

Tipco Foods Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of Tipco Foods Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

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

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

Investment in associate in consolidated financial statements

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

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

Deferred tax from tax losses carried forward

The Company and its subsidiaries have disclosed the accounting policy relating to deferred tax in Note 5.16 and Note 23 to the financial statements, respectively. As at 31 December 2016, the Group recognised deferred tax assets from tax losses carried forward of approximately Baht 34 million. To determine whether the Group will have sufficient future taxable profit to utilise taxable losses, it requires significant management judgement with respect to the preparation of business plans and projections of future taxable profit based on approved business plans which may affect the deferred tax amount from tax loss carried forward.

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

Other Matter

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 21 February 2017

Tipco Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

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

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	16	417,000,000	1,320,288,281	120,000,000	620,058,736
Trade and other payables	17	859,126,100	720,540,421	241,296,027	222,357,918
Current portion of liabilities under					
finance lease agreements		631,976	1,563,976	-	932,000
Current portion of long-term loans					
from financial institutions	18	171,500,000	92,950,000	91,500,000	12,950,000
Income tax payable		2,247,671	3,044,170	-	-
Other current liabilities		<u>57,184,526</u>	<u>19,507,431</u>	<u>35,285,354</u>	<u>4,072,265</u>
Total current liabilities		<u>1,507,690,273</u>	<u>2,157,894,279</u>	<u>488,081,381</u>	<u>860,370,919</u>
Non-current liabilities					
Liabilities under finance lease agreements -					
net of current portion		-	631,976	-	-
Long-term loans from financial institutions -					
net of current portion	18	776,950,000	516,550,000	456,950,000	116,550,000
Provision for dismantling cost		2,649,600	2,406,000	-	-
Provision for long-term employee benefits	20	<u>79,096,614</u>	<u>56,682,386</u>	<u>55,553,001</u>	<u>37,125,090</u>
Total non-current liabilities		<u>858,696,214</u>	<u>576,270,362</u>	<u>512,503,001</u>	<u>153,675,090</u>
Total liabilities		<u>2,366,386,487</u>	<u>2,734,164,641</u>	<u>1,000,584,382</u>	<u>1,014,046,009</u>

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital					
Registered					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid					
482,579,640 ordinary shares of Baht 1 each		482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interest in subsidiary of					
the associated company acquired at price					
lower than book value		1,494,466	1,494,466	-	-
Change in the interest in subsidiaries of					
the associated company which did not result					
in a loss of control of the associate		(135,832,635)	(73,900,864)	-	-
Capital reserve for share-based payment transactions					
of the associate		28,433,655	18,078,255	-	-
Retained earnings					
Appropriated - statutory reserve	21	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,650,873,429	3,081,058,341	1,238,756,920	1,102,488,042
Other components of shareholders' equity		(3,216,208)	6,109,519	-	-
Equity attributable to owners of the Company		4,074,332,347	3,565,419,357	1,771,336,560	1,635,067,682
Non-controlling interests of the subsidiaries		368,102,138	415,359,710	-	-
Total shareholders' equity		4,442,434,485	3,980,779,067	1,771,336,560	1,635,067,682
Total liabilities and shareholders' equity		6,808,820,972	6,714,943,708	2,771,920,942	2,649,113,691
		-	-	-	-

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

Directors

Tipco Foods Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2016

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues					
Sales and service income		5,273,206,676	4,677,507,627	2,773,320,086	2,266,843,958
Other income					
Dividend income from associate	12	-	-	258,917,162	222,003,996
Gain from sales of investment property		-	37,719,870	-	37,719,870
Marketing income		-	63,737,550	19,925,917	-
Others		93,760,294	120,069,948	48,715,858	73,090,498
Total revenues		<u>5,366,966,970</u>	<u>4,899,034,995</u>	<u>3,100,879,023</u>	<u>2,599,658,322</u>
Expenses					
Cost of sales and services		3,816,732,538	3,611,177,850	2,315,030,368	2,075,497,143
Selling expenses		824,976,270	877,247,789	106,328,280	96,013,686
Administrative expenses		457,732,891	375,681,620	271,566,453	202,884,456
Other expenses					
Allowance for doubtful accounts		419,926	-	-	-
Allowance for impairment loss on equipment	14	186,471,519	1,340,659	-	1,340,659
Total expenses		<u>5,286,333,144</u>	<u>4,865,447,918</u>	<u>2,692,925,101</u>	<u>2,375,735,944</u>
Profit before share of profit from investment in associate, finance cost and income tax					
		80,633,826	33,587,077	407,953,922	223,922,378
Share of profit from investment in associate	12	740,749,858	1,216,173,249	-	-
Profit before finance cost and income tax		<u>821,383,684</u>	<u>1,249,760,326</u>	<u>407,953,922</u>	<u>223,922,378</u>
Finance cost		(39,535,509)	(59,018,771)	(21,718,547)	(34,980,595)
Profit before income tax		<u>781,848,175</u>	<u>1,190,741,555</u>	<u>386,235,375</u>	<u>188,941,783</u>
Income tax	23	(16,002,513)	(11,805,200)	(5,315,062)	(5,974,750)
Profit for the year		<u>765,845,662</u>	<u>1,178,936,355</u>	<u>380,920,313</u>	<u>182,967,033</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Change in fair value of interest rate swap contract					
- net of income tax		-	1,781,897	-	1,781,897
Share of comprehensive income in associate	12	(9,325,727)	35,541,302	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(9,325,727)	37,323,199	-	1,781,897
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax		(14,566,193)	-	(13,917,530)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(14,566,193)	-	(13,917,530)	-
Other comprehensive income for the year		<u>(23,891,920)</u>	<u>37,323,199</u>	<u>(13,917,530)</u>	<u>1,781,897</u>
Total comprehensive income for the year		<u>741,953,742</u>	<u>1,216,259,554</u>	<u>367,002,783</u>	<u>184,748,930</u>

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

Tipco Foods Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the year ended 31 December 2016

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit attributable to:					
Equity holders of the Company		813,638,314	1,188,467,999	<u>380,920,313</u>	<u>182,967,033</u>
Non-controlling interests of the subsidiaries		<u>(47,792,652)</u>	<u>(9,531,644)</u>		
		<u>765,845,662</u>	<u>1,178,936,355</u>		
		-	-		
Total comprehensive income attributable to:					
Equity holders of the Company		789,211,314	1,225,791,198	<u>367,002,783</u>	<u>184,748,930</u>
Non-controlling interests of the subsidiaries		<u>(47,257,572)</u>	<u>(9,531,644)</u>		
		<u>741,953,742</u>	<u>1,216,259,554</u>		
		-	-		
Earnings per share (Baht)					
	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.69</u>	<u>2.46</u>	<u>0.79</u>	<u>0.38</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 2016

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:				
Profit before income tax	781,848,175	1,190,741,555	386,235,375	188,941,783
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	258,220,970	232,371,658	115,732,106	123,636,023
Allowance for doubtful account	419,926	-	-	-
Reduction of cost of inventories to net realisable value (reversal)	15,621,895	(30,411,841)	988,491	(32,506,460)
Loss from inventory destruction	33,316,173	-	21,698,061	-
Gain on fair value of biological assets	2,800,857	-	-	-
Unrealised (gain) loss on exchange	96,912	(325,240)	(487,475)	(209,935)
Changes in fair value of forward exchange contracts	232,164	-	337,303	-
Gain on sales of investment in associate	-	(7,671,250)	-	(10,313,750)
(Gain) loss on sales and write-off of machine and equipment	(22,337,949)	(30,956,916)	934,123	(10,766,808)
Loss write-off of intangible assets	245,519	-	245,516	-
Gain on sales of investment properties	-	(37,719,870)	-	(37,719,870)
Allowance for impairment loss on equipment	186,471,519	1,340,659	-	1,340,659
Provision for long-term employee benefits	9,432,059	20,312,699	5,717,074	17,021,121
Provision for dismantling cost	334,330	-	-	-
Dividend income from associate company	-	-	(258,917,162)	(222,003,996)
Share of profit from investment in associate	(740,749,858)	(1,216,173,249)	-	-
Interest income	(157,217)	(65,572)	(133,683)	(725,423)
Interest expenses	38,837,935	59,018,770	21,146,279	34,980,511
Profit from operating activities before changes in operating assets and liabilities	564,633,410	180,461,403	293,496,008	51,673,855
(Increase) decrease in operating assets				
Trade and other receivables	170,123,229	(391,948,891)	(65,250,818)	(122,065,254)
Inventories	(156,416,037)	156,547,557	(151,286,439)	79,760,710
Other current assets	(32,836,531)	2,712,145	(7,186,837)	772,522
Other non-current assets	681,175	357,646	2,772,721	(572,349)
Increase (decrease) in operating liabilities				
Trade and other payables	167,560,483	113,970,666	24,482,773	97,094,697
Other current liabilities	35,984,024	76,038,675	31,213,089	(1,045,487)
Other non-current liabilities	(4,920,324)	(3,409,073)	(4,686,076)	(3,254,793)
Cash flows from operating activities	744,809,429	134,730,128	123,554,421	102,363,901
Cash paid for interest expenses	(39,567,992)	(60,251,672)	(21,545,562)	(35,714,547)
Cash received (paid) for corporate income tax	(3,065,823)	(14,846,332)	1,970,610	(1,474,410)
Net cash flows from operating activities	702,175,614	59,632,124	103,979,469	65,174,944

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities:				
Increase in current investment	(45,533)	(63,357)	-	-
Decrease in short-term loans to related party	-	-	-	33,500,000
Cash received from sales of investment in associate	-	12,493,750	-	12,493,750
Cash received from sales of equipment	23,361,243	87,290,943	1,316,621	63,569,917
Cash received from sales of investment properties	-	48,734,370	-	48,734,370
Cash paid for acquisition of machine and equipment	(165,695,028)	(114,867,381)	(58,201,961)	(27,897,060)
Cash paid for acquisition of intangible assets	(39,606,801)	(6,167,227)	(7,230,195)	(4,051,043)
Dividend received	258,917,162	222,003,996	258,917,162	222,003,996
Interest received	157,217	65,572	133,683	725,423
Net cash flows from investing activities	<u>77,088,260</u>	<u>249,490,666</u>	<u>194,935,310</u>	<u>349,079,353</u>
Cash flows from financing activities:				
Decrease in bank overdrafts and short-term loans from financial institutions	(903,288,281)	(164,545,309)	(500,058,736)	(369,941,264)
Cash paid under finance lease agreements	(1,563,976)	(4,609,931)	(932,000)	(3,702,729)
Cash receipts from long-term loans	480,500,000	129,500,000	480,500,000	129,500,000
Repayment of long-term loans	(141,550,000)	(234,769,231)	(61,550,000)	(149,000,000)
Dividend paid	(230,733,905)	-	(230,733,905)	-
Net cash flows used in financing activities	<u>(796,636,162)</u>	<u>(274,424,471)</u>	<u>(312,774,641)</u>	<u>(393,143,993)</u>
Net increase in cash and cash equivalents	<u>(17,372,288)</u>	<u>34,698,319</u>	<u>(13,859,862)</u>	<u>21,110,304</u>
Cash and cash equivalents at beginning of period	<u>76,355,545</u>	<u>41,657,226</u>	<u>39,155,492</u>	<u>18,045,188</u>
Cash and cash equivalents at end of period	<u>58,983,257</u>	<u>76,355,545</u>	<u>25,295,630</u>	<u>39,155,492</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions:				
Purchase of equipment for which cash has not been paid	18,217,316	35,723,962	2,576,836	4,056,313
Purchase of intangible assets for which cash has not been paid	62,520	12,430,511	56,260	3,745,728

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

Tipco Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company

	Equity attributable to owners of the Company											
	Change in the interest			Other components of equity					Equity			
	Non-controlling interest	in subsidiaries of	Capital reserve	Retained earnings		Fair value of	Share of	Total other	Total equity	attributable to		Total
	in subsidiary of the	the associated company	for share-based	Appropriated -	interest rate	comprehensive income	components of	attributable to	non-controlling	Total		
Issued and	associated company	which did not result	payment	statutory reserve	swap contract	in associate	shareholders'	shareholders of	interests of	shareholders'		
paid-up	acquired at price lower	in a loss of control	transactions of	Unappropriated	-	-	equity	the Company	the subsidiaries	equity		
share capital	than book value	of the associate	the associate									
Balance as at 1 January 2015	482,579,640	1,510,347	(74,686,161)	9,305,759	50,000,000	1,892,590,342	(1,781,897)	(29,431,783)	(31,213,680)	2,330,086,247	424,891,354	2,754,977,601
Profit for the year	-	-	-	-	-	1,188,467,999	-	-	-	1,188,467,999	(9,531,644)	1,178,936,355
Other comprehensive income for the year	-	-	-	-	-	-	1,781,897	35,541,302	37,323,199	37,323,199	-	37,323,199
Total comprehensive income for the year	-	-	-	-	-	1,188,467,999	1,781,897	35,541,302	37,323,199	1,225,791,198	(9,531,644)	1,216,259,554
Share-based payment transactions of associate	-	(15,881)	785,297	8,772,496	-	-	-	-	-	9,541,912	-	9,541,912
Balance as at 31 December 2015	<u>482,579,640</u>	<u>1,494,466</u>	<u>(73,900,864)</u>	<u>18,078,255</u>	<u>50,000,000</u>	<u>3,081,058,341</u>	<u>-</u>	<u>6,109,519</u>	<u>6,109,519</u>	<u>3,565,419,357</u>	<u>415,359,710</u>	<u>3,980,779,067</u>
Balance as at 1 January 2016	482,579,640	1,494,466	(73,900,864)	18,078,255	50,000,000	3,081,058,341	-	6,109,519	6,109,519	3,565,419,357	415,359,710	3,980,779,067
Cumulative effect of change in accounting policy for agriculture (Note 3, 4)	-	-	-	-	-	2,011,952	-	-	-	2,011,952	-	2,011,952
Profit for the year	-	-	-	-	-	813,638,314	-	-	-	813,638,314	(47,792,652)	765,845,662
Other comprehensive income for the year	-	-	-	-	-	(15,101,273)	-	(9,325,727)	(9,325,727)	(24,427,000)	535,080	(23,891,920)
Total comprehensive income for the year	-	-	-	-	-	798,537,041	-	(9,325,727)	(9,325,727)	789,211,314	(47,257,572)	741,953,742
Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	-	-	(61,931,771)	-	-	-	-	-	-	(61,931,771)	-	(61,931,771)
Share-based payment transactions of the associate	-	-	-	10,355,400	-	-	-	-	-	10,355,400	-	10,355,400
Dividend paid (Note 28)	-	-	-	-	-	(230,733,905)	-	-	-	(230,733,905)	-	(230,733,905)
Balance as at 31 December 2016	<u>482,579,640</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>28,433,655</u>	<u>50,000,000</u>	<u>3,650,873,429</u>	<u>-</u>	<u>(3,216,208)</u>	<u>(3,216,208)</u>	<u>4,074,332,347</u>	<u>368,102,138</u>	<u>4,442,434,485</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 (continued)

For the year ended 31 December 2016

(Unit: Baht)

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

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

Tipco Foods Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2016

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

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

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

3 New financial reporting standards

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

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

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

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

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

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

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

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

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

TAS 27 (revised 2016) Separate Financial Statements

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

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

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

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

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

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade and other receivables

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

5.4 Inventories

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

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

5.5 Agriculture

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

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

5.6 Investments

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

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

5.7 Investment properties - Land awaiting sale

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

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

5.8 Property, plant and equipment/Depreciation

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

5.9 Intangible assets

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

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

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

5.10 Related party transactions

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

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

5.11 Long-term leases

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

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

5.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.13 Impairment of assets

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

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

5.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

5.15 Provisions

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

5.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

5.17 Derivatives

Forward exchange contracts

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

5.18 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

6. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Allowance of diminution in value of inventory

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

Property plant and equipment/Depreciation

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

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

Intangible assets

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

7. Related party transactions

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

(Unit: Million Baht)

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

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

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

Loans to related parties

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

(Unit: Thousand Baht)

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

Directors and management's benefits

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

(Unit: Million Baht)

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

Guarantee obligations with related parties

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

8. Cash and cash equivalents

(Unit: Thousand Baht)

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

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

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	2,637	2,392	20,611	17,473
Past due				
Up to 3 months	12	21	-	-
Total trade receivables - related parties	<u>2,649</u>	<u>2,413</u>	<u>20,611</u>	<u>17,473</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	518,858	465,148	232,785	206,305
Past due				
Up to 3 months	54,661	337,169	37,859	26,083
3 - 6 months	4,172	31	4,144	-
6 - 12 months	-	30	-	-
Over 12 months	7,235	6,850	6,479	6,549
Total	<u>584,926</u>	<u>809,228</u>	<u>281,267</u>	<u>238,937</u>
Less: Allowance for doubtful accounts	<u>(7,230)</u>	<u>(6,880)</u>	<u>(6,479)</u>	<u>(6,549)</u>
Total trade receivables - unrelated parties, net	<u>577,696</u>	<u>802,348</u>	<u>274,788</u>	<u>232,388</u>
Total trade receivables - net	<u>580,345</u>	<u>804,761</u>	<u>295,399</u>	<u>249,861</u>
<u>Other receivables</u>				
Amounts due from related parties (Note 7)	476	101	18,327	72
Amounts due from unrelated parties	103,871	49,964	3,227	1,238
Less: Allowance for doubtful accounts	<u>(70)</u>	-	<u>(70)</u>	-
Total amount due from - net	<u>104,277</u>	<u>50,065</u>	<u>21,484</u>	<u>1,310</u>
Advance to employees	709	138	154	61
Accrued income	4,533	4,829	92	135
Total other receivables	<u>109,519</u>	<u>55,032</u>	<u>21,730</u>	<u>1,506</u>
Trade and other receivables - net	<u><u>689,864</u></u>	<u><u>859,793</u></u>	<u><u>317,129</u></u>	<u><u>251,367</u></u>

10. Inventories

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

11. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	<u>2016</u>	<u>2015</u>
Tipco F&B Company Limited	279,050	279,050
Tipco Retail Company Limited	25,500	25,500
Tipco Biotech Company Limited	160,787	160,787
Total	<u>465,337</u>	<u>465,337</u>

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

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		(Unit: Million Baht) Loss allocated to non-controlling interests during the year	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(%)	(%)				
Tipco F&B Company Limited	50	50	381	427	(46)	(8)

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

Summarised information about financial position

	(Unit: Million Baht)	
	Tipco F&B Company Limited	
	<u>2016</u>	<u>2015</u>
Current assets	902	1,119
Non-current assets	1,221	1,438
Current liabilities	1,022	1,285
Non-current liabilities	338	417

Summarised information about comprehensive income

	(Unit: Million Baht)	
	Tipco F&B Company Limited	
	For the year ended 31 December	
	<u>2016</u>	<u>2015</u>
Revenue	2,637	2,500
Net loss	(93)	(17)
Total comprehensive income	(92)	(17)

Summarised information about cash flow

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

12. Investments in associate

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

12.1 Details of associate:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost	644,930	644,930	644,930	644,930
Carrying amounts based on equity method	2,894,860	2,466,355	-	-

12.2 Share of comprehensive income and dividend received

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

	(Unit: Million Baht)			
	Consolidated financial		Consolidated financial	
	statements		statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Share of profit from investments in associate during the year	741	1,216	-	-
Share of other comprehensive income from investments in associate during the year	(9)	36	-	-
Dividend received during the year	-	-	259	222

12.3 Fair value investment in listed associate

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

12.4 Summarised financial information about material associate

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

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Current assets	9,361	8,807
Non-current assets	10,142	8,062
Current liabilities	6,312	4,119
Non-current liabilities	926	2,186

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

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Revenue	24,295	37,492
Profit for the year	3,127	5,196
Other comprehensive income	(45)	124
Total comprehensive income	3,082	5,320

13. Investment property – Land awaiting sale

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

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Cost:							
1 January 2015	334,725	1,167,530	2,954,980	312,745	170,953	75,504	5,016,437
Additions	-	704	2,186	10,522	29,963	134,015	177,390
Disposals	(2,010)	(368)	(338,009)	(19,888)	(13,496)	(118)	(373,889)
Transfer in (transfer out)	-	8,213	66,392	19,742	-	(97,763)	(3,416)
31 December 2015	332,715	1,176,079	2,685,549	323,121	187,420	111,638	4,816,522
Additions	-	54	111	16,921	35,205	96,815	149,106
Disposals/write-off	(634)	(1,864)	(236,440)	(15,738)	(10,505)	-	(265,181)
Transfer in (transfer out)	-	27,588	115,105	30,693	5,690	(179,076)	-
31 December 2016	332,081	1,201,857	2,564,325	354,997	217,810	29,377	4,700,447
Accumulated depreciation:							
1 January 2015	33,193	539,086	1,400,039	220,896	100,502	-	2,293,716
Depreciation for the year	3,994	54,651	126,713	28,708	62,512	-	276,578
Depreciation on disposals	-	(417)	(270,620)	(13,428)	(27,657)	-	(312,122)
31 December 2015	37,187	593,320	1,256,132	236,176	135,357	-	2,258,172
Depreciation for the year	4,005	53,640	113,960	37,184	44,126	-	252,915
Depreciation on disposals/write-off	-	(1,982)	(62,737)	(13,370)	(10,368)	-	(88,457)
31 December 2016	41,192	644,978	1,307,355	259,990	169,115	-	2,422,630

(Unit: Thousand Baht)

Consolidated financial statements

	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Allowance for impairment loss:							
1 January 2015	-	-	264,565	-	-	-	264,565
Increase during the year	-	-	1,341	-	-	-	1,341
Decrease from disposals	-	-	(22,050)	-	-	-	(22,050)
31 December 2015	-	-	243,856	-	-	-	243,856
Increase during the year	-	-	186,472	-	-	-	186,472
Decrease from disposals	-	-	(175,702)	-	-	-	(175,702)
31 December 2016	-	-	254,626	-	-	-	254,626
Net book value:							
31 December 2015	<u>295,528</u>	<u>582,759</u>	<u>1,185,561</u>	<u>86,945</u>	<u>52,063</u>	<u>111,638</u>	<u>2,314,494</u>
31 December 2016	<u>290,889</u>	<u>556,879</u>	<u>1,002,344</u>	<u>95,007</u>	<u>48,695</u>	<u>29,377</u>	<u>2,023,191</u>
Depreciation for the year							
2015 (Baht 204 million included in manufacturing cost, and the balance in selling and administrative expenses)							<u>276,578</u>
2016 (Baht 200 million included in manufacturing cost, and the balance in selling and administrative expenses)							<u>252,915</u>

(Unit: Thousand Baht)

Separate financial statements

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

(Unit: Thousand Baht)

Separate financial statements

	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Allowance for impairment loss:							
1 January 2015	-	-	52,717	-	-	-	52,717
Increase during the year	-	-	1,341	-	-	-	1,341
Decrease from disposals	-	-	(1,846)	-	-	-	(1,846)
31 December 2015	-	-	52,212	-	-	-	52,212
Decrease from disposals	-	-	(427)	-	-	-	(427)
31 December 2016	-	-	51,785	-	-	-	51,785
Net book value:							
31 December 2015	<u>173,960</u>	<u>236,151</u>	<u>353,564</u>	<u>34,218</u>	<u>10,514</u>	<u>11,327</u>	<u>819,734</u>
31 December 2016	<u>170,193</u>	<u>229,466</u>	<u>305,719</u>	<u>39,808</u>	<u>11,110</u>	<u>5,173</u>	<u>761,469</u>
Depreciation for the year							
2015 (Baht 127 million included in manufacturing cost, and the balance in selling and administrative expenses)							<u>136,606</u>
2016 (Baht 103 million included in manufacturing cost, and the balance in selling and administrative expenses)							<u>112,736</u>

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

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

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

15. Intangible assets

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

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

(Unit: Thousand Baht)

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

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

	Interest rate (percent per annum)	(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bank overdrafts	MOR	-	288	-	59
Short-term loans from financial institutions	1.93% - 3.70% and MRR	417,000	1,320,000	120,000	620,00
Total		<u>417,000</u>	<u>1,320,288</u>	<u>120,000</u>	<u>620,059</u>

17. Trade and other payables

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

18. Long-term loans

Loan	Interest rate (%)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
1	Rate referenced to THBFIX + 2.4%	Quarterly installments, as stipulated in the agreement, commencing from March 2016	548,450	129,500	548,450	129,500
2	Rate referenced to BIBOR + 0.525%	Quarterly installments, as stipulated in the agreement, commencing from October 2015	400,000	480,000		
Total			<u>948,450</u>	<u>609,500</u>	<u>548,450</u>	<u>129,500</u>
Less: Current portion			(171,500)	(92,950)	(91,500)	(129,500)
Long-term loans, net of current portion			<u>776,950</u>	<u>516,550</u>	<u>456,950</u>	<u>116,500</u>

The loans are secured by the mortgage of land, building and certain machines thereon.

The loan agreements of the Company and a subsidiary contain certain restrictive covenants pertaining to, among others things, the maintenance of debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements, the prohibition from creating lien over assets and the maintenance of shareholders.

19. Credit facilities

The credit facilities of the Company and its subsidiaries granted by financial institutions are secured by the following collaterals:

- a) The guarantees by the Company and a subsidiary.
- b) The mortgages of the assets of the Company of which the net book value as at 31 December 2016 and 2015 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2016</u>	<u>2015</u>
Land	47	47
Building and complement	157	180
Machinery and equipment	154	206

- c) The prohibition from creating lien over assets of a subsidiary.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Provision for long-term employee benefits				
at beginning of year	56,682	39,778	37,125	23,359
Included in profit or loss:				
Current service cost	6,837	6,460	3,963	3,869
Interest cost	2,595	2,340	1,754	1,639
Past service costs and gains or losses on settlement	-	11,513	-	11,513
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	1,366	-	2,685	-
Financial assumptions changes	7,988	-	5,367	-
Experience adjustments	8,459	-	9,345	-
Benefits paid during the year	(4,830)	(3,409)	(4,686)	(3,255)
Provision for long-term employee benefits				
at end of year	<u>79,097</u>	<u>56,682</u>	<u>55,553</u>	<u>37,125</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Selling and administrative expenses	9,432	20,313	5,717	17,021
Total expenses recognised in profit or loss	<u>9,432</u>	<u>20,313</u>	<u>5,717</u>	<u>17,021</u>

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (Separate financial statements: Baht 3 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (The Company only: 10 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Consolidated/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Discount rate	2.7%	4.3%
Salary increase rate	3.0% - 4.5%	3.0% - 5.0%
Turnover rate	0.0% - 50.0%	0.0% - 50.0%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: million Baht)			
	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4)	4	(3)	3
Salary increase rate	4	(4)	3	(3)

21. Statutory reserve

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

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	748,536	612,000	426,074	330,269
Depreciation	252,915	230,249	112,736	119,926
Amortisation expenses	5,305	5,389	2,996	3,700
Finance cost	39,536	59,019	21,719	34,981
Costs related to production of goods and services (excluding of staff cost and depreciation)	2,962,570	2,687,626	1,979,217	1,799,674

23. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	(3,963)	(3,362)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,040)	(8,443)	(5,315)	(5,975)
Income tax expense reported in the statement of comprehensive income	<u>(16,003)</u>	<u>(11,805)</u>	<u>(5,315)</u>	<u>(5,975)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to change in fair value of interest rate swap contract	-	(445)	-	(445)
Deferred tax relating to actuarial loss	3,246	-	3,479	-
	<u>3,246</u>	<u>(445)</u>	<u>3,479</u>	<u>(445)</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit before tax	<u>781,848</u>	<u>1,190,742</u>	<u>386,235</u>	<u>188,942</u>
Income tax at Thai corporate income tax rate of 20%	(156,370)	(238,148)	(77,247)	(37,788)
Utilisation of previously unrecognised tax losses	23,463	-	23,244	-
Effects of:				
Non-deductible expenses	(851)	(5,875)	(32)	(3,964)
Additional expenses deductions allowed	4,581	-	3,883	-
Exemption of income	-	-	51,783	44,401
Promotional privileges (Note 24)	170	-	-	-
Share of profit from investment in associate	148,150	243,235	-	-
Unused tax loss in the current year	(13,963)	-	-	-
Others	(21,183)	(11,017)	(6,946)	(8,624)
Total	<u>116,904</u>	<u>226,343</u>	<u>48,688</u>	<u>31,813</u>
Income tax reported in the statement of comprehensive income	<u>(16,003)</u>	<u>(11,805)</u>	<u>(5,315)</u>	<u>(5,975)</u>

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Allowance for doubtful accounts	1,310	10,877	1,310	1,310
Allowance for diminution in value of inventories	9,798	5,962	6,150	5,952
Allowance for asset impairment	50,925	48,289	10,357	10,443
Provision for long-term employee benefits	14,672	10,647	11,111	7,425
Unused tax loss	34,336	34,336	34,336	34,336
Others	12,083	2,407	67	2,407
Total	<u>123,124</u>	<u>112,518</u>	<u>63,331</u>	<u>61,873</u>
Deferred tax liabilities				
Amortisation of trademark	(1,450)	(1,160)	(1,450)	(1,160)
Difference depreciation for tax purpose	(6,283)	(4,235)	(6,283)	(4,235)
Others	(17,501)	(439)	(1,381)	(425)
Total	<u>(25,234)</u>	<u>(5,834)</u>	<u>(9,114)</u>	<u>(5,820)</u>
Deferred tax assets - net	<u>97,890</u>	<u>106,684</u>	<u>54,217</u>	<u>56,053</u>

As at 31 December 2016, the Company and its subsidiaries had deductible temporary differences and unused tax losses totaling Baht 416 million (2015: Baht 458 million (The Company only: Baht 259 million (2015: Baht 371 million)), on which deferred tax assets have not been recognised as the Company and its subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

24. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of canned coconut milk and desiccated coconut, pursuant to the investment promotion certificate No. 1308(2)/2556 issued on 4 March 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (30 May 2013).

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales						
Domestic sales	119	3,787	594,705	510,915	594,824	514,702
Export sales	82,907	34,176	2,095,589	1,717,966	2,178,496	1,752,142
Total sales	<u>83,026</u>	<u>37,963</u>	<u>2,690,294</u>	<u>2,228,881</u>	<u>2,773,320</u>	<u>2,266,844</u>

In addition, a subsidiary has received promotional privileges from the Board of Investment for the manufacture of vegetable and fruit juice, pursuant to the investment promotion certificate No. 1733(2)/2549 issued on 31 July 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (1 April 2008).

The subsidiary's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales						
Domestic sales	490,260	2,113,798	2,330,516	642,769	2,820,776	2,756,567
Export sales	88,242	403,211	345,682	922	433,924	404,133
Total sales	<u>578,502</u>	<u>2,517,009</u>	<u>2,676,198</u>	<u>643,691</u>	<u>3,254,700</u>	<u>3,160,700</u>

25. Earnings per share

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

26. Segment information

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

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

	Products of		Beverage		Others		Consolidation	
	vegetable & fruit							
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues from sales of goods and rendering of services	2,394	1,863	2,788	2,670	91	145	5,273	4,678
Gross profit	340	146	1,090	920	26	-	1,456	1,066
Other incomes							94	221
Selling expenses							(825)	(877)
Administrative expenses							(644)	(376)
Profit before share of profit from investment in associate, finance cost and income tax							81	34
Share of profit from investment in associate							741	1,216
Profit before finance cost and income tax							822	1,250
Finance cost							(40)	(59)
Income tax							(16)	(12)
Profit for the period							766	1,179

Geographic segment information for the year ended 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)					
	Domestic sales		Export sales		Consolidation	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues from the sale of goods and the rendering of services	<u>2,625</u>	<u>2,476</u>	<u>2,648</u>	<u>2,202</u>	<u>5,273</u>	<u>4,678</u>
Gross profit	<u>586</u>	<u>842</u>	<u>870</u>	<u>224</u>	<u>1,456</u>	<u>1,066</u>

27. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by American International Assurances Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 14 million (2015: Baht 13 million) were recognised as expenses (the Company only Baht 7 million, 2015: Baht 6 million).

28. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2015	Annual General Meeting of the shareholders on 22 April 2016	120.1	0.25
Interim dividends for 2016	Board of Directors' meeting on 10 August 2016	<u>110.6</u>	<u>0.23</u>
Total for the year 2016		<u>230.7</u>	<u>0.48</u>

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2016 and 2015, the Company and its subsidiaries had outstanding capital commitments relating to the purchase buildings and complement, tool and equipment and computer software as follows:

(Unit: Million)

Foreign currency	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Baht	6	-	1	-

29.2 Operating lease commitments

As at 31 December 2016 and 2015, the Company and its subsidiaries have entered into several agreements in respect of the lease of buildings, warehouses, motor vehicles, office equipment, and other service agreements.

Future minimum rental and service fees payable under these agreements are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable within:				
1 year	71	70	24	20
2 to 5 years	96	95	26	30
More than 5 years	11	13	-	-

29.3 Guarantees

As at 31 December 2016 and 2015, the outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bank guarantees	44	30	19	12

30. Fair value of financial instruments

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements							
	As at 31 December 2016				As at 31 December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Derivatives								
Forward exchange contracts	-	43	-	43	-	69	-	69
Financial liabilities measured at fair value								
Derivatives								
Forward exchange contracts	-	344	-	344	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements							
	As at 31 December 2016				As at 31 December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Derivatives								
Forward exchange contracts	-	-	-	-	-	-	-	-
Financial liabilities measured at fair value								
Derivatives								
Forward exchange contracts	-	337	-	337	-	-	-	-

31. Financial instruments

31.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term borrowing and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalent	-	-	1	58	59	Notes 8
Current investments	4	-	-	-	4	0.95
Trade and other receivables	-	-	-	690	690	-
Restricted bank deposits	1	-	-	-	1	0.95
	<u>5</u>	<u>-</u>	<u>1</u>	<u>748</u>	<u>754</u>	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	417	-	-	-	417	Notes 16
Trade and other payables	-	-	-	859	859	-
Long-term loans	-	-	948	-	948	Notes 18
Liabilities under finance lease agreements	-	1	-	-	1	4.47
	<u>417</u>	<u>1</u>	<u>948</u>	<u>859</u>	<u>2,225</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2015

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalent	-	-	2	74	76	Notes 8
Current investments	4	-	-	-	4	0.95
Trade and other receivables	-	-	-	860	860	-
Restricted bank deposits	1	-	-	-	1	0.95
	<u>5</u>	<u>-</u>	<u>2</u>	<u>934</u>	<u>941</u>	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	1,320	-	-	-	1,320	Notes16
Trade and other payables	-	-	-	721	721	-
Long-term loans	-	-	610	-	610	Notes 18
Liabilities under finance lease agreements	1	1	-	-	2	4.47 - 4.78
	<u>1,321</u>	<u>1</u>	<u>610</u>	<u>721</u>	<u>2,653</u>	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2016						
Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1-5 years					
Financial Assets						
Cash and cash equivalent	-	-	1	24	25	Notes 8
Trade and other receivables	-	-	-	317	317	-
	-	-	1	341	342	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	120	-	-	-	120	Notes 16
Trade and other payables	-	-	-	241	241	-
Long-term loans	-	-	548	-	548	Notes 18
	120	-	548	241	909	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1-5 years					
Financial Assets						
Cash and cash equivalent	-	-	1	38	39	Notes 8
Trade and other receivables	-	-	-	251	251	-
	-	-	1	289	290	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	620	-	-	-	620	Notes 16
Trade and other payables	-	-	-	222	222	-
Long-term loans	-	-	130	-	130	Notes 18
Liabilities under finance lease agreements	1	-	-	-	1	4.78
	621	-	130	222	973	

Foreign currency risk

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

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	7	7	1	1	38.83	36.04
JPY	-	-	2	-	0.31	0.30

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	7	6	-	-	35.03	36.04

As at 31 December 2016 and 2015, the Company and its subsidiaries had outstanding forward exchange contracts which maturity date within one year are summarised below.

Foreign currency	2016					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	Amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.4	0.3	0.4	-	34.86 - 34.93	35.63 - 35.91
Euro	-	0.1	-	-	-	37.65 - 37.90

Foreign currency	2015					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2.5	0.8	2.5	-	35.48 - 36.28	34.24 - 36.25

31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

32. Capital management

The primary objective of the capital management of the Company and its subsidiaries is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.89 : 1 (2015: 1.54 : 1) and the Company's was 0.56 : 1 (2015: 1.19 : 1).

33. Events after the reporting period

On 5 January 2017, the Extraordinary General Meeting of the Company's shareholders No.1/2017 approved the Company's restructuring plan by conducting a Partial Business Transfer of processed fruit business to the Company's subsidiary to be newly incorporated. The Company is currently fulfilling relevant legal requirements.

34. Reclassification

The reclassification of the Company and its subsidiaries are as follows:

(Unit: Thousand Baht)

	As at 31 December 2015	
	Consolidated financial statements	
	As reclassified	As previously reported
Inventories	778,358	808,684
Property, plant and equipment	2,314,494	2,284,168

(Unit: Thousand Baht)

For the year ended 31 December 2015

	Consolidated financial statements		Separate financial statement	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Sales and service income	4,677,508	5,337,909	2,266,844	2,266,844
Other income	221,527	252,499	332,814	365,881
Cost of sales and services	3,611,178	3,635,920	2,075,497	2,108,564
Selling expenses	877,248	1,430,458	96,014	87,298
Administrative expenses	375,682	489,103	202,884	211,600

The reclassifications had no effect to previously reported profit or shareholders' equity.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.