



# KING OF FRUIT



ANNUAL REPORT 2018  
TIPCO FOODS PUBLIC COMPANY LIMITED







# KING OF FRUIT

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Tipco has a profound knowledge about fruits through its wide-ranging products and services with value-adding innovation. Tipco believes in the power of fruits and carefully select and handle the fruits to bring their optimal benefits and value to the consumers. Tipco is ready to be a part of your life and to promote your health every day.

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# RATIO FOR ANNUAL REPORT

As of / For The Year Ending 31 December	2018 (Consolidated)	2018 (Company)	2017 (Consolidated)	2017 (Company)	2016 (Consolidated)	2016 (Company)
<b>Common Share (Per Share)</b>						
Par value	1.00	1.00	1.00	1.00	1.00	1.00
Book value	8.65	4.47	9.06	4.24	8.44	3.67
Earnings (Loss) per share	(0.06)	0.72	1.46	0.98	1.69	0.79
<b>Financial Performance (Baht)</b>						
Revenues from sale	4,248,050,424	379,175,078	4,869,664,652	420,855,191	5,273,206,676	2,773,320,086
Total Revenues	4,356,014,293	862,850,858	4,951,610,702	798,808,785	5,366,966,970	3,100,879,023
Gross Profit	895,101,150	98,163,539	1,349,621,556	150,407,481	1,456,474,138	458,289,718
Earning before interest and tax	77,399,384	388,624,918	805,115,686	251,690,513	821,383,684	407,953,922
Net Profit (Loss)	(30,876,745)	349,185,574	703,777,987	472,086,371	765,845,662	380,920,313
<b>Financial Position (Baht)</b>						
Current Assets	1,747,914,423	236,282,983	1,781,226,896	203,390,991	1,698,511,961	796,626,808
Total Assets	7,076,574,427	3,432,902,009	6,938,429,246	2,889,507,388	6,808,820,972	2,771,920,942
Current Liabilities	1,962,326,700	521,232,526	1,771,259,006	333,104,982	1,507,690,273	488,081,381
Total Liabilities	2,903,169,782	1,275,839,738	2,567,813,036	843,723,825	2,366,386,487	1,000,584,382
Issued and paid-up share capital	482,579,640	482,579,640	482,579,640	482,579,640	482,579,640	482,579,640
Shareholder's equity of the parent	4,173,404,645	2,157,062,271	4,370,616,210	2,045,783,563	4,074,332,347	1,771,336,560
Shareholder's equity	4,173,404,645	2,157,062,271	4,370,616,210	2,045,783,563	4,442,434,485	1,771,336,560
<b>Financial Ratio</b>						
Gross Profit margin (%)	21.1%	25.9%	27.7%	35.7%	27.6%	16.5%
EBIT margin (%)	1.8%	45.0%	16.3%	31.5%**	15.3%	13.2%
Net Profit (Loss) margin (%)	(0.7%)	40.5%	14.2%	18.6%*	14.3%	12.3%
Dividend Payout ratio (%)	(390.7%)	34.7%	51.5%	76.7%****	23.1%	49.4%
Return on Equity (%)	(0.7%)	16.2%	16.1%	23.1%	20.0%	21.5%
Return on Total non - assets (%)	(0.6%)	10.9%	13.6%	6.5%**	15.9%	19.3%
Return on Total assets (%)	(0.4%)	10.2%	10.1%	6.1%**	11.9%	13.7%
Time interest earned (Times)	1.4	12.9	15.0	7.1	20.8	18.8
Current ratio (Times)	0.9	0.5	1.0	0.6	1.1	1.6
Quick ratio (Times)	0.4	0.3	0.5	0.5	0.5	0.7
Debt - equity ratio (Times)	0.7	0.6	0.6	0.4	0.5	0.6

\*Included profit and total income from discontinued operation (transfer segment to a subsidiary)

\*\* Based on profit from continued operation

\*\*\*Separate financial statement in Year 2015-2016 included discontinued operation (transfer segment to a subsidiary), the company has completed restructuring in Year 2017.

\*\*\*\*Dividend payout ratio calculated from the dividend that paid from the operation in that year. Dividend payment in Year 2017 included the dividend from second half operation of year 2017 amount 0.5 Baht/share which subject to the Annual General Meeting No.1/2018



## 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

Board of Director





# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

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To All Shareholders

In 2018, the decline in the domestic consumption of several beverages categories including fruit juice, the main products of the Company, led to the decrease in the Company's sales of beverages from last year although the Company achieved a higher market share of the fruit juice market. Also, the prices of the exported canned pineapple and concentrated pineapple juice products were at low levels. These factors resulted in the decrease in the Company's operating results. The overall operations by business were as follows:

**Processed Fruit Business:** In the past year, the output of pineapples, our main materials, increased and the market oversupply occurred in some periods along with the decline in the pineapple prices. This resulted in the decrease in the sales prices of the products as aforesaid. In order to mitigate the impact from the price fluctuations, the Company has been improving its processed fruit business to ensure more diversity through new forms of processing technologies and adding of value to future products.

**Beverage Business:** 2018 marked another important year for the beverage business. That is, the Company succeeded in expanding its "Aura" mineral water production capacity by investing in the second mineral water source called "Phu Nam Yodt", Phetchaboon Province. The water here has plentiful minerals that are useful and meet the standards of mineral water. The Company's production capacity went up to approximately 140 million bottles per year. The growth rate of the domestic fruit juice market decreased from the previous year with higher competition, especially in terms of prices. However, the Company was still able to maintain its leader position in the fruit juice market, including both the total fruit juice segment and the premium fruit juice segment. In the past year, the Company still focused on the development of new products for its consumers such as fruit juices with low sugar and low calories.

**Extraction Business:** In the past year, the sales income increased as a result of the growth of the supplementary food and medical supply industry with product ingredients made from natural extracts. As for the agricultural business, the Company expanded the distribution channel of the Homsuwan pineapples to the global market for the first time in order to support the Company's plan to increase production and plantation areas.

**Retail Business:** In 2018, The Company developed new business models to respond to the trends of the consumers choosing healthy products for themselves. In so doing, the Company expanded its August Organic Eatery branches to Central Rama 3 and Central World shopping malls and its Squeeze Juice Bar by Tipco branches to Icon Siam and Central World shopping malls.

In the past year, the Company won a number of prestigious awards which reflected its quality products and the trust of the consumers in its “Tipco” brand. The details were as follows:

- The “Tipco” brand won the Marketeer No.1 Brand Thailand 2017-2018 award in the categories of Fruit Juice (100%) and Fruit Juice (Non 100%) hosted by the Marketeer magazine, a leading member of the marketing business media in Thailand.
- The “Tipco” brand achieved the Superbrands Thailand’s Choice 2018 award for the 3rd consecutive year. It is the award that is judged by the world’s largest branding experts. The Superbrands was internationally recognized as the only independent organization in the world that chose winners based on their excellence in building brands in many fields, including marketing and communication.

The Company became a member of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) and was certified by the CAC Council. The Company has conducted its business with a strong commitment to ensuring sustainable growth by adhering to the principles of good corporate governance, integrity, morality, honesty, transparency, social and environmental responsibility, and equitable treatment of all stakeholders. Doing business and performing work with a sense of responsibility for the environment and society is the core concept adopted by the Tipco Foods Group as per its policy “Tipco develops its business along with the environment and society.”

On behalf of the Board of Directors, I would like to thank the shareholders, trading partners, and business alliances in all sectors for the support and the trust in the Company throughout all these years. Also, I would like to extend my appreciation to all executives and employees for their dedication and hard work in 2018. We will continue to adopt the principles of good corporate governance at the core of our business operations and achieve sustainable success by leading the market and adding value to every shareholder’s investment.



Laksana Supsakorn  
Chairman of the Board of Directors

















# BOARD

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



**Age:** 66 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:** 39,061,267 shares 8.09%

**Family Relationship with Management:** Younger sister of Mrs. Anurat Tiamtan and Mr. Sitilarb Supsakorn, elder sister of Ms. Roumsin Supsakorn and elder sister of Mr. Somchit Serththin's wife.

## **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:**

Tipco Pineapple Company Limited

Tipco Retail Co., Ltd

Siam Container Terminal Company Limited

Vanichapark Company Limited

Thanomwongse Service Company Limited

Ruamsapsin Company Limited

Tipco Tower Company Limited

Thai Slurry Seal Company Limited

## **Related Experience**

2014 - Present Director, Tipco Tower Company Limited

2013 - Present Chairman of the Board, Tipco Foods Public Company Limited

2013 - Present Chairman of the Board, Tipco F&B Company Limited

2013 - Present Director, Tipco Asphalt Public Company Limited

2012 - Present Director, Ruamsapsin Company Limited

2011 - Present Director, Vanichapark Company Limited

2003 - Present Director, Thanomwongse Service Company Limited

\*Appointed to be the director since 1992

## Mrs. Anurat Tiamtan

Director Authorized director



Age: 70 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:

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

**Shareholding in Company:** 32,166,765 shares 6.67%

### Family Relationship with Management:

Elder sister of Mr. Sitilarb Supsakorn, Ms. Laksana Supsakorn, 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 :

Tipco F&B Company Limited  
Tipco Retail Company Limited  
Tipco Pineapple Company Limited  
Siam Container Terminal Company Limited  
Ruamsapsin Company Limited  
Tipco Biotech Company Limited  
Tipco Tower Company Limited

### Related Experience

2018 - Present Director, Tipco F&B Company Limited  
2018 - Present Director, Tipco Retail Company Limited  
2014 - Present Director, Tipco Tower Company Limited  
2013 - Present Director, Tipco Foods Public Company Limited  
2012 - Present Director, Ruamsapsin Company Limited  
2008 - Present Director, Tipco Biotech Company Limited  
2003 - 2013 Chairman of the Board, Tipco Foods Public Company Limited  
2003 - 2013 Chairman of the Board, Tipco Asphalt Public Company Limited

\*Appointed to be the director since 1992

## Miss Roumsin Supsakorn

Director Authorized director



Age: 65 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 Ms. 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 Company Limited  
Thanomwongse Service Company Limited  
Ruamsapsin Company Limited  
Tipco Tower Company Limited

### Related Experience:

2014 - Present Director, Tipco Tower Company Limited  
2012 - Present Director, Ruamsapsin Company Limited  
1996 - Present Director, Tipco Foods Public Company Limited  
1988 - 2000 Director, Siam Container Transport and Terminal Company Limited  
1988 - 2000 Director, Ekachai Container Terminal Company Limited

\*Appointed to be the director since 1996

## Mr. Sitilarb Supsakorn

Director Authorized director



Age: 68 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, Ms. Laksana Supsakorn and Ms. 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:

Tipco Tipco F&B Company Limited  
Tipco Biotech Company Limited  
Tipco Tipco Retail Company Limited  
Siam Container Terminal Company Limited  
Thanomwongse Service Company Limited  
Ruamsapsin Company Limited  
Tipco Tower Company Limited  
Thai Slurry Seal Company Limited

### Related Experience:

2018 - Present Director, Tipco Tipco F&B Company Limited  
2018 - Present Director, Tipco Tipco Biotech Company Limited  
2018 - Present Director, Tipco Tipco Retail Company Limited  
2014 - Present Director, Tipco Tower Company Limited  
2013 - Present Director, Tipco Foods Public Company Limited  
2012 - Present Director, Ruamsapsin Company Limited  
2012 - Present Director, Siam Container Terminal Company Limited  
2001 - Present Director, Tipco Asphalt Public Company Limited  
1996 - Present Director, Thanomwongse Service Company Limited

\*Appointed to be the director since 1992

## Mr. Somchit Sertthin

Director Authorized Director



Age: 66 years

### Education:

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

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

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

**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.  
Tipco F&B Co., Ltd.  
Tipco Retail Co., Ltd.  
Thai Slurry Seal Co., Ltd.  
Thanomwongse Service Co., Ltd.

### Related Experience:

2016 - Present Director, Thai Slurry Seal Co., Ltd (Type of business: Road maintenance and construction services)  
2016 - Present Director, Thanomwongse Service Co., Ltd. (Type of business: Road maintenance and construction services)  
2008 - Present Director, Tipco Biotech Co., Ltd.  
2005 - Present Director, Tipco Foods Public Co., Ltd.  
1994 - Present Director, Tipco Asphalt Public Co., Ltd. (Type of business: Manufacturer and distributor of asphalt products)  
1986 - Present Chief Executive Officer, 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 Committee Authorized director



Age: 58 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 Tiemtan, Mr. Sitilarb Subsakorn, Ms. Laksana Supsakorn, Ms. Roumsin Supsakorn

**Holding a Position of Director in Listed Companies at present:** United Paper Public Company Limited

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

Thanomwongse Service Company Limited  
Ruamsapsin Company Limited  
Tipco Tower Company Limited

### **Related Experience:**

- 2014 - Present Managing Director, Tipco Tower Company Limited
- 2012 - Present Director, Ruamsapsin Company Limited
- 2011 - Present Managing Director, Thanomwongse Service Company Limited
- 2004 - Present Director and Nomination and Remuneration Committee, Tipco Foods Public Company Limited
- 2004 - Present Independent Director and Chairman of the Audit Committee, United Paper Public Company Limited
- 2001 - 2010 Deputy Managing Director, Thanomwongse Service Company Limited
- 2000 Senior Manager-Administration, Thanomwongse Service Company Limited

\*Appointed to be the director since 2003

## Mr. Virat Phairatphiboon

Independent Director and Chairman of the Audit Committee



Age: 71 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 Company Limited

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

### Related Experience:

- 20018 - Present Chairman of the Risk and Compliance Committee - Bank of Ayudhya Public Company Limited
- 1999 - Present Audit Committee Member - Bank of Ayudhya Public Company Limited
- 1998 - Present Independent Director - Bank of Ayudhya Public Company Limited
- 2000 President - CIMIC Finance and Securities Public Company Limited

\*Appointed to be the director since 2007

## Mr. Paisal Pongprayoon

Independent Director / Audit Committee / Chairman of the Nomination & Remuneration Committee



Age: 69 years

### Education:

- Master's Degree in Engineering concentrated in Industrial Engineering from Fairleigh Dickinson, USA
- Bachelor's Degree in 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 Company Limited
- 1997 - 1999 Managing Director, Samart Cable System Public Company Limited
- 1993 - 1997 Director in Commercial Section, Telecom Asia Corporation Public Company Limited
- 1992 - 1993 Real Estate Development Projects Manager, Thai Wah Engineering Company Limited
- 1991 - 1992 Assistant Managing Director, Hi-Tech Industry Estate Public Company Limited

\*Appointed to be the director since 2012

## Mrs. Achara Pricha

Independent Director/ Audit Committee / Member of the Nomination and Remuneration committee



Age: 62 years

### Education:

- Master in Business Management, Asian Institute of Management
- Bachelor degree of Mass Communications Arts. Major in Journalism.
- 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)
- 2018 Board Matters&Trends BMT 6/2018

**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 Companies at present:** Sarnti Green Pack Co., Ltd.

### Related Experience:

- 1995 - 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: 66 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
- Board Matters & Trends BMT 6/2018

**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:

- 2018 - Present Advisor to Marketing Association of Thailand
- 2011 - 2018 Vice President for Academic Affairs, Marketing Association of Thailand.
- 2011 - 2015 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. Ekaphol Pongstabhon**  
Managing Director Authorized director



Age: 54 years

**Education:**

- Master's Degree in 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:**

- Role of the Chairman Program (RCP)40/2017
- Director Certificate Program141/2011, 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:** Wise Logistics Public Company Limited

**Holding a Position of Director in Other**

**Companies at present:**

- Tipco Pineapple Company Limited
- Tipco F&B Company Limited
- Tipco Retail Company Limited
- Tipco Biotech Company Limited
- Wise Logistics Logistics (Singapore) Pte,Ltd.

**Related Experience:**

- 2012-Present Managing Director, Tipco Foods Public Company Limited
- 2009 - 2012 Managing Director, Thai Film Industries Public Company Limited
- 2006 - 2012 Acting Managing Director, Thai Copper Industries Public Company Limited
- 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

**Ms. Kullakarn Cheenpun**  
Company Secretary



Age: 52 years

**Education:**

- Bachelor's Degree in Accounting from Ramkhamhaeng University

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

- Company Secretary Program (CSP) 68/2016
- Board Reporting Program (BRP) 19/2016
- Effective Minute Taking (EMT) 35/2016

**Seminars / Thai Listed Companies Association**

- Fundamentals of Law for Corporate Secretaries 12/2014

**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:**

- 2017 - Present Company Secretary and Secretary of the Audit Committee, Tipco Foods Public Company Limited
- 2014 - 2017 Assistant Company Secretary and Secretary of the Audit Committee, Tipco Foods Public Company Limited
- 2009 - 2013 Unit Head of Corporate Public Relations, Tipco Foods Public Company Limited
- 2000 - 2008 Budget Analyst and Secretary of the Audit Committee, Tipco Foods Public Company Limited
- 1992 - 1997 Accountant, Tipco Foods Public Company Limited

\*Appoint Company Secretary of Tipco Foods Public Company Limited on April 1, 2017

**Mr. Chokchai  
Tocharoentanaphol**

Managing Director, Tipco Pineapple

Age: 55 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**

Tipco Biotech Company Limited  
Tipco Pineapple Company Limited  
Tipco F&B Company Limited  
Tipco Retail Co., Ltd.

**Related Experience:**

2018 – Present

Director, Tipco Biotech Company Limited

2017 – Present

Managing Director, Tipco Pineapple Company Limited

2015 - 2017

Chief Operating Officer - Tipco Foods Public Company Limited

General Electric, Product Manager (Asia Pacific)

Guardian industry, Sales and Marketing Director

Ocean glass, Sales and Marketing Director

Kuiburi fruit cannery, Managing Director

**Mr. Leuchar Pisitthakarn**

Chief Financial Officer

Age: 53 years

**Education:**

- Master of Business Administration, Rangsit University, Thailand
- Bachelor of Science in Economics, University of Utan, USA

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

1. American Management Association, California, USA (Sr. Project Management)
2. Dale Carnegie - Management Team Building
3. Management Development Program - Module I & II
4. Business for Finance, Switzerland - Module I & II
5. Great Manager Program
6. Talent Management Program
7. Multi-Functional Team Building
8. People Product Management
9. Safety Office at Management Level
10. Strategic Financial Leadership Program
11. CFO Focus on Financial Reporting (7/2018)

**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**

Tipco Pineapple Company Limited  
Tipco Tipco F&B Company Limited  
Tipco Biotech Company Limited  
Tipco Retail Company Limited

**Related Experience:**

2018 - Present Director Tipco Pineapple Company Limited

2018 - Present Director Tipco Tipco F&B Company Limited

2018 - Present Director Tipco Tipco Biotech Company Limited

2018 - Present Director Tipco Tipco Retail Company Limited

2017 Director - The Premier Group of Companies

2016 Group Chief Financial Officer - Pacific-AA Group (Singapore, Myanmar, and USA)

2014-2016 VP Finance International - The Minor Food Group - Under the "Minor International"

2013 - 2014 Group Chief Operating Officer/Group

Chief Financial Officer - Winvestment Holding Ltd.

2006 - 2013 Standard Chartered Bank

- Head of Performance Management, Consumer Banking SEA & SG (Singapore)

- CFO for Mekong Region (Vietnam, Laos, and Cambodia)

- Head of Business Finance, Consumer Banking Thailand

**Surname: Pol Sridaeng**

Managing Director – Tipco Retail CO., LTD.

Age: 47 years

**Education:**

- Master of Business in Marketing: Victoria University of Technology
- Graduate Diploma in Business Systems: RMIT University

• Bachelor in Business Administration Major Marketing: UTCC

**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:**

2011 - 2018 Assistant Vice President - Brand Yoshinoya

Brand Chabuton Ramen

2010 - 2011 Deputy director - True Coffee and True Life Style Retail

2000 - 2010 Operation director - The Pizza Company





**Tipco**  
Pineapple  
Chunks

**HOM  
SUWAN**

**Tipco**  
Pineapple  
Pieces

**Tipco**  
Pineapple  
Chunks



# 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, canned mixed fruits (Subsequently transferred to a subsidiary as discussed) and beverage. Current paid-up capital is Bt 482.58 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok. 10400
Public Company	No. 0107535000052
Home Page	www.tipco.net
Tel.	Fax. 0-2271-4304, 0-2271-1600 Tel. 0-2273-6200
Factory	205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province 50180.
Factory	999 Moo 7, Tambon Phukham Wichianburi District, Phetchabun Province 67180.

### 1.2 Subsidiary and Associated Companies

Tipco Asphalt Public Company Limited

operates the business in manufacturing asphalt emulsion and distribution of petroleum products. Currently the Company holds 23.50 percent shares. Total paid-up capital is Baht 1,574.82 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400
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Tipco Pineapple Company Limited

operates the main business in producing and exporting of canned pineapple, pineapple juice concentrate and canned mixed fruits. Currently the Company holds 100 percent shares. Total paid-up capital is Baht 700 million.

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

Tipco F&B Company Limited

operates the business in producing and distribution of ready-to-drink beverage products. Currently the Company holds 100 percent shares. Total paid-up capital is Baht 600 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400.
Factory	90/1 Moo 7, Tambon SanuTueb, Wang Noi District, Ayutthaya Province 13170.

Tipco Biotech Company Limited

operates the business of herbal extraction substance and agriculture business. Currently the Company holds 100 percent shares. Total paid-up capital is Baht 36.8 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400.
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Factory 504 Tambon Prachuab Kirikan, Muang District, Prachuab Kirikan Province 77210

Tipco Retail Company Limited,

operates the retail business. Currently the Company holds 87.75 percent shares and 12.25 percent shares by TIPCO F&B Co., Ltd. Total paid-up capital is Baht 200 million.

Head Office 118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district,  
Phaya Thai District, Bangkok. 10400

TFB Distribution Company Limited,

operates wholesale and retail business. Currently the Company holds 100 percent shares by TIPCO F&B Co., Ltd. Total paid-up capital is Baht 0.25 million.

Head Office 118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district,  
Phaya Thai District, Bangkok. 10400

### 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: 0-2009-9000

Auditor : Mr. Supachai Phanyawattano, CPA No. 3930, and/or

Mr. Natthawut Santipet, CPA No. 5730, and/or

Ms. Krongkaew Limkittikul, CPA No. 5874

EY Office Limited 193/136-137 33rd Floor, Lake Rajada Office Complex Klongtoey,  
Bangkok 10110, Thailand

Tel. 0-2264-9090

Legal Advisors : Mr. Tawadchai Jaranakranya

Ch. Chana Songkram Law Firm

52/3 Su-main Road, Bangkok

Tel. 0-2282-2955

## 2. Other Information

- None -

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

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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 being paid-up. The Company and its subsidiaries are principally engaged in the businesses of production and distribution of processed fruits, fresh fruits, fruit juices, vegetable juices, natural mineral water, ready-to-drink beverages, food and drink shops, herbal extracts and farming for domestic and overseas markets.

**Business operation goals:** The Company set out common goals within its organization in the following aspects:

- **Product research and development**

This goal is to create and maintain expertise in research and development of high quality healthcare products with focus on innovative and unique ideas and registration of patents under the corporate brand.

- **Selection of raw materials, packages, and business alliances**

This goal is to pursue excellence in terms of selecting raw materials, packages, and business alliances with technologies and innovations that are in alignment with business strategies of the organization.

- **Marketing**

This goal is to seek real and hidden needs of customers and gain a profound understanding of the processes of decision making and product and service consumption so that the organization can communicate the outstanding features of different products to consumers with creative and cost-effectivemeans in order to maintain the existing customer base and gain new customers on a continuous basis.

One of the Company's goals is to become a trendsetter in the healthy food and beverage market. To achieve such goal, the Company developed appropriate action plans to cope with opportunities and challenges moving forward, taking into consideration social and environmental responsibility when conducting business duties.



## Significant Changes And Developments

1989	The Company was listed on the Stock Exchange of Thailand.
1993	The Company expanded its business to the ready-to-drink fruit juice market through Tipco F&B Company Limited.
2004	The Company entered the retail business segment with the launching of Tipco's Squeeze Juice Bar shops offering smoothies.
2007	The Company invested in Tipco Biotech Company Limited whose main assets included plantation areas, the Tissue Culture Lab for selecting and propagating plants, and a plant extract factory.
2009	Tipco Biotech Company Limited started selling the Tipco Homsuwan pineapples developed by the Tissue Culture Lab.
2013	Tipco Biotech Company Limited received the Good Manufacturing Practice (GMP) certificate from the National Food Institute (NFI).
2014	The Company doubled its Aura mineral water production capacity to the rate of approximately 120 million bottles per year.

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- 2016** The Company opened two new businesses:
1. August Organic Eatery. Its first branch is located at the Mercury Ville Tower.
  2. Homsuwan Pina Pina. The shop is located at the Siam Paragon shopping mall.
- 
- 2017**
- Tipco Pineapple Company Limited was established to receive the transfer of the processed fruit production and distribution business from the Company through the partial business transfer approach. The Company holds 100% shares in Tipco Pineapple Company Limited.
  - The Company launched new products and expanded businesses as follows:
    - TIPCO WAVE sport drinks with original and orange flavors. The products are suitable for people who love exercise and nature. The product contains a natural mineral called “BluBio” found in the ocean of New Zealand, potassium, and magnesium.
    - TIPCO BEAT high protein drinks. The products are made from pea protein imported from Canada, with no cholesterol and gluten. They also contain less sugar and high calcium with L-carnitine and vitamin B1 which help nerves and muscles.
    - The 2nd branch of August Organic Eatery was opened at the Mega City Bangna shopping mall to expand the healthy food customer base.
    - The Homsuwan Pina Pop shop was opened to offer snacks and drinks made from Tipco Homsuwan pineapples. Its various menus include Homsuwan Fruit Shake, the Homsuwan pineapples with various toppings. The shop is to create new experiences for fruit diners. The first branch is located at B Floor, Emquartier.
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- 2018**
- The Company expanded new natural mineral water source called Phu Nam Yod at Phu Kham Subdistrict, Wichian Buri District, Phetchaboon. The natural mineral water has a production capacity of approximately 140 million bottles per year.
  - The Company launched new products and expanded businesses as follows:
    - Tipco Fruity Mix – 40% mixed vegetable and fruit juice in 750-ml cartons
    - Tipco Fruity Mix – 40% mixed vegetable and fruit juice in 300-ml bottles
    - Tipco Me - Less sweet and low calories, contains a mixture of Stevia in 250-ml bottles
    - The Company expanded restaurant branches of August Organic Eatery at Central Plaza Rama 3 and Central World
    - The Company expanded Smoothie bar of Squeeze Juice Bar by Tipco at Icon Siam



## 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) Limited.
2000	Tipco was ISO 9002 certified for its pineapple juice and pineapple concentrat 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 meet KOSHER standard by Thai Kashurt Service Company Limited.
2002/2003	Tipco was certified to meet BRC standards developed by UK retailers to assess food products exported to the UK, by SGS (Thailand) and EFAIA (SAI GLOBAL).
2003	Tipco was certified to meet ISO 9001: 2000 by SGS (Thailand) Limited.
2004	Tipco was certified by SGS of Germany to meet International Food Standard (IFS) developed by German and French retailers to assess food products exported to Europe.
2006	Tipco was certified by SGS (Thailand) to comply with ISO 22000 for its food safety management, making it Thailand's first food producer to be certified for meeting this standard.

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**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) Limited. Subsequently, SGS (Thailand) used Tipco as a model for integrated audits 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).

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**2007/2008** Tipco was certified for its organic aseptic aloe vera products (from plant cultivation to factory production) by the Department of Agriculture.

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**2008/2009** Tipco was certified to meet IFOAM Organic Standards for its organic aseptic aloe vera products covering the processes from plant cultivation to factory production by the Office of Thai Organic Agriculture.

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**2009** Tipco was certified to comply with the Food Safety and Food Security Audit Program of the United States of America by FAI (Thailand) with an "Excellent" rating.

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**2010** Tipco was certified to comply with ISO 9001: 2008 by SGS (Thailand) Limited.

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**2011** Tipco's factory in Prachuap Khiri 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.

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**2012** Tipco's factory in Prachuap Khiri 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 products passed the GMP/HACCP/IFS standards; and its pineapple products 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 with the whole production process being certified.



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- 2013** Tipco was certified to meet the food safety standards set by the British Retail Consortium (BRC).  
Tipco's plant extract factory was certified to meet the good Manufacturing Practice (GMP) standards by the National Food Institute.
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- 2014** Tipco was certified to comply with the IFS standards for its canned coconut milk as well as 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.
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- 2015** Tipco was certified as an authorized economic operator (AEO). 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.
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- 2016** The "Aura" mineral water factory in Mae Rim District, Chiangmai Province was certified to meet the HALAL, FSSC22000, GMP Codex, and HACCP Codex standards. Tipco F&B Company Limited in Phra Nakhon Sri Ayutthaya Province was certified to comply with the FSSC22000 standard by UKAS Management System.
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- 2017** Tipco F&B Company Limited was certified to obtain the Halal Assurance System (HAS) certification status of the "A" grade by Indonesia.
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- 2018** The Aura mineral water production plant in Mae Rim District, Chiang Mai Province was certified to meet the standards of the Food Safety System Certification (FSSC) 22000 Version 4.1 developed by the Foundation for Food Safety Certification. This certification represented the new practice of risk management for food safety in the food supply chain. FSSC 22000 is a comprehensive certification scheme for food safety standards based on the universal food safety management system standards of ISO 22000.  
The Aura mineral water production plant in Wichian Buri District, Phetchabun Province received a Halal certificate and a food production license (FDA Certification).

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**2018**

Tipco Pineapple Company Limited was certified to meet the standards of food safety and quality, i.e. BRC (unannounced audit) at the “A+” level by TUV SUD and IFS (unannounced audit) at the “Higher” level by TUV SUD. Its organic coconut products including canned coconut water, canned coconut milk and organic pineapple juice concentrate were certified by the Control Union to meet the Halal food standards. An additional product certified to meet Halal food standards was Homsuwan pineapple juice in glass bottle. The company was also certified to meet the same standards as those in the previous years, namely ISO22000, GMP, HACCP, SGF, HALAL, Kosher, Fairtrade USA (Coconut water, Coconut milk), IPM, BSCI, and 4-pillar SMETA.

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## 2018 AWARDS OF SUCCESS

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- The “Tipco” brand won the “Marketeer No.1 Brand Thailand 2017-2018” award in the categories of Fruit Juice (100%) and Fruit Juice (Non 100%) from the Marketeer magazine. The winner was chosen based on the survey jointly conducted by the Marketeer magazine and Video Research International (Thailand) Company Limited with its headquarters located in Japan. The survey was to seek Thai consumers’ opinions on popular products and services based on a total of 4,000 samples from over 1,000 brands of more than 100 product categories nationwide.

- The Tipco brand won the Superbrands Thailand’s Choice 2018 award for the 3rd consecutive year. The winner was chosen by a number of strongest brands of the world. The Superbrands was internationally recognized as the only independent organization of the world that chose winners based on their excellence in building brands in many fields including marketing and communication. Over 1,450 brands were considered according to the requirements in terms of market leading position, brand sustainability, customers’ trust, brand popularity, and overall market recognition. The winners were also considered based on their brand and product image, brand uniqueness, brand purposes, and customers’ loyalty, trust and engagement in products.

- The “Tipco” brand won the Most Powerful Brands of Thailand 2018 award in the category of Fruit Juice. The winner was chosen based on the survey on brand popularity from 12,400 samples of buyers and consumers of products and services. The survey process was conducted in a systematic manner and covered all dimensions. The results of the survey showed that there were 3 main components, namely customer orientation, corporate competency, and creating shared value which could be used to explain the guidelines to develop marketing strategies and how to establish a successful brand in the Thai market.

- The Company’s factory in Prachuap Khiri Khan Province won the Outstanding Enterprise award in the category of Labour Relations and Welfare for the 8th consecutive year from the Governor of Prachuap Khiri Khan Province at the Koh Lak Room of the City Hall of Prachuap Khiri Khan Province.

- The Company’s factory in Prachuap Khiri Khan Province won the 1st place in the To Be Number One Club Activities Presentation Competition at the district level at Hadthong Hotel, Prachuap Khiri Khan Province.

- The Company’s factory in Phra Nakhon Si Ayutthaya Province achieved the award for its workplace drug abuse prevention and solution standards for 2018.

- The Company’s factory in Phra Nakhon Si Ayutthaya Province won the Best Industry award in the category of Quality Management for 2018.

- The Company’s factory in Phra Nakhon Si Ayutthaya Province was granted the Role Model Workplace award in the category of Safety, Occupational Health and Environment for 2018 at the national level for the 2nd consecutive year with the “Gold” rating.







# NATURE OF BUSINESS OPERATIONS

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	% shareholding of the Company	2016		2017		2018	
			Income	%	Income	%	Income	%
Products of vegetable & fruit	Tipco Biotech Co., Ltd.	100						
	Tipco Pineapple Co., Ltd.	100	2,394	45%	2,092	43%	1,697	40%
Beverage	Tipco Foods Pcl.							
	Tipco Retail Co., Ltd	100						
	Tipco F&B Co., Ltd.	100	2,788	53%	2,674	55%	2,429	57%
Other			91	2%	104	2%	122	3%
Total			5,273	100%	4,870	100%	4,248	100%

## Consumer Business

### Nature of Products (Consumer Business)

The core products are as follows:

- Ready-to-drink fruit juice and vegetable juice products
  1. Tipco 100% fruit juice in 200-ml and 1-liter cartons
  2. Tipco Squeeze – 100% pasteurized fruit juice and mixed vegetable and fruit juice in 300-ml and 1-liter cartons
  3. Tipco Veggie - 100% mixed vegetable and fruit juice in 200-ml and 1-liter cartons
  4. Tipco Superkid - 100% fruit juice/mixed vegetable and fruit juice for kids in 110-ml cartons
  5. Tipco Super Fruit Essence – Pomegranate juice concentrate in 110-ml cartons
  6. Tipco Cool Fit - 40% mixed vegetable and fruit juice in 200-ml and 1-liter cartons
  7. Tipco Profiber - 100% mixed vegetable and fruit juice plus high fiber in 1-liter cartons
  8. Tipco Fruity Mix – 40% mixed vegetable and fruit juice in 225-ml cartons
  9. Tipco Fruity Mix – 40% mixed vegetable and fruit juice in 750-ml cartons
  10. Tipco Fruity Mix – 40% mixed vegetable and fruit juice in 300-ml bottles
  11. Tipco Me - Berry mix and mixed apple juice and grape juice in 1-litre cartons
  12. Tipco Me - Less sweet and low calories, contains a mixture of Stevia in 250-ml bottles
- Natural mineral water
 

Aura 100% natural mineral water containing 330 ml bottles, 500 ml and 1.5 liters. There are 2 sources of natural mineral water production as follows.

1. Natural mineral water source at Pong Yaeng Subdistrict, Mae Rim District, Chiang Mai Province which is a large cold spring source that occurs naturally with a production capacity of approximately 120 million bottles per year
2. New natural mineral water source at Phu Kham Subdistrict, Wichian Buri District, Phetchaboon which originated the natural mineral water called Phu Nam Yod, with a production capacity of approximately 140 million bottles per year. Production began in the fourth quarter of 2018.

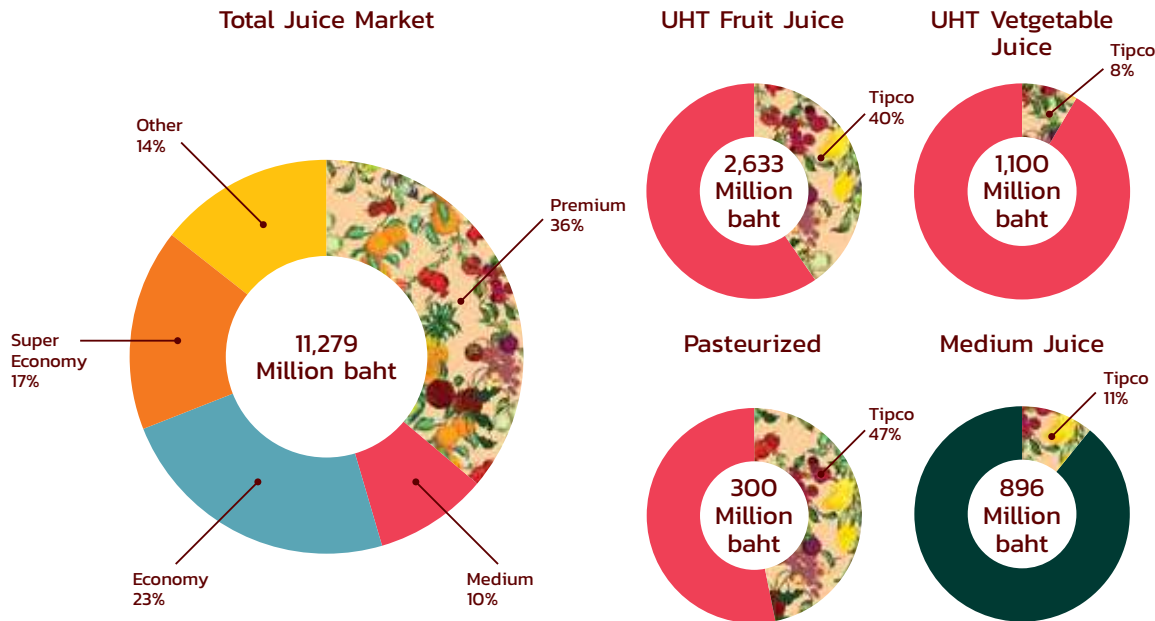
## Marketing and Business Competition (Consumer Business)

### Industry outlook and competition environment

- Ready-to-drink fruit juice and vegetable juice

In the year 2019, the trend of consuming healthy and natural food and beverages continues to increase continuously. In addition, consumers are currently paying attention to information about nutrients and benefits to be received to ensure the quality of food and drinks that are healthy.

The overview of the domestic ready-to-drink fruit juice and vegetable juice market in 2018 and the market share were as follows:



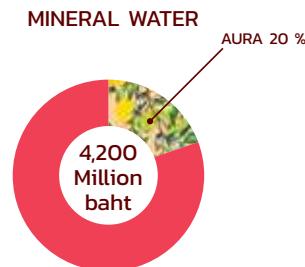
Reference: The Nielsen Company (Thailand) Limited

In 2018, the fruit and vegetable juice market in Thailand was worth Baht 11,279 million, down 11% due to the consumption power of domestic consumers has not recovered as expected and the beverage market was affected by increased sugar taxes on beverages causing more intense competition in the beverage market to compete for market share, however, the company remains the No. 1 leader in 100% fruit and vegetable market from maintaining the product quality and receiving the trust of consumers continuously. In addition, the company launched new products in 2018 namely Tipco Fruity Mix, packed in a new box of 750 ml and Tipco Me, packed in 250 ml portable bottle, focusing on health-concern consumers. From increasing health-concern trends, consumers demand for products that can fulfil their needs. The Company believes that the fruit and vegetable juice market in 2019 will recover. The company continues to focus on research and development to introduce new quality products for consumers.

- Natural mineral water

In 2018, the mineral water market is worth Baht 4,200 million, growing by 6%. Aura natural mineral water had the second largest market share at 20 percent. The mineral water market is likely to continue growing since the behavior of choosing drinks that are beneficial and good for health which make mineral water a preferred alternative to conventional drinking water. The company expects the mineral water market will continue to grow therefore the company has expanded the production capacity of new Aura natural mineral water with natural mineral water sources Phu Nam Yod at Phu kham sub-district, Wichian Buri district Phetchaboon province with a production capacity of approximately 140 million bottles per year and ,at present, natural mineral water sources Aura at Pong Yaeng sub-district, Mae Rim district, Chiang Mai province run at full capacity at approximately 120 million bottles per year.

Overview of Thailand's mineral water market in 2018 and the company's market share are as follows:

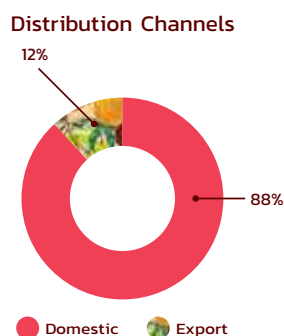


Reference: The Nielsen Company (Thailand) Limited

### Competition strategies

1. Maintain product standards in terms of quality and production
2. Research, study, and develop new products that offer high benefits with innovative ideas to respond to the needs of consumers
3. Develop plans on raw material procurement for production through selection of high quality raw materials and adopt a stock management system to ensure maximum nutritional benefits.
4. Distribute products through the expansion of distribution channels to be more wide-ranging to cater to consumers' behaviors

### Main markets for product distribution



**There are 2 main domestic distribution channels as follows:**

- 1) Distributors which are the main channel of the Company
- 2) The Company's sales booths and other special distribution channels. The domestic sales channels accounted for 88% of total sales.

The overseas sales channels are being expanded.

The Company's products received a warm welcome from the international markets. The export channels represented 12% of total sales.

## Processed Fruit Business:

### **Nature of Products (Processed Fruit Business)**

#### **The core products are as follows:**

1. Canned pineapple
2. Pineapple juice concentrate
3. Aseptic crushed
4. Pineapple in plastic cup
5. Pineapple in retort pouch
6. Canned Tropical Fruit Salad
7. Tropical fruit salad in plastic cup
8. Canned Aloe Vera
9. Aseptic crushed
10. Aloe vera in retort pouch
11. Coconut milk products

### **Marketing and Business Competition (Processed Fruit Business)**

#### **Industry and competition outlooks**

In the year 2019, the company expects that the demand for processed fruit remains stable. There is still a delay purchasing in the first quarter, especially canned pineapple and pineapple juice concentrate since some importers still have products in the stock due to the purchase from the end of 2018, which the price was lower than normal together with increasing production capacity of operators in the Philippines and Indonesia. However, the company believes that the volume of processed fruit exports Will move higher in the second quarter of 2019 onwards.

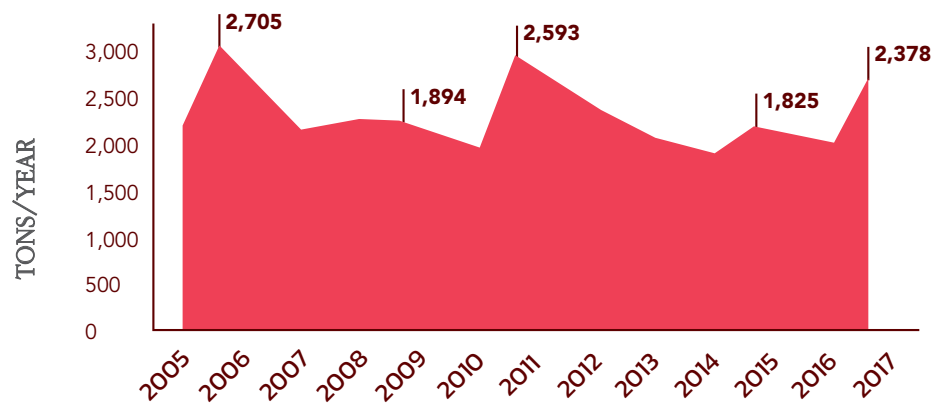
#### **Production and raw material outlooks**

By the end of 2015, the fresh pineapple has decreased significantly, resulting in a shortage and higher price. Resulting in higher prices. Most farmers turning for pineapple plantation was growing significantly. Also, there were increasing productivity in Indonesia and the Philippines and the demand for pineapple products in the world market especially the concentrated pineapple juice has decreased significantly, causing a slowdown purchasing order in the year 2018 resulting in the lowest price of fresh pineapple in the past 10 years

In the year 2019, the company predicted that the fresh pineapple output to the market would be reduced compared to the previous year, but still sufficient for the needs of the market and the pineapple price is expected to rise slightly resulting in higher production costs which is a challenge to control the production cost of the company to be more efficient to increase the ability to compete in the price with competitors that will occur in the future

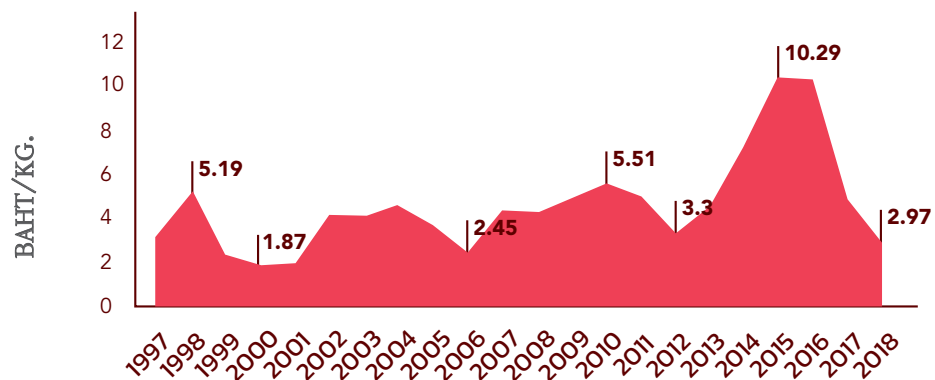


Factory Pineapple Volume 2005-2017



Source: Ofce of Agricultural Economics

Factory Pineapple Price 1997-2018



Source: Ofce of Agricultural Economics

### Competition strategies

1. The raw material management under the “Contract Farming, Big Grower, Quality Grower” system. The system is to ensure specific volumes and continued flows of raw materials, lower transportation costs, and quality control.
2. The wide-ranging products that cater to customers’ needs. Tipco is capable of producing canned pineapple products in different sizes of cans and different styles of cuttings and liquid contents. This helps serve the different needs of various markets in all regions.
3. The maintenance of product quality and standards. 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.

### Main markets for products distribution

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

1. **America:** 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 33% of the total export value. In the past, the Company used to have a competitive advantage in the US 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 33% 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 prices partly because customers welcome products of different levels of quality and so 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 19% 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 15%. This market has high potential due to high income per capita and consumer demand for canned pineapples. 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 new target markets for many business operators in replacement of the European and Eastern European markets that are slowing down.

## Retail Business

### Nature of Products (Retail Business)

The Company's retail business can be divided into 3 different business categories:

1. "Squeeze Juice Bar by Tipco"

Brand	Squeeze Juice Bar by Tipco
Type of products	Smoothies and healthy drinks and foods. The Squeeze Juice Bar by Tipco shop is also the hub of distributing the products of the companies in the Tipco Foods Group, including Tipco fruit juice, Homsuwan pineapples, Aura mineral water, etc. In addition, the shop provides snack box catering services for events.
Number of branches	There are a total of 46 Squeeze Juice Bar by Tipco shops. 18 Company's branches 28 franchise branches
Type of services	1. Dine In 2. Take Away 3. Delivery 4. Catering

## 2. “August”

<b>Brand</b>	<b>August</b>
Type of products	An organic food eatery for health lovers. The foods served here have rich flavors under the logo of “August Tasty Organic Eatery”. The business is in the form of a full- service restaurant serving organic fusion cuisine with high-quality organic ingredients.
Number of branches	3 Company’s branches 1. Mage Bangna 2. Central Plaza Rama 3 3. Central World
Type of services	1. Dine In 2. Take Away 3. Delivery

### Marketing and Business Competition (Retail Business)

#### Industry outlook and competition

In the year 2019, business trends in the food and beverage retail for health will expand rapidly especially in Bangkok and major cities around the country. This is because consumers’ behaviors have changed towards having more concerns for their health. Consumers are likely to consume organic foods and drinks or clean foods or foods with less processing and more natural ingredients. Despite the high growth rate of this segment, the business competition remains high as new players, both domestic and overseas, can easily enter the market. In 2018, the market value of cafés, bars and full-service restaurants accounted for approximately Baht 500,000 million (Source: Euro Monitor).

#### Competition strategies

1. Squeeze Juice Bar by Tipco expands its business with appropriate locations in Bangkok and other provinces. New food and drink menus are added throughout the year, including seasonal food and drink menus. Focus is placed on healthy products and carefully selected high quality ingredients.
2. The highlights of the August eatery are organic toxic-free high quality ingredients used to create fusion menus with spicy flavors. The Company plans to expand this business to potential areas.

## Extract and Agricultural Business

### Nature of Products (Extract and Agricultural Business)

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

- Extract Business: The Company is the producer of extracts from natural substances that are used as ingredients for producing foods, beverages, cosmetics, dietary supplements, and medicines. The company’s plant extract factory is equipped with the largest smelter in Thailand operating at the high level of efficiency and safety. The company provides a full range of services covering raw material procurement, de-hydration, grinding, and extract substance production. The Company also works with customers in developing extracting processes from laboratory experiments to industrial production. Currently, the products and services of Tipco Biotech Company Limited can be divided into the following 2 main categories:

1. Services according to customers' orders related to production of plant and herb extracts used as ingredients for foods, dietary supplements, cosmetics, and medicines (OEM)
  2. Production and sales of plant and herbal extract substances used as ingredients for foods, 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 Tipco Homsuwan pineapples, its key products, with a unique taste and nutritional value. These pineapples are available at leading supermarkets, the Squeeze Juice Bar by Tipco branches.

### **Marketing and Business Competition (Extract and Agricultural Business)**

#### Industry outlook and competition environment

- **Extract Business:** During the past several years, the growth rate of the healthcare and beauty products within the country was steadily high. This situation has yielded opportunities for Tipco Biotech Company Limited to expand its customer base and achieve sales growth from its products being main ingredients for domestic foods, beverages, dietary supplements, cosmetics, and medicines. In the meantime, the company strives to establish collaboration with foreign business alliances and trading partners who seek quality plant and herbal ingredients with lower costs.
- **Agricultural Business:** Currently, Thai people consume fresh pineapples of about 442,000 tons per year, most of which are the Battavia (Sriracha) variety. As for the Tipco Homsuwan pineapples, their characteristics are different from those of others in terms of aroma, sweetness, tight and tender meat, smooth taste, and high vitamins. These unique and non-GMO features make the Homsuwan pineapples a popular choice among consumers. The prices of Tipco Homsuwan pineapples are relatively high as compared to those of others due to the need for high maintenance to ensure high quality. Because of the thin skins, extra caution is needed when harvesting and packaging these pineapples to avoid damage and a large number of workers are required. Nevertheless, Consumers find these pineapples easy to peel as they do not have to remove pineapple eyes. Thus, consumers can buy the whole fresh fruits back home and peel their skins by themselves. The sales volume of the Homsuwan pineapples continued to rise since its first introduction to the market during the past 4 years.

#### **Competition strategies**

1. The extract business shall place importance on efficient production to satisfy customers' needs. Focus shall also be placed on development of high value ingredients used in the production of the products of the Tipco Foods Group.
2. The agricultural business shall develop, maintain, and control the quality of the Homsuwan pineapples. The business shall also look for opportunities to expand domestic and international distribution channels to support the plan to continuously increase cultivation areas.





# EXPLANATION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

## Operating Results for 2018

### 1. Consolidated statement of comprehensive income ended December 31, 2018

(Unit: Baht)

State of comprehensive Income	Consolidated Financial Statement		Changes	
	2018	2017	Increase (Decrease)	%
Sales and service Income	4,248,050,424	4,869,664,652	(621,614,228)	-13%
Other Income	107,975,986	81,946,050	26,029,936	32%
<b>Total revenues</b>	<b>4,356,026,410</b>	<b>4,951,610,702</b>	<b>(595,584,292)</b>	<b>-12%</b>
Total expenses	4,411,288,385	4,747,105,273	(335,816,888)	-7%
<b>Profit (loss) before share of profit from Investment In associate, finance cost and Income tax</b>	<b>(55,261,975)</b>	<b>204,505,429</b>	<b>(259,767,404)</b>	<b>-127%</b>
Share of profit from Investment in associate	132,661,359	600,610,257	(467,948,898)	-78%
<b>Profit (loss) before finance cost and Income tax</b>	<b>77,399,384</b>	<b>805,115,686</b>	<b>(727,716,302)</b>	<b>-90%</b>
Finance cost	(55,992,863)	(53,840,067)	2,152,796	4%
<b>Profit (loss) before Income tax</b>	<b>21,406,521</b>	<b>751,275,619</b>	<b>(729,869,098)</b>	<b>-97%</b>
Income tax	(52,283,266)	(47,497,632)	4,785,634	10%
<b>Profit (loss) for the period</b>	<b>(30,876,745)</b>	<b>703,777,987</b>	<b>(734,654,732)</b>	<b>-104%</b>
<b>Profit (loss) for the period Equity holders of the Company</b>	<b>(30,876,745)</b>	<b>702,647,368</b>	<b>(733,524,113)</b>	<b>-104%</b>

In 2018, the Company and its subsidiaries reported a total revenue of Baht 4,356 million, decreased 12% compared to the same period of last year, the details can be explained as follows:

#### 1.1 Sales and service income

(Unit: Baht)

For one-year period	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial		Changes	
	2018	2017	Increase (decrease)	%	2018	2017	Increase (decrease)	%	2018	2017	Increase (decrease)	%	2018	2017	Increase (decrease)	%
	Sales and service Income	1,697	2,092	(395)	-19%	2,429	2,674	(245)	-9%	122	104	18	17%	4,248	4,870	(622)

In 2018, the Company and its subsidiaries reported Sales and services income of Baht 4,248 million, decreased by 13% compared to the same period of last year, mostly related to a Product of vegetable and fruit which driven by decreasing in price of raw materials. Also, the beverage business has decreased by 9%, mainly related to the decline of the overall fruit juice market. However, the company is still able to expand its market share and occupy No.1 market share in a total fruit juice market and premium fruit juice market.

## 1.2 Operating Expense

(Unit: Baht)

Expenses	Consolidated Financial Statement		Change	
	2018	2017	Increase (Decrease)	%
Cost of sales and services	3,352,949,274	3,520,043,096	(167,093,822)	-5%
Selling expenses	645,904,962	719,447,247	(73,542,285)	-10%
Administrative expenses	439,004,442	502,091,418	(63,086,976)	-13%
Other expenses	(26,570,293)	5,523,512	(32,093,805)	-581%
Total expenses	4,411,288,385	4,747,105,273	(335,816,888)	-7%

In 2018, the Company and its subsidiaries reported total Operating Expense of Baht 4,411 million decreased by 7% compared to the last year, which can be explained as follows:

- Cost of sales and service decreased by 5%, partially related to a decrease in revenue from sales and services. And a decrease in raw material price of product of vegetable and fruit, including the reversal of loss on decline in value of inventories of Baht 54 million. However, some raw material prices have risen from the previous year.
- Selling expenses decreased by 10% from adjusting sales and promotion expenses in accordance with market conditions.
  - A decrease in Administrative Expenses by 13% from controlling expenses in accordance with a decrease in Sales and services income.
  - Other expenses were Reversal of allowance for impairment of machinery amount Baht 29 million in the 1st quarter.

## 1.3 Share of profit from investment in associate

In 2018, the Company reported Share of profit from investment in associate of Baht 133 million decreased by 78% compare to the same period of last year.

## 1.4 Finance cost

In 2018, the Company and its subsidiaries reported Finance cost of Baht 55 million increased from the previous year by 4% mainly due to an increase in long-term loan for investment of natural mineral water capacity expansion.



## 2. Consolidated statement of financial position as at 31 December 2018

(Unit: Baht)

Statement of financial position	Consolidated financial statements		Change	
	2018	2017	Increase (Decrease)	%
<b>Assets</b>				
Current assets	1,747,914,423	1,781,226,896	(33,312,473)	-2%
Non-current assets	5,328,660,004	5,157,202,350	171,457,654	3%
<b>Total assets</b>	<b>7,076,574,427</b>	<b>6,938,429,246</b>	<b>138,145,181</b>	<b>2%</b>
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Current assets	1,962,326,700	1,771,259,006	191,067,694	11%
Non-current assets	940,843,082	796,554,030	144,289,052	18%
<b>Total Liabilities</b>	<b>2,903,169,782</b>	<b>2,567,813,036</b>	<b>335,356,746</b>	<b>13%</b>
<b>Shareholders' equity</b>				
<b>Total shareholders' equity</b>	<b>4,173,404,645</b>	<b>4,370,616,210</b>	<b>(197,211,565)</b>	<b>-5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,076,574,427</b>	<b>6,938,429,246</b>	<b>138,145,181</b>	<b>2%</b>

### 2.1 Asset

As of December 31, 2018, the Company and its subsidiaries had total assets of Baht 7,077 million, an increase of 2% from the end of 2017. Current assets decreased by Baht 33 million or 2% mainly related to the decrease in cash and accounts receivable. While non-current assets increased by Baht 171 million, mainly due to the natural mineral water capacity expansion.

### 2.2 Liabilities

As of December 31, 2018, the Company and its subsidiaries had total liabilities of Baht 2,903 million, an increase of 13% from the end of 2017, with the main changes from current liabilities increased by Baht 191 million or 11% due to the increase in short-term loans and current portion of long-term loans. Non-current liabilities increased by Baht 144 million or 18% for additional investment in natural mineral water capacity expansion.

### 2.3 Shareholders' equity

As of December 31, 2018, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,173 million decreased by 5% from the end of 2017, mainly due to a decrease in Unappropriated retained earnings and dividend paid-out during the 1st half of 2018.

### 3. Consolidated cash flow statement for the 12-month period ended December 31, 2018

(Unit: Baht)

Cash flow statement	For one-year period 31-Dec-18
<b>Cash flows from operating activities</b>	
Net cash flows from operating activities	57,665,625
<b>Cash flows from investing activities</b>	
Net cash flows used in investing activities	(204,914,775)
<b>Cash flows from financing activities</b>	
Net cash flows from financing activities	53,620,704
<b>Net in decrease in cash and cash equivalents</b>	<b>(93,628,446)</b>
Cash and cash equivalents at beginning of period	199,464,462
<b>Cash and cash equivalents at end of period</b>	<b>105,836,016</b>

As of December 31, 2018, the Company and subsidiaries had a decrease in net cash and cash equivalents Baht 94 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 58 million. Net cash used in investing activities was Baht 205 million, mainly from cash paid for the purchase of property plant and equipment and net cash flow derived from financing activities of Baht 54 million from long-term loans.

### 4. Financial Ratio from consolidated financial statement for the ended December 31, 2018 and 2017

#### Analysis of the Capacity to pay and liquidity

The Capacity to pay and liquidity ratios	31 Dec 18	31 Dec 17	Changes increase(decrease)
Debt to equity ratio (Times)	0.70	0.59	10.8%
Liquidity ration (Times)	0.89	1.01	-11.5%

In 2018, the Company's Debt to equity ratio increased from 0.59 times to 0.70 time mostly related to the investment of 2nd natural mineral water facility.

The Liquidity ratio decreased from 1.01 times to 0.89 time mainly due to an increase in the Current portion of long-term loans from financial institutions.

#### Analysis of the Profitability

Profitability ratios	Consolidated Financial Statement		Changes increase (decrease)
	2018	2017	
Gross Profit Margin	21%	28%	- 7%
EBITDA Margin	2%	16%	-14%
Net Profit Margin	-1%	14%	-15%
Return on shareholders' equity	-1%	16%	-17%

In 2018, the Company's Gross profit margin decreased from 28% to 21% mainly related to the decline of total sales and services income with the combination of the incremental of raw materials price plus other production costs which impacted directly to Gross profit especially from product of vegetable and fruit.

Consequence, EBITDA Margin has impacted accordingly. Also profit from investment in associate has decreased by 78% compare to the same period of last year. As result, total EBITDA margin has reduced from 16% to 2%.

With above mentioned, Net Profit Margin has also impacted with the additional increase in corporate income tax by 7% compare to the same period of last year. As result, return on shareholders' equity has reduced accordingly.

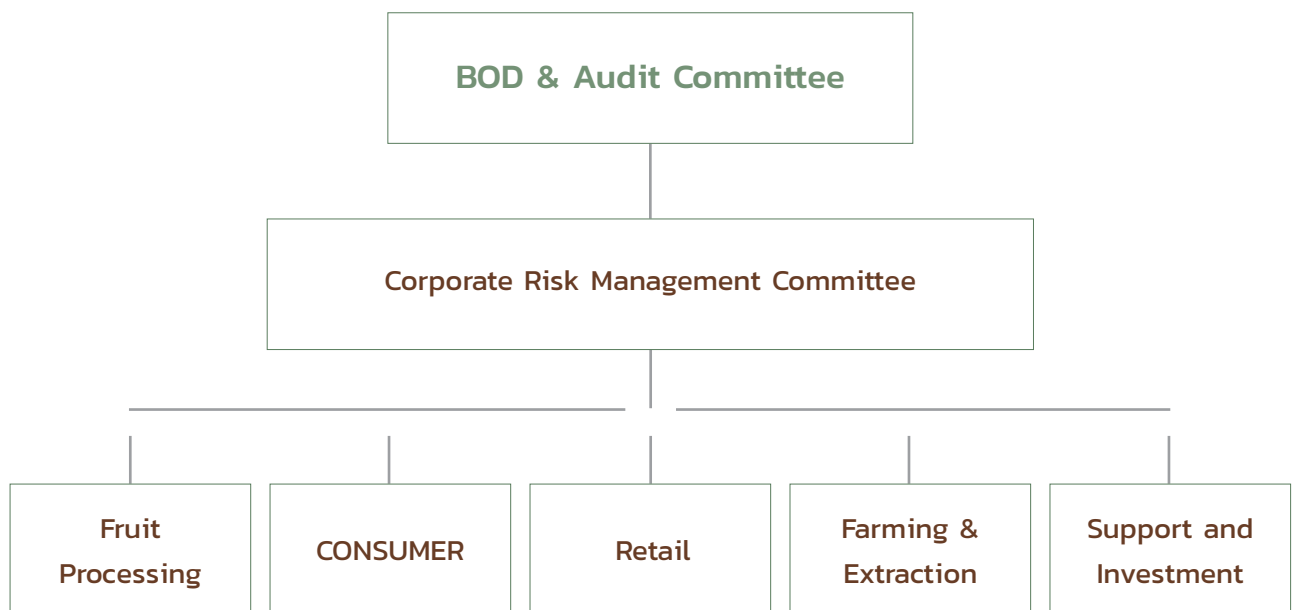


# RISK MANAGEMENT

Tipco Foods Public Company Limited conducted the Enterprise Risk Management (ERM) process for all businesses within its group to ensure uniformity of standards and alignment with its business expansion as well as to drive the group companies' business growth.

The Corporate Risk Management Committee (RMC) was appointed by the Board of Directors to supervise, support and develop the ERM process at all levels. The RMC consists of the Managing Director of the Tipco Foods Group, senior executives of each business segment, Chief Financial Officer, and chiefs of supporting departments including the Accounting and Internal Control Department, the Human Resources Department, and the Information Technology Department.

## Risk Management Division



The risk assessment process was conducted through analysis of the following 5 types of risk:

1. Strategic Risk
2. Operation Risk
3. Financial Risk
4. Compliance Risk
5. Information System Risk

In the past year, the Company assessed key risks relating to its organization and proposed risk management measures to the Board of Directors for consideration based on the following 6 topics:

## 1. Fruit juice business growth risk

The fruit juice market growth saw a declining trend due to consumers' concerns regarding sugar and sweets. People had more choices such as fresh orange juice or other substitute drinks. Price competition was higher. Therefore, the Company had to adjust its product development practice by reducing the amount of sugar and sweet products to respond to the needs of today's consumers.

## 2. Retail business growth risk

The advancement of the Internet, high-speed telephones, e-payment, and cashless society generally affected the retail business growth. Thus, the Company had to adapt itself to the rapid change of technologies by increasing sales through the e-commerce system and upgrading its infrastructure to be user-friendly and quickly accessible to consumers. The Company should seek for more platform alliances.

## 3. Risk of rates of return on new business investment projects not as expected

With the increasingly competitive business environment and fast-changing consumers' behaviors, the rates of return on new business projects might not meet targets. The Company should have a process to monitor and compare actual results against plans as well as conduct analysis on a regular basis. The analysis results shall be submitted to the Investment Committee on an ongoing basis in order to determine preventive measures against possible impacts in a timely manner.

## 4. Risk of unavailability of key position successors

The Company set out clear policies and practices to determine frameworks and criteria for successors of high-level executives. As for executives at middle and entry levels, the Middle Management Development Committee was set up to consider, screen, and select appropriate successors for their further individual development planning.

## 5. Risk of profits from the fruit processing business not meeting targets

Pineapples are the main raw material item in the fruit processing business. As pineapples are agricultural commodities, their quality is affected by fluctuations of climate conditions and use of fertilizers. In the past year, the domestic fresh pineapple buying prices were relatively volatile. This affected their selling prices in the global market. The production cost reduction plan could not keep pace with the decreasing selling prices. Thus, the Company had to find other measures to mitigate risks such as increasing production capacity, improving efficiency of machinery use, and selecting more wide-ranging products to produce.

## 6. Risk of damage to the information system caused by cyber threats

Technology advancement has led to more cyber threats. The Company's current information security control policy might be incomprehensive and outdated. Thus, the Company had to expeditiously adapt itself and identify more measures to protect information such as prevention against access to important data, use of collaborative software such as "SharePoint" instead of computers to store information, and prevention against data submission via e-mails.



# 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	2018	2017	2016	2015	2014
Net profit/share	0.73	0.98	0.79	0.38	(0.28)
Dividend/share	0.25	0.75	0.39	0.25	0.00
Dividend/profit (%)	35%	77%	49%	66%	0%





# CORPORATE SOCIAL RESPONSIBILITY

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The Company conducts its business by taking responsibility for all groups 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 Foods Group according to Tipco's policy: "Tipco develops its business along with the 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, a group head, members, and a secretary. Roles and responsibilities of each working group are as follows:

1. Present environmental and social contribution activities to seek support for 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 a 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 the promotion of environmental and social image of Tipco as assigned

Each environmental and social working group shall conduct meetings to develop environmental and social contribution activity plans; follow up on the progress; and report the results of the activities 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
- Provide funds according to Tipco's fiscal year budgets to support communities and society

## 2. Environmental

- Support domestic forestry ecosystem conservation and creation activities

## 3. Religious

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

According to the Company's policy, the 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 the stakeholders. As such, the Company has 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

According to the results of the "Community Satisfaction Level (CSL)" survey continuously conducted by the Company, in 2018 the Company obtained an average score of 4.35 (out of the total score of 5) which was lower than 4.48 in the previous year. The Prachuap Khiri Khan factory obtained a score of 4.67 which was higher than 4.51 in the previous year. The Chiang Mai factory obtained a score of 4.24 which was lower than 4.34 in the previous year. The Wang Noi factory obtained a score of 4.45 which was higher than 4.44 in the prior year. The Phetchabun factory obtained a score of 4.05. The Company assigned relevant functional units to implement recommendations made by the communities for improvement and correction. To promote awareness of the stakeholders' rights and ensure relevant implementation actions, the Company has defined its business framework as well as its vision and core values as follows:

Mission: "To bring wellness to society"

Vision: "A company that leads the market and adds value for its stakeholders" (Its stakeholders consist of employees, consumers, trading partners, business alliances, and members of society.)

The Company's 5 core values were 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 reflect the Company's strong commitment towards its internal and external customers across all functional units. All of the Company's functional units shall have a service mind and offer quality products that meet the needs of consumers and service users. Such strong commitment helps foster a culture of good corporate governance. In 2018, the Company obtained a very good response to the Customer Satisfaction Index survey with an average score of 99.6% which was higher than 99.4% of the previous year.

In addition, the Company recognizes the importance of its employees as the driving force for its continued growth. Hence, the Company revised the Employee Opinion Survey (EOS) plan to seek employees' opinions on corporate image, reputation, welfare schemes, management, and good corporate governance. The Company conducted the Employee Engagement Survey (EES) at the beginning of 2018. The survey results showed that the employee engagement level with the organization was 66% which was higher than Thailand's average score of 63%.

The Company also conducted the Supplier Satisfaction Survey and obtained an average score of 4.92 (out of 5.00) which was higher than 4.62 in the previous year. The Company made improvement based on the opinions received by assigning action owners and target completion dates as well as evaluating results on regular basis. This is to ensure that the Company complies with the good corporate governance principles and treats its stakeholders equally. (Remark: Ratings of 1-5 are defined as follows: 5 – Very Good, 4 – Good, 3 – Fair, 1 and 2 – Need Improvement)

**In 2018, the Company conducted a number of social and environmental contribution activities as follows:**

## Social

- Donated funds to support the purchase of spare parts for wheelchairs to the Thai With Disability Foundation (TDF), Nonthaburi Province
- Donated funds to the Wing 5 Unit to support the families of the Thai veterans
- Donated Aura mineral water to the Pongyang Subdistrict Administrative Organization, Pongyang Subdistrict, Mae Rim District, Chiang Mai Province to support the implementation of the project to promote local education towards Thailand 4.0
- Donated Aura mineral water to the Prachuap Khiri Khan Provincial Cultural Office to support the exhibition of great Thai movies in the reign of King Rama 9
- Donated fruit juice products to the Royal Thai Navy and the Thai Red Cross Society at the Red Cross Concert No. 40 event
- Renovated the Phayathai Pirom Park, Phayathai District on the occasion of remembrance of the founders of the Tipco Foods Group by improving public washrooms, reading areas in the park, and the basketball court
- Donated funds to the Prachuap Khiri Khan Public Homeless Shelter
- Donated 10,000 packs of mineral water to the Relief and Community Health Bureau of the Thai Red Cross Society to support good and clean drinking water for disaster victims in different provinces
- Renovated public areas, offered lunch meals for students, donated sports equipment and other supplies, and imparted knowledge regarding health to students of Wat Tan Chet Cho School, Ang Thong Province in remembrance of the founders of the Tipco Foods Group
- Renovated public and stadium areas and donated sports equipment in Pongyang Subdistrict, Mae Rim District, Chiang Mai Province.
- Donated 30 packs of Aura mineral water to the Rescue Task Force of Muang District, Prachuap Khiri Khan Province who joined the rescue operations of the victims of the “Tham Laung Khun Nam Nang Non” cave

## Environmental

- Donated Aura mineral water to the Department of Geological Sciences, Faculty of Science, Chiang Mai University for the holding of the large network group meeting to exchange ideas on the study results and (draft) master plan on groundwater resources governance in the Chiang Mai-Lamphun groundwater basin
- Donated Aura mineral water to the Samoeng District Natural Resources and Environmental Conservation Network, Samoeng Tai Subdistrict, Samoeng District, Chiang Mai Province to support the forest fire problem management activity.
- Donated Aura mineral water to the 9 village communities in Pongyang Subdistrict, Mae Rim District, Chiang Mai Province to support the forest plantation activity to celebrate the auspicious occasion of His Majesty the King’s 66th Birthday Anniversary.

## Educational

- Donated funds to support scholarships for the Ruamchit Normkloa Foundation (for Children and Youth) under Her Majesty Queen Sirikit’s Royal Patronage
- Donated Aura mineral water to the Mae Rim Education Quality Development Network 2, Mae Ram Subdistrict, Mae Rim District, Chiang Mai Province at the General Meeting of Network Participants
- Granted scholarships to the children of the employees
- Donated funds to the Prachuap Khiri Khan Special Education Center
- Donated funds to support the hiring of the kindergarten teachers for November and December of Baan Bueng School.
- Donated 5 sacks of rice to Baan Bueng School to support lunch meals for students

### Arts, Cultural, and Religious

- Donated Aura mineral water to the Pongyang Subdistrict Administrative Organization, Pongyang Subdistrict, Mae Rim District, Chiang Mai Province to support the project to promote and conserve the culture and tradition of the northern Thai New Year or Lanna Songkran festival
- Donated Aura mineral water to the Baan Pongyang Nok village community, Pongyang Subdistrict, Mae Rim District, Chiang Mai Province at the merit making ceremony to worship Buddha's handprints and the ritual bathing ceremony for the Phra Chedi Noi stupa at the "Tham Pha Ta" cave of the Baan Pongyang Nok village
- Donated Aura mineral water to the Khuha Wari Monastery, Pongyang Subdistrict, Mae Rim District, Chiang Mai Province to support the merit making and candle offering activity on the occasion of the Buddhist Lent Day 2018

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

### Environmental Management

Realizing the importance of environmental conservation and natural resources management, the Company stipulated its environmental policy as a guideline for conducting business activities and for communication across the organization. The details of the policy are as follows:

1. The Company shall strive to conduct its business activities in line with environmental statutes and laws and other requirements relating to environmental management.
2. The Company shall be committed to mitigating major environmental impacts as well as conserving sources of natural resources.
3. The Company shall be determined to monitoring and evaluating its environmental operations to ensure compliance with management plans and to improving such operations on a continuous basis.
4. The Company shall promote environmental awareness among employees, outsourced workers, and contractors as well as members of the public.

#### The Company's factory in Chiang Mai Province

1. The factory has conducted environmental sustainability promotion activities such as the AURA PES No. 3 which is a collaborative forestation project between the Baan Pong Krai community and the factory. The activity involves the establishment of forest growth on a 10-rai area. The community is to handle and maintain the forest growth for a period of 2 years (March 2018–March 2020). The community is in charge of the whole process ranging from preparing forestation land and planting trees to eliminating weeds. The community also ensures that the grown trees have a high survival rate and eventually form a healthy forest. The activity is sponsored by the factory. Unlike other forestation approaches, this community-led forestation activity leads to the high survival rate of seedlings (over 90%).
2. The machines used to produce mineral water are developed such that the water bottles are clean without the need to wash them with water. Thus, there is no waste of water from the bottle cleaning process. This results in a significant reduction in the use of water resources. Also, the amount of wastewater to be treated is reduced.

#### The Company's factory in Phetchabun Province

1. The machines used by the factor to produce mineral water are from the same system as those used by the Chiang Mai factory. Thus, there is no waste of water from the bottle cleaning process. This results a reduction in the use of water resources and a reduction in the amount of wastewater to be treated.



2. The lighting system in the factory is LED-based which helps save more energy when compared to general light bulbs.
3. The factory has planted 3,000 items of mahogany and other trees to reduce heat from sunlight and create a cool and shady atmosphere around the factory.

#### **The Company's factory in Prachuap Khiri Khan Province**

1. The factory set out electricity and heat power reduction measures and ensures that its core energy saving equipment are subjected to maintenance services every year.
2. The amount of air leak from the compressed air system is reduced by 20%, hence a reduction in energy charges of 586,172 kWh/annum and a reduction in carbon dioxide release of 328,843 kg-CO<sub>2</sub>/annum.
3. The ammonia-based chiller was replaced by the R-404a chiller which is environmentally friendly and not damaging the ozone layer.
4. The use of charcoal is reduced by 15% due to the use of high quality charcoal materials that give high heat energy. The amount of carbon dioxide released is also reduced by 6,918,000 kg-CO<sub>2</sub>/annum.
5. The wastewater from the RO system is reused through the installation of the Reuse RO system to reduce the use of water in the pineapple cleaning process. This results in a reduction in the use of water of 43,000 Q/annum.
6. The factory has evolved into an environmentally friendly factory for sustainable development. The factory joined the green industry project and applied for a "Green Industry Level 3" certificate. The application is being considered by the Ministry of Industry.

#### **The Company's factory in Phra Nakhon Si Ayutthaya Province**

1. The use of compressed natural gas (CNG) to fuel boilers results in a complete combustion and does not create soot and smoke. This results in a reduction in carbon dioxide emission of 2,678,40 kg-CO<sub>2</sub>/annum.
2. The wastewater from the RO system is reused through the installation of the Reuse RO system to reduce the use of water in the production process. This results in a reduction in the use of water of 2,700 Q/month and a reduction in the amount of wastewater of 220Q/month.
3. The factory set up the Chiller Plant Management system by using the PLC application to control the functioning of the equipment. This helps optimize efficiency of the chillers and results in a reduction in energy charges of 15,000 kWh/month.
4. The factory has implemented the project to reduce energy from the compressed air system by adjusting pressure levels to fit functional needs. This helps reduce energy charges by 14,782 kWh/month and the level of carbon dioxide released by 103,257 kg-CO<sub>2</sub>/annum.
5. The factory has evolved into an environmentally friendly factory for sustainable development. The factory joined the green industry project and applied for a "Green Industry Level 2" certificate. The factory was granted the certificate from the Ministry of Industry on 22 October 2018.
6. On 9 May 2018 and 23 July 2018, the factory invited the members of the Thailand Environment Institute (TEI) foundation to provide insightful recommendations on environmental management and environmental planning in order to move forward towards being part of the green industry.
7. The green industry working group conducted public relations activities and morning talk sessions on energy and environmental conservation with an aim to raise awareness about environmental issues among employees across functions.

## **Disclosure of Prevention Against Corruption**

The Board of Directors supported the Company to participate in the declaration of its intent to comply with the principles of Anti-Corruption Collective Action in Thailand. The principles shall be adopted as a part of the corporate compliance policy to ensure compliance with laws, rule, and regulations of the Company and Tipco Foods Group. The details are as follows:

1. The Company has a policy to fight against all forms of corruption by developing a guideline in writing as a part of its Code of Conduct. Such guideline was approved by the Board of Directors. The details are disclosed in the Company's website.

2. The Board of Directors adopted the anti-corruption policy by declaring its intent to join the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company subsequently ratified such declaration to counter all forms of corruption.

3. The Board of Directors approved the 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 according to 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 request 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 Foods Group and its related parties shall strictly refrain from committing all forms of corruption in all cases either directly or indirectly. The Tipco Foods Group shall have in place measures to audit and review compliance with the anti-corruption policy on a regular basis to keep up 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 regulations.

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 at the public relations boards at the premises of all companies in the Tipco Foods 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 its 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. E-mail address: [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: Managing Director 02-273-6888, Chairman of the Board of Directors 02-273-6400, or Call Center 095-205-1864
4. Mailing to: Chairman of the Board of Directors/Managing Director  
Mailing Address: Tipco Foods Public Company Limited  
118/1 Rama 6 Road, Phayathai Subdistrict, Phayathai District, 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 directly submitted to the Chairman of the Audit Committee at E-mail: viratpt@hotmail.com.
2. The Company shall examine the complaints based on reliable facts. However, the whistleblowers or complainants shall be aware that the complaints without their names disclosed could affect the efficiency of Company's 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 to the Company.
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 persons filing complaints or giving information in good faith, the Company shall keep information of such persons 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/files 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 Foods 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.













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# REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

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The Board of Directors, in its capacity as the Corporate Governance Committee, 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 has 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. The Company has also encouraged 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. Every year, the employees are required to complete the "Actions Leading to Conflicts or Overlapping of Interest" survey form.

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 Company was officially certified as a member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC). In 2018, the National Corporate Governance Committee assigned the Company the good corporate governance score of 87%, or a "Very Good" rating, which was above the average score of 81% assigned to its peer SET-listed companies. In addition, the Company's 2018 shareholders' meeting received the score of 100 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 its employees' capabilities 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 8 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 society and 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 Committee



Tipco  
100%  
grape juice  
100% Natural & No Sugar Added

Tipco  
100%  
pomegranate juice  
100% Natural & No Sugar Added

Tipco  
100%  
pomegranate juice  
100% Natural & No Sugar Added

Tipco  
Apple Cider  
100% Natural & No Sugar Added

# GOOD CORPORATE GOVERNANCE

The Company has adopted the Stock Exchange of Thailand's 2012 Principles of Good Corporate Governance for Listed Companies and the Securities and Exchange Commission's 2017 Corporate Governance Code for Listed Companies as guidelines for developing the Good Corporate Governance and Business Ethics Policy for the Tipco Foods Group subject to an annual review. The Company set out the good corporate governance guidelines to promote a culture of good governance among employees at all levels. This is to assure its shareholders, investors, customers, and other stakeholders that it has adopted the efficient, transparent, auditable, and fair management system 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 has provided trainings in the manual on good corporate governance and business ethics at all business premises of the Tipco Foods Group so as to ensure that the employees clearly understand and strictly comply with the good corporate governance principles and business ethics as aforesaid. This is to consistently cultivate the good corporate governance culture within the organization as a foundation for sustainable growth and increased value for all stakeholders.

According to the 2018 annual corporate governance assessment conducted by the National Corporate Governance Committee, the Company received a total score of 87%, or a 'Very Good' rating. Details of Tipco's scores are as follows:

	2018	2017
Rights of Shareholders	95%	95%
Equitable Treatment of Shareholders	96%	96%
Rights of Stakeholders	88%	82%
Information Disclosure and Transparency	88%	88%
Board of Directors' Responsibility	81%	82%

## 1. Corporate Governance Policy

To achieve the Company's objectives, develop a sense of responsibility for work results, build a culture of transparency and integrity, sustain long-term business competitiveness, and increase the stakeholders' confidence; the Board of Directors has implemented the policy on compliance with the principles 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 the current and future business environments. The new vision statement focuses on creating value added for all groups of stakeholders, including employees, consumers, trading partners, business alliances, and society. To ensure that targets are achieved according to this vision, the Company focuses on managing 4 areas, namely finance, customer relations, internal processes, and personnel learning and growth. The goals of all internal entities including individual employees, departments, divisions, and business groups, were linked together to help drive achievement of the overall goal and vision of the organization. Furthermore, the Company defined a number of policies including the policy on quality assurance to ensure customer satisfaction through a number of factors such as personnel, work processes, safety, environment, and society. This is aimed to create and foster exemplary work practices for society and the nation. The Board of Directors also established the Corporate Governance Committee consisting of all directors. The said committee developed the good corporate governance policy and the 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 of the good corporate governance principles among its employees to ensure their understanding and compliance therewith.

In 2018, the Corporate Governance Committee approved the adoption of the SET's 2012 Principles of Good Corporate Governance for Listed Companies and the SEC's 2017 Corporate Governance Code for Listed Companies. The corporate governance practices are described as follows:

## Rights of Shareholders

At the 2018 Annual General Meeting of Shareholders, there were 10 directors present, including the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee. Ms. Roumsin Supsakorn was engaged in an overseas business and could not attend the meeting. The Company set out the meeting procedures according to relevant laws, including meeting invitation, document submission, and meeting agenda notification. Also, adequate information was provided to shareholders for their consideration 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 2018, 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. As for voting, the Chairman informed the shareholders of the voting procedure by using paper ballots provided prior to the meeting. The vote counting process was witnessed by representatives being 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 2018 Annual General Meeting of Shareholders obtained a total score of 100 (out of 100), or an "Excellent" rating, compared to an average score of 92.42 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 forms, 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 independently raise their opinions and questions. Voting on each agenda item was undertaken according to chronological order. No new agenda item was added without a prior notice being given 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 has shared its objectives and criteria that its minor shareholders are allowed to propose agenda items and names of candidates for directors via the Company's website. In 2018, the Company held one annual general meeting of shareholders. 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 all directors intended 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, clarifications 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 other evidence 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, abstention votes, and voided ballots, 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 a clear shareholding structure without cross-shareholding. The Company and its related company, Tipco Asphalt Public Company Limited, shared the same shareholders through investments in ordinary shares at the rate of 23.67 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 gains. Since 2004, the Company's directors and executives have been obliged to report any changes in their shareholding to the Secretary to the Board of Directors instead of individual reporting. Also, the directors and executives have been required to disclose their shareholding in the Company at each Board of Directors' meeting.

## Roles of Stakeholders

By recognizing 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 beneficial interest, including directors, executives and employees, and major shareholders. In particular, the desirable practices of the management team 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 roles in community involvement and development.

The aforesaid code of conduct and desirable practices were based on the philosophy of quality and integrity. In addition, the Company has focused on the system of good corporate governance to prevent its major shareholders from influencing decisions made by its management team whose work is based on the principles of integrity and professionalism.

Realizing its role as a member of the community, Tipco stipulated the policy on doing business with social and environmental responsibility. To promote such policy, responsible employees and relevant activities were determined. Examples of environmental and community support activities included the provision of assistance to schools nearby the factories or other appropriate schools through granting scholarships, providing educational equipment, or conducting other forms of development for schools via other means. The Company donated funds or products to support various activities held by government agencies, schools, temples, other organizations, and nearby communities. The Company also made efforts to prevent any possible impacts of its factories' environments on surrounding communities.

The Company stipulated an environmental policy for use as a guideline for its operations and communicated such policy to all employees, details as follows:

1. The Company is strongly determined to undertaking operations according to environmental laws and other requirements concerning environmental management.
2. The Company is strongly committed to reducing major environmental impacts as well as preserving natural resource sites.
3. The Company strives to follow up and assess its environmental performance to ensure compliance with stipulated plans and will continue to improve such performance on a continuous basis.
4. The Company is dedicated to raising awareness about environmental responsibility among employees, service providers, contractors, and the public.

## 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, with a focus on preventing any adverse impacts of its major shareholders on other stakeholder groups. The Board of Directors is always informed of any transaction that might cause conflicts of interest and any related party transaction; and carefully reviews the suitability of such transaction (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 as follows:

"Item 48, Section 8, the Company's Articles of Association: In the case where the Company or its subsidiaries agree to enter into a related party transaction, or a transaction related to acquisition or disposal of the Company's or its subsidiaries' assets according to the definition stated in the Stock Exchange of Thailand's Notification Re: Undertaking of Related Party Transactions of Listed Companies; or 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 any potential conflicts of interest, the Company's employees are required to sign the agreement regarding actions leading to conflicts of interest. The agreement specifies disciplinary procedures and punishments, including employment termination in the event of an intentional violation or breach of the agreement. Also, to prevent any misuse of internal information for personal gains, the Company's directors and executives are required to disclose their shareholding in the Company at every quarterly Board of Directors' meeting and 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 a newspaper. The value of a related party transaction shall be marked to market and



compared with the market prices determined by another 3 companies at a minimum.

## Business Ethics

Business ethics are set out in the form of Tipco Foods Group's Code of Conduct for use as guidelines and desirable practices. 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, and compliance with labor laws and respect for employees' rights. The business ethics also include desirable practices for stakeholders being directors, executives, employees, and major shareholders; as well as recommendations on problem solutions. These business ethics have been communicated to all directors and employees on an ongoing basis. Relevant parties are required to sign a form of acknowledgement of and comply with such business ethics every year. Also, the management team shall be responsible for ensuring that all employees strictly comply with relevant requirements. Any employee violating the Company's code of conduct will be subject to disciplinary actions according to the Company's procedures.

## Information Disclosure and Transparency

The Company pays attention to disclosure of information as it could affect decisions made by investors and other stakeholders. It is necessary to control and specify measures on disclosure of financial and non-financial information to comply with laws. The disclosed information shall be comprehensive, adequate, reliable, transparent, and in a timely manner; 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 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 that the laws, rules and regulations being implemented are correct and to provide assurance to the shareholders that the business is undertaken with transparency, accuracy, and integrity.

The Board of Directors adheres to the guideline on disclosure of relevant information of the Company to ensure systematic information disclosure and to prevent any potential damage from presenting incorrect information as well as to assure shareholders, investors, the public or other stakeholders that the Company's information disclosure is correct, clear, compliant with laws, fair according to the information disclosure policy.

The Company stipulated a policy regarding the reporting of beneficial interests of the Company's directors and executives. The policy requires that the directors and executives report the beneficial interests of themselves and related persons within the specified time frame. The corporate secretary shall sign and submit the reports to the Chairman of the Board of Directors and the Audit Committee within 7 days from the date of receiving such reports. This is in accordance with the Company's Notification Re: Criteria for the reporting of beneficial interests of directors and executives No. 001/2552 dated 29 June 2009.

## Board of Directors' Responsibilities

The Board of Directors shall review its good corporate governance policy on a yearly basis in order to achieve the Company's objectives, develop a sense of responsibility for work results, build a culture of transparency and integrity, sustain long-term business competitiveness, increase stakeholders' confidence, and stay current with the current business environment. The Company stipulated its Board of Directors' desirable practices according to the good corporate governance principles as follows:

- Oversee the Company's committees and subcommittees to ensure that they efficiently perform duties according to assigned roles and responsibilities
- Provide systematic and efficient control and risk management systems
- Set policies and review strategies/business plans with the management team
- Ensure no conflicts of interest

- Treat shareholders and stakeholders equally and fairly
- Conduct work with transparency, integrity, and auditability
- Disclose adequate information to stakeholders, especially operating results and financial statements
- Provide a manual on good corporate governance and a code of conduct of the Company to be complied with by directors, management team members, and employees.
- Conduct environmental and social activities in a concrete manner

To ensure that employees at all levels correctly understand and comply with the good corporate governance policy and the code of conduct, such topics are included in the orientation program for new employees and refresher courses to be conducted at least once per year. 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 Duties of the Board of Directors and the Committees

The number of directors shall be determined by the shareholders' meeting but shall not be less than 5 persons. The Board of Directors shall also include at least 3 independent directors who are non-executives, not relevant to regular managerial functions, and not major shareholders of the Company. At least one half of the directors shall have residence in the Kingdom of Thailand. The directors shall elect one of them as the Chairman of the Board of Directors. The directors shall be entitled to compensation payments for their performance of duties, including salary, meeting attendance fee, and bonus.

The authorized signatory directors are Ms. Laksana Supsakorn, Mrs. Anurat Tiamtan, Mr. Sitarb Supsakorn, Mr. Surachet Supsakorn, Mr. Somchit Sertthin, Ms. Roumsin Supsakorn, and Mr. Ekaphol Pongstabhon. Any two of the aforesaid persons can co-sign and affix the Company's seal.

The Board of Directors consists of highly qualified and capable individuals. The directors have consistently participated in self-development programs organized by the Thai Institute of Directors Association (IOD). The Board of Directors participates in the formulation of the corporate visions and missions to ensure alignment of operational goals among executives and employees. In 2018, the Board of Directors considered, revised, and approved the visions, strategies, goals, business plans, budgets, and reviewed the key policies to ensure appropriateness and alignment with the business operations under the principles of good corporate governance, such as the Corporate Governance Policy. At every quarter meeting of the Board of Directors, the implementation of the corporate strategies was monitored and the management's performance was followed up. It is required that the management's performance and the operating results of the Company be reported according to the business plans and budgets specified in an efficient and effective manner. The Board of Directors and the management shall take responsibility, according to their duties, for the shareholders. There is segregation of duties between the Board of Directors and the management. Internal control and risk management were reviewed and evaluated to mitigate risks to be at acceptable levels and to meet legal frameworks, corporate objectives, the Articles of Association, and the resolutions of the shareholders' meetings. Business interests are protected based on the principles 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 according to the requirements of the Stock Exchange of Thailand. Roles, duties and responsibilities between the committees and the management 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.
  13. Establish policies relating to anti-corruption and supervise and ensure that the system to support the anti-corruption measures is efficient in order for the management to be aware of and place importance on fighting against corruption and forming a culture of anti-corruption within the organization.

## Authority and Duties of the Managing Director

1. Manage and direct the Company's operations according to the policies and authority determined by the Board of Directors.
2. Establish short-term and long-term business goals, annual business plans, expenditure budgets, and long-term strategic plans for submission to the Board of Directors for approval.
3. Manage operations through the management team in order to achieve goals stipulated in business plans; 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 positions 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. Review the Company's financial reports to ensure that the reports are correct according to accounting standards and relevant laws and that the disclosed information is adequate, complete, and reliable.
2. Conduct reviews to ensure that the Company complies with securities and exchange laws, requirements of the Stock Exchange of Thailand, or laws relating to the Company's business.
3. Perform reviews and provide advice to ensure that the Company's internal control, risk management, and internal audit systems are appropriate and effective according to international standards. The reviews shall be jointly conducted with external and internal auditors. The operations shall also be audited and reviewed to ensure correctness and compliance with the operating regulations and laws. This is to ensure that there is an appropriate and adequate control over potential corruption risks.
4. Consider the independent status of the internal audit function. Also, endorse appointments, transfers, and terminations of internal audit heads or heads of other functions relating to internal audits; or endorse hiring of internal auditors from outsourced agencies. Additionally, endorse annual audit plans and audit fees.
5. Work with the management in considering, selecting, proposing an appointment or cancelling the hiring of the Company's external auditor as well as considering appropriateness of audit fees before proposing the matters to the Board of Directors for endorsement and to the Annual General Meeting of Shareholders for approval. The selection criteria shall include the auditor's independence, past performance, and experience.
6. Consider and ensure that related party transactions are in compliance with laws and requirements of the Stock Exchange of Thailand, reasonable, and beneficial to the Company.
7. Prepare the Audit Committee's report which shall be disclosed in the Company's annual report. The Audit Committee's report shall be signed by the Chairman of the Audit Committee and contain opinions on matters as required by the Stock Exchange of Thailand.
8. Seek consultation or opinions or suggestions from outside consultants or experts as deemed appropriate by the Audit Committee
9. Review the Charter of the Board of Directors as necessary and appropriate once per year
10. Supervise the Company to ensure that there is a process for handling complaints from employees and outsiders
11. Perform other tasks as assigned by the Board of Directors

## Authority and Duties of the Nomination and Remuneration Committee

1. Select and nominate persons qualified for being directors according to the Company's operating procedures on selection and nomination of directors. The committee shall also consider the performance, qualifications and appropriateness of the directors leaving office and qualified for re-election. 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 according to requirements of the Stock Exchange of Thailand.
2. Review the good corporate governance policy and assess the 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. Determine action plans to mitigate risks towards business operations.
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, Chairman of the Audit Committee, possesses expertise and experience that are sufficient to perform the duty of reviewing the financial statements to ensure reliability.

## List of directors with financial knowledge

Mr. Somchit Serththin, Mr. Ekaphol Pongstabhonn, and Mr. Virat Phairatphiboon (Please refer to their profiles in Pages 24 - 28)

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

### The procedures 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 a person appropriate to be 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 shall consist of experts in different fields that are beneficial to the determination of directions and controls of the Company's operations.





## Procedures and criteria for election of directors at shareholders' meetings

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.

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 votes of 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 the Company's shareholders.

## 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 the Company's Articles of Association regarding the Board of Directors). Since 2003, individual directors have conducted self-assessments along with the performance assessment of the entire Board of Directors. Each director has shown interests 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").

## Aggregation or Segregation of Duties

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

The managing director is a professional executive and has no connection or relation with the major shareholders. More than one-third of the directors are independent directors and more than half of the directors are non-executive directors. This leads 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. The Board of Directors appointed the Nomination and Remuneration Committee to consider, select, and nominate candidates for the managing director or directors based on requirements of the Board of Directors as well as consider remunerations of directors and management team members.

To ensure that the mechanism of following up, auditing, and ensuring 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' remunerations in a clear and transparent manner. Directors' remunerations were commensurate with industry standards and approved by the shareholders' meeting. Directors serving as members of the Audit Committee received additional remuneration according to a wider scope of responsibility. The remunerations of the managing director and employees were based on individual performance and considered by the Nomination and Remuneration Committee. To ensure transparency and clarity in determination of remunerations of the managing director and high-level executives, the shareholders considered the policy and principles on remunerations 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 the remuneration of the directors/committee members by comparison with industry peers of the same size. The remuneration shall be proposed to the Board of Directors for approval according to the following requirements:

1. The remuneration of the directors shall be consistent with or related to the corporate performance.
2. The remuneration of the directors for their performance shall be based on a monthly basis and commensurate with their full-time duties. The remuneration shall not be only for their attending meetings.
3. The remuneration of the directors based on the operating results. If the Company posts a net profit; the entire Board of Directors shall receive an additional payment of up to 1 time of the total remuneration paid to the Board of Directors for the entire year.

## Board of Directors' Meetings



The Company requires that a Board of Directors' meeting shall be held at least once per every 3 months to consider financial statements, policy establishment, and monitoring of operating results. The directors must always attend the meetings. For a special Board of Director's meeting, there must be at least one half of the total number of directors present to form a meeting quorum.

If the Chairman of the Board of Directors is absent or cannot perform respective duties, the Vice-Chairman of the Board of Directors shall act as the chairman of the meeting. If there is no Vice-Chairman of the Board of Directors or he/she cannot perform respective duties, the directors present at the meeting shall select one of them as the chairman of the meeting. The final decision at the meeting shall be based on a majority vote.

One director shall have one vote. A director with beneficial interests on any specific matter shall have no right to vote on such matter. If the votes are tied, the chairman of the meeting shall cast a final vote.

A meeting invitation letter together with the meeting agenda and supporting documents shall be submitted to the Board of Directors for their information at least 7 days before the meeting.

The Company prepares meeting schedules for the Board of Directors and all other committees in advance on an annual basis before the start of the meetings in the following year. Schedules for special meetings are not prepared.

In 2018, there were a total of 5 Board of Directors' meetings and one non-executive directors' meeting to allow the attendees to give opinions or discuss issues that were of interest to them.

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

Supervision of operations of the Company and its subsidiaries is based on the same written operating guidelines of the Tipco Foods Group. Management of business operations of the subsidiary and associated companies is as follows:

1. The Board of Directors considers and appoints the Company's representatives to be directors of the subsidiary and associated companies according to investment proportions.
2. The subsidiary companies shall report, on a quarterly basis, the operating results and internal controls to the Audit Committee for further submission to the Board of Directors.
3. Activities shall be jointly held by the subsidiary and associated companies to ensure that they are aware of aligned action plans.
4. The budgets for the entire Tipco Foods Group shall be combined before submission to the Board of Directors 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 the Tipco Foods Group are allowed whereas the work duration shall be counted on a continuous basis.

#### 5. Supervision of insider information use

The Company developed the policy on prevention against use of insider information for doing business as per Item 3.1 Management's Treatment of Shareholders. According to the policy, the management and employees are not allowed to use insider information for personal gains or for trading of securities. Emails about the policy awareness have been sent to employees, management team members, and directors on a quarter basis especially during the one-month period prior to the disclosure of the financial statements to the public. Details of the said policy are as follows:

- 3.1.8 It is prohibited to seek benefits for oneself or related persons by directly or indirectly using non-public information of the organization.
- 3.1.9 It is prohibited to use financial information of the Company for person gains during the one-pe riod before the disclosure thereof to the public.
- 3.1.10 Purchases or sales of the Company's securities during the one-month period before the disclosure of the financial statements to the public shall be avoided.

3.1.11 It is required to report any shareholding in the Company as well as any changes thereto to the Company's Secretary according to Section 59 and punishment clauses according to Section 275 of the Securities and Exchange Act B.E. 2535.

- It is prohibited to disclose confidential information to external parties, especially competitors.
- It is prohibited to take any actions in a manner which may cause conflicts of interest with the Company.

It is required that the first top 4 executives, the Board of Directors, and the Executive Committee shall report their trading of the Company's securities to the SEC in strict compliance with the specified regulations. Also, the Board of Directors is asked to refrain from trading shares securities after each Board of Directors' meeting and prior to submission of information to the SET or the SEC. Nonetheless, from 2004 onwards, all purchases and sales of the Company's securities must be reported to the Company's Secretary for further submission to the SEC instead of individual reporting. Moreover, directors and high-level 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 auditors' qualifications and performance as well as audit fees before presenting the information to the Board of Directors for consideration of appointment of the Company's auditor on an annual basis. Then, the Board of Directors shall propose the aforesaid matters to the shareholders' meeting for approval. The proposed list of auditors for consideration and appointment of the Company's auditor shall be based on the approved list of auditors of the Office of the Securities and Exchange Commission.

In 2018, the auditor's remuneration consisted of:

1. Audit fee

The Company and its subsidiaries paid a total audit fee of Baht 3,800,000, details as follows:

Separate and consolidated financial statements: Baht 1,150,000.

Financial statements of 4 subsidiaries: Baht 2,650,000.

2. Non-audit fee

The Company and its subsidiaries paid a total non-audit fee of Baht 208,302.65.

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

**Risk Management:** Risk management has been reviewed every 3 months. In addition, the Company has adopted an early warning system and conducted regular reviews to identify the severity of risks and if they are increasing or decreasing as well as the effectiveness of the mitigation/preventive measures. The time frame or frequency of the reviews depends on the nature of transactions. Such practice has been implemented since 2014. Clearer warning signs have been defined. Color codes have been used to indicate the severity levels. For example, red color means a high severity level. Besides identifying severity levels, the Company evaluates risk possibilities and impacts. To foster awareness of employees at all levels about risk management; functional 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 on a 3-month basis. 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 the issues to be improved to the Board of Directors.

**Corporate Secretary:** The Board of Directors requires that a corporate secretary shall be a person who has relevant skills, knowledge and capabilities as well as truly understands laws, rules, regulations, and practices of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission. The current corporate secretary already attended the training in corporate secretarial practices in 2016. Her duties and responsibilities

in the capacity of corporate secretary are prescribed by laws. She shall directly report to the Chairman of the Board of Directors and the managing director. Her profile is as shown in the section of profiles of directors and executives.

**Disclosure of shareholders' meeting agenda information:** Disclosure of shareholders' meeting agenda information 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 the shareholders' meeting. 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 minority shareholders:** Since 2006, the Company has provided minority 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 minority shareholders of the Company may nominate qualified candidates for independent directors to replace those retiring by rotation according to the Company's selection process and in a timely manner. From 2008 onwards, nomination has been directly made through 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 business ethics may reach out to the Board of Directors by contacting the Executive Committee through the following channels:

- Website: [www.tipco.net](http://www.tipco.net) (Topic: Reporting leads and corrupt practices)
- Email: [anti-corruption@tipco.net](mailto:anti-corruption@tipco.net)
- Telephone numbers: 02-273-6888 (Managing Director), 02-273-6400 (Chairman of the Board of Directors)
- Mailing to: Chairman of the Board of Directors/Managing Director Mailing Address: Tipco Foods Public Company Limited 118/1 Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok 10400
- For issues relating to high-level executives or directors, please directly reach out to the Chairman of the Audit Committee at email address: [viratpt@hotmail.com](mailto:viratpt@hotmail.com).

**Formulation of a clear environmental and social responsibility 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 practice has been adopted.

**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 shall ensure that the operating results are reported to the Board of Directors on a monthly basis. Such reporting practice was adopted in 2007 and adjusted in 2009.

**The principles and the policy regarding the remuneration of the managing director and high-level executives:** The Nomination and Remuneration Committee prepared and submitted the principles and the policy regarding remunerations to the Board of Directors for consideration before further submission to the Annual General Meetings of Shareholders No. 1/2006 for approval. The Nomination and Remuneration Committee considered and adjusted remunerations of employees at all levels in line with the Company's business operations and industry peers of similar size.

**Managing Director Succession Plan:** 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 executive development activities on an annual basis, starting from 2005 onwards.

**Board of Directors' Meetings** In 2018, there was self-assessment of compliance with the good corporate governance principles based on the 99-topic questionnaire developed by the Corporate Governance Center, the Stock Exchange of Thailand in May 2013. This questionnaire was filled out by the Board of Directors before its meeting. The directors exchanged views and opinions regarding the performance and the meeting concluded

that the following items were not yet implemented or fully implemented:

**The Chairman of the Board of Directors being an independent director:** This practice has not yet been implemented since the major shareholders are not ready and no independent director has expressed their interest to assume the position.

**Clear determination of director's office term:** The maximum office term of each director has not yet been determined due to concerns about lack of qualified candidates. Although currently the IOD has a list of chartered directors; only a handful of people met the criteria. The retirement age is however determined at 75 years.

**Clear determination of committee member's office term:** The maximum office term has not yet been determined due to the same reason as the director's office term.

**The policy on Tipco's directors serving as directors in other companies according to business nature or status:** According to the policy, each director of Tipco may serve as a director at a maximum of 3 listed companies. However, there is no requirement regarding serving as a director for non-listed companies.

**The application of the CG Code according to the Company's business context:** The Board of Directors understands the role, duties, benefits and practices relating to the CG Code and its contribution to the business sustainability. The Board of Directors' Meeting No. 5/2018 considered and reviewed the implementation of the CG Code according to the business environment. The review of the code shall be conducted once a year. For the practices that could not be or have not yet been implemented, the reasons were already recorded as part of the resolution of the Board of Directors. In 2018, there were 2 directors attending the Board Matters & Trends 6/2018 (BMT) course. The course was about the trends regarding changes in laws, regulations, and corporate compliance; as well as the important role, duties, and responsibilities of directors in today's business. The course also provided techniques and practices that enabled directors to develop skills, knowledge, and capabilities for adaptation to the Company's changing environment to gain maximum benefits.



## 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
Ms. Laksana Supsakorn			5/5	1/1
Mrs. Anurat Tiamtan			4/5	1/1
Mr. Virat Phairatphiboon	4/4		4/5	1/1
Mr. Surachet Supsakorn		2/2	5/5	1/1
Mr. Somchit Sertthin			5/5	1/1
Mr. Chalit Limpanavech			2/5	1/1
Ms. Roumsin Supsakorn		2/2	5/5	0/1
Mr. Sitilarb Supsakorn	4/4	2/2	4/5	1/1
Mr. Paisal Pongprayoon	4/4		5/5	1/1
Mrs. Achara Pricha			5/5	1/1
Mr. Ekaphol Pongstabhon			5/5	1/1

## Board of Directors/Committees Evaluation

According to the good corporate governance principles for listed companies, self-assessment of boards 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 boards of directors and individual directors.

### Self-assessment of boards of directors and individual directors:

Self-assessment forms for boards of directors have been 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 an individual director

Self-assessment process:

1. A company's board of directors conducts self-assessment through a form developed by the SET.
2. The corporate secretary reports self-assessment results of all directors.
3. The corporate secretary reports self-assessment results to the board of directors for enhanced operational efficiency.

The self-assessment forms for the board of directors and an individual director contain 6 topics:

1. Structure and qualifications of the board of directors and an individual director
2. Role, duties, and responsibilities of the board of directors and an individual director
3. Meetings of the board of directors and an individual director
4. Performance of duties in the capacity of the board of directors
5. Relationships with the management team
6. Self-development of the directors and executives as a team

## Board of Directors Evaluation

The Board of Directors assesses its role and efficiency of duty performance by discussing and reviewing past meeting agenda items and key achievements in various aspects such as past year's operating results as compared to business plans, risk management efficiency, strategy determination, business plan approval, major investment considerations, etc. The unimplemented areas include the Chairman of the Board of Directors being an independent director; independent directors representing more than half of the Board of Directors.

The evaluation of the Chairman of the Board of Directors was conducted through the directors' discussion. The directors commended that the Chairman of the Board of Directors appropriately performed duties, created a positive meeting environment, remained impartial, and allowed all directors to freely express opinions without time limits. The directors felt that they were valued as they were able to fully perform their duties.

No significant issues for improvement were found from the evaluation of the Board of Directors. The Board of Directors viewed that they efficiently performed duties and clearly understood their role and duties as well as Tipco's nature of business and situation. Each director devoted one's time and efforts for the success of the Board of Directors.

## Self-assessment of respective committees:

Self-assessment shall be conducted for respective committees including 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 forms for committees
2. Self-assessment forms for individual committee members

Self-assessment process:

1. The respective committee conducts self-assessment.
2. The corporate secretary reports self-assessment results of the respective committee for enhanced operational efficiency.
3. The corporate secretary reports self-assessment results of the respective committee to the board of directors.

Self-assessment forms for committees and individual committee members contain 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 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 auditor, apart from regular meetings, and reported the results to the Board of Directors for acknowledgement and further rectification actions.

The Board of Directors viewed that the Audit Committee performed duties in a comprehensive and efficient manner and provided comments and recommendations that were beneficial to the Company's management. The Audit Committee also advised the management team to exercise 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 Nomination and Remuneration Committee conducted self-assessment by considering and comparing the objectives, authority, duties and responsibilities and deemed that the Committee fully performed their duties.

The managing director conducted self-assessment and was assessed by the Nomination and Remuneration Committee and the Chairman of the Board of Directors. The assessment was based on consideration of corporate performance, business performance scorecard, SMART goals, target achievements, budgets, action plans, etc.

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

## Chairman of the Board of Directors 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 freely express their opinions through a positive environment without any interference. Thus, the directors were able to honestly express opinions without discomfort or hesitation. They felt that they were valued because of their performance of duties as directors.

## Orientation for new directors

Tipco requires that all new directors shall 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 the latest operating results.

## Development and trainings for the directors, executives, and corporate secretary

Participant	Position	Course	Date
Mr. Ekaphol Pongstabhon	• Managing Director	1. The DNA of Great Content Marketing	30-31/1/2018
		2. Top Priorities in Digitalization: the Next Move	24/4/2018
		3. Organizational Development to for Sustainability and Rapid Changes in Technology	26/4/2018
		4. Food Innovation and New Business Opportunity	23/8/2018
		5. Safety Officer at Executive Level	27-28/8/2018
		6. EY Center for Board Matters	29/10/2018
		7. CEO Club 2018	11/10/2018
		8. Start Less Finish More Building Agility and Engagement with Objective and Key Results (OKRs)	11/10/2018

Participant	Position	Course	Date
Mr. Paisal Pongprayoon	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Nomination and Remuneration Committee Chairman</li> <li>• Audit Committee Member</li> </ul>	1. Top Priorities in Digitalization: The Next Move	24/10/2018
Mrs. Achara Pricha	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Audit Committee Member</li> <li>• Nomination and Remuneration Committee Member</li> </ul>	1. Good Corporate Governance of Information Technology: Risk Management and Responsibility for Information	23/10/2018
		2. Tough Boardroom Situations-Independent Directors Share Lessons Learned	2/10/2018
		3. Board Matters & Trends BMT 6/2018	30-31/10/2018
Mr. Virat Phairatphiboon	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Audit Committee Chairman</li> </ul>	1. Tough Boardroom Situations-Independent Directors Share Lessons Learned	2/10/2017
Mr. Chalit Limpanavech	<ul style="list-style-type: none"> <li>• Independent Director</li> </ul>	1. Good Corporate Governance of Information Technology: Risk Management and Responsibility for Information	23/10/2018
		2. Board Matters & Trends BMT 6/2018	30-31/10/2018
Mr. Leuchar Pisitthakarn	<ul style="list-style-type: none"> <li>• Chief Financial Officer</li> </ul>	1. Safety Officer at Executive Level	28-29/8/2018
		2. Transfer Pricing	3-4/9/2018
		3. Code of Conduct	21/9/2018
		4. Strategic Financial Leadership Program	29-31/10/2018
		5. CFO Focus on Financial Reporting	21-22/11/2018
Ms. Kullakarn Cheenpun	<ul style="list-style-type: none"> <li>• Corporate Secretary</li> </ul>	1. 2017 Corporate Governance Code (CG Code) for listed companies	17/5//2018
		2. Sharing Session: “Guidelines for disclosure of CG Code according to the ‘apply or explain’ principle”	11/6/2018
		3. Spreadsheets for organizational	29-30/11/ 2018

## Investor Relations

The Board of Directors attaches importance to accurate, transparent, and timely disclosure of financial reports and generation information. The Company appointed Mr. Pongtorn Kanchana-akradet as Corporate Planning Manager 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 the email address: [Pongtorn@tipco.net](mailto:Pongtorn@tipco.net). Investors can also access the corporate information published in the "Investor Relations" section in the Company's website.

## Investor Relations Activities

In 2018, the Company welcomed the analysts, fund managers, investors, and related parties to the discussion meetings about key information of the Company. Interested persons could study and exchange financial information and general information via the following communication channels:

- Meetings and sharing of information with investors, analysts and fund managers at national and international levels through 12 company visits, such as analysts from CIMBT and Maybank Kim Eng as well as fund managers from ROHDEA Fund, Hong Kong, and Albizia Capital, Singapore.
- Two conference calls.
- Inquiries about corporate information via telephone from general investors (10 times) and from analysts (5 times).
- Presentation of financial information and general information on a quarterly basis under the "Investor Relations" section in the Company's website (4 times).



# SHAREHOLDING STRUCTURE

## Shareholding Structure (28/12/2018)

No.	Name	No. of Shares	%
1	Mr. Sitilarb Supsakorn	55,500,000	11.397
2	Ms. Roumsin Supsakorn	48,500,000	10.050
3	Ms. Laksana Supsakorn	39,061,267	8.094
4	Mrs. Anurat Tiamtan	32,166,765	6.666
5	Ms. Piyaratana Supsakorn	30,379,328	6.295
6	Ms. Natalie Supsakorn	16,500,000	3.419
7	THAI NVDR Co.,LTD	14,516,856	3.008
8	Mr. Somchit Sertthin	11,599,846	2.404
9	Ms. Vanissa Dhupchinda	9,143,074	1.895
10	Mr. Udom Jirasirikul	9,033,300	1.895

## Report on the Shareholding of Directors and Executives

No.	Director	Position	Balance as at 1 January 2018	Purchase/Transfer/(Sales)	Balance as at 31 December 2018	%
1	Ms. Laksana Supsakorn	Chairman	37,861,267	-	39,061,267	8.09
2	Mrs. Anurat Tiamtan	Director	30,966,765	-	32,166,765	6.67
3	Mr. Somchit Sertthin	Director	11,599,846	-	11,599,846	2.40
4	Ms. Roumsin Supsakorn	Director	48,500,000	-	48,500,000	10.05
5	Mr. Sitilarb Supsakorn	Director	55,000,000	-	55,000,000	11.40
6	Mr. Surachet Supsakorn	Director	None		None	
7	Mr. Virat Phairatphiboon	Independent Director	None		None	
8	Mr. Chalit Limpanavech	Independent Director	None		None	
9	Mr. Paisal Pongprayoon	Independent Director	None		None	
10	Mrs. Achara Pricha	Independent Director	None		None	
11	Mr. Ekaphol Pongstabhon	Independent Director	None		None	

No.	Executives	Position	Balance as at 1 January 2017	Purchases Transfers (Sales)
1	Mr. Leuchar Pisitthakarn	Chief Financial Officer	-	
2	Mr. Pol Sridaeng	Managing Director – Tipco Retail Co., Ltd.	-	
3	Mr. Chokchai Tocharoentanaphol	Managing Director – Tipco Pineapple Co., Ltd.	-	
4	Mrs. Pornanong Yoocha	Director Corporate Accounting & Internal-Control	-	
5	Mrs. Saranya Borisuitsawat	Director Financial Management	-	
6	Mr. Pongtorn Kanchana-akradet	Department Manager – Corporate Planning	-	

## 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.6, 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 Serththin
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 Serththin Director	1 share held by Ms. Laksana Supsakorn 1 share held by Mr. Sitilarb Subsakorn -None- -None-

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
Tipco Asphalt PCL.	Producer and distributor of asphalt and distributor of fuel products	Ms. Laksana Supsakorn <i>Director</i> Mr. Somchit Sertthin <i>Director</i> Mr. Sitilarb Supsakorn <i>Director</i>	23.50% held by Tipco Foods PCL.
Siamcontainer Terminal Co., Ltd.	Provides to Full Functional Services and Main Services are : Container Terminal Service, Warehouse management System, Transportation Service	Ms. Laksana Supsakorn <i>Director</i> Mrs. Anurat Tiamtan <i>Director</i> Ms. Roumsin Supsakorn <i>Director</i> Mr. Sitilarb Supsakorn <i>Director</i>	16.67% held by Ms. Laksana Supsakorn 16.67% held by Mrs. Anurat Tiamtan 16.67% held by Ms. Roumsin Supsakorn 16.67% held by Mr. Sitilarb Supsakorn
Ruamsapsin Co., Ltd.	To purchase, provide, acquire , rent, lease, possess improve, use, manage and others any assets including benefit of such assets	Ms. Laksana Supsakorn <i>Director</i> Mrs. Anurat Tiamtan <i>Director</i> Ms. Roumsin Supsakorn <i>Director</i> Mr. Sitilarb Supsakorn <i>Director</i> Mr. Surachet Supsakorn <i>Director</i>	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 <i>Director</i> Mrs. Anurat Tiamtan <i>Director</i> Ms. Roumsin Supsakorn <i>Director</i> Mr. Sitilarb Supsakorn <i>Director</i> Mr. Surachet Supsakorn <i>Director</i>	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-
Thai Slurry Seal Co., Ltd.	Asphalt road and construction services	Ms. Laksana Supsakorn Mr. Sitilarb Supsakorn <i>Director</i> Mr. Somchit Sertthin <i>Director</i> - -	7.50% held by Miss Laksana Supsakorn 7.50% held by Mr. Sitilarb Supsakorn -None- 0.84% held by Mrs. Anurat Tiamtan 7.50% held by Miss Roumsin Supsakorn





# MANAGEMENT STRUCTURE

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## Board of Directors

1. Ms. Laksana	Supsakorn	Chairman
2. Mrs. Anurat	Tiamtan	Director
3. Mr. Somchit	Sertthin	Director
4. Ms. 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. Ms. Kullakarn	Cheenpun	Secretary

## Audit Committee

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

## Nomination and Remuneration Committee

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

## Corporate Governance Committee

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

## Risk Management Committee

1. Mr. Ekaphol	Pongstabhon	Chairman
2. Mr. Pol	Sridaeng	Director
3. Mr. Leuchar	Pisitthakarn	Director
4. Mrs. Tatiya	Embut	Director
5. Mrs. Karnchana	Warotemaporn	Director
6. Mrs. Pornanong	Yoocha	Member and Secretary

Member's Name	Position	Committee Meetings	
		Number of meetings	Number of attended
Ms. Laksana Supsakorn	Chairman of the Board of Directors	5	5
Mrs. Anurat Tiamtan	Director	5	4
Mr. Surachet Supsakorn	Director	5	5
	Member of the Nomination and Remuneration Committee	2	2
Mr. Somchit Serththin	Director	5	5
Ms. Roumsin Supsakorn	Director	5	5
Mr. Sitilarb Supsakorn	Director	5	5
Mr. Virat Phairatphiboon	Independent Director	5	4
	Chairman of the Audit Committee	4	4
Mr. Paisal Pongprayoon	Independent Director	5	5
	Member of the Audit Committee	4	4
	Chairman of the Nomination and Remuneration Committee	2	2
Mrs. Achara Pricha	Independent Director	5	5
	Member of the Audit Committee	4	4
	Member of the Nomination and Remuneration Committee	2	2
Mr. Chalit Limpanavech	Independent Director	5	2
Mr. Ekaphol Pongstabhon	Managing Director	5	5

## Management Team-Tipco Foods Group

1. Mr. Ekaphol Pongstabhon Managing Director – Tipco Pineapple Co., Ltd.
2. Mr. Pol Sridaeng Managing Director – Tipco Retail Co., Ltd.\*\*\*
3. Mr. Chokchai Tocharoentanaphol Managing Director – Tipco Pineapple Co., Ltd.
4. Mr. Leuchar Pisitthakarn Chief Financial Officer

\*\*\*Appointed on 16 September 2018

## Corporate Secretary

The Board of Directors resolved to appoint Ms. Kullakarn Cheenpun as the Company's Corporate Secretary starting from 1 April 2017. The Company has appointed the person with appropriate qualifications and experience for the position. The requisite qualifications and capabilities as well as duties and responsibilities of the 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 average market rates; 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 the principles 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 as follows:

1. The remuneration of the Managing Director and high-level executives including salary, welfare and benefits shall be based on the job value of each position.
2. The remuneration shall be based on consideration of:
  - 2.1 The Company's ability to pay
  - 2.2 Competitiveness in the labour market, and
  - 2.3 Pay for performance
3. The Board of Directors shall approve remuneration-related budgets each year based on consideration of the Company's financial position, operating results and business projection.

## Principles

1. The Board of Directors shall consider the remuneration rates of the Managing Directors and high-level executives which have been considered by the Nomination and Remuneration Committee according to the criteria stipulated in the policy.
2. The Managing Director shall consider the remuneration rates of subordinates based on their performance according to the line of command within the budget limit approved by the Board of Directors.
3. The performance appraisal process shall be based on clear and concrete targets to ensure fair consideration of compensation and adjustments of wages, salaries, welfare schemes, and other benefits for all employees.

In 2018, the remuneration rates of the Company's Board of Directors and executives were as follows: (Note: 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	Total
Miss Laksana Supsakorn	Chairman	1,200,000			1,200,000
Mrs. Anurat Tiamtan	Director	960,000			960,000
Miss Roumsin Supsakorn	Director	960,000			960,000
Mr. Somchit Sertthin	Director	960,000			960,000
Mr. Sitilarb Supsakorn	Director	960,000			960,000
Mr. Surachet Supsakorn	- Director - Member of the Nomination and Remuneration Committee	960,000		40,000	1,000,000
Mr. Virat Phairatphiboon	- Independent Director - Chairman of the Audit Committee	960,000	280,000		1,240,000
Mr. Chalit Limpanavech	Independent Director	960,000			960,000
Mr. Paisal Pongprayoon	- Independent Director - Chairman of the Nomination and Remuneration Committee - Member of the Audit Committee	960,000	200,000	60,000	1,220,000
Mrs. Achara Pricha	- Independent Director - Member of the Nomination and Remuneration - Member of the Audit Committee	960,000	200,000	40,000	1,200,000
Mr. Ekaphol Pongstabhon	Managing Director	960,000			960,000

## Remuneration of executives

In 2018, 4 executives received remuneration consisting of salary and bonus totaling Baht 27,263,679.32.

## 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 2018, the employer's contributions to the provident fund for 4 executives totaled Baht 1,074,808.50. In addition, 1 executive director/executive was provided with a company car and 3 executives were provided with vehicle allowances totaling Baht 2,083,921.50.

## Personnel

### Employees' Remuneration Policy

The Company has a policy to pay wages to suit the duties and responsibilities of employees. This is consistent with the company's ability to pay and labor market conditions.

As at 31 December 2018, the Company had a total 199 employees and in 2018 the Company paid the employees' remuneration totaling Baht 105 million consisting of salary, overtime pay, cost of living allowance, special allowance, social security fund contributions, provident fund contributions, etc. In addition, the subsidiary companies paid similar forms of remuneration to the employees totaling Baht 570 million.

Payments of remuneration to the employees are commensurate with the Company's operating results (short-term) such as the Company's ability to make a profit each year. In so doing, key performance indicators (KPI) according to the job value of each position are used to conduct evaluation. Long-term payments include contributions to the provident fund. In 2018, the Company allowed its employees to choose their preferred rate of contribution to the provident fund, i.e. 5%, 7%, 10%, 12%, or 15%. The employees could also choose one of the four investment schemes offered by the Company. The Company's contribution rate was 5%.

The Company addressed employees' health as one of its priorities by implementing the annual physical checkup program with a budget of Baht 956,340. In the past year, the Company paid Baht 2,543,670 for medical expenses (under its health insurance plan) and influenza vaccination for its employees. The Company also focused on the creation of a pleasant and desirable workplace and supported the concept of living a happy daily life.

2018 (Information as at 31 Dec.2018)	Tipco Foods Plc	Tipco F&B Co., Ltd.	Tipco Retail Co., Ltd.	Tipco Biotech Co., Ltd.	Tipco Pineapple Co., Ltd.
Operating employees	177	506	156	276	1,530
Executive employees	22	34	5	6	21
<b>Total (person)</b>	<b>199</b>	<b>540</b>	<b>161</b>	<b>282</b>	<b>1,551</b>
Employees at Headquarters	69	107	54	11	43
Employees outside Headquarters	130	433	107	271	1,508
<b>Total (person)</b>	<b>199</b>	<b>540</b>	<b>161</b>	<b>282</b>	<b>1,551</b>
<b>Employees' remuneration (Baht Million)</b>	<b>105</b>	<b>198</b>	<b>45</b>	<b>45</b>	<b>282</b>

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

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

- As at 31 December 2015, the Company's number of employees was 1,414.
- As at 31 December 2016, the Company's number of employees was 1,479.
- As at 31 December 2017, the Company's number of employees was 200.

### 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 2018

- The number of employees taking leave as a result of accidents-None

## 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/O5 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 the 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 the achievement of personnel development such as:

- The Road to Excellence by CliftonStrengths® (CliftonStrength Discovery)
- Strategic Performance Management System
- Job Evaluation for Manager



- Creative Marketing

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 2 million.





Tipco  
100%  
MANGUE  
1 Litre

Tipco  
100%  
Végan  
PURPLE CARROT  
1 Litre



# INTERNAL CONTROL AND RISK MANAGEMENT

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## 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. 1/2018 held on 15 February 2018 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 2018 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 Ms. Kullakarn Cheenpun 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 2018 include these followings:

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
1. Acquiring services and others	Tipco Tower Co., Ltd.	14.05	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.25	
	Siamcontainer Terminal Co., Ltd.	0.02	
	Ruamsapsin Co., Ltd.	0.24	
	Marketing Consultants Co., Ltd.	0.79	
	<b>Total</b>	<b>15.35</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.	0.22	Market prices, equivalent to that quoted for outsiders
	Thanomwongse Service Co., Ltd.	0.24	
	Tipco Asphalt PCL.	1.68	
	Rattanajit Co., Ltd.	0.35	
	Thai Bitumen Co., Ltd.	0.14	
	Thai Slurry Seal Co., Ltd.	0.03	
	Tipco Maritime Co., Ltd.	0.07	
	Ruamsapsin Co., Ltd.	0.35	
	Marketing Consultants Co., Ltd.	0.26	
	Raycol Asphaltl Co., Ltd.	0.08	
	Tipco Tower Co., Ltd.	0.19	
	Boondee Co., Ltd.	0.10	
	Colas Regional Offiffice	0.02	
<b>Total</b>	<b>3.73</b>		

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
2. Acquiring services and others	Tipco Asphalt PCL.	0.31	Market prices, equivalent to that quoted for outsiders
	Siamcontainer Terminal Co., Ltd.	0.23	
	Ruamsapsin Co., Ltd.	9.94	
	Tipco Tower Co., Ltd.	6.51	
	Marketing Consultants Co., Ltd.	0.65	
	<b>Total</b>	<b>17.64</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	Vital Well Co., Ltd	0.00	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.06	
	Ruamsapsin Co., Ltd.	8.55	
	Tipco Tower Co., Ltd.	1.72	
	Marketing Consultants Co., Ltd.	0.10	
	<b>Total</b>	<b>10.43</b>	

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

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
1. Others incomes	Raycol Asphalt Co., Ltd.	0.01	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.29	
	<b>Total</b>	<b>0.30</b>	
2. Acquiring services and others	Tipco Tower Co., Ltd.	0.65	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.24	
	Siamcontainer Terminal Co., Ltd.	0.48	
	Marketing Consultants Co., Ltd.	0.57	
	<b>Total</b>	<b>1.94</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 Baht 11.32 million, Baht 4.60 million and Baht 1.40 million, 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

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The Board of Directors of the Company is responsible for the consolidated and separate financial statements of the Tipco foods public company limited, 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 and separate financial statements of 31 December 2018.



(Ms.Laksana Supsakorn)  
Chairman of the Board



(Mr.Ekaphol Pongstabhon)  
Managing Director

# REPORT OF THE AUDIT COMMITTEE

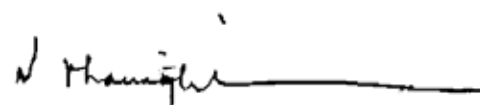
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The Audit Committee of Tipco Foods Public Company Limited comprises 3 independent directors. Mr. Virat Phairatphiboon serves as Chairman of the Audit Committee, while Mr. Paisal Pongprayoon and Mrs. Achara Pricha serve as members of the Audit Committee. 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 addition, the Audit Committee supervised the review of the anti-corruption practices of the Company performed by the Internal Audit Department to ensure that there were appropriate and adequate control systems to mitigate risks from possible corruption.

In 2018, the Audit Committee held 4 formal meetings with the external auditor and the internal auditor. The Committee also consulted with the internal auditor, the external auditor and the management on various matters. The Committee held 1 meeting with the external auditor and the internal auditor without the management present at the meeting in order to discuss action plans to ensure consistency and completeness. 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. Focus was placed on managing business risks and the internal auditor was assigned to review such risks on a quarterly basis.
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 prepared in compliance with the 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 and market price comparison was made to ensure reasonableness.
4. The Audit Committee conducted a review to ensure that effective internal control systems were in place and no significant weaknesses that could cause a significant impact were found. It was reiterated that the management must always 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 through conducting a review every quarter and providing suggestions for improvement.
5. The Audit Committee monitored the Company's investment projects by regularly following up on the progress and reviewing management reports.
6. The Audit Committee reviewed the Company's compliance with relevant regulations and laws to ensure integrity and transparency towards 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 jointly considered, proposed and appointed a new external auditor according to an appropriate timeline and an audit fee was proposed to the Board of Directors to seek approval from the shareholders' meeting. In this regard, EY Office Limited was appointed as the Company's auditor for 2018.
8. The Audit Committee proposed a plan to set up a modern IT system to promote the efficiency of the Company's business operations and also to have an appropriate risk prevention system.

In summary, the Audit Committee performed its duties comprehensively and in compliance with its Charter. Together with the management, the internal auditor, and the external auditor, after due consideration, the Audit Committee was satisfied that the Company's current internal control systems were sufficient and subjected to ongoing improvement. The Company had good corporate governance and risk management systems. The Company's financial statement preparation process was conducted with appropriate and adequate controls. The Company's financial statements were prepared in accordance with the reliable financial reporting standards. In addition, the consideration and change of the Company's external auditor was made according to an appropriate time frame. The Audit Company also regularly reviewed relevant laws, regulations, and rules to ensure the Company's compliance therewith.



Mr. Virat Phairatphiboon  
Chairman of the Audit Committee  
13 February 2019





# INDEPENDENT AUDITOR'S REPORT

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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 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent 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.



## Investment in associate

The Company has investment in an associate based on the equity method and has share of profit from investment in associate presented in the consolidated financial statements (based on the cost method and has dividend income from associate presented in the separate financial statements). These amounts are significant to the financial statements and have direct effect on profit or loss.

I have inquired the management relating to significant influence on the associate to determine the appropriateness of recording transactions for investment in the associate. I have evaluated the accounting policy and related transactions of such associate. I have also checked the existence of the investment to the share certificates and supporting documents received from the securities company, tested the calculation of fair value of the investment, including its impairment as at the period-end date, and examined the supporting documents for dividend receipts. 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 the associate and tested proportionate interest in value of investment in the associated company. In addition, I determined whether there was adequate disclosure of information of such investment in the associate in the notes to the financial statements.

## Other Information

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

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

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

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

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

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

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

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

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

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

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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



Supachai Phanyawattano  
Certified Public Accountant  
(Thailand) No. 3930

EY Office Limited  
Bangkok: 14 February 2019



# STATEMENT OF FINANCIAL POSITION

## Tipco Foods Public Company Limited and its subsidiaries

### Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		105,836,016	199,464,462	21,594,772	64,660,653
Current investment		4,950,897	4,907,078	-	-
Trade and other receivables	6, 7	562,332,118	573,737,682	45,473,934	39,580,308
Short-term loans to related party	6	-	-	90,000,000	8,000,000
Inventories	8	986,474,903	915,877,077	61,973,123	50,201,989
Biological assets		659,471	2,952,979	-	-
Advanced payments		12,267,768	10,851,311	4,205,527	4,150,159
Other current assets		75,393,250	73,436,307	13,035,627	36,797,882
<b>Total current assets</b>		<b>1,747,914,423</b>	<b>1,781,226,896</b>	<b>236,282,983</b>	<b>203,390,991</b>
<b>Non-current assets</b>					
Investments in subsidiaries	9	-	-	1,765,336,907	1,615,336,907
Investment in associate	10	2,910,063,089	3,030,377,429	644,929,739	644,929,739
Investment property- Land awaiting sale		7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	11	2,287,283,380	1,970,631,489	742,167,527	367,072,327
Intangible assets	12	56,193,420	72,458,309	30,236,774	33,547,307
Deferred tax assets - net	19	47,379,204	56,798,126	3,588,672	13,677,086
Other non-current assets		20,471,350	19,667,436	3,089,846	4,283,470
<b>Total non-current assets</b>		<b>5,328,660,004</b>	<b>5,157,202,350</b>	<b>3,196,619,026</b>	<b>2,686,116,397</b>
<b>Total assets</b>		<b>7,076,574,427</b>	<b>6,938,429,246</b>	<b>3,432,902,009</b>	<b>2,889,507,388</b>

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

**Tipco Foods Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions		770,000,000	720,845,467	240,000,000	140,000,000
Trade and other payables	6, 13	790,128,580	805,380,737	76,869,312	102,650,369
Current portion of long-term loans from financial institutions	14	312,500,000	197,500,000	201,200,000	86,200,000
Income tax payable		10,693,056	3,960,759	-	-
Other current liabilities		79,005,064	43,572,043	3,163,214	4,254,613
<b>Total current liabilities</b>		<b>1,962,326,700</b>	<b>1,771,259,006</b>	<b>521,232,526</b>	<b>333,104,982</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions -net of current portion	14	840,203,341	709,450,000	729,498,341	487,445,000
Provision for dismantling cost		2,279,600	1,254,600	-	-
Provision for long-term employee benefits	16	98,360,141	85,849,430	25,108,871	23,173,843
<b>Total non-current liabilities</b>		<b>940,843,082</b>	<b>796,554,030</b>	<b>754,607,212</b>	<b>510,618,843</b>
<b>Total liabilities</b>		<b>2,903,169,782</b>	<b>2,567,813,036</b>	<b>1,275,839,738</b>	<b>843,723,825</b>

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

**Tipco Foods Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Shareholders' equity</b>					
<b>Share capital</b>					
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 interests of subsidiary acquired by the Company at price higher than book value	9	(80,767,243)	(80,767,243)	-	-
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)	(135,832,635)	-	-
Capital reserve for share-based payment transactions of the associate		41,070,724	36,872,134	-	-
<b>Retained earnings</b>					
Appropriated - statutory reserve	17	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,876,971,449	4,155,881,429	1,624,482,631	1,513,203,923
Other components of shareholders' equity		(62,111,756)	(139,611,581)	-	-
<b>Total shareholders' equity</b>		<b>4,173,404,645</b>	<b>4,370,616,210</b>	<b>2,157,062,271</b>	<b>2,045,783,563</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,076,574,427</b>	<b>6,938,429,246</b>	<b>3,432,902,009</b>	<b>2,889,507,388</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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Continued operation</b>					
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		4,248,050,424	4,869,664,652	379,175,078	420,855,191
Other income					
Dividend income from subsidiaries	9	-	-	64,287,750	10,303,832
Dividend income from associate	10	-	-	332,893,494	332,893,494
Management income		-	-	76,128,000	20,631,783
Others		107,975,986	81,946,050	10,366,536	14,124,485
<b>Total revenues</b>		<b>4,356,026,410</b>	<b>4,951,610,702</b>	<b>862,850,858</b>	<b>798,808,785</b>
<b>Expenses</b>					
Cost of sales and services		3,352,949,274	3,520,043,096	281,011,539	270,447,710
Selling and distribution expenses		645,904,962	719,447,247	15,135,323	66,503,418
Administrative expenses		439,004,442	502,091,418	178,079,078	204,643,632
Other expenses					
Allowance for doubtful accounts		136,199	-	-	-
Loss on fair value of biological assets		2,293,508	-	-	-
Allowance for impairment loss on machinery and equipment (reversal)	11	(29,000,000)	5,523,512	-	5,523,512
<b>Total expenses</b>		<b>4,411,288,385</b>	<b>4,747,105,273</b>	<b>474,225,940</b>	<b>547,118,272</b>

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit (loss) before share of profit from investment in associate, finance cost and income tax</b>		(55,261,975)	204,505,429	388,624,918	251,690,513
Share of profit from investment in associate	10	132,661,359	600,610,257	-	-
<b>Profit before finance cost and income tax</b>		77,399,384	805,115,686	388,624,918	251,690,513
Finance cost		(55,992,863)	(53,840,067)	(30,196,006)	(35,505,647)
<b>Profit before income tax</b>		21,406,521	751,275,619	358,428,912	216,184,866
Income tax	19	(52,283,266)	(47,497,632)	(9,243,338)	(40,540,028)
<b>Profit (loss) from continued operation for the year</b>		(30,876,745)	703,777,987	349,185,574	175,644,838
<b>Discontinued operation (Transfer segment to a subsidiary)</b>					
Profit from discontinued operation for the year		-	-	-	296,441,533
<b>Profit (loss) for the year</b>		(30,876,745)	703,777,987	349,185,574	472,086,371

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Continued operation</b>					
<b>Other comprehensive income:</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Share of comprehensive income in associate	10	77,499,825	(136,395,373)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		77,499,825	(136,395,373)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	16, 19	(6,746,065)	-	3,380,304	-
Actuarial gain (loss) - net of income tax					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(6,746,065)	-	3,380,304	-
<b>Other comprehensive income for the year</b>		70,753,760	(136,395,373)	3,380,304	-
<b>Total comprehensive income for the year</b>		39,877,015	567,382,614	352,565,878	472,086,371

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit attributable to:</b>					
Equity holders of the Company					
Profit (loss) from continued operation		(30,876,745)	702,647,368	349,185,574	175,644,838
Profit from discontinued operation (Transfer segment to a subsidiary)		-	-	-	296,441,533
		<u>(30,876,745)</u>	<u>702,647,368</u>	<u>349,185,574</u>	<u>472,086,371</u>
Non-controlling interests of the subsidiaries Profit from continued operation		-	1,130,619		
		-	<u>1,130,619</u>		
		<u>(30,876,745)</u>	<u>703,777,987</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company					
Profit from continued operation		39,877,015	566,251,995	352,565,878	175,644,838
Profit from discontinued operation (Transfer segment to a subsidiary)		-	-	-	296,441,533
		<u>39,877,015</u>	<u>566,251,995</u>	<u>352,565,878</u>	<u>472,086,371</u>
Non-controlling interests of the subsidiaries Profit from continued operation		-	1,130,619		
		-	<u>1,130,619</u>		
		<u>39,877,015</u>	<u>567,382,614</u>		
<b>Earnings per share (Baht)</b>					
20					
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company					
Profit (loss) per share from continued operation		(0.06)	1.46	0.72	0.36
Profit per share from discontinued operation (Transfer segment to a subsidiary)		-	-	-	0.62
		<u>(0.06)</u>	<u>1.46</u>	<u>0.72</u>	<u>0.98</u>

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 2018

	Issued and paid-up share capital	Non-controlling interests of subsidiary acquired by the Company at price higher than book value	Non-controlling interests of 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</b>					
<b>1 January 2017</b>	482,579,640	-	1,494,466	(135,832,635)	28,433,655
Profit for the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Acquisition of non-controlling interests of subsidiary (Note 9)	-	(80,767,243)	-	-	-
Share-based payment transactions of the associate	-	-	-	-	8,438,479
Dividend paid (Note 22)	-	-	-	-	-
<b>Balance as at</b>					
<b>31 December 2017</b>	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>36,872,134</u>
<b>Balance as at</b>					
<b>1 January 2018</b>	482,579,640	(80,767,243)	1,494,466	(135,832,635)	36,872,134
Loss for the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Share-based payment transactions of the associate	-	-	-	-	4,198,590
Dividend paid (Note 22)	-	-	-	-	-
<b>Balance as at</b>					
<b>31 December 2018</b>	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>41,070,724</u>

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



(Unit: Baht)

## Consolidated financial statements

## Equity attributable to owners of the Company

Retained earnings		Other component of shareholder's equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of he subsidiaries	Total shareholders' equity
Appropriated statutory reserve	Unappropriated	Other comprehensive income	Total other components of shareholders' equity			
		Share of comprehensive income in associate				
50,000,000	3,650,873,429	(3,216,208)	(3,216,208)	4,074,332,347	368,102,138	4,442,434,485
-	702,647,368	-	-	702,647,368	1,130,619	703,777,987
-	-	(136,395,373)	(136,395,373)	(136,395,373)	-	(136,395,373)
-	702,647,368	(136,395,373)	(136,395,373)	566,251,995	1,130,619	567,382,614
-	-	-	-	(80,767,243)	(369,232,757)	(450,000,000)
-	-	-	-	8,438,479	-	8,438,479
-	(197,639,368)	-	-	(197,639,368)	-	(197,639,368)
<u>50,000,000</u>	<u>4,155,881,429</u>	<u>(139,611,581)</u>	<u>(139,611,581)</u>	<u>4,370,616,210</u>	<u>-</u>	<u>4,370,616,210</u>
50,000,000	4,155,881,429	(139,611,581)	(139,611,581)	4,370,616,210	-	4,370,616,210
-	(30,876,745)	-	-	(30,876,745)	-	(30,876,745)
-	(6,746,065)	77,499,825	77,499,825	70,753,760	-	70,753,760
-	(37,622,810)	77,499,825	77,499,825	39,877,015	-	39,877,015
-	-	-	-	4,198,590	-	4,198,590
-	(241,287,170)	-	-	(241,287,170)	-	(241,287,170)
<u>50,000,000</u>	<u>3,876,971,449</u>	<u>(62,111,756)</u>	<u>(62,111,756)</u>	<u>4,173,404,645</u>	<u>-</u>	<u>4,173,404,645</u>

**Tipco Foods Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements			
	Issued and paid-up share capital	Retained earnings		Total shareholders' equity
		Appropriated statutory reserve	Unappropriated	
<b>Balance as at 1 January 2017</b>	482,579,640	50,000,000	1,238,756,920	1,771,336,560
Profit for the year	-	-	472,086,371	472,086,371
Total comprehensive income for the year	-	-	472,086,371	472,086,371
Dividend paid (Note 22)	-	-	(197,639,368)	(197,639,368)
<b>Balance as at 31 December 2017</b>	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,513,203,923</u>	<u>2,045,783,563</u>
<b>Balance as at 1 January 2018</b>	482,579,640	50,000,000	1,513,203,923	2,045,783,563
Profit for the year	-	-	349,185,574	349,185,574
Other comprehensive income for the year	-	-	3,380,304	3,380,304
Total comprehensive income for the year	-	-	352,565,878	352,565,878
Dividend paid (Note 22)	-	-	(241,287,170)	(241,287,170)
<b>Balance as at 31 December 2018</b>	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,624,482,631</u>	<u>2,157,062,271</u>

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities:</b>				
Profit before tax from continued operation	21,406,521	751,275,619	358,428,912	216,184,866
Profit before tax from discontinued operation (Transfer segment to a subsidiary)	-	-	-	296,441,553
Profit before income tax	21,406,521	751,275,619	358,428,912	512,626,399
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	275,374,665	255,566,065	47,709,968	94,372,673
Written off value added tax refundable	-	2,587,465	-	-
Allowance for doubtful account	136,199	-	-	-
Reduction of cost of inventories to net realisable value (reversal)	(39,111,383)	28,905,400	2,173,935	(15,649,592)
Loss from inventory destruction	11,985,892	27,050,557	-	11,855,723
Change in fair value of biological assets	2,293,507	(152,122)	-	-
Unrealised (gain) loss on exchange	579,810	(1,161,870)	1,822	3,281
Changes in fair value of forward exchange contracts	(840,431)	(290,693)	(896)	(821,826)
Changes in fair value of interest rate swap contracts	(697,421)	520,074	(697,421)	520,074
(Gain) loss on sales and write-off of land, machinery and equipment	879,087	(5,899,488)	104,869	(4,077,834)
(Gain) loss on sales and write-off of intangible assets	(28,409)	178,441	(28,436)	178,433
Allowance for impairment loss on machinery and equipment (reversal)	(29,000,000)	5,523,512	-	5,523,512
Provision for long-term employee benefits	19,975,943	10,595,626	10,929,647	6,666,878
Provision for dismantling cost	213,087	167,888	-	-
Dividend income from subsidiaries	-	-	(64,287,750)	(10,303,832)
Dividend income from associate	-	-	(332,893,494)	(332,893,494)
Share of profit from investment in associate	(132,661,359)	(600,610,257)	-	-
Interest income	(79,621)	(361,162)	(1,967,309)	(214,926)
Interest expenses	55,674,858	51,084,156	29,911,337	34,379,724

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit from operating activities before changes in operating assets and liabilities	186,100,945	524,979,211	49,385,184	302,165,193
(Increase) decrease in operating assets				
Trade and other receivables	10,088,309	116,127,874	(5,895,448)	88,590,561
Inventories	(43,472,335)	(89,587,273)	(13,945,069)	(80,573,030)
Other current assets	9,149,966	(14,870,803)	25,899,464	(22,408,956)
Other non-current assets	(13,688,481)	(1,684,137)	1,193,624	1,825,345
Increase (decrease) in operating liabilities				
Trade and other payables	(25,210,953)	(40,394,196)	(33,657,245)	(108,834,503)
Other current liabilities	43,463,985	(11,466,228)	(393,082)	(30,728,988)
Other non-current liabilities	811,913	(1,562,888)	-	10,071,127
Cash paid for long-term employee benefits	(14,190,277)	(3,842,810)	(4,769,239)	(2,523,450)
<b>Cash flows from operating activities</b>	<b>153,053,072</b>	<b>477,698,750</b>	<b>17,818,189</b>	<b>157,583,299</b>
Cash paid for interest expenses	(55,484,336)	(51,029,670)	(29,721,263)	(34,381,600)
Cash paid for corporate income tax	(39,903,111)	(12,898,835)	(2,192,577)	(6,107,025)
<b>Net cash flows from (used in) operating activities</b>	<b>57,665,625</b>	<b>413,770,245</b>	<b>(14,095,651)</b>	<b>117,094,674</b>

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities:</b>				
Cash paid for investments in subsidiaries	-	-	(150,000,000)	(450,000,000)
Cash paid for investments in newly corporate subsidiary	-	-	-	(1,000,000,000)
Cash received from capital reduction of subsidiary	-	-	-	300,000,000
Cash received from partial business transfer to subsidiary	-	-	-	646,658,500
Increase in current investment	(43,819)	(1,060,688)	-	-
Increase in short-term loans to related parties	-	-	(82,000,000)	(8,000,000)
Decrease in restricted bank deposits	-	1,016,000	-	-
Cash received from sales of land, machinery and equipment	3,407,759	21,989,011	1,078,148	5,598,494
Cash paid for acquisition of land, machinery and equipment	(535,344,017)	(212,998,893)	(412,877,868)	(110,286,916)
Cash received from sales of intangible assets	131,552	-	131,552	-
Cash paid for acquisition of intangible assets	(6,039,365)	(29,563,250)	(216,786)	(2,667,613)
Dividend received from subsidiaries	-	-	64,287,750	10,303,832
Dividend received from associate	332,893,494	332,893,494	332,893,494	332,893,494
Interest received	79,621	361,162	1,967,309	214,926
<b>Net cash flows from (used in) investing activities</b>	<b>(204,914,775)</b>	<b>112,636,836</b>	<b>(244,736,401)</b>	<b>(275,285,283)</b>
<b>Cash flows from financing activities:</b>				
Cash paid to acquisition of non-controlling interests of a subsidiary	-	(450,000,000)	-	-
Increase in bank overdrafts and short-term loans from financial institutions	49,154,533	303,845,467	100,000,000	20,000,000
Cash paid under finance lease agreements	-	(631,975)	-	-
Cash receipts from long-term loans	443,253,341	450,000,000	443,253,341	450,000,000
Repayment of long-term loans	(197,500,000)	(491,500,000)	(86,200,000)	(74,805,000)
Dividend paid	(241,287,170)	(197,639,368)	(241,287,170)	(197,639,368)
<b>Net cash flows from (used in) financing activities</b>	<b>53,620,704</b>	<b>(385,925,876)</b>	<b>215,766,171</b>	<b>197,555,632</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(93,628,446)</b>	<b>140,481,205</b>	<b>(43,065,881)</b>	<b>39,365,023</b>
Cash and cash equivalents at beginning of period	199,464,462	58,983,257	64,660,653	25,295,630
<b>Cash and cash equivalents at end of period</b>	<b>105,836,016</b>	<b>199,464,462</b>	<b>21,594,772</b>	<b>64,660,653</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions:				
Acquisition of equipment for which cash has not been paid	20,034,200	10,736,150	9,983,453	2,315,740
Acquisition of intangible assets for which cash has not been paid	470,224	-	18,400	-

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 2018

#### 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 (Subsequently transferred to a subsidiary as discussed in the next paragraph) and beverages. The registered address is 118/1 Rama 6 Road, Phayathai Sub district, Phayathai District, Bangkok.

On 5 January 2017, the extraordinary shareholders’ meeting No. 1/2017 of the Company passed a resolution to approve the Company’s restructuring plan by conducting a partial business transfer of the processed fruit segment to a subsidiary. The business transfer was completed on 2 October 2017. The Company transferred assets amounting to Baht 1,073 million and transferred liabilities amounting to Baht 426 million. The Company received cash payment for the net assets value amounting to Baht 647 million on the same date (Note 9).

#### 2. Basis of preparation

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

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

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

##### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of 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	
			2018	2017	2018	2017
			(Million Baht)	(Million Baht)	(Percent)	(Percent)
Tipco F&B Company Limited (“TFB”)	Producing and distribution of ready-to-drink beverage product	Thailand	600.00	600.00	100.00	100.00
Tipco Retail Company Limited (87.75% owned by the Company and 12.25% owned by TFB (2017: 51% owned by the Company and 49% owned by TFB))	Retail business	Thailand	200.00	50.00	100.00	100.00
Tipco Biotech Company Limited	Manufacturing of herbal extraction substance and agriculture business	Thailand	36.80	36.80	100.00	100.00
Tipco Pineapple Company Limited	Manufacturing and distribution of canned fruit and fruit juice	Thailand	700.00	700.00	100.00	100.00
TFB Distribution Company Limited (100% owned by TFB)	Dormant	Thailand	0.25	0.25	100.00	100.00

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

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

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

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

##### **IFRS 15 Revenue from Contracts with Customers**

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

TAS 11 (revised 2017) Construction contracts

TAS 18 (revised 2017) Revenue

TSIC 31 (revised 2017) Revenue - Barter Transactions Involving Advertising Services

TFRIC 13 (revised 2017) Customer Loyalty Programmes

TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (revised 2017) Transfers of Assets from Customers

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

The management of the Company and its subsidiaries expects the adoption of this accounting standard will not affect profit or loss and will result only in the reclassifications as described below.

### The consolidated statement of comprehensive income for the year ended 31 December 2018

#### Profit or loss: (Unit: Million Baht)

Decrease in sales and service income	82.8
Increase in cost of sales and services	9.9
Decrease in selling and distribution expenses	92.7

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

## 4. Significant accounting policies

### 4.1 Revenue recognition

#### Sales of goods

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

### 4.2 Cash and cash equivalents

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

### 4.3 Trade 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.

#### 4.4 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.

#### 4.5 Agriculture

The biological asset of a subsidiary 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.

#### 4.6 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).

#### 4.7 Investment property - Land awaiting sale

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

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

#### 4.8 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 profit or loss.

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.

#### 4.9 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 assets 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:

Useful lives

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.

#### **4.10 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 and its subsidiaries.

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.

#### **4.11 Long-term leases**

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

#### **4.12 Foreign currencies**

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

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 profit or loss.

#### **4.13 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, investment property and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, such reversal except for that of goodwill, is recognised in profit or loss. 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.

#### **4.14 Employee benefits**

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

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

##### *Post-employment benefits*

Defined contribution plans



The Company, 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 defined benefit plans are recognised immediately in other comprehensive income.

#### **4.15 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.

#### **4.16 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

The 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.

#### **4.17 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.

##### **Interest rate swap contracts**

Interest rate swap contracts are presented in the financial statements at fair value. Unrealised gain or loss from the interest rate swap contracts is recorded in profit or loss.

#### **4.18 Fair value measurement**

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

## 5. 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 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.



## 6. 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
	2018	2017	2018	2017	
<b>Transactions with subsidiary companies</b> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	384	394	Cost plus certain margin
Rental income	-	-	-	1	Contract price
Management income	-	-	76	21	As agreed
Purchases of goods	-	-	-	16	Cost plus certain margin
Interest income	-	-	2	-	At rate of 2.3 - 3.7 per annum
Dividend income	-	-	64	10	
<b>Transactions with associated company</b>					
Sales of goods	2	2	-	-	Market price
Rental and service expenses	1	1	-	1	Market price
Dividend income	-	-	333	333	
<b>Transactions with related companies</b>					
Sales of goods	2	3	-	-	Market price
Rental and service expenses	45	46	15	17	Market price

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Trade and other receivables - related parties (Note 7)</b>				
Subsidiaries	-	-	45,364	28,021
Associate	1,450	1,341	83	-
Related companies (common shareholders and directors)	1,089	1,963	-	-
<b>Total trade and other receivables - related parties</b>	<b>2,539</b>	<b>3,304</b>	<b>45,447</b>	<b>28,021</b>
<b>Short-term loan to related party</b>				
Subsidiary	-	-	90,000	8,000
<b>Total short-term loan to related party</b>	<b>-</b>	<b>-</b>	<b>90,000</b>	<b>8,000</b>
<b>Prepaid expenses - related parties</b>				
Associate	224	494	224	494
Related companies (common shareholders and directors)	390	121	156	-
<b>Total prepaid expenses - related parties</b>	<b>614</b>	<b>615</b>	<b>380</b>	<b>494</b>
<b>Retentions - related parties</b>				
Related companies (common shareholders and directors)	8,460	4,324	2,828	2,828
<b>Total retentions - related parties</b>	<b>8,460</b>	<b>4,324</b>	<b>2,828</b>	<b>2,828</b>
<b>Trade and other payables - related parties (Note 13)</b>				
Subsidiaries	-	-	125	26,556
Associate	596	824	128	554
Related companies (common shareholders and directors)	1,763	2,210	432	485
<b>Total trade and other payables - related parties</b>	<b>2,359</b>	<b>3,034</b>	<b>685</b>	<b>27,595</b>

## Loans to related parties

As at 31 December 2018 and 2017, the balance of loans between the Company and those related companies and the movement were as follows:

(Unit: Thousand Baht)

Short-term loans to related parties	Related by	Separate financial statements			
		Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Tipco Retail Co., Ltd.	Subsidiary	8,000	90,500	(98,500)	
Tipco Pineapple Co., Ltd.	Subsidiary	-	270,000	(180,000)	
Tipco Biotech Co., Ltd.	Subsidiary	-	5,000	(5,000)	
Total		8,000	365,500	(283,500)	

## Directors and management's benefits

During the years ended 31 December 2018 and 2017, 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	
	2018	2017	2018	2017
Short-term employee benefits	35	29	23	25
Post-employment benefits	3	1	2	1
Total	38	30	25	26

## Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 15 to the financial statements.

## 7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Trade receivables - related parties (Note 6)</b>				
Aged on the basis of due dates				
Not yet due	2,290	2,769	37,826	25,112
Past due				
Up to 3 months	166	435	-	167
Total trade receivables - related parties	2,456	3,204	37,826	25,279
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	390,157	428,697	3	10,110
Past due				
Up to 3 months	80,094	59,003	-	-
3 - 6 months	817	142	-	-
6 - 12 months	501	12	-	-
Over 12 months	779	751	-	-
Total	472,348	488,605	3	10,110
Less: Allowance for doubtful accounts	(887)	(751)	-	-
Total trade receivables - unrelated parties, net	471,461	487,854	3	10,110
Total trade receivables - net	473,917	491,058	37,829	35,389
<b>Other receivables</b>				
Amounts due from related parties (Note 6)	83	100	7,621	2,742
Amounts due from unrelated parties	87,194	79,007	4	1,363
Advance to employees	674	641	19	56
Accrued income	464	2,932	1	30
Total other receivables	88,415	82,680	7,645	4,191
Trade and other receivables - net	562,332	573,738	45,474	39,580



## 8. Inventories

(Unit: Thousand Baht)

	Consolidated financial					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	688,166	688,576	(28,301)	(70,035)	659,865	618,541
Work in process	9,157	8,432	(769)	(211)	8,388	8,221
Raw materials	249,353	224,442	(9,283)	(6,931)	240,070	217,511
Spare parts and factory supplies	58,537	53,209	(973)	(1,260)	57,564	51,949
Goods in transit	20,588	19,655	-	-	20,588	19,655
Total	<u>1,025,801</u>	<u>994,314</u>	<u>(39,326)</u>	<u>(78,437)</u>	<u>986,475</u>	<u>915,877</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	7,517	8,095	(910)	-	6,607	8,095
Work in process	4,790	4,491	-	-	4,790	4,491
Raw materials	20,534	9,740	(1,925)	(204)	18,609	9,536
Spare parts and factory supplies	32,180	28,170	(231)	(688)	31,949	27,482
Goods in transit	18	598	-	-	18	598
Total	<u>65,039</u>	<u>51,094</u>	<u>(3,066)</u>	<u>(892)</u>	<u>61,973</u>	<u>50,202</u>

## 9. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Cost	
	2018	2017
Tipco F&B Company Limited	729,050	729,050
Tipco Retail Company Limited	175,500	25,500
Tipco Biotech Company Limited	160,787	160,787
Tipco Pineapple Company Limited	700,000	700,000
<b>Total</b>	<b>1,765,337</b>	<b>1,615,337</b>

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements. During the year, the Company received the following dividends from its subsidiaries:

(Unit: Thousand Baht)

Company's name	For the year ended 31 December	
	2018	2017
Tipco F&B Company Limited	49,200	-
Tipco Biotech Company Limited	15,088	10,304
<b>Total dividend received during the year</b>	<b>64,288</b>	<b>10,304</b>

### Investment in Tipco F&B Company Limited ("TFB")

The Board of Directors Meeting No.2/2017 held on 21 February 2017 passed a resolution approving the Company's acquisition of 50 percent of ordinary shares of TFB at a price of Baht 450 million. Subsequently, on 23 February 2017, the Company entered into Share Purchase Agreement with Suntory Beverage & Food Asia Pte. Ltd., to acquire ordinary shares of such company. The Company paid for the shares and received the transfer of such shares on 13 March 2017.

As a result of the transactions, the shareholding of the Company in TFB increased from 50 percent to 100 percent and the Company recorded the effect of the change in TFB interest under the caption of "Non-controlling interests of subsidiary acquired by the Company at price higher than book value" in the consolidated shareholders' equity. The details are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement
Purchase price	450,000
Less: Non-controlling interests of subsidiary adjusted	(369,233)
<b>Non-controlling interests of subsidiary acquired by the Company at price higher than book value</b>	<b>80,767</b>

### **Investment in Tipco Pineapple Company Limited (“Tipco Pineapple”)**

From the resolution to approve the Company’s restructuring plan by conducting a partial business transfer of the processed fruit segment to a newly incorporated subsidiary as described in Note 1 to the consolidated financial statements, in March 2017, the Company invested in Tipco Pineapple Company Limited, the new company incorporated in Thailand with the registered capital of Baht 0.1 million, and principally engaged in the manufacture and distribution of canned fruit and fruit juice. As a result of the investment, the Company has 100 percent of shareholding in Tipco Pineapple.

On 11 April 2017, the Company entered into the partial business transfer agreement with Tipco Pineapple to transfer the above mentioned segment to Tipco Pineapple.

On 27 September 2017, the extraordinary shareholders’ meeting No. 2/2017 of Tipco Pineapple passed a resolution to approve the increase in its registered and paid up capital of Baht 999,900,000, through the issue of 99,990,000 ordinary shares of Baht 10 each. The Company has invested in such new shares in full. As a result of the capital increase, Tipco Pineapple’s registered and paid-up capital consists of 100 million shares of Baht 10 each, totaling Baht 1,000 million. Tipco Pineapple completed the share increase process and registered the new share capital with the Ministry of Commerce on 27 September 2017.

On 2 October 2017, the Company completed the partial business transfer process and received such transferred amount from Tipco Pineapple of approximately Baht 647 million on the same date. As a result of the transferred, the Company classified the operating results of such segment as discontinued operation and separately presented as “Profit for the year from discontinued operation” in the statement of comprehensive income of separate financial statements. However, such presentation has no effect on the consolidated statement of comprehensive income.

The amount of assets and liabilities included in the processed fruit segment as at 2 October 2017 are as follows:

(Unit: Thousand Baht)

<b>Assets</b>	
Trade and other receivables	188,955
Inventories	467,752
Other current assets	8,183
Property, plant and equipment (Note 11)	406,436
Other non-current assets	1,419
<b>Total assets held for sale</b>	<b>1,072,745</b>
<b>Liabilities</b>	
Trade and other payables	29,492
Other current liabilities	10,071
Long-term loan (Note 14)	350,000
Provision for long-term employee benefits (Note 16)	36,523
<b>Total liabilities directly associated with the assets held for sale</b>	<b>426,086</b>
<b>Net assets directly associated with disposal group</b>	<b>646,659</b>

The operating results of the processed fruit segment as presented under “Profit for the year from discontinued operation” in the separate statement of comprehensive income for the year ended 31 December 2017 were detailed below.

(Unit: Thousand Baht)

<b>Revenues</b>	
Sales	1,703,987
Other income	32,828
<b>Total revenues</b>	1,736,815
<b>Expenses</b>	
Cost of sales	1,303,929
Selling and distribution expenses	70,825
Administrative expenses	65,619
<b>Total expenses</b>	1,440,373
<b>Profit for the year from discontinued operations</b>	296,442
<b>Earnings per share (Baht)</b>	
Basic earnings per share from discontinued operation	0.62

The revenues and expenses were allocated in accordance with bases assumptions determined by the Company’s management.

The Company did not present separate cash flows from the discontinued operation since the Company was unable to clearly distinguish these cash flows.

On 24 November 2017, the extraordinary shareholders’ meeting No. 3/2017 of Tipco Pineapple passed a resolution to approve the reduction of its registered and paid up share capital by Baht 300 million, through the retirement of 30 million shares of Baht 10 each. After the share reduction process, Tipco Pineapple’s registered and paid-up capital will consist of 70 million shares of Baht 10 each, totaling Baht 700 million. Tipco Pineapple completed the share reduction process and registered the change in share capital with the Ministry of Commerce on 25 December 2017 and also returned the reduction of capital to the Company on 26 December 2017.



### **Investment in Tipco Retail Company Limited (“Tipco Retail”)**

On 19 December 2018, the extraordinary shareholders’ meeting No. 2/2018 of Tipco Retail passed a resolution to approve the increase in its registered and paid up capital of Baht 150 million, through the issue of 15 million ordinary shares of Baht 10 each. The Company has invested in such increased shares capital in full and as a result its shareholding in this company rose from 51 percent to 87.75 percent. However, the proportionate shareholding of the group is not affected. As a result of the capital increase, Tipco Retail’s registered and paid-up capital consists of 20 million shares of Baht 10 each, totaling Baht 200 million. Tipco Retail completed its share increase process and registered the new share capital with the Ministry of Commerce on 22 December 2018.

### **10. Investment 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 2018 and 2017 are 23.5021 and 23.6730 percent, respectively.

#### **10.1 Details of associate:**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost	644,930	644,930	644,930	644,930
Carrying amounts based on equity method	2,910,063	3,030,377	-	-

#### **10.2 Share of comprehensive income and dividend received**

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Share of profit from investment in associate during the year	132,661	600,610	-	-
Share of other comprehensive income from investments in associate during the year	77,500	(136,395)	-	-
Dividend received during the year	-	-	332,893	332,893

### 10.3 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 2018 and 2017 are Baht 5,363 million and Baht 8,248 million, respectively.

### 10.4 Summarised financial information about material associate

(Unit: Million Baht)

	2018	2017
Current assets	14,378	9,254
Non-current assets	9,863	10,259
Current liabilities	11,467	6,225
Non-current liabilities	236	358

Summarised information about comprehensive income for the year ended 31 December 2018 and 2017:

(Unit: Million Baht)

	2018	2017
Revenue	27,865	28,842
Profit for the year	580	2,557
Other comprehensive income	316	(580)
Total comprehensive income	896	1,977





(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Asset under installation	
<b>Cost</b>							
1 January 2017	210,114	682,968	1,241,022	153,756	73,854	5,173	2,366,887
Additions	-	-	1,192	4,723	1,134	102,976	110,025
Disposals/write-off	(16,993)	(28,152)	(154,858)	(52,627)	(17,726)	-	(270,356)
Transfer in (transfer out)	16,811	9,114	11,355	2,859	160	(40,299)	-
Business transfer to subsidiary (Note 9)	(86,613)	(570,822)	(899,682)	(71,019)	(25,465)	(8,527)	(1,662,128)
31 December 2017	123,319	93,108	199,029	37,692	31,957	59,323	544,428
Additions	-	-	-	666	267	419,613	420,546
Disposals	-	-	-	(8,675)	(455)	-	(9,130)
Transfer in (transfer out)	308	296,929	158,488	4,216	1,070	(461,011)	-
31 December 2018	123,627	390,037	357,517	33,899	32,839	17,925	955,844
<b>Accumulated depreciation</b>							
1 January 2017	39,921	453,502	883,518	113,948	62,744	-	1,553,633
Depreciation for the year	2,823	23,217	47,552	12,873	4,478	-	90,943
Depreciation on disposals/write-off	(16,993)	(28,152)	(123,900)	(51,189)	(17,645)	-	(237,879)
Business transfer to subsidiary (Note 9)	(25,751)	(407,425)	(728,121)	(53,454)	(20,339)	-	(1,235,090)
31 December 2017	-	41,142	79,049	22,178	29,238	-	171,607
Depreciation for the year	3	12,905	26,067	3,961	1,331	-	44,267
Depreciation on disposals	-	-	-	(2,254)	(169)	-	(2,423)
31 December 2018	3	54,047	105,116	23,885	30,400	-	213,451
<b>Allowance for impairment loss</b>							
1 January 2017	-	-	51,785	-	-	-	51,785
Increase during the year	-	-	-	5,524	-	-	5,524
Decrease from disposals	-	-	(30,958)	-	-	-	(30,958)
Business transfer to subsidiary (Note 9)	-	-	(20,602)	-	-	-	(20,602)
31 December 2017	-	-	225	5,524	-	-	5,749
Decrease from disposals	-	-	-	(5,524)	-	-	(5,524)
31 December 2018	-	-	225	-	-	-	225
<b>Net book value</b>							
31 December 2017	123,319	51,966	119,755	9,990	2,719	59,323	367,072
31 December 2018	123,624	335,990	252,176	10,014	2,439	17,925	742,168

**Depreciation for the year**

2017 (Baht 83 million included in manufacturing cost, and the balance in selling and administrative expenses)	90,943
2018 (Baht 43 million included in manufacturing cost, and the balance in selling and administrative expenses)	44,267



In 2018, a subsidiary company reversed impairment loss on machinery amounting to Baht 29 million and presented in the consolidated profit or loss.

As at 31 December 2018, certain items of plant, machinery 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 1,695 million (2017: Baht 1,547 million) (The Company only: Baht 70 million, 2017: Baht 58 million).

## 12. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Trade mark	Computer software	Computer software in progress	Total
<b>Cost</b>				
1 January 2017	26,051	30,253	35,769	92,073
Additions	-	20,960	2,882	23,842
Write-off	-	(4,404)	-	(4,404)
Transfer in (transfer out)	-	35,427	(35,427)	-
31 December 2017	26,051	82,236	3,224	111,511
Additions	-	4,340	2,170	6,510
Disposals/write-off	-	(550)	-	(550)
Transfer in (transfer out)	-	2,147	(2,147)	-
31 December 2018	26,051	88,173	3,247	117,471
<b>Accumulated amortisation</b>				
1 January 2017	-	23,973	-	23,973
Amortisation for the year	-	19,305	-	19,305
Amortisation on write-off	-	(4,225)	-	(4,225)
31 December 2017	-	39,053	-	39,053
Amortisation for the year	-	22,672	-	22,672
Amortisation on disposals/ write-off	-	(447)	-	(447)
31 December 2018	-	61,278	-	61,278
<b>Net book value</b>				
31 December 2017	26,051	43,183	3,224	72,458
31 December 2018	26,051	26,895	3,247	56,193

(Unit: Thousand Baht)

	Separate financial statements			
	Trade mark	Computer software	Computer software in progress	Total
<b>Cost</b>				
1 January 2017	26,463	21,275	6,338	54,076
Additions	-	840	1,772	2,612
Write-off	-	(4,098)	-	(4,098)
Transfer in (transfer out)	-	7,053	(7,053)	-
Business transfer to subsidiary (Note 9)	-	(396)	(1,057)	(1,453)
31 December 2017	26,463	24,674	-	51,137
Additions	-	213	23	236
Disposals	-	(186)	-	(186)
Transfer in (transfer out)	-	5	(5)	-
31 December 2018	26,463	24,706	18	51,187
<b>Accumulated amortisation</b>				
1 January 2017	-	18,122	-	18,122
Amortisation for the year	-	3,430	-	3,430
Amortisation on write-off	-	(3,919)	-	(3,919)
Business transfer to subsidiary (Note 9)	-	(43)	-	(43)
31 December 2017	-	17,590	-	17,590
Amortisation for the year	-	3,443	-	3,443
Amortisation on disposals	-	(83)	-	(83)
31 December 2018	-	20,950	-	20,950
<b>Net book value</b>				
31 December 2017	26,463	7,084	-	33,547
31 December 2018	26,463	3,756	18	30,237

### 13. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties (Note 6)	-	-	85	3,680
Trade payables - unrelated parties	274,251	304,269	29,755	25,854
Amounts due to related parties (Note 6)	2,359	3,034	600	23,915
Accrued expenses	141,270	351,603	33,043	33,640
Others	372,249	146,475	13,386	15,561
<b>Total trade and other payables</b>	<b>790,129</b>	<b>805,381</b>	<b>76,869</b>	<b>102,650</b>

### 14. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2018	2017	2018	2017
1	Rate referenced to THBFIX + 1.95%	Quarterly installments, as stipulated in the agreement, commencing from March 2018	443,253	-	443,253	-
2	Rate referenced to THBFIX + 2.40%	Quarterly installments, as stipulated in the agreement, commencing from October 2017	304,450	456,950	82,445	123,645
3	Rate referenced to THBFIX + 2.50%	Quarterly installments, as stipulated in the agreement, commencing from November 2017	405,000	450,000	405,000	450,000
Total			1,152,703	906,950	930,698	573,645
Less: Current portion			(312,500)	(197,500)	(201,200)	(86,200)
Long-term loans from financial statement - net of current portion			<u>840,203</u>	<u>709,450</u>	<u>729,498</u>	<u>487,445</u>

Loan No. (1) of the Company: In February 2018, the Company entered into a loan agreement with a local bank for credit facilities of Baht 500 million, with a term of 6 years, to use as working capital or use for construction of a new plant.

Loan No. (2) of the Company: With regard to the partial business transfer as mentioned in Note 9 to the financial statements, the Company has entered into the addendum to the agreement to revise the credit facilities with the bank by transferring the long-term loan of Baht 350 million to Tipco Pineapple Company Limited and changing in the mortgages of the assets of the Company. The Company has completed such addendum in October 2017.

**Loan covenants**

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 and the prohibition from creating lien over related assets.

As at 31 December 2018, the long-term credit facilities of the Company which has not yet been drawn down amounted to Baht 57 million.

**Interest rate swap agreement**

In September 2017, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed rate interest at 3.95 percent per annum. As at 31 December 2018, the notional amount of Baht 82 million (2017: Baht 123 million) was outstanding. The notional amount reduces on a quarterly basis in accordance with the long-term loan repayment schedule of the Company in (2), starting from October 2017 and matures in December 2020.

**15. 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.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land	63	47	17	-
Buildings and complement	402	134	289	-
Machinery and equipment	93	125	-	-

## 16. 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	
	2018	2017	2018	2018
<b>Provision for long-term employee benefits at beginning of year</b>	85,849	79,097	23,174	55,553
Included in profit or loss:				
Current service cost	11,246	8,505	6,078	5,428
Interest cost	3,054	2,090	1,580	1,239
Past service costs and gains or losses on settlement	5,676	-	3,272	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	1,708	-	470	-
Financial assumptions changes	5,451	-	1,420	-
Experience adjustments	(434)	-	(6,116)	-
Benefits paid during the year	(14,190)	(3,843)	(4,769)	(2,523)
Business transfer to subsidiary (Note 9)	-	-	-	(36,523)
<b>Provision for long-term employee benefits at end of year</b>	<b>98,360</b>	<b>85,849</b>	<b>25,109</b>	<b>23,174</b>

The Company and its subsidiaries expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2017: Baht 4 million Separate financial statements: Baht 4 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 9 years (The Company only: 9 years) (2017: 9 years Separate financial statements: 9 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated/Separate financial statements	
	2018	2017
Discount rate	2.5	2.7
Salary increase rate	3.0 - 5.0	3.0 - 4.5
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 2018 and 2017 are summarised below:

(Unit: Million Baht)

As at 31 December 2018

	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4)	5	(1)	1
Salary increase rate	4	(4)	1	(1)

(Unit: Million Baht)

As at 31 December 2017

	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4)	4	(1)	1
Salary increase rate	4	(4)	1	(1)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 24 million (The Company only: Baht 5 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 17. 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.

## 18. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2018
Salaries and wages and other employee benefits	792,359	744,680	151,954	372,458
Depreciation	252,703	236,260	44,267	90,943
Amortisation expenses	22,672	19,305	3,443	3,430
Finance cost	55,993	53,840	30,196	35,506
Costs related to production of goods and services (excluding of staff cost and depreciation)	2,214,484	2,284,260	203,814	1,361,284

## 19. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2018
<b>Current income tax:</b>				
Current income tax charge	(12,884)	(6,406)	-	-
Adjustment in respect of income tax of previous year	(30,001)	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences				
Utilisation of tax loss carried forward during the period	(9,398)	(16,029)	(9,243)	(15,477)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>-</b>	<b>(25,063)</b>	<b>-</b>	<b>(25,063)</b>
	<b>(52,283)</b>	<b>(47,498)</b>	<b>(9,243)</b>	<b>(40,540)</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2018
Deferred tax relating to actuarial gain	(21)	-	(845)	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2018
Accounting profit before tax	21,407	751,276	358,429	512,626
Income tax at Thai corporate income tax rate of 20%	(4,281)	(150,255)	(71,686)	(102,525)
Adjustment in respect of income tax of previous year	(30,001)	-	-	-
Utilisation of previously unrecognised tax losses	-	17,702	-	5,235
Effects of:				
Non-deductible expenses	(17,525)	(17,250)	(1,933)	(3,494)
Additional expenses deductions allowed	1,468	4,780	232	3,846
Exemption of income	11,026	-	79,436	68,639
Share of profit from investment in associate	26,532	120,122	-	-
Unused tax loss in the current year	(44,738)	(9,510)	(14,985)	-
Others	5,236	(13,087)	(307)	(12,241)
Total	(18,001)	85,055	62,443	56,750
Income tax reported in the statement of comprehensive income	(52,283)	(47,498)	(9,243)	(40,540)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2018
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	1,477	1,197	613	178
Allowance for asset impairment	34,751	41,697	20	1,129
Provision for long-term employee benefits	9,686	8,579	5,022	4,635
Unused tax loss	-	9,273	-	9,273
Others	20,383	14,300	-	202
Total	66,297	75,046	5,655	15,417
<b>Deferred tax liabilities</b>				
Amortisation of trademark	(2,030)	(1,740)	(2,030)	(1,740)
Others	(16,888)	(16,508)	(36)	-
Total	(18,918)	(18,248)	(2,066)	(1,740)
Deferred tax assets - net	47,379	56,798	3,589	13,677



As at 31 December 2018, the Company and its subsidiaries had deductible temporary differences and unused tax losses totaling Baht 362 million (2017: Baht 356 million (The Company only: Baht 136 million (2017: Baht 108 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.

## 20. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) 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.

## 21. 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 operating segments of the Company and its subsidiaries for the years ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

	Products of vegetable & fruit		Beverage		Other		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from sales of goods and rendering of services	1,697	2,092	2,429	2,674	122	104	4,248	4,870
<b>Gross profit</b>	162	336	695	988	38	26	895	1,350
Other incomes							108	82
Selling and distribution expenses							(646)	(719)
Administrative expenses							(413)	(509)
<b>Profit (loss) before share of profit from investment in associate, finance cost and income tax</b>							(56)	204
Share of profit from investment in associate							133	601
<b>Profit before finance cost and income tax</b>							77	805
Finance cost							(56)	(54)
Income tax							(52)	(47)
<b>Profit (loss) for the year</b>							(31)	704

Geographic segment information for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Million Baht)

	Domesti sales		Export sales		Consolidation	
	2018	2017	2018	2017	2018	2017
Revenues from the sale of goods and the rendering of services	2,342	2,533	1,906	2,337	4,248	4,870
Gross profit	668	898	227	452	895	1,350

## 22. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht per share)
Final dividends for 2016	Annual General Meeting of the shareholders on 24 April 2017	77.1	0.16
Interim dividends for 2017	Board of Directors' meeting on 10 August 2017	120.5	0.25
Total for the year 2017		197.6	0.41
Final dividends for 2017	Annual General Meeting of the shareholders on 10 April 2018	241.3	0.50
Total for the year 2018		241.3	0.50

## 23. Commitments and contingent liabilities

### 23.1 Capital commitments

As at 31 December 2018 and 2017, the Company and its subsidiaries had outstanding capital commitments relating to the construct of buildings and complement, the purchase of machinery and equipment and computer software as follows:

(Unit: Million Baht)

Foreign currency	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Baht	14	263	12	239
Euro	-	3	-	3

### 23.2 Operating lease commitments

As at 31 December 2018 and 2017, 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 Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Payable within:				
1 year	76	65	26	18
2 to 5 years	103	74	36	3
More than 5 years	-	1	-	-

### 23.3 Guarantees

As at 31 December 2018 and 2017, 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 Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Bank guarantees	54	33	11	14

## 24. Fair value of financial instruments

The assets and liabilities of the Company and its subsidiaries that were measured at fair value are derivatives. The level in determining the fair value of such assets and liabilities is level 2. As at 31 December 2018 and 2017, the fair value of such assets and liabilities are presented below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Financial assets measured at fair value</b>				
Forward exchange contracts	527	1,019	-	-
Interest rate swap contract	177	-	177	-
<b>Financial liabilities measured at fair value</b>				
Forward exchange contracts	182	1,928	-	477
Interest rate swap contract	-	520	-	520

## 25. Financial instruments

### 25.1 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 and other receivables 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 borrowings 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 2018 and 2017, 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					Effective interest rate
	As at 31 December 2018					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
Within 1 year	1-5 years					
<b>Financial assets</b>						(% per annum)
Cash and cash equivalents	-	-	2	104	106	0.25 - 1.00
Current investment	5	-	-	-	5	0.90 - 1.00
Trade and other receivables	-	-	-	562	562	-
	5	-	2	666	673	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	770	-	-	-	770	2.05 - 2.80
Trade and other payables	-	-	-	790	790	
Long-term loans	-	-	1,153	-	1,153	-
	770	-	1,153	790	2,713	Note 14

(Unit: Million Baht)

	Consolidated financial statements					Effective interest rate
	As at 31 December 2017					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
Within 1 year	1-5 years					
<b>Financial assets</b>						(% per annum)
Cash and cash equivalents	-	-	51	148	199	0.05 - 0.50
Current investment	5	-	-	-	5	0.90 - 0.95
Trade and other receivables	-	-	-	574	574	-
	5	-	51	722	778	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	720	-	1	-	721	MOR,
Trade and other payables	-	-	-	805	805	1.95 - 2.50
Long-term loans	-	-	907	-	907	-
	720	-	908	805	2,433	Note 14

(Unit: Million Baht)

	Separate financial statements					Effective interest rate
	As at 31 December 2018					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
Within 1 year	1-5 years					
<b>Financial assets</b>						(% per annum)
Cash and cash equivalents	-	-	2	20	22	0.25 - 1.00
Current investment	-	-	-	45	45	-
Trade and other receivables	90	-	-	-	90	2.30
	90	-	2	65	157	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	240	-	-	-	240	2.50 - 2.76
Trade and other payables	-	-	-	77	77	-
Long-term loans	-	-	931	-	931	Note 14
	240	-	931	77	1,248	

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2017					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years				
<b>Financial assets</b>						(% per annum)
Cash and cash equivalents	-	-	36	29	65	0.05 - 0.50
Trade and other receivables	-	-	-	40	40	-
Short - term loan to related party	8	-	-	-	8	3.70
	8	-	36	69	113	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	140	-	-	-	140	2.15 - 2.50
Trade and other payables	-	-	-	103	103	-
Long-term loans	-	-	574	-	574	Note 14
	140	-	574	103	817	

### 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 2018 and 2017, 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			
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	5.1	4.8	1.1	0.7	32.45	32.68
Euro	-	-	0.2	0.2	37.13	39.03

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities			
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	-	0.1	-	-	-	32.68

As at 31 December 2018 and 2017, the Company and its subsidiaries had outstanding forward exchange contracts which maturity date within one year were summarised below.

Foreign currency	As at 31 December 2018					
	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	1.7	0.4	-	-	32.27 - 33.01	32.31 - 32.98
Euro	-	0.1	-	-	-	37.60

Foreign currency	As at 31 December 2017					
	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	2.2	4.0	-	-	32.49 - 34.02	32.55
Euro	-	1.0	-	10	-	39.56

### 25.2 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.

## 26. 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 2018, the Group's debt-to-equity ratio was 0.70 (2017: 0.59:1) and the Company's was 0.59 (2017: 0.41:1).

## 27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 14 February 2019.





















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