rotation
  - 4.4 Appointment of successors
  - 4.5 Assignment of tasks or special projects
  - 4.6 Other methods as appropriate
5. The Human Resources Department is responsible for coordinating with other department heads and taking relevant actions in developing employees, following up on development progress,

and keeping employee development records.

**Practices**

1. For employees at M4/P4 up, competency analysis and individual development plan must be jointly considered and endorsed between supervisors, employees, the Human Resources Department, and the Human Resources Committee. This is for maximum benefits of the Company and its employees.
2. Supervisors and employees shall be mainly responsible for developing individual development plans for career advancement and development.
3. The Human Resources Department, supervisors, and management team shall undertake supervision and allocate budget resources to ensure that employees' development needs are fulfilled in a broad-based, equal, and non-discriminatory manner.
4. Employees shall be allowed to check their individual development plan and/or development progress with supervisors or the Human Resources Management at any time. They also shall be able to file complaints with management team if

they experience neglect, lack of support, or unfair treatment with regard to self-development issues.

In the past year, the Company facilitated a number of training courses to support personnel development, including the following:

- Problem Solving and Decision Making
- Train the Trainers
- Ways to Be One Team
- Service Standard
- Competency-Based Interview Techniques

Apart from the training courses to support employees' performance of duties, the Company offered a number of specialized training courses such as marketing, sales, customer services, accounting, finance, human resources management, repairs and maintenance, and production management with the total budget of approximately Baht 5 million.

# Internal Control and Risk Management

## 1. Internal control and internal audit

The Board of Directors established internal control system to cover all aspects including financial management, operations, compliance with relevant laws, rules and regulations, and risk management. In addition, proper checks and balances system and an effective internal audit system were adopted in order to enhance the efficiency of administration and asset management as well as to ensure fair compensation and returns for all stakeholders. The Company defined the scope of authority and responsibilities of executives and employees according to the hierarchical order, established written operating procedures, developed employees at managerial level and talents through the Internal Quality Audit ISO 9001: 2000 program in support of cross-functional audit, and established an independent internal audit function. From 2004 onwards, the Company has engaged an external firm to conduct internal audits for the Company. The internal auditor jointly considered internal audit plans with the Audit Committee and directly reports to the Audit Committee.

The Board of Directors delegated authority, duties and independence to the Nomination and Remuneration committee so as to promote fairness of the selection of competent and qualified candidates for the position of director and managing director as well as to ensure that the remuneration for directors and employees is fair and based on performance. In addition, the Corporate Governance committee has been established to be responsible for the formulation of the corporate governance policy and code of business ethics. The policy and the result of its implementation have been periodically reviewed. The Company has fostered the culture of good corporate governance as it strongly believes that management with quality, integrity, transparency and fairness to all parties will lead to the achievement of sustainable business growth.

## 2. Internal Control System

At the Board of Directors Meeting No. 1/2016 held on 12 February 2016 where 3 independent directors were also present, the Board of Directors evaluated the Company's internal control system and approved the evaluation

form prepared by the management as well as the Audit Committee's report. Details can be summarized as follows:

**Operational control:**

The Company has clearly defined the authority and operating procedures applicable to operating officers and executives in writing to facilitate audits. Utilization of the Company's resources and assets was controlled and monitored to ensure benefits. Also, the budget management system is implemented and feasibility study is conducted for investment projects before asset investments are made. To ensure effectiveness, the Company adopts the monitoring and tracking system to analyze gaps between the planned budget and the actual results. Furthermore, there is a clear segregation of duties between operating officers, controllers and assessors to promote proper checks and balances. Internal controls are enforced for financial management and financial reports are presented to division heads concerned.

**Internal audit:**

The Company has contracted an external firm to conduct internal audits for the

Company with the aim of ensuring that its key operations and financial activities are undertaken in accordance with predetermined guidelines. Compliance with the laws and relevant requirements has been audited. To promote the internal auditor's independence and abilities to conduct audit activities in accordance with the checks and balances principle, the Board of Directors instructed the internal auditor to report directly to the Audit Committee and to determine the scope of audit in collaboration with the Audit Committee.

**Risk management:**

The Board of Directors established the Business Risk Assessment committee which is responsible for determining the risk management scope and policy. The committee holds a meeting with managers of relevant departments to identify and assess business risks every three months. Also, team meetings are held daily while department meetings, management meetings and senior executive meetings are held monthly. Compliance with the laws and relevant requirements has been audited. To promote the internal auditor's independence and abilities to conduct audit



activities in accordance with the checks and balances principle, the Board of Directors instructed the internal auditor to report directly to the Audit Committee and to determine the scope of audit in collaboration with the Audit Committee. Compliance with relevant laws and requirements has been monitored. Compliance with relevant laws and requirements has been monitored. From 2004 onwards, the Audit Committee has required the internal auditor to monitor risk management and to identify if the management has adopted approaches as planned and if such approaches effectively contribute to risk mitigation. The results shall be presented to the Audit Committee on a quarterly basis.

**The opinion of the Board of Directors regarding adequacy of internal control system**

The Board of Directors opined that the internal control system, business risk management and corporate governance of the Company were at the satisfactory level and could provide reasonable assurance with regard to transparency. The financial statements of the Company and its subsidiaries for the year 2016 which were jointly reviewed by the Audit Committee, the management team

and the auditor of the Company presented the financial position and the operating results correctly, completely, reasonably, fairly and in accordance with the generally accepted accounting principles. The Company adopted appropriate accounting policies and consistently applied such policies. The disclosure of information was adequate according to the auditor's opinion on the Company's financial statements specified in the auditor's report.

**3. Internal Audit**

The Audit Committee at its Meeting No. 3/2004 held on 9 August 2004 appointed Audit and Management Consultant Co., Ltd. to perform duties as the internal auditor of the Company from 3 August 2004 onwards. Audit and Management Consultant Co., Ltd. has appointed Mrs. Pilai Piampongsarn as internal auditor mainly responsible for internal audit works for the Company. After due consideration of qualifications of Audit and Management Consultant Co., Ltd. and Mrs. Pilai Piampongsarn, the Audit Committee deemed that they possess appropriate qualifications to perform such duties as they

have independence and received trainings and licenses relevant to internal audit operations such as Certified Public Accountant (Thailand) - (CPA No.2336) and Honorary Certified Internal Auditor, Institute of Internal Auditors - (CIA No.30861). Also, the management team has been assigned to coordinate with the said outsource internal auditor.

Consideration and approval, appointment, removal or transfer of the head of the internal audit function of the Company must be subject to approval or endorsement from the Audit Committee.

#### **Details regarding head of internal audit function and head of compliance function**

##### **1. Details regarding head of compliance function**

The Board of Directors has appointed Mr. Phicharn Sluckpetch as head of compliance function. He shall be responsible for acting as a center for supervision of business operations of companies in the group to ensure compliance with laws, rules, regulations and requirements of concerned supervisory bodies such as the Bank of Thailand (BOT), the Office of the Securities and Exchange Commission (SEC), the Office of Insurance

Commission, the Office of Energy Regulatory Commission (OERC) or other relevant agencies governing the Company's business operations, and for reporting the results to the Audit Committee and the Board of Directors on a quarterly basis. The Board of Directors approved the compliance policy, requiring that the Board of Directors, the Audit Committee, high-level executives, departments or functional units and employees comply with laws. Communication to employees has been made so that they are aware that they have the duty and responsibility to study and understand laws, rules and regulations applicable to their work and to comply with the said rules and regulations strictly, correctly and completely. (The profile of the executive is as per page 29)

##### **2. Details regarding head of internal audit function**

The Audit Committee appointed Audit and Management Consultant Co., Ltd. as the Company's internal auditor. Audit and Management Consultant Co., Ltd. has assigned Mrs. Pilai Piampongsarn to be the internal auditor who shall be mainly responsible for internal audit works for the Company. (The profile is as per Attachment 3 in 56-1 form.)

# Connected Transactions

Details of related transaction accounts between Tipco Foods PCL. and its subsidiaries with related persons in 2016 include these followings:

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
1. Others incomes	Tipco Asphalt PCL.	0.24	Market prices, equivalent to that quoted for outsiders
	Raycol Asphalt Co., Ltd.	0.01	
	Thai Bitumen Co., Ltd.	0.01	
	<b>Total</b>	<b>0.26</b>	
2. Acquiring services and others	Thanomwongse Service Co., Ltd.	0.18	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.08	
	Siamcontainer Terminal Co., Ltd.	0.69	
	Ruamsapsin Co., Ltd.	0.42	
	Tipco Tower Co., Ltd.	19.08	
	Marketing Consultants Co., Ltd.	1.41	
		<b>Total</b>	

Details of related transactions between Tipco F&B Co., Ltd. and related companies include these followings:

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
1. Selling products	Siamcontainer Terminal Co., Ltd.	0.20	Market prices, equivalent to that quoted for outsiders
	Thanomwongse Service Co., Ltd.	1.02	
	Tipco Asphalt PCL.	1.82	
	Rattanajit Co., Ltd.	0.36	
	Thai Bitumen Co., Ltd.	0.17	
	Thai Slurry Seal Co., Ltd.	0.04	
	Tipco Maritime Co., Ltd.	0.07	
	Ruamsapsin Co., Ltd.	0.02	
	<b>Total</b>	<b>3.70</b>	
2. Acquiring services and others	Tipco Asphalt PCL.	0.37	Market prices, equivalent to that quoted for outsiders
	Thanomwongse Service Co., Ltd.	0.13	
	Siamcontainer Terminal Co., Ltd.	0.27	
	Ruamsapsin Co., Ltd.	9.63	
	Tipco Tower Co., Ltd.	7.08	
	Marketting Consultants Co., Ltd.	1.51	
		<b>Total</b>	

Details of related transactions between Tipco Retail Co., Ltd. and related companies include these followings:

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
1. Acquiring services and others	Thanomwongse Service Co., Ltd	0.01	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.10	
	Ruamsapsin Co., Ltd.	7.40	
	Tipco Tower Co., Ltd.	1.74	
	Marketting Consultants Co., Ltd.	0.06	
	<b>Total</b>	<b>9.31</b>	

Other service transactions were building rental paid to Tipco Tower Co., Ltd. This was booked as expense of the Company, Tipco F&B Co., Ltd. and Tipco Retail Co., Ltd. of 11.31 million Baht, 4.61 million Baht and 1.00 million Baht, respectively. The Audit Committee had taken serious consideration to prove that such rental was fair when compared with similar buildings and facilities services available in Bangkok. Approval was made by the Company's Board of Directors, in which related Directors had no voting rights.

#### The Necessity and Rationality of the Transactions

The related transactions between the Company, subsidiaries and related persons who might conflict of interest are treated as normal business activities and needed to be approved by Audit Committee first and then the Board of Directors. This is in line with all endorsement procedures of the Company involving in price comparison and market price quotation policy.

**The Measure and Process of Related Party Transactions**

The related party transactions at the present continuing to the future, must be approved by both the Audit Committee and the Board of Directors. This is in line with all endorsement procedures of the Company involving in price comparison and supplier selection process, in which the Directors who have the conflict of interests must obtain from voting.

**Policies and Tendencies of Related Party Transactions in the Future**

The related party transactions, which occur at present and may continue to the future, are treated as normal business activities. There will be neither unusual transactions nor the transfers of interest between the Company, subsidiaries and related persons with possible conflicts of interest. The Company will have the Audit Committee or the Company's auditor or independent expert to examine the suitability of prices and rationality of transactions and to make relevant remarks. Details, values and reasons on these transactions are required to publicly disclose and report to Shareholders' Meeting and in the annual report. The Board

of Directors has to comply with securities and exchange laws and regulations, announcement of the Stock Exchange of Thailand. Moreover, the Company has to strict with the disclosure of relevant transactions and acquisitions or sales of significant assets of the Company or subsidiaries in accordance with the accounting standard of the Institute of Certified Accounts and Auditors of Thailand. In case of any related party transactions between the Company, subsidiaries and related persons with possible conflict of interests, the Company must have the Audit Committee to examine the justification of these transactions. In case of any transactions that may be beyond the Audit Committee's capability, the Company will establish independent expert or auditor team to do that before having any conclusions to propose to the Company's Board of Directors or shareholders.

# Report of the Board of Directors Responsibility to Financial Reporting

The Board of Directors of the Company is responsible for the financial statements of the Company and its subsidiaries, including the financial information presented in the Annual Report. The financial statements are prepared in accordance with the generally accepted accounting principles, while the suitable and consistent accounting policies are duly adopted. Cautious judgment and the best possible estimates are exercised in the preparation of the Statements. In addition, significant information is sufficiently shown in the Notes to the Financial Statements. The Statements have been inspected by licensed and independent auditors, who have not made any conditional comments. The Statements therefore accurately and reasonably reflect the financial position and operating performance results of the business, for the benefit of shareholders, general investors and parties with interests in the Company, in a transparent manner. The Board of Directors has initiated, and continues to maintain, a system of risk management, as well as suitable and efficient

internal controls, in order to reasonably ensure that the recording of accounting data is conducted accurately, comprehensively and adequately. This is with the aim of protecting the assets of the business, and to identify weaknesses, to prevent risk from acts and corruption or transactions of a significantly abnormal nature.

The Board of Directors has appointed the Audit Committee, comprising of 3 Independent Directors, to oversee and be responsible for ensuring the quality of financial reporting, as well as internal controls. The Audit Committee's opinions on this matter are shown in the Audit Committee's Report as appearing in the Annual Report.

The Board of Directors of the Company is of the opinion that the business' internal control systems are of a satisfactory level to engender a reasonable degree of confidence in the consolidated Financial Statements, as well as the Financial Statement of the Company's subsidiaries as of 31 December 2016



(Ms.Laksana Supsakorn)  
Chairman of the Board



(Mr.Ekaphol Pongstabhon)  
Managing Director

# Report of the Audit Committee

The Audit Committee of Tipco Foods Public Company Limited comprises 3 independent directors. Mr. Virat Phairatphiboon serves as Chairman of the Audit Committee, while Mr. Paisal Pongprayoon and Mrs. Achara Pricha serve as members of the Audit Committee. The Audit Committee performed its duties as assigned by the Board of Directors under the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

In 2016, the Audit Committee held 5 formal meetings with the external auditor and the internal auditor. The Committee also conducted several consultations with the internal auditor, the external auditor and the management. The Audit Committee's main operations can be summarized as follows:

1. The Audit Committee together with Audit and Management Consultant Co., Ltd., the internal auditor, determined the annual internal audit plan to ensure the sufficiency of internal control systems. An emphasis was placed on business risk management and the internal auditor was assigned to review such risk on a quarterly basis and to review the self-evaluation form for anti-corruption measures prior to submission thereof to the Board of Directors for consideration and approval.
2. The Audit Committee together with the external auditor reviewed the quarterly and annual financial statements and related financial reports prior to submission thereof to the Board of Directors for consideration and approval. It was found that the financial statements were in compliance with the Thai financial reporting standards and disclosed sufficient, complete, and reliable information.
3. The Audit Committee reviewed all connected transactions between the Company and related individuals and juristic persons and opined that such transactions were undertaken in the ordinary course of business, at competitive market prices, and on an arm's length basis.
4. The Audit Committee conducted a review to ensure that the effective internal control systems were in place. No significant faults that could result in key impacts were found. It was reiterated that the management must constantly

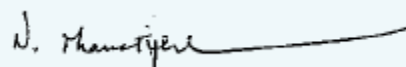


enhance the internal control and risk management systems to be efficient and aligned with the business environment. The Audit Committee also promoted and supported internal audit activities to meet international standards.

5. The Audit Committee monitored the Company's investment projects by regularly following up on the progress through management reports.
6. The Audit Committee reviewed the Company's compliance with relevant regulations and laws to ensure integrity and transparency to the shareholders and other stakeholders. Based on the review, it was found that the Company was in full compliance with such regulations and laws.
7. The Audit Committee considered, proposed and appointed a new external auditor according to appropriate timeline. This was because Bunchikij Co., Ltd. had been working as the Company's external auditor for 18 years. To ensure transparent audit operations according to the principle of good corporate governance and the requirements of the Office of the Securities and Exchange

Commission, EY Office Limited was appointed as the Company's external auditor for the year 2016 and an audit fee was proposed to the Board of Directors to seek approval from the shareholders' meeting.

In summary, the Audit Committee reviewed the Company's principal operations and sought consultation with the management, the internal auditor, and the external auditor. The Audit Committee was satisfied that the Company's internal control systems were sufficient and enhanced on an ongoing basis. The Company was found to comply with the good corporate governance and risk management principles and its financial statement preparation process was implemented under the appropriate and adequate controls. The Company's financial statements were prepared in accordance with the Thai financial reporting standards and reliable. In addition, the Audit Committee considered and changed the Company's external auditor according to an appropriate time frame as well as conducted regular reviews of relevant laws, regulations, and rules to ensure the Company's compliance therewith.



Mr. Virat Phairatphiboon  
Chairman of the Audit Committee

17 February 2017





# Financial Report

# Independent Auditor's Report

To the Shareholders of Tipco Foods Public Company Limited

## Opinion

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

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

## Basis for Opinion

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

## Key Audit Matters

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

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

Key audit matters and how audit procedures respond for each matter are described below.

#### **Revenue recognition**

The revenue from sales is significant in amount in the consolidated financial statements of 2016 and directly affects the Group's financial performance. In addition, the Group has entered into agreements with a large number of customers and conditions stipulated in these agreements are varied, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore

focus on revenue recognition to ensure that revenue is recognised in the correct period. I assessed the appropriateness and tested the effectiveness of the internal controls of the Group with respect to the revenue by examining supporting documents, on a sampling basis, for actual sale transactions occurring during the year and expanding the scope of audit near the end of the accounting period. I also audited credit notes that the Group issued after the period-end. In addition, I performed analytical procedures of disaggregated data to detect possible irregularities in sale transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### **Investment in associate in consolidated financial statements**

As of 31 December 2016, the Company had investment in associate based on the equity method of approximately Baht 2,895 million presented in the consolidated statement of financial position and had share of profit from investment in associate in the consolidated statement of comprehensive income of approximately Baht 741 million. These amounts are significant to the consolidated financial

statements and have direct effect on profit or loss.

I have inquired the management relating to significant influence on associate to determine the appropriateness of recording transactions for investment in associate. I have also evaluated the accounting policy and related transactions of such associate. Furthermore, I obtained the financial statements which have been audited by the Certified Public Accountant of such associate to test the calculation of share of profit from investment in associate and tested proportionate interest in value of investment in associated company. In addition, I determined whether there was adequate disclosure of information of such investment in associate in the notes to the financial statements.

#### **Deferred tax from tax losses carried forward**

The Company and its subsidiaries have disclosed the accounting policy relating to deferred tax in Note 5.16 and Note 23 to the financial statements, respectively. As at 31 December 2016, the Group recognised deferred tax assets from tax losses carried forward of approximately Baht 34 million. To determine whether the

Group will have sufficient future taxable profit to utilise taxable losses, it requires significant management judgement with respect to the preparation of business plans and projections of future taxable profit based on approved business plans which may affect the deferred tax amount from tax loss carried forward.

I gained an understanding over the preparation and approval of the estimates of future taxable profit for deferred tax asset recognition. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin. Furthermore, I compared the past projections with actual taxable profits to assess the exercise of management judgment in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits.

#### **Other Matter**

The Consolidated financial statements of

Tipco Foods Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Tipco Foods Public Company Limited (the Company) for the year ended 31 December 2015 were audited by another auditor who, under his report dated 19 February 2016, expressed an unqualified opinion on those financial statements.

#### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability



to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

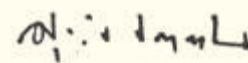
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that I identify during my audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Supachai Phanyawattano.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 21 February 2017

Tipco Foods Public Company Limited and its subsidiaries

# Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
Current assets					
Cash and cash equivalents	8	58,983,257	76,355,545	25,295,630	39,155,492
Current investment		3,846,390	3,800,857	-	-
Trade and other receivables	7,9	689,864,254	859,793,098	317,129,277	251,367,419
Inventories	10	882,245,761	778,357,555	433,586,623	304,986,735
Biological assets	3, 4	2,800,857	-	-	-
Advanced payments		14,188,871	14,860,944	7,583,343	8,468,045
Other current assets		46,582,571	20,879,907	13,031,935	7,268,309
<b>Total current assets</b>		<b>1,698,511,961</b>	<b>1,754,047,906</b>	<b>796,626,808</b>	<b>611,246,000</b>
Non-current assets					
Restricted bank deposits		1,016,000	1,016,000	-	-
Investments in subsidiaries	11	-	-	465,336,902	465,336,902
Investment in associate	12	2,894,859,580	2,466,355,206	644,929,739	644,929,739
Investment property- Land awaiting sale	13	7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	14	2,023,191,014	2,314,494,369	761,469,255	819,733,849
Intangible assets	15	68,099,837	46,411,924	35,954,345	35,654,906
Deferred tax assets - net	23	97,889,724	106,684,272	54,217,114	56,052,793
Other non-current assets		17,983,295	18,664,470	6,117,218	8,889,941
<b>Total non-current assets</b>		<b>5,110,309,011</b>	<b>4,960,895,802</b>	<b>1,975,294,134</b>	<b>2,037,867,691</b>
<b>Total assets</b>		<b>6,808,820,972</b>	<b>6,714,943,708</b>	<b>2,771,920,942</b>	<b>2,649,113,691</b>

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	16	417,000,000	1,320,288,281	120,000,000	620,058,736
Trade and other payables	17	859,126,100	720,540,421	241,296,027	222,357,918
Current portion of liabilities under finance lease agreements		631,976	1,563,976	-	932,000
Current portion of long-term loans from financial institutions	18	171,500,000	92,950,000	91,500,000	12,950,000
Income tax payable		2,247,671	3,044,170	-	-
Other current liabilities		57,184,526	19,507,431	35,285,354	4,072,265
<b>Total current liabilities</b>		<b>1,507,690,273</b>	<b>2,157,894,279</b>	<b>488,081,381</b>	<b>860,370,919</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements - net of current portion		-	631,976	-	-
Long-term loans from financial institutions - net of current portion	18	776,950,000	516,550,000	456,950,000	116,550,000
Provision for dismantling cost		2,649,600	2,406,000	-	-

Tipco Foods Public Company Limited and its subsidiaries

# Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Provision for long-term employee benefits	20	79,096,614	56,682,386	55,553,001	37,125,090
<b>Total non-current liabilities</b>		<b>858,696,214</b>	<b>576,270,362</b>	<b>512,503,001</b>	<b>153,675,090</b>
<b>Total liabilities</b>		<b>2,366,386,487</b>	<b>2,734,164,641</b>	<b>1,000,584,382</b>	<b>1,014,046,009</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid					
482,579,640 ordinary shares of Baht 1 each		482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interest in subsidiary of the associated company acquired at price lower than book value		1,494,466	1,494,466	-	-
Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate		(135,832,635)	(73,900,864)	-	-
Capital reserve for share-based payment transactions of the associate		28,433,655	18,078,255	-	-

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Retained earnings					
Appropriated - statutory reserve	21	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,650,873,429	3,081,058,341	1,238,756,920	1,102,488,042
Other components of shareholders' equity		(3,216,208)	6,109,519	-	-
Equity attributable to owners of the Company		4,074,332,347	3,565,419,357	1,771,336,560	1,635,067,682
Non-controlling interests of the subsidiaries		368,102,138	415,359,710	-	-
<b>Total shareholders' equity</b>		<b>4,442,434,485</b>	<b>3,980,779,067</b>	<b>1,771,336,560</b>	<b>1,635,067,682</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,808,820,972</b>	<b>6,714,943,708</b>	<b>2,771,920,942</b>	<b>2,649,113,691</b>

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

Tipco Foods Public Company Limited and its subsidiaries

# Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenues</b>					
Sales and service income		5,273,206,676	4,677,507,627	2,773,320,086	2,266,843,958
Other income					
Dividend income from associate	12	-	-	258,917,162	222,003,996
Gain from sales of investment property		-	37,719,870	-	37,719,870
Marketing income		-	63,737,550	19,925,917	-
Others		93,760,294	120,069,948	48,715,858	73,090,498
<b>Total revenues</b>		<b>5,366,966,970</b>	<b>4,899,034,995</b>	<b>3,100,879,023</b>	<b>2,599,658,322</b>
<b>Expenses</b>					
Cost of sales and services		3,816,732,538	3,611,177,850	2,315,030,368	2,075,497,143
Selling expenses		824,976,270	877,247,789	106,328,280	96,013,686
Administrative expenses		457,732,891	375,681,620	271,566,453	202,884,456
Other expenses					
Allowance for doubtful accounts	14	419,926	-	-	-
Allowance for impairment loss on equipment		186,471,519	1,340,659	-	1,340,659
<b>Total expenses</b>		<b>5,286,333,144</b>	<b>4,865,447,918</b>	<b>2,692,925,101</b>	<b>2,375,735,944</b>
<b>Profit before share of profit from investment in associate, finance cost and income tax</b>		<b>80,633,826</b>	<b>33,587,077</b>	<b>407,953,922</b>	<b>223,922,378</b>

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Share of profit from investment in associate	12	740,749,858	1,216,173,249	-	-
<b>Profit before finance cost and income tax</b>		<b>821,383,684</b>	<b>1,249,760,326</b>	<b>407,953,922</b>	<b>223,922,378</b>
Finance cost		(39,535,509)	(59,018,771)	(21,718,547)	(34,980,595)
<b>Profit before income tax</b>		<b>781,848,175</b>	<b>1,190,741,555</b>	<b>386,235,375</b>	<b>188,941,783</b>
Income tax	23	(16,002,513)	(11,805,200)	(5,315,062)	(5,974,750)
<b>Profit for the year</b>		<b>765,845,662</b>	<b>1,178,936,355</b>	<b>380,920,313</b>	<b>182,967,033</b>
<b>Other comprehensive income:</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Change in fair value of interest rate swap contract - net of income tax		-	1,781,897	-	1,781,897
Share of comprehensive income in associate	12	(9,325,727)	35,541,302	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(9,325,727)	37,323,199	-	1,781,897

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

Tipco Foods Public Company Limited and its subsidiaries

# Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Other comprehensive income not to be reclassified to profit or loss in subsequent periods Actuarial loss - net of income tax		(14,566,193)	-	(13,917,530)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(14,566,193)	-	(13,917,530)	-
<b>Other comprehensive income for the year</b>		<b>(23,891,920)</b>	<b>37,323,199</b>	<b>(13,917,530)</b>	<b>1,781,897</b>
<b>Total comprehensive income for the year</b>		<b>741,953,742</b>	<b>1,216,259,554</b>	<b>367,002,783</b>	<b>184,748,930</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		813,638,314	1,188,467,999	380,920,313	182,967,033
Non-controlling interests of the subsidiaries		(47,792,652)	(9,531,644)		
		765,845,662	1,178,936,355		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		789,211,314	1,225,791,198	367,002,783	184,748,930
Non-controlling interests of the subsidiaries		(47,257,572)	(9,531,644)		
		741,953,742	1,216,259,554		
<b>Earnings per share (Baht)</b>	25				
Basic earnings per share		1.69	2.46	0.79	0.38
Profit attributable to equity holders of the Company					

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





Tipco Foods Public Company Limited and its subsidiaries

# Statement of changes in shareholders' equity

For the year ended 31 December 2016

	Issued and paid-up share capital	Non-controlling interest in subsidiary of the associated company acquired at price lower than book value	Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	Capital reserve for share-based payment transactions of the associate
<b>Balance as at 1 January 2015</b>	<b>482,579,640</b>	<b>1,510,347</b>	<b>(74,686,161)</b>	<b>9,305,759</b>
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Share-based payment transactions of associate	-	(15,881)	785,297	8,772,496
<b>Balance as at 31 December 2015</b>	<b>482,579,640</b>	<b>1,494,466</b>	<b>(73,900,864)</b>	<b>18,078,255</b>
<b>Balance as at 1 January 2016</b>	<b>482,579,640</b>	<b>1,494,466</b>	<b>(73,900,864)</b>	<b>18,078,255</b>
Cumulative effect of change in accounting policy for agriculture (Note 3, 4)	-	-	-	-
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	-	-	(61,931,771)	-
Share-based payment transactions of the associate	-	-	-	10,355,400
Dividend paid (Note 28)	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>482,579,640</b>	<b>1,494,466</b>	<b>(135,832,635)</b>	<b>28,433,655</b>

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

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company						Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Retained earnings		Other components of equity						
Appropriated - statutory reserve	Unappropriated	Fair value of interest rate swap contract	Share of comprehensive income in associate	Total other components of shareholders' equity				
<b>50,000,000</b>	<b>1,892,590,342</b>	<b>(1,781,897)</b>	<b>(29,431,783)</b>	<b>(31,213,680)</b>	<b>2,330,086,247</b>	<b>424,891,354</b>	<b>2,754,977,601</b>	
-	1,188,467,999	-	-	-	1,188,467,999	(9,531,644)	1,178,936,355	
-	-	1,781,897	35,541,302	37,323,199	37,323,199	-	37,323,199	
-	1,188,467,999	1,781,897	35,541,302	37,323,199	1,225,791,198	(9,531,644)	1,216,259,554	
-	-	-	-	-	9,541,912	-	9,541,912	
<b>50,000,000</b>	<b>3,081,058,341</b>	-	<b>6,109,519</b>	<b>6,109,519</b>	<b>3,565,419,357</b>	<b>415,359,710</b>	<b>3,980,779,067</b>	
<b>50,000,000</b>	<b>3,081,058,341</b>	-	<b>6,109,519</b>	<b>6,109,519</b>	<b>3,565,419,357</b>	<b>415,359,710</b>	<b>3,980,779,067</b>	
-	2,011,952	-	-	-	2,011,952	-	2,011,952	
-	813,638,314	-	-	-	813,638,314	(47,792,652)	765,845,662	
-	(15,101,273)	-	(9,325,727)	(9,325,727)	(24,427,000)	535,080	(23,891,920)	
-	798,537,041	-	(9,325,727)	(9,325,727)	789,211,314	(47,257,572)	741,953,742	
-	-	-	-	-	(61,931,771)	-	(61,931,771)	
-	-	-	-	-	10,355,400	-	10,355,400	
-	(230,733,905)	-	-	-	(230,733,905)	-	(230,733,905)	
<b>50,000,000</b>	<b>3,650,873,429</b>	-	<b>(3,216,208)</b>	<b>(3,216,208)</b>	<b>4,074,332,347</b>	<b>368,102,138</b>	<b>4,442,434,485</b>	

# Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements						Total shareholders' equity
	Issued and paid-up share capital	Retained earnings		Other component of equity		Total other component of shareholders' equity	
		Appropriated - statutory reserve	Unappropriated	Fair value of interest rate swap contract	-		
<b>Balance as at 1 January 2015</b>	<b>482,579,640</b>	<b>50,000,000</b>	<b>919,521,009</b>	<b>(1,781,897)</b>	<b>-</b>	<b>1,450,318,752</b>	
Profit for the year	-	-	182,967,033	-	-	182,967,033	
Other comprehensive income for the year	-	-	-	1,781,897	1,781,897	1,781,897	
Total comprehensive income for the year	-	-	182,967,033	1,781,897	1,781,897	184,748,930	
<b>Balance as at 31 December 2015</b>	<b>482,579,640</b>	<b>50,000,000</b>	<b>1,102,488,042</b>	<b>-</b>	<b>-</b>	<b>1,635,067,682</b>	
<b>Balance as at 1 January 2016</b>	<b>482,579,640</b>	<b>50,000,000</b>	<b>1,102,488,042</b>	<b>-</b>	<b>-</b>	<b>1,635,067,682</b>	
Total comprehensive income for the year	-	-	380,920,313	-	-	380,920,313	
Other comprehensive income for the year	-	-	(13,917,530)	-	-	(13,917,530)	
Total comprehensive income for the year	-	-	367,002,783	-	-	367,002,783	
Dividend paid (Note 28)	-	-	(230,733,905)	-	-	(230,733,905)	
<b>Balance as at 31 December 2016</b>	<b>482,579,640</b>	<b>50,000,000</b>	<b>1,238,756,920</b>	<b>-</b>	<b>-</b>	<b>1,771,336,560</b>	

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

Tipco Foods Public Company Limited and its subsidiaries

# Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities:</b>				
Profit before income tax	781,848,175	1,190,741,555	386,235,375	188,941,783
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	258,220,970	232,371,658	115,732,106	123,636,023
Allowance for doubtful account	419,926	-	-	-
Reduction of cost of inventories to net realisable value (reversal)	15,621,895	(30,411,841)	988,491	(32,506,460)
Loss from inventory destruction	33,316,173	-	21,698,061	-
Gain on fair value of biological assets	2,800,857	-	-	-
Unrealised (gain) loss on exchange	96,912	(325,240)	(487,475)	(209,935)
Changes in fair value of forward exchange contracts	232,164	-	337,303	-
Gain on sales of investment in associate	-	(7,671,250)	-	(10,313,750)
(Gain) loss on sales and write-off of machine and equipment	(22,337,949)	(30,956,916)	934,123	(10,766,808)
Loss write-off of intangible assets	245,519	-	245,516	-
Gain on sales of investment properties	-	(37,719,870)	-	(37,719,870)
Allowance for impairment loss on equipment	186,471,519	1,340,659	-	1,340,659
Provision for long-term employee benefits	9,432,059	20,312,699	5,717,074	17,021,121

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

Tipco Foods Public Company Limited and its subsidiaries

# Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for dismantling cost	334,330	-	-	-
Dividend income from associate company	-	-	(258,917,162)	(222,003,996)
Share of profit from investment in associate	(740,749,858)	(1,216,173,249)	-	-
Interest income	(157,217)	(65,572)	(133,683)	(725,423)
Interest expenses	38,837,935	59,018,770	21,146,279	34,980,511
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>564,633,410</b>	<b>180,461,403</b>	<b>293,496,008</b>	<b>51,673,855</b>
(Increase) decrease in operating assets				
Trade and other receivables	170,123,229	(391,948,891)	(65,250,818)	(122,065,254)
Inventories	(156,416,037)	156,547,557	(151,286,439)	79,760,710
Other current assets	(32,836,532)	2,712,145	(7,186,837)	772,522
Other non-current assets	681,175	357,646	2,772,721	(572,349)
Increase (decrease) in operating liabilities				
Trade and other payables	167,560,483	113,970,666	24,482,773	97,094,697
Other current liabilities	35,984,024	76,038,675	31,213,089	(1,045,487)
Other non-current liabilities	(4,920,323)	(3,409,073)	(4,686,076)	(3,254,793)
<b>Cash flows from operating activities</b>	<b>744,809,429</b>	<b>134,730,128</b>	<b>123,554,421</b>	<b>102,363,901</b>
Cash paid for interest expenses	(39,567,992)	(60,251,672)	(21,545,562)	(35,714,547)
Cash received (paid) for corporate income tax	(3,065,823)	(14,846,332)	1,970,610	(1,474,410)
<b>Net cash flows from operating activities</b>	<b>702,175,614</b>	<b>59,632,124</b>	<b>103,979,469</b>	<b>65,174,944</b>

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities:</b>				
Increase in current investment	(45,533)	(63,357)	-	-
Decrease in short-term loans to related party	-	-	-	33,500,000
Cash received from sales of investment in associate	-	12,493,750	-	12,493,750
Cash received from sales of equipment	23,361,243	87,290,943	1,316,621	63,569,917
Cash received from sales of investment properties	-	48,734,370	-	48,734,370
Cash paid for acquisition of machine and equipment	(165,695,028)	(114,867,381)	(58,201,961)	(27,897,060)
Cash paid for acquisition of intangible assets	(39,606,801)	(6,167,227)	(7,230,195)	(4,051,043)
Dividend received	258,917,162	222,003,996	258,917,162	222,003,996
Interest received	157,217	65,572	133,683	725,423
<b>Net cash flows from investing activities</b>	<b>77,088,260</b>	<b>249,490,666</b>	<b>194,935,310</b>	<b>349,079,353</b>
<b>Cash flows from financing activities:</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	(903,288,281)	(164,545,309)	(500,058,736)	(369,941,264)
Cash paid under finance lease agreements	(1,563,976)	(4,609,931)	(932,000)	(3,702,729)

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

Tipco Foods Public Company Limited and its subsidiaries

# Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash receipts from long-term loans	480,500,000	129,500,000	480,500,000	129,500,000
Repayment of long-term loans	(141,550,000)	(234,769,231)	(61,550,000)	(149,000,000)
Dividend paid	(230,733,905)	-	(230,733,905)	-
<b>Net cash flows used in financing activities</b>	<b>(796,636,162)</b>	<b>(274,424,471)</b>	<b>(312,774,641)</b>	<b>(393,143,993)</b>
Net increase in cash and cash equivalents	(17,372,288)	34,698,319	(13,859,862)	21,110,304
Cash and cash equivalents at beginning of period	76,355,545	41,657,226	39,155,492	18,045,188
<b>Cash and cash equivalents at end of period</b>	<b>58,983,257</b>	<b>76,355,545</b>	<b>25,295,630</b>	<b>39,155,492</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions:				
Purchase of equipment for which cash has not been paid	18,217,316	35,723,962	2,576,836	4,056,313
Purchase of intangible assets for which cash has not been paid	62,520	12,430,511	56,260	3,745,728

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



Tipco Foods Public Company Limited and its subsidiaries

# Notes to consolidated financial statements

For the year ended 31 December 2016

## 1. General information

Tipco Foods Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholders of the Company is Supsakorn family. The Company is principally engaged in the manufacture and distribution of canned pineapple, pineapple juice concentrate and mixed juice. The registered address is 118/1 Rama 6 Road, Samsen-nai Sub district, Phayathai District, Bangkok.

## 2. Basis of preparation

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

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

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

### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Tipco Foods Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			2016 (Million Baht)	2015 (Million Baht)	2016 (%)	2015 (%)
Tipco F&B Co.,Ltd. ("TFB")	Producing and distribution of ready-to-drink beverage product	Thailand	600.00	600.00	50.00	50.00
Tipco Retail Co.,Ltd.	Retail business	Thailand	50.00	50.00	75.50	75.50
Tipco Biotech Co.,Ltd.	Manufacturing of herbal extraction substance and agriculture business	Thailand	36.80	36.80	99.99	99.99
TFB Distribution Co.,Ltd. (100% owned by TFB)	Dormant	Thailand	0.25	0.25	50.00	50.00

- 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 significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

### 3. New financial reporting standards

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

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

#### **TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant**

TAS 41 and the Accounting Treatment Guidance for bearer plants prescribe the accounting treatment for living animals or plants ("biological assets") and the harvested produce of such biological assets ("agricultural produce") related to an agricultural activity. The principles are as follows:

- A biological asset is to be measured at its fair value less costs to sell, both on initial recognition and at the end of each reporting period.

- When the biological asset is a bearer plant, accounting treatment in accordance with TAS 16 (revised 2015) Property, Plant and Equipment is to be applied. However, product growing on a bearer plant is to be measured at its fair value less costs to sell, both on initial recognition and at the end of each reporting period.
- Agricultural produce is measured at its fair value less costs to sell at the point of harvest.

Applying this accounting standard requires the Company and its subsidiaries to reclassify the pineapple plants, which are bearer plants, from inventory to property, plant and equipment, and measure unharvested pineapple fruit (biological assets) and harvested pineapple fruit (agricultural produce) at fair value less costs to sell. The cumulative effect of the resulting change in accounting policy is presented in Note 4 to the financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

**TAS 27 (revised 2016) Separate Financial Statements**

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

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

**4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 3 to the financial statements, during the current year, the Company and its subsidiaries have changed their accounting policy related to agriculture activities and elected to recognise the effect of the change as an adjustment to the opening balance of retained earnings as at 1 January 2016.

The change has the effect of increasing the opening balance of retained earnings in the consolidated financial statements by Baht 2 million. The cumulative effect of the change in accounting policy is presented as a separate item in the consolidated statement of changes in shareholders' equity. In addition, the change has effected an increasing in net profit attributable to equity holders of the Company and earnings per share in the consolidated financial statement for 2016 of Baht 1 million and 0.002 Baht per share, respectively.

## 5. Significant accounting policies

### 5.1 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 discounts and allowances.

#### Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

#### Interest income

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

#### Dividends

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

### 5.2 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.

### 5.3 Trade and other receivables

Trade and other receivables 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.

### 5.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. Cost of finished goods includes

all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

### 5.5 Agriculture

The biological asset of the Company and its subsidiaries is unharvested pineapple fruit and agricultural produce is harvested pineapple fruit which were measured at their fair value less costs to sell and fair value less costs to sell at the point of harvest, respectively.

The fair value of pineapple fruit is determined reference to fair value less estimated point-of-harvest costs. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

### 5.6 Investments

a) Investment in associate is accounted for in the consolidated financial statements using the equity method.

b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment. (if any)

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

### 5.7 Investment properties - Land awaiting sale

Investment properties - Land awaiting sale are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

On disposal of investment properties, 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.

### 5.8 Property, plant and equipment/Depreciation

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

Depreciation of plant and equipment, and bearer plant are calculated by reference to their costs, on the straight-line basis over the following estimated useful lives of assets and accordance with the estimated production capacity of machinery and estimated harvest capacity as follows:

Land development	10 years
Buildings and complement	10 to 25 years
Machinery and equipment	10 to 20 years and estimated production capacity
Tools and equipment	5 to 20 years
Furniture and office equipment	3 to 10 years
Motor vehicles	5 to 10 years
Bearer plant	Estimated harvest capacity

An initial estimate of the costs of dismantling and removing of the item and restoring the site, when the Company and its subsidiaries have obligation to do, have been included in cost of property, plant and equipment.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.



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.

### 5.9 Intangible assets

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

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 to 10 years

Intangible assets with indefinite useful lives are not amortised, but 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.

### 5.10 Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant

influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of operations of the Company and its subsidiaries.

### **5.11 Long-term leases**

Leases of property, plant or 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 assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or 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 term.

### **5.12 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the functional currency of the Company and its subsidiaries.

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

Gains and losses on exchange are included in determining income.

### 5.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect intangible assets with indefinite useful lives. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

#### **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 Company and its subsidiaries 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **5.14 Employee benefits**

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

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

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

###### *Defined contribution plans*

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

###### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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.

#### **5.15 Provisions**

Provisions are recognised when the Company and its subsidiaries have 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.

## 5.16 Income tax

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

### Current tax

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

### Deferred tax

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

The Company and its subsidiaries recognise 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 Company and its subsidiaries review and reduce 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.

## 5.17 Derivatives

### Forward exchange contracts

Forward exchange contracts are presented in the financial statements at fair value. Unrealised gain or loss from the forward contracts is recorded in profit or loss.

### 5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply 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 Company and its subsidiaries measure 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 categorise 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 Company and its subsidiaries determine 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.

## 6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times 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:

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance of diminution in value of inventory**

In determining allowance for diminution in the value of inventory, the management exercises judgment in estimating the net realisable value of inventory based on the amount the inventories are expected to realise. These estimates are based on estimates of selling prices, which take into account events occurring after the end of the period and estimates of related costs and expenses.

### **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 the 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 record 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.

### **Intangible assets**

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

### **Deferred tax assets**

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

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

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

## **7. Related party transactions**

During the years, the Company and its subsidiaries 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 Company and those related parties.



(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<b>Transactions with subsidiary companies</b> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	390	337	Cost plus certain margin
Rental income	-	-	2	3	Contract price
Service income	-	-	20	13	As agreed
Interest income	-	-	-	1	3.65 percent per annum
Purchases of raw materials	-	-	15	23	Cost plus certain margin
<b>Transactions with associated company</b>					
Dividend income	-	-	259	222	
<b>Transactions with related companies</b>					
Sales of goods	2	2	-	-	Market price
Rental and service expenses	50	41	22	17	Market price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade and other receivables - related parties</b> (Note 9)				
Subsidiaries	-	-	18,327	17,545
Associate	1,206	1,028	20,611	-
Related companies (common shareholders and directors)	1,919	1,486	-	-
<b>Total trade and other receivables - related parties</b>	<b>3,125</b>	<b>2,514</b>	<b>38,938</b>	<b>17,545</b>
<b>Prepaid expenses - related parties</b>				
Related companies (common shareholders and directors)	905	-	858	-
<b>Total prepaid expenses - related parties</b>	<b>905</b>	<b>-</b>	<b>858</b>	<b>-</b>
<b>Retentions - related parties</b>				
Related companies (common shareholders and directors)	8,681	5,894	3,591	2,148
<b>Total retentions - related parties</b>	<b>8,681</b>	<b>5,894</b>	<b>3,591</b>	<b>2,148</b>
<b>Trade and other payables - related parties</b> (Note 17)				
Subsidiaries	-	-	2,640	2,524
Associate	453	652	34	223
Related companies (common shareholders and directors)	8,224	9,446	1,862	5,325
<b>Total trade and other payables - related parties</b>	<b>8,677</b>	<b>10,098</b>	<b>4,536</b>	<b>8,072</b>

### Loans to related parties

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement were as follows:

(Unit: Thousand Baht)

Loans to related party	Related by	Separate financial statements			
		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Tipco Biotech Co., Ltd.	Subsidiary	-	3,000	(3,000)	-

### Directors and management's benefits

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	43	49	35	38
Post-employment benefits	1	1	1	1
<b>Total</b>	<b>44</b>	<b>50</b>	<b>36</b>	<b>39</b>

### Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 19 to the financial statements.

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	1,721	1,620	558	590
Bank deposits	57,262	74,736	24,738	38,565
Total	58,983	76,356	25,296	39,155

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.10 and 0.50 percent per annum (2015: between 0.10 and 0.50 percent per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade receivables - related parties (Note 7)</b>				
Aged on the basis of due dates				
Not yet due	2,637	2,392	20,611	17,473
Past due				
Up to 3 months	12	21	-	-
Total trade receivables - related parties	2,649	2,413	20,611	17,473

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	518,858	465,148	232,785	206,305
Past due				
Up to 3 months	54,661	337,169	37,859	26,083
3 - 6 months	4,172	31	4,144	-
6 - 12 months	-	30	-	-
Over 12 months	7,235	6,850	6,479	6,549
Total	584,926	809,228	281,267	238,937
Less: Allowance for doubtful accounts	(7,230)	(6,880)	(6,479)	(6,549)
Total trade receivables - unrelated parties, net	577,696	802,348	274,788	232,388
Total trade receivables - net	580,345	804,761	295,399	249,861
<b>Other receivables</b>				
Amounts due from related parties (Note 7)	476	101	18,327	72
Amounts due from unrelated parties	103,871	49,964	3,227	1,238
Less: Allowance for doubtful accounts	(70)	-	(70)	-
Total amount due from - net	104,277	50,065	21,484	1,310
Advance to employees	709	138	154	61
Accrued income	4,533	4,829	92	135
Total other receivables	109,519	55,032	21,730	1,506
Trade and other receivables - net	689,864	859,793	317,129	251,367

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	511,301	408,554	(17,555)	(12,585)	493,746	395,969
Work in process	34,703	50,283	-	-	34,703	50,283
Raw materials	304,593	283,536	(23,962)	(12,387)	280,631	271,149
Spare parts and factory supplies	55,363	51,951	(8,014)	(8,937)	47,349	43,014
Goods in transit	25,817	17,943	-	-	25,817	17,943
Total	931,777	812,267	(49,531)	(33,909)	882,246	778,358

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	356,941	242,574	(9,989)	(8,824)	346,952	233,750
Work in process	5,833	3,791	-	-	5,833	3,791
Raw materials	65,253	58,603	(12,793)	(12,072)	52,460	46,531
Spare parts and factory supplies	33,281	28,294	(7,967)	(8,864)	25,314	19,430
Goods in transit	3,028	1,485	-	-	3,028	1,485
Total	464,336	334,747	(30,749)	(29,760)	433,587	304,987

## 11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Cost	
	2016	2015
Tipco F&B Company Limited	279,050	279,050
Tipco Retail Company Limited	25,500	25,500
Tipco Biotech Company Limited	160,787	160,787
Total	465,337	465,337

11.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Loss allocated to non-controlling interests during the year	
	2016 [ % ]	2015 [ % ]	2016	2015	2016	2015
Tipco F&B Company Limited	50	50	381	427	(46)	(8)

11.3 Summarised financial information that based on amounts before inter-company elimination about the subsidiary that have material non-controlling.

Summarised information about financial position

(Unit: Million Baht)

	Tipco F&B Company Limited	
	2016	2015
Current assets	902	1,119
Non-current assets	1,221	1,438
Current liabilities	1,022	1,285
Non-current liabilities	338	417

Summarised information about comprehensive income

(Unit: Million Baht)

	Tipco F&B Company Limited	
	For the year ended 31 December	
	2016	2015
Revenue	2,637	2,500
Net loss	(93)	(17)
Total comprehensive income	(92)	(17)



Summarised information about cash flow

(Unit: Million Baht)

	Tipco F&B Company Limited	
	For the year ended 31 December	
	2016	2015
Cash flows from (used in) operating activities	558	(49)
Cash flows used in investing activities	(84)	(69)
Cash flows from (used in) financing activities	(484)	121
Net increase (decrease) in cash and cash equivalents	(10)	3

**12. Investments in associate**

The Company has investment in an associate, Tipco Asphalt Public Company Limited, which incorporate in Thailand and engaged in the Manufacture and distribution of asphalt and petroleum products. The shareholding percentage of the Company as at 31 December 2016 and 2015 are 23.8173 and 23.9584 percent, respectively.

12.1 Details of associate:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	644,930	644,930	644,930	644,930
Carrying amounts based on equity method	2,894,860	2,466,355	-	-

### 12.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit/loss from investments in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Share of profit from investments in associate during the year	741	1,216	-	-
Share of other comprehensive income from investments in associate during the year	(9)	36	-	-
Dividend received during the year	-	-	259	222

### 12.3 Fair value investment in listed associate

The fair value of investment in Tipco Asphalt Public Company Limited which is listed company on the Stock Exchange of Thailand as at 31 December 2016 and 2015 are Baht 7,028 million and Baht 14,980 million, respectively.

### 12.4 Summarised financial information about material associate

Summarised information about financial position as at 31 December 2016 and 2015:

(Unit: Million Baht)

	2016	2015
Current assets	9,361	8,807
Non-current assets	10,142	8,062
Current liabilities	6,312	4,119
Non-current liabilities	926	2,186

Summarised information about comprehensive income for the year ended 31 December 2016 and 2015:

(Unit: Million Baht)

	2016	2015
Revenue	24,295	37,492
Profit for the year	3,127	5,196
Other comprehensive income	(45)	124
Total comprehensive income	3,082	5,320

### 13. Investment property - Land awaiting sale

The balance represents land awaiting sales in Prachuab Kirikan Province has which has fair value, as determined by an accredited independent valuer using Sales Comparison Approach, of approximately Baht 7.5 million.

### 14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	
<b>Cost:</b>							
1 January 2015	334,725	1,167,530	2,954,980	312,745	170,953	75,504	5,016,437
Additions	-	704	2,186	10,522	29,963	134,015	177,390
Disposals	(2,010)	(368)	(338,009)	(19,888)	(13,496)	(118)	(373,889)
Transfer in (transfer out)	-	8,213	66,392	19,742	-	(97,763)	(3,416)
31 December 2015	332,715	1,176,079	2,685,549	323,121	187,420	111,638	4,816,522
Additions	-	54	111	16,921	35,205	96,815	149,106
Disposals/write-off	(634)	(1,864)	(236,440)	(15,738)	(10,505)	-	(265,181)
Transfer in (transfer out)	-	27,588	115,105	30,693	5,690	(179,076)	-
31 December 2016	332,081	1,201,857	2,564,325	354,997	217,810	29,377	4,700,447



(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	
<b>Cost:</b>							
1 January 2015	210,114	655,574	1,513,650	132,557	79,926	2,312	2,594,133
Additions	-	-	-	3,663	451	27,839	31,953
Disposals	-	(368)	(255,402)	(10,642)	(6,671)	-	(273,029)
Transfer in (transfer out)	-	6,174	693	9,933	1,225	(18,824)	(799)
31 December 2015	210,114	661,380	1,258,941	135,511	74,985	11,327	2,352,258
Additions	-	-	41	5,040	1,701	49,940	56,722
Disposals/write-off	-	(254)	(29,762)	(4,405)	(7,672)	-	(42,093)
Transfer in (transfer out)	-	21,842	11,802	17,610	4,840	(56,094)	-
31 December 2016	210,114	682,968	1,241,022	153,756	73,854	5,173	2,366,887
<b>Accumulated depreciation:</b>							
1 January 2015	32,397	395,397	989,145	96,453	65,373	-	1,578,765
Depreciation for the year	3,757	30,249	72,405	14,347	15,848	-	136,606
Depreciation on disposals	-	(417)	(208,385)	(9,507)	(16,750)	-	(235,059)
31 December 2015	36,154	425,229	853,165	101,293	64,471	-	1,480,312
Depreciation for the year	3,767	28,518	59,687	15,039	5,725	-	112,736
Depreciation on disposals/ write-off	-	(245)	(29,334)	(2,384)	(7,452)	-	(39,415)
31 December 2016	39,921	453,502	883,518	113,948	62,744	-	1,553,633
<b>Allowance for impairment loss:</b>							
1 January 2015	-	-	52,717	-	-	-	52,717
Increase during the year	-	-	1,341	-	-	-	1,341
Decrease from disposals	-	-	(1,846)	-	-	-	(1,846)

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	
31 December 2015	-	-	52,212	-	-	-	52,212
Decrease from disposals	-	-	(427)	-	-	-	(427)
31 December 2016	-	-	51,785	-	-	-	51,785
<b>Net book value:</b>							
31 December 2015	173,960	236,151	353,564	34,218	10,514	11,327	819,734
31 December 2016	170,193	229,466	305,719	39,808	11,110	5,173	761,469
<b>Depreciation for the year</b>							
2015 (Baht 127 million included in manufacturing cost, and the balance in selling and administrative expenses)							136,606
2016 (Baht 103 million included in manufacturing cost, and the balance in selling and administrative expenses)							112,736

In 2016, a subsidiary company recorded impairment loss of the assets amounting to Baht 186 million in the profit or loss.

As at 31 December 2016, certain items of plant and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,738 million (2015: Baht 1,538 million) (The Company only: Baht 972 million, 2015: Baht 895 million).

The Company has pledged their property, plant and equipment amounting to approximately Baht 358 million (2015: Baht 433 million) as collateral against credit facilities received from financial institutions.

### 15. Intangible assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Trade mark	Computer software	Computer software in progress	Total
<b>Cost</b>				
1 January 2015:	26,051	26,528	-	52,579
Additions	-	-	14,547	14,547
Disposals	-	(505)	-	(505)
Transfer out	-	-	(1,500)	(1,500)
31 December 2015	26,051	26,023	13,047	65,121
Additions	-	464	26,775	27,239
Disposals	-	(287)	-	(287)
Transfer in (transfer out)	-	4,053	(4,053)	-
31 December 2016	26,051	30,253	35,769	92,073
<b>Accumulated amortisation:</b>				
1 January 2015:	-	13,260	-	13,260
Amortisation for the year	-	5,954	-	5,954
Amortisation on disposals	-	(505)	-	(505)
31 December 2015	-	18,709	-	18,709
Amortisation for the year	-	5,305	-	5,305
Amortisation on disposals	-	(41)	-	(41)
31 December 2016	-	23,973	-	23,973
<b>Net book value:</b>				
31 December 2015	26,051	7,314	13,047	46,412
31 December 2016	26,051	6,280	35,769	68,100

(Unit: Thousand Baht)

	Separate financial statements			
	Trade mark	Computer software	Computer software in progress	Total
<b>Cost</b>				
1 January 2015:	26,463	16,003	-	42,466
Additions	-	-	7,797	7,797
Disposals	-	(505)	-	(505)
Transfer out	-	-	(1,500)	(1,500)
31 December 2015	26,463	15,498	6,297	48,258
Additions	-	430	3,110	3,540
Disposals	-	(260)	-	(260)
Transfer in (transfer out)	-	3,069	(3,069)	-
31 December 2016	26,463	18,737	6,338	51,538
<b>Accumulated amortisation:</b>				
1 January 2015:	-	9,408	-	9,408
Amortisation for the year	-	3,700	-	3,700
Amortisation on disposals	-	(505)	-	(505)
31 December 2015	-	12,603	-	12,603
Amortisation for the year	-	2,996	-	2,996
Amortisation on disposals	-	(15)	-	(15)
31 December 2016	-	15,584	-	15,584
<b>Net book value:</b>				
31 December 2015	26,463	2,895	6,297	35,655
31 December 2016	26,463	3,153	6,338	35,954



**16. Bank overdrafts and short-term loans from financial institutions**

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Bank overdrafts	MOR	-	288	-	59
Short-term loans from financial institutions	1.93% - 3.70% and MRR	417,000	1,320,000	120,000	620,000
Total		417,000	1,320,288	120,000	620,059

**17. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties (Note 7)	1,084	-	2,415	2,524
Trade payables - unrelated parties	306,025	295,453	135,814	139,038
Amounts due to related parties (Note 7)	7,593	10,098	2,121	5,548
Accrued expenses	362,908	305,134	93,483	51,668
Others	181,516	109,855	7,463	23,580
Total trade and other payables	859,126	720,540	241,296	222,358

### 18. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2016	2015	2016	2015
1	Rate referenced to THBFIX + 2.4%	Quarterly installments, as stipulated in the agreement, commencing from March 2016	548,450	129,500	548,450	129,500
2	Rate referenced to BIBOR + 0.525%	Quarterly installments, as stipulated in the agreement, commencing from October 2015	400,000	480,000	-	-
Total			948,450	609,500	548,450	129,500
Less: Current portion			(171,500)	(92,950)	(91,500)	(12,950)
Long-term loans, net of current portion			776,950	516,550	456,950	116,550

The loans are secured by the mortgage of land, building and certain machines thereon.

The loan agreements of the Company and a subsidiary contain certain restrictive covenants pertaining to, among others things, the maintenance of debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements, the prohibition from creating lien over assets and the maintenance of shareholders.

**19. Credit facilities**

The credit facilities of the Company and its subsidiaries granted by financial institutions are secured by the following collaterals:

- a) The guarantees by the Company and a subsidiary.
- b) The mortgages of the assets of the Company of which the net book value as at 31 December 2016 and 2015 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	2016	2015
Land	47	47
Building and complement	157	180
Machinery and equipment	154	206

- c) The prohibition from creating lien over assets of a subsidiary.

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Provision for long-term employee benefits at beginning of year</b>	56,682	39,778	37,125	23,359
Included in profit or loss:				
Current service cost	6,837	6,460	3,963	3,869
Interest cost	2,595	2,340	1,754	1,639
Past service costs and gains or losses on settlement	-	11,513	-	11,513
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	1,366	-	2,685	-
Financial assumptions changes	7,988	-	5,367	-
Experience adjustments	8,459	-	9,345	-
Benefits paid during the year	(4,830)	(3,409)	(4,686)	(3,255)
<b>Provision for long-term employee benefits at end of year</b>	<b>79,097</b>	<b>56,682</b>	<b>55,553</b>	<b>37,125</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Selling and administrative expenses	9,432	20,313	5,717	17,021
Total expenses recognised in profit or loss	9,432	20,313	5,717	17,021

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (Separate financial statements: Baht 3 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (The Company only: 10 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated/Separate financial statements	
	2016	2015
Discount rate	2.7%	4.3%
Salary increase rate	3.0% - 4.5%	3.0% - 5.0%
Turnover rate	0.0% - 50.0%	0.0% - 50.0%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4)	4	(3)	3
Salary increase rate	4	(4)	3	(3)

## 21. 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 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	748,536	612,000	426,074	330,269
Depreciation	252,915	230,249	112,736	119,926
Amortisation expenses	5,305	5,389	2,996	3,700
Finance cost	39,536	59,019	21,719	34,981
Costs related to production of goods and services (excluding of staff cost and depreciation)	2,962,570	2,687,626	1,979,217	1,799,674

### 23. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows: (Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	(3,963)	(3,362)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(12,040)	(8,443)	(5,315)	(5,975)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>(16,003)</b>	<b>(11,805)</b>	<b>(5,315)</b>	<b>(5,975)</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to change in fair value of interest rate swap contract	-	(445)	-	(445)
Deferred tax relating to actuarial loss	3,246	-	3,479	-
	<b>33,246</b>	<b>(445)</b>	<b>3,479</b>	<b>(445)</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	781,848	1,190,742	386,235	188,942
Income tax at Thai corporate income tax rate of 20%	(156,370)	(238,148)	(77,247)	(37,788)
Utilisation of previously unrecognised tax losses	23,463	-	23,244	-
Effects of:				
Non-deductible expenses	(851)	(5,875)	(32)	(3,964)
Additional expenses deductions allowed	4,581	-	3,883	-
Exemption of income	-	-	51,783	44,401
Promotional privileges (Note 24)	170	-	-	-
Share of profit from investment in associate	148,150	243,235	-	-
Unused tax loss in the current year	(13,963)	-	-	-
Others	(21,183)	(11,017)	(6,946)	(8,624)
Total	116,904	226,343	48,688	31,813
Income tax reported in the statement of comprehensive income	(16,003)	(11,805)	(5,315)	(5,975)



The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,310	10,877	1,310	1,310
Allowance for diminution in value of inventories	9,798	5,962	6,150	5,952
Allowance for asset impairment	50,925	48,289	10,357	10,443
Provision for long-term employee benefits	14,672	10,647	11,111	7,425
Unused tax loss	34,336	34,336	34,336	34,336
Others	12,083	2,407	67	2,407
Total	123,124	112,518	63,331	61,873
<b>Deferred tax liabilities</b>				
Amortisation of trademark	(1,450)	(1,160)	(1,450)	(1,160)
Difference depreciation for tax purpose	(6,283)	(4,235)	(6,283)	(4,235)
Others	(17,501)	(439)	(1,381)	(425)
Total	(25,234)	(5,834)	(9,114)	(5,820)
Deferred tax assets - net	97,890	106,684	54,217	56,053

As at 31 December 2016, the Company and its subsidiaries had deductible temporary differences and unused tax losses totaling Baht 416 million (2015: Baht 458 million (The Company only: Baht 259 million (2015: Baht 371 million))), on which deferred tax assets have not been recognised as the Company and its subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

## 24. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of canned coconut milk and desiccated coconut, pursuant to the investment promotion certificate No. 1308(2)/2556 issued on 4 March 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (30 May 2013).

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
Sales						
Domestic sales	119	3,787	594,705	510,915	594,824	514,702
Export sales	82,907	34,176	2,095,589	1,717,966	2,178,496	1,752,142
Total sales	83,026	37,963	2,690,294	2,228,881	2,773,320	2,266,844

In addition, a subsidiary has received promotional privileges from the Board of Investment for the manufacture of vegetable and fruit juice, pursuant to the investment promotion certificate No. 1733(2)/2549 issued on 31 July 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (1 April 2008).

The subsidiary's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
Sales						
Domestic sales	490,260	2,113,798	2,330,516	642,769	2,820,776	2,756,567
Export sales	88,242	403,211	345,682	922	433,924	404,133
Total sales	578,502	2,517,009	2,676,198	643,691	3,254,700	3,160,700

## 25. 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.

## 26. Segment information

Operating segment information is reported in a manner consistent with the internal reports 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. The Board of Directors of the group is the chief operating decision makers of the Company and its subsidiaries.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

	Products of vegetable & fruit		Beverage		Others		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues from sales of goods and rendering of services	2,394	1,863	2,788	2,670	91	145	5,273	4,678
<b>Gross profit</b>	340	146	1,090	920	26	-	1,456	1,066
Other incomes							94	221
Selling expenses							(825)	(877)
Administrative expenses							(644)	(376)
<b>Profit before share of profit from investment in associate, finance cost and income tax</b>							81	34
Share of profit from investment in associate							741	1,216
<b>Profit before finance cost and income tax</b>							822	1,250
Finance cost							(40)	(59)
Income tax							(16)	(12)
<b>Profit for the period</b>							766	1,179

Geographic segment information for the year ended 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

	Domestic sales		Export sales		Consolidation	
	2016	2015	2016	2015	2016	2015
Revenues from the sale of goods and the rendering of services	2,625	2,476	2,648	2,202	5,273	4,678
Gross profit	586	842	870	224	1,456	1,066

## 27. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by American International Assurances Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 14 million (2015: Baht 13 million) were recognised as expenses (the Company only Baht 7 million, 2015: Baht 6 million).

## 28.Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2015	Annual General Meeting of the shareholders on 22 April 2016	120.1	0.25
Interim dividends for 2016	Board of Directors' meeting on 10 August 2016	110.6	0.23
Total for the year 2016		230.7	0.48

## 29.Commitments and contingent liabilities

### 29.1 Capital commitments

As at 31 December 2016 and 2015, the Company and its subsidiaries had outstanding capital commitments relating to the purchase buildings and complement, tool and equipment and computer software as follows:

(Unit: Million)

Foreign currency	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Baht	6	-	1	-

### 29.2 Operating lease commitments

As at 31 December 2016 and 2015, the Company and its subsidiaries have entered into several agreements in respect of the lease of buildings, warehouses, motor vehicles, office equipment, and other service agreements.

Future minimum rental and service fees payable under these agreements are as follows:

(Unit: Million)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Payable within:				
1 year	71	70	24	20
2 to 5 years	96	95	26	30
More than 5 years	11	13	-	-

### 29.3 Guarantees

As at 31 December 2016 and 2015, the outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business are summarised below.

(Unit: Million)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank guarantees	44	30	19	12

### 30. Fair value of financial instruments

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements							
	As at 31 December 2016				As at 31 December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Derivatives								
Forward exchange contracts	-	43	-	43	-	69	-	69
<b>Financial liabilities measured at fair value</b>								
Derivatives								
Forward exchange contracts	-	344	-	344	-	-	-	-



(Unit: Thousand Baht)

	Separate financial statements							
	As at 31 December 2016				As at 31 December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
<b>measured at fair value</b>								
Derivatives								
Forward exchange contracts	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>								
<b>measured at fair value</b>								
Derivatives								
Forward exchange contracts	-	337	-	337	-	-	-	-

### 31. Financial instruments

#### 31.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company and its subsidiaries

manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

### Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term borrowing and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table 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						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	1	58	59	Notes 8
Current investments	4	-	-	-	4	0.95
Trade and other receivables	-	-	-	690	690	-
Restricted bank deposits	1	-	-	-	1	0.95
	5	-	1	748	754	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	417	-	-	-	417	Notes 16
Trade and other payables	-	-	-	859	859	-
Long-term loans	-	-	948	-	948	Notes 18
Liabilities under finance lease agreements	-	1	-	-	1	4.47
	417	1	948	859	2,225	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	2	74	76	Notes 8
Current investments	4	-	-	-	4	0.95
Trade and other receivables	-	-	-	860	860	-
Restricted bank deposits	1	-	-	-	1	0.95
	5	-	2	934	941	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	1,320	-	-	-	1,320	Notes 16
Trade and other payables	-	-	-	721	721	-
Long-term loans	-	-	610	-	610	Notes 18
Liabilities under finance lease agreements	1	1	-	-	2	4.47 - 4.78
	1,321	1	610	721	2,653	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	1	24	25	Notes 8
Trade and other receivables	-	-	-	317	317	-
	-	-	1	341	342	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	120	-	-	-	120	Notes 16
Trade and other payables	-	-	-	241	241	-
Long-term loans	-	-	548	-	548	Notes 18
	120	-	548	241	909	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	1	38	39	Note 8
Trade and other receivables	-	-	-	251	251	-
	-	-	1	289	290	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	620	-	-	-	620	Note 16
Trade and other payables	-	-	-	222	222	-
Long-term loans	-	-	130	-	130	Note 18
Liabilities under finance lease agreements	1	-	-	-	1	4.78
	621	-	130	222	973	

### Foreign currency risk

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

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

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities			
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	7	7	1	1	38.83	36.04
JPY	-	-	2	-	0.31	0.30

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities			
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	7	6	-	-	35.03	36.04

As at 31 December 2016 and 2015, the Company and its subsidiaries had outstanding forward exchange contracts which maturity date within one year are summarised below.

Foreign currency	2016					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.4	0.3	0.4	-	34.86 - 34.93	35.63 - 35.91
Euro	-	0.1	-	-	-	37.65 - 37.90

Foreign currency	2015					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2.5	0.8	2.5	-	35.48 - 36.28	34.24 - 36.25

### 31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 32. Capital management

The primary objective of the capital management of the Company and its subsidiaries is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.89 : 1 (2015: 1.54 : 1) and the Company's was 0.56 : 1 (2015: 1.19 : 1).

### 33. Events after the reporting period

On 5 January 2017, the Extraordinary General Meeting of the Company's shareholders No.1/2017 approved the Company's restructuring plan by conducting a Partial Business Transfer of processed fruit business to the Company's subsidiary to be newly incorporated. The Company is currently fulfilling relevant legal requirements.



### 34.Reclassification

The reclassification of the Company and its subsidiaries are as follows:

(Unit: Thousand Baht)

	As at 31 December 2015	
	Consolidated financial statements	
	As reclassified	As previously reported
Inventories	778,358	808,684
Property, plant and equipment	2,314,494	2,284,168

(Unit: Thousand Baht)

	For the year ended 31 December 2015			
	Consolidated financial statements		Separate financial statement	
	As reclassified	As previously reported	As reclassified	As previously reported
Sales and service income	4,677,508	5,337,909	2,266,844	2,266,844
Other income	221,527	252,499	332,814	365,881
Cost of sales and services	3,611,178	3,635,920	2,075,497	2,108,564
Selling expenses	877,248	1,430,458	96,014	87,298
Administrative expenses	375,682	489,103	202,884	211,600

The reclassifications had no effect to previously reported profit or shareholders' equity.

### 35.Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.

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