

Tipco Foods Public Company Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2017

## **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 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Emphasis of matter**

I draw attention to Notes 1 and 9 of the consolidated financial statements which describe the transfer of the processed fruit segment to a subsidiary. My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters.

Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit 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 and directly affects the Group' financial performance. In addition, the Group has entered into agreements with the 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 at the appropriated amount.

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 the consolidated financial statements**

The Company has investment in associate based on the equity method presented in the consolidated statement of financial position and has share of profit from investment in associate in the consolidated statement of comprehensive income. 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 the 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.

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

EY Office Limited  
Bangkok: 16 February 2018

**Tipco Foods Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2017**

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		199,464,462	58,983,257	64,660,653	25,295,630
Current investment		4,907,078	3,846,390	-	-
Trade and other receivables	6, 7	573,737,682	689,864,254	39,580,308	317,129,277
Short-term loans to related party	6	-	-	8,000,000	-
Inventories	8	915,877,077	882,245,761	50,201,989	433,586,623
Biological assets		2,952,979	2,800,857	-	-
Advanced payments		10,851,311	14,188,871	4,150,159	7,583,343
Other current assets		<u>73,436,307</u>	<u>46,582,571</u>	<u>36,797,882</u>	<u>13,031,935</u>
<b>Total current assets</b>		<u>1,781,226,896</u>	<u>1,698,511,961</u>	<u>203,390,991</u>	<u>796,626,808</u>
<b>Non-current assets</b>					
Restricted bank deposits		-	1,016,000	-	-
Investments in subsidiaries	9	-	-	1,615,336,907	465,336,902
Investment in associate	10	3,030,377,429	2,894,859,580	644,929,739	644,929,739
Investment property- Land awaiting sale		7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	11	1,970,631,489	2,023,191,014	367,072,327	761,469,255
Intangible assets	12	72,458,309	68,099,837	33,547,307	35,954,345
Deferred tax assets - net	19	56,798,126	97,889,724	13,677,086	54,217,114
Other non-current assets		<u>19,667,436</u>	<u>17,983,295</u>	<u>4,283,470</u>	<u>6,117,218</u>
<b>Total non-current assets</b>		<u>5,157,202,350</u>	<u>5,110,309,011</u>	<u>2,686,116,397</u>	<u>1,975,294,134</u>
<b>Total assets</b>		<u>6,938,429,246</u>	<u>6,808,820,972</u>	<u>2,889,507,388</u>	<u>2,771,920,942</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 2017**

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions		720,845,467	417,000,000	140,000,000	120,000,000
Trade and other payables	6, 13	805,380,737	859,126,100	102,650,369	241,296,027
Current portion of long-term loans					
from financial institutions	14	197,500,000	171,500,000	86,200,000	91,500,000
Income tax payable		3,960,759	2,247,671	-	-
Other current liabilities		43,572,043	57,816,502	4,254,613	35,285,354
<b>Total current liabilities</b>		<u>1,771,259,006</u>	<u>1,507,690,273</u>	<u>333,104,982</u>	<u>488,081,381</u>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions -					
net of current portion	14	709,450,000	776,950,000	487,445,000	456,950,000
Provision for dismantling cost		1,254,600	2,649,600	-	-
Provision for long-term employee benefits	16	85,849,430	79,096,614	23,173,843	55,553,001
<b>Total non-current liabilities</b>		<u>796,554,030</u>	<u>858,696,214</u>	<u>510,618,843</u>	<u>512,503,001</u>
<b>Total liabilities</b>		<u>2,567,813,036</u>	<u>2,366,386,487</u>	<u>843,723,825</u>	<u>1,000,584,382</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 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Shareholders' equity</b>					
Share capital					
Registered					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid					
482,579,640 ordinary shares of Baht 1 each		482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interests of subsidiary acquired by					
the Company at price higher than book value	9	(80,767,243)	-	-	-
Non-controlling interest in subsidiary of					
the associated company acquired at price					
lower than book value		1,494,466	1,494,466	-	-
Change in the interest in subsidiaries of					
the associated company which did not result					
in a loss of control of the associate		(135,832,635)	(135,832,635)	-	-
Capital reserve for share-based payment transactions					
of the associate		36,872,134	28,433,655	-	-
Retained earnings					
Appropriated - statutory reserve	17	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		4,155,881,429	3,650,873,429	1,513,203,923	1,238,756,920
Other components of shareholders' equity		(139,611,581)	(3,216,208)	-	-
Equity attributable to owners of the Company		4,370,616,210	4,074,332,347	2,045,783,563	1,771,336,560
Non-controlling interests of the subsidiaries		-	368,102,138	-	-
<b>Total shareholders' equity</b>		<b>4,370,616,210</b>	<b>4,442,434,485</b>	<b>2,045,783,563</b>	<b>1,771,336,560</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,938,429,246</b>	<b>6,808,820,972</b>	<b>2,889,507,388</b>	<b>2,771,920,942</b>
		-	-	-	-

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 2017**

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Continued operation</b>					
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		4,869,664,652	5,273,206,676	420,855,191	384,452,973
Other income					
Dividend income from subsidiary and associate	9, 10	-	-	343,197,326	258,917,162
Marketing income		-	-	20,631,783	19,925,917
Others		81,946,050	93,760,294	14,124,485	5,451,008
<b>Total revenues</b>		<u>4,951,610,702</u>	<u>5,366,966,970</u>	<u>798,808,785</u>	<u>668,747,060</u>
<b>Expenses</b>					
Cost of sales and services		3,520,043,096	3,816,732,538	270,447,710	237,932,513
Selling expenses		719,447,247	824,976,270	66,503,418	6,769,320
Administrative expenses		502,091,418	457,732,891	204,643,632	221,199,637
Other expenses					
Allowance for doubtful accounts		-	419,926	-	-
Allowance for impairment loss on equipment	11	5,523,512	186,471,519	5,523,512	-
<b>Total expenses</b>		<u>4,747,105,273</u>	<u>5,286,333,144</u>	<u>547,118,272</u>	<u>465,901,470</u>
<b>Profit before share of profit from investment in associate, finance cost and income tax</b>		204,505,429	80,633,826	251,690,513	202,845,590
Share of profit from investment in associate	10	600,610,257	740,749,858	-	-
<b>Profit before finance cost and income tax</b>		805,115,686	821,383,684	251,690,513	202,845,590
Finance cost		(53,840,067)	(39,535,509)	(35,505,647)	(21,718,547)
<b>Profit before income tax</b>		751,275,619	781,848,175	216,184,866	181,127,043
Income tax	19	(47,497,632)	(16,002,513)	(40,540,028)	(5,315,062)
<b>Profit from continued operation for the year</b>		703,777,987	765,845,662	175,644,838	175,811,981
<b>Discontinued operation (Transfer segment to a subsidiary)</b>					
Profit from discontinued operation for the year		-	-	296,441,533	205,108,332
<b>Profit for the year</b>		<u>703,777,987</u>	<u>765,845,662</u>	<u>472,086,371</u>	<u>380,920,313</u>
<b>Continued operation</b>					
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Share of comprehensive income in associate	10	(136,395,373)	(9,325,727)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(136,395,373)	(9,325,727)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax	16	-	(14,566,193)	-	(13,917,530)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(14,566,193)	-	(13,917,530)
<b>Other comprehensive income for the year</b>		<u>(136,395,373)</u>	<u>(23,891,920)</u>	<u>-</u>	<u>(13,917,530)</u>
<b>Total comprehensive income for the year</b>		<u>567,382,614</u>	<u>741,953,742</u>	<u>472,086,371</u>	<u>367,002,783</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 2017**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Profit attributable to:</b>					
Equity holders of the Company					
Profit from continued operation		702,647,368	813,638,314	175,644,838	175,811,981
Profit from discontinued operation (Transfer segment to a subsidiary)		-	-	296,441,533	205,108,332
		<u>702,647,368</u>	<u>813,638,314</u>	<u>472,086,371</u>	<u>380,920,313</u>
Non-controlling interests of the subsidiaries					
Profit from continued operation		<u>1,130,619</u>	<u>(47,792,652)</u>		
		<u>1,130,619</u>	<u>(47,792,652)</u>		
		<u>703,777,987</u>	<u>765,845,662</u>		
		-	-		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company					
Profit from continued operation		566,251,995	789,746,394	175,644,838	161,894,451
Profit from discontinued operation (Transfer segment to a subsidiary)		-	-	296,441,533	205,108,332
		<u>566,251,995</u>	<u>789,746,394</u>	<u>472,086,371</u>	<u>367,002,783</u>
Non-controlling interests of the subsidiaries					
Profit from continued operation		<u>1,130,619</u>	<u>(47,792,652)</u>		
		<u>1,130,619</u>	<u>(47,792,652)</u>		
		<u>567,382,614</u>	<u>741,953,742</u>		
		-	-		
<b>Earnings per share (Baht)</b>					
20					
Basic earnings per share					
Profit attributable to equity holders of the Company					
Profit per share from continued operation		1.46	1.69	0.36	0.36
Profit per share from discontinued operation (Transfer segment to a subsidiary)		-	-	0.62	0.43
		<u>1.46</u>	<u>1.69</u>	<u>0.98</u>	<u>0.79</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Non-controlling interests of subsidiary acquired		Non-controlling interest in subsidiary of the associated company acquired at price lower than book value	Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate		Capital reserve for share-based payment transactions of the associate		Other component of shareholder's equity			Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
	Issued and paid-up share capital	by the Company at price higher than book value		Retained earnings	Appropriated	statutory reserve	Unappropriated	Share of comprehensive income in associate	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries		
<b>Balance as at 1 January 2016</b>	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	-	-	-	-	-	-	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 22)	-	-	-	-	-	-	(230,733,905)	-	-	(230,733,905)	-	(230,733,905)	
<b>Balance as at 31 December 2016</b>	<u>482,579,640</u>	<u>-</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>(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>	
<b>Balance as at 1 January 2017</b>	482,579,640	-	1,494,466	(135,832,635)	28,433,655	50,000,000	3,650,873,429	(3,216,208)	(3,216,208)	4,074,332,347	368,102,138	4,442,434,485	
Profit for the year	-	-	-	-	-	-	702,647,368	-	-	702,647,368	1,130,619	703,777,987	
Other comprehensive income for the year	-	-	-	-	-	-	-	(136,395,373)	(136,395,373)	(136,395,373)	-	(136,395,373)	
Total comprehensive income for the year	-	-	-	-	-	-	702,647,368	(136,395,373)	(136,395,373)	566,251,995	1,130,619	567,382,614	
Acquisition of non-controlling interests of subsidiary (Note 9)	-	(80,767,243)	-	-	-	-	-	-	-	(80,767,243)	(369,232,757)	(450,000,000)	
Share-based payment transactions of the associate	-	-	-	-	8,438,479	-	-	-	-	8,438,479	-	8,438,479	
Dividend paid (Note 22)	-	-	-	-	-	-	(197,639,368)	-	-	(197,639,368)	-	(197,639,368)	
<b>Balance as at 31 December 2017</b>	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>36,872,134</u>	<u>50,000,000</u>	<u>4,155,881,429</u>	<u>(139,611,581)</u>	<u>(139,611,581)</u>	<u>4,370,616,210</u>	<u>-</u>	<u>4,370,616,210</u>	

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 2017

(Unit: Baht)

	<b>Separate financial statements</b>			Total shareholders' equity
	Issued and paid-up share capital	Retained earnings		
		Appropriated statutory reserve	Unappropriated	
<b>Balance as at 1 January 2016</b>	482,579,640	50,000,000	1,102,488,042	1,635,067,682
Profit 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 22)	-	-	(230,733,905)	(230,733,905)
<b>Balance as at 31 December 2016</b>	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,238,756,920</u>	<u>1,771,336,560</u>
				-
<b>Balance as at 1 January 2017</b>	482,579,640	50,000,000	1,238,756,920	1,771,336,560
Profit for the year	-	-	472,086,371	472,086,371
Total comprehensive income for the year	-	-	472,086,371	472,086,371
Dividend paid (Note 22)	-	-	(197,639,368)	(197,639,368)
<b>Balance as at 31 December 2017</b>	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,513,203,923</u>	<u>2,045,783,563</u>
				-

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 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>				
Profit before tax from continued operation	751,275,619	781,848,175	216,184,866	181,127,043
Profit before tax from discontinued operation				
(Transfer segment to a subsidiary)	-	-	296,441,533	205,108,332
Profit before income tax	751,275,619	781,848,175	512,626,399	386,235,375
Adjustments to reconcile profit before income tax				
to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	255,566,065	258,220,970	94,372,673	115,732,106
Written off value added tax refundable	2,587,465	-	-	-
Allowance for doubtful account	-	419,926	-	-
Reduction of cost of inventories to net realisable value (reversal)	28,905,400	15,621,895	(15,649,592)	988,491
Loss from inventory destruction	27,050,557	33,316,173	11,855,723	21,698,061
Change in fair value of biological assets	(152,122)	2,800,857	-	-
Unrealised (gain) loss on exchange	(1,161,870)	96,912	3,281	(487,475)
Changes in fair value of forward exchange contracts	(290,693)	232,164	(821,826)	337,303
Changes in fair value of interest rate swap contracts	520,074	-	520,074	-
(Gain) loss on sales and write-off of land, machinery and equipment	(5,899,488)	(22,337,949)	(4,077,834)	934,123
Loss write-off of intangible assets	178,441	245,519	178,433	245,516
Allowance for impairment loss on equipment	5,523,512	186,471,519	5,523,512	-
Provision for long-term employee benefits	10,595,626	9,432,059	6,666,878	5,717,074
Provision for dismantling cost	167,888	334,330	-	-
Dividend income from subsidiary and associate	-	-	(343,197,326)	(258,917,162)
Share of profit from investment in associate	(600,610,257)	(740,749,858)	-	-
Interest income	(361,162)	(157,217)	(214,926)	(133,683)
Interest expenses	51,084,156	38,837,935	34,379,724	21,146,279
Profit from operating activities before changes in				
operating assets and liabilities	524,979,211	564,633,410	302,165,193	293,496,008
(Increase) decrease in operating assets				
Trade and other receivables	116,127,874	170,123,229	88,590,561	(65,250,818)
Inventories	(89,587,273)	(156,416,037)	(80,573,030)	(151,286,439)
Other current assets	(14,870,803)	(32,836,532)	(22,408,956)	(7,186,837)
Other non-current assets	(1,684,137)	681,175	1,825,345	2,772,721
Increase (decrease) in operating liabilities				
Trade and other payables	(40,394,196)	167,560,483	(108,834,503)	24,482,773
Other current liabilities	(11,466,228)	35,984,024	(30,728,988)	31,213,089
Other non-current liabilities	(5,405,698)	(4,920,323)	7,547,677	(4,686,076)
<b>Cash flows from operating activities</b>	477,698,750	744,809,429	157,583,299	123,554,421
Cash paid for interest expenses	(51,029,670)	(39,567,992)	(34,381,600)	(21,545,562)
Cash received (paid) for corporate income tax	(12,898,835)	(3,065,823)	(6,107,025)	1,970,610
<b>Net cash flows from operating activities</b>	413,770,245	702,175,614	117,094,674	103,979,469

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 2017**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities:</b>				
Increase in current investment	(1,060,688)	(45,533)	-	-
Increase in short-term loans to related party	-	-	(8,000,000)	-
Cash paid for investments in subsidiaries	-	-	(450,000,000)	-
Cash paid for investments in newly corporate subsidiary	-	-	(1,000,000,000)	-
Cash received from capital reduction of subsidiary	-	-	300,000,000	-
Cash received from partial business transfer to subsidiary	-	-	646,658,500	-
Cash received from sales of land, machinery and equipment	21,989,011	23,361,243	5,598,494	1,316,621
Cash paid for acquisition of land, machinery and equipment	(212,998,893)	(165,695,028)	(110,286,916)	(58,201,961)
Cash paid for acquisition of intangible assets	(29,563,250)	(39,606,801)	(2,667,613)	(7,230,195)
Dividend received from subsidiary and associate	332,893,494	258,917,162	343,197,326	258,917,162
Interest received	361,162	157,217	214,926	133,683
<b>Net cash flows from (used in) investing activities</b>	<b>111,620,836</b>	<b>77,088,260</b>	<b>(275,285,283)</b>	<b>194,935,310</b>
<b>Cash flows from financing activities:</b>				
Cash paid to acquisition of non-controlling interests of a subsidiary	(450,000,000)	-	-	-
Decrease in restricted bank deposits	1,016,000	-	-	-
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	303,845,467	(903,288,281)	20,000,000	(500,058,736)
Cash paid under finance lease agreements	(631,975)	(1,563,976)	-	(932,000)
Cash receipts from long-term loans	450,000,000	480,500,000	450,000,000	480,500,000
Repayment of long-term loans	(491,500,000)	(141,550,000)	(74,805,000)	(61,550,000)
Dividend paid	(197,639,368)	(230,733,905)	(197,639,368)	(230,733,905)
<b>Net cash flows from (used in) financing activities</b>	<b>(384,909,876)</b>	<b>(796,636,162)</b>	<b>197,555,632</b>	<b>(312,774,641)</b>
<b>Net increase in cash and cash equivalents</b>	<b>140,481,205</b>	<b>(17,372,288)</b>	<b>39,365,023</b>	<b>(13,859,862)</b>
<b>Net increase in cash and cash equivalents</b>	<b>58,983,257</b>	<b>76,355,545</b>	<b>25,295,630</b>	<b>39,155,492</b>
<b>Net increase in cash and cash equivalents</b>	<b>199,464,462</b>	<b>58,983,257</b>	<b>64,660,653</b>	<b>25,295,630</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions:				
Purchase of equipment for which cash has not been paid	10,736,150	18,217,316	2,315,740	2,576,836
Purchase of intangible assets for which cash has not been paid	-	62,520	-	56,260

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 2017**

**1. General information**

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

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

**2. Basis of preparation**

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

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

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

## 2.2 Basis of consolidation

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

Company’s name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			<u>2017</u> (Million Baht)	<u>2016</u> (Million Baht)	<u>2017</u> (%)	<u>2016</u> (%)
Tipco F&B Company Limited (“TFB”)	Producing and distribution of ready-to-drink beverage product	Thailand	600.00	600.00	100.00	50.00
Tipco Retail Company Limited (51% owned by the Company and 49% owned by TFB)	Retail business	Thailand	50.00	50.00	100.00	75.50
Tipco Biotech Company Limited	Manufacturing of herbal extraction substance and agriculture business	Thailand	36.80	36.80	100.00	100.00
Tipco Pineapple Company Limited	Manufacturing and distribution of canned fruit and fruit juice	Thailand	700.00	-	100.00	-
TFB Distribution Company Limited (100% owned by TFB)	Dormant	Thailand	0.25	0.25	100.00	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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which were effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards did not have any significant impact on the Company and its subsidiaries' financial statements.

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

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

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

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

#### *Rendering of services*

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

#### *Interest income*

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

#### *Dividends*

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

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

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

### **4.3 Trade and other receivables**

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

### **4.4 Inventories**

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

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

#### 4.5 Agriculture

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

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

#### 4.6 Investments

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

#### 4.7 Investment property - Land awaiting sale

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

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

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

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

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

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

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

Depreciation is included in profit or loss.

No depreciation is provided on land and assets under installation.

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

#### **4.9 Intangible assets**

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

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

	<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.

#### **4.10 Related party transactions**

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

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

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

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

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

#### **4.12 Foreign currencies**

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

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

Gains and losses on exchange are included in profit or loss.

#### **4.13 Impairment of assets**

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

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, such reversal except for that of goodwill, is recognised in profit or loss. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

#### **4.14 Employee benefits**

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

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

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

###### *Defined contribution plans*

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

###### *Defined benefit plans*

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

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

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

#### **4.15 Provisions**

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

#### **4.16 Income tax**

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

##### **Current tax**

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



## **Deferred tax**

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

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

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

## **4.17 Derivatives**

### **Forward exchange contracts**

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

### **Interest rate swap contracts**

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

## **4.18 Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

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

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

## 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.

## 6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate financial		Transfer Pricing Policy
	financial statements		statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	394	390	Cost plus certain margin
Rental income	-	-	1	2	Contract price
Service income	-	-	21	20	As agreed
Purchases of raw materials	-	-	16	15	Cost plus certain margin
Dividend income	-	-	10	-	
<u>Transactions with associated company</u>					
Dividend income	-	-	333	259	
Sales of goods	2	-	-	-	Market price
Rental and service expenses	1	-	1	-	Market price
<u>Transactions with related companies</u>					
Sales of goods	3	2	-	-	Market price
Rental and service expenses	46	50	17	22	Market price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Trade and other receivables - related parties</u></b> (Note 7)				
Subsidiaries	-	-	28,021	18,327
Associate	1,341	1,206	-	20,611
Related companies (common shareholders and directors)	1,963	1,919	-	-
<b>Total trade and other receivables - related parties</b>	<b>3,304</b>	<b>3,125</b>	<b>28,021</b>	<b>38,938</b>
<b><u>Short-term loan to related party</u></b>				
Subsidiaries	-	-	8,000	-
<b>Total short-term loan to related party</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>-</b>
<b><u>Prepaid expenses - related parties</u></b>				
Related companies (common shareholders and directors)	615	905	494	858
<b>Total prepaid expenses - related parties</b>	<b>615</b>	<b>905</b>	<b>494</b>	<b>858</b>
<b><u>Retentions - related parties</u></b>				
Related companies (common shareholders and directors)	4,324	8,681	2,828	3,591
<b>Total retentions - related parties</b>	<b>4,324</b>	<b>8,681</b>	<b>2,828</b>	<b>3,591</b>
<b><u>Trade and other payables - related parties</u></b> (Note 13)				
Subsidiaries	-	-	26,556	2,640
Associate	824	453	554	34
Related companies (common shareholders and directors)	2,210	8,224	485	1,862
<b>Total trade and other payables - related parties</b>	<b>3,034</b>	<b>8,677</b>	<b>27,595</b>	<b>4,536</b>

### Loans to related parties

As at 31 December 2017 and 2016, the balance of loans between the Company and those related companies and the movement were as follows:

(Unit: Thousand Baht)

Short-term loan to related party	Related by	Separate financial statements		
		Balance as at 31 December 2016	Increase during the period	Balance as at 31 December 2017
Tipco Retail Co., Ltd.	Subsidiary	-	8,000	8,000

### Directors and management's benefits

During the years ended 31 December 2017 and 2016, 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	29	43	25	35
Post-employment benefits	1	1	1	1
Total	<u>30</u>	<u>44</u>	<u>26</u>	<u>36</u>

### Guarantee obligations with related parties

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

## 7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b><u>Trade receivables - related parties (Note 6)</u></b>				
Aged on the basis of due dates				
Not yet due	2,769	2,637	25,112	20,611
Past due				
Up to 3 months	435	12	167	-
Total trade receivables - related parties	3,204	2,649	25,279	20,611
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	428,697	518,858	10,110	232,785
Past due				
Up to 3 months	59,003	54,661	-	37,859
3 - 6 months	142	4,172	-	4,144
6 - 12 months	12	-	-	-
Over 12 months	751	7,235	-	6,479
Total	488,605	584,926	10,110	281,267
Less: Allowance for doubtful accounts	(751)	(7,230)	-	(6,479)
Total trade receivables - unrelated parties, net	487,854	577,696	10,110	274,788
Total trade receivables - net	491,058	580,345	35,389	295,399
<b><u>Other receivables</u></b>				
Amounts due from related parties (Note 6)	100	476	2,742	18,327
Amounts due from unrelated parties	79,007	103,871	1,363	3,227
Less: Allowance for doubtful accounts	-	(70)	-	(70)
Total amount due from - net	79,107	104,277	4,105	21,484
Advance to employees	641	709	56	154
Accrued income	2,932	4,533	30	92
Total other receivables	82,680	109,519	4,191	21,730
Trade and other receivables - net	573,738	689,864	39,580	317,129

## 8. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	688,576	511,301	(70,035)	(17,555)	618,541	493,746
Work in process	8,432	34,703	(211)	-	8,221	34,703
Raw materials	224,442	304,593	(6,931)	(23,962)	217,511	280,631
Spare parts and factory supplies	53,209	55,363	(1,260)	(8,014)	51,949	47,349
Goods in transit	19,655	25,817	-	-	19,655	25,817
<b>Total</b>	<b>994,314</b>	<b>931,777</b>	<b>(78,437)</b>	<b>(49,531)</b>	<b>915,877</b>	<b>882,246</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	8,095	356,941	-	(9,989)	8,095	346,952
Work in process	4,491	5,833	-	-	4,491	5,833
Raw materials	9,740	65,253	(204)	(12,793)	9,536	52,460
Spare parts and factory supplies	28,170	33,281	(688)	(7,967)	27,482	25,314
Goods in transit	598	3,028	-	-	598	3,028
<b>Total</b>	<b>51,094</b>	<b>464,336</b>	<b>(892)</b>	<b>(30,749)</b>	<b>50,202</b>	<b>433,587</b>

## 9. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	<u>2017</u>	<u>2016</u>
Tipco F&B Company Limited	729,050	279,050
Tipco Retail Company Limited	25,500	25,500
Tipco Biotech Company Limited	160,787	160,787
Tipco Pineapple Company Limited	700,000	-
Total	<u>1,615,337</u>	<u>465,337</u>

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements.

During the year, the Company received dividends from Tipco Biotech Company Limited amounting to Baht 10.3 million.

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

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

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

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



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

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

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

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

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

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

(Unit: Thousand Baht)

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

The operating results of the processed fruit segment as presented under “Profit for the year from discontinued operation” in the separate statement of comprehensive income for the year ended 31 December 2017 and 2016 are detailed below.

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Sales	1,703,987	2,388,867
Other income	32,828	43,265
<b>Total revenues</b>	<b>1,736,815</b>	<b>2,432,132</b>
<b>Expenses</b>		
Cost of sales	1,303,929	2,077,098
Selling expenses	70,825	99,560
Administrative expenses	65,619	50,366
<b>Total expenses</b>	<b>1,440,373</b>	<b>2,227,024</b>
<b>Profit for the period from discontinued operations</b>	<b>296,442</b>	<b>205,108</b>
<b>Earnings per share (Baht)</b>		
Basic earnings per share from discontinued operation	0.62	0.43

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

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

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

## 10. Investment in associate

The Company has investment in an associate, Tipco Asphalt Public Company Limited, which incorporate in Thailand and engaged in the Manufacture and distribution of asphalt and petroleum products. The shareholding percentage of the Company as at 31 December 2017 and 2016 are 23.6730 and 23.8173 percent, respectively.

### 10.1 Details of associate:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost	644,930	644,930	644,930	644,930
Carrying amounts based on equity method	3,030,377	2,894,860	-	-

## 10.2 Share of comprehensive income and dividend received

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Consolidated	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Share of profit from investment in associate during the year	600,610	740,750	-	-
Share of other comprehensive income from investments in associate during the year	(136,395)	(9,326)	-	-
Dividend received during the year	-	-	332,893	258,917

## 10.3 Fair value investment in listed associate

The fair value of investment in Tipco Asphalt Public Company Limited which is listed company on the Stock Exchange of Thailand as at 31 December 2017 and 2016 are Baht 8,248 million and Baht 7,028 million, respectively.

## 10.4 Summarised financial information about material associate

Summarised information about financial position as at 31 December 2017 and 2016:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
Current assets	9,294	9,361
Non-current assets	10,219	10,142
Current liabilities	6,225	6,312
Non-current liabilities	358	926

Summarised information about comprehensive income for the year ended 31 December 2017 and 2016:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
Revenue	28,842	24,295
Profit for the year	2,557	3,127
Other comprehensive income	(580)	(45)
Total comprehensive income	1,977	3,082

## 11. 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
<b>Cost</b>							
1 January 2016	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
Additions	480	-	1,192	10,811	30,672	162,362	205,517
Disposals/write-off	(17,513)	(28,152)	(181,963)	(98,919)	(26,156)	(1,554)	(354,257)
Transfer in (transfer out)	16,811	22,382	48,874	12,649	3,404	(104,120)	-
31 December 2017	331,859	1,196,087	2,432,428	279,538	225,730	86,065	4,551,707
<b>Accumulated depreciation</b>							
1 January 2016	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
Depreciation for the year	4,001	53,606	109,056	34,699	34,898	-	236,260
Depreciation on disposals/write-off	(16,993)	(28,152)	(147,914)	(88,216)	(25,731)	-	(307,006)
31 December 2017	28,200	670,432	1,268,497	206,473	178,282	-	2,351,884

(Unit: Thousand Baht)

**Consolidated financial statements**

	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
<b>Allowance for impairment loss</b>							
1 January 2016	-	-	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
Increase during the year	-	-	-	5,524	-	-	5,524
Decrease from disposals	-	-	(30,958)	-	-	-	(30,958)
31 December 2017	-	-	223,668	5,524	-	-	229,192
<b>Net book value</b>							
31 December 2016	290,889	556,879	1,002,344	95,007	48,695	29,377	2,023,191
31 December 2017	303,659	525,655	940,263	67,541	47,448	86,065	1,970,631
<b>Depreciation for the year</b>							
2016 (Baht 200 million included in manufacturing cost, and the balance in selling and administrative expenses)							252,915
2017 (Baht 181 million included in manufacturing cost, and the balance in selling and administrative expenses)							236,260

(Unit: Thousand Baht)

## Separate financial statements

	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
<b>Cost</b>							
1 January 2016	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
Additions	-	-	1,192	4,723	1,134	102,976	110,025
Disposals/write-off	(16,993)	(28,152)	(154,858)	(52,627)	(17,726)	-	(270,356)
Transfer in (transfer out)	16,811	9,114	11,355	2,859	160	(40,299)	-
Business transfer to subsidiary (Note 9)	(86,613)	(570,822)	(899,682)	(71,019)	(25,465)	(8,527)	(1,662,128)
31 December 2017	123,319	93,108	199,029	37,692	31,957	59,323	544,428
<b>Accumulated depreciation</b>							
1 January 2016	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
Depreciation for the year	2,823	23,217	47,552	12,873	4,478	-	90,943
Depreciation on disposals/write-off	(16,993)	(28,152)	(123,900)	(51,189)	(17,645)	-	(237,879)
Business transfer to subsidiary (Note 9)	(25,751)	(407,425)	(728,121)	(53,454)	(20,339)	-	(1,235,090)
31 December 2017	-	41,142	79,049	22,178	29,238	-	171,607

(Unit: Thousand Baht)

**Separate financial statements**

	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
<b>Allowance for impairment loss</b>							
1 January 2016	-	-	52,212	-	-	-	52,212
Decrease from disposals	-	-	(427)	-	-	-	(427)
31 December 2016	-	-	51,785	-	-	-	51,785
Increase during the year	-	-	-	5,524	-	-	5,524
Decrease from disposals	-	-	(30,958)	-	-	-	(30,958)
Business transfer to subsidiary (Note 9)	-	-	(20,602)	-	-	-	(20,602)
31 December 2017	-	-	225	5,524	-	-	5,749
<b>Net book value</b>							
31 December 2016	170,193	229,466	305,719	39,808	11,110	5,173	761,469
31 December 2017	123,319	51,966	119,755	9,990	2,719	59,323	367,072
<b>Depreciation for the year</b>							
2016 (Baht 103 million included in manufacturing cost, and the balance in selling and administrative expenses)							112,736
2017 (Baht 83 million included in manufacturing cost, and the balance in selling and administrative expenses)							90,943

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

As at 31 December 2017, certain items of plant, machinery and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,547 million (2016: Baht 1,738 million) (The Company only: Baht 58 million, 2016: Baht 972 million).



## 12. Intangible assets

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

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>			
	Trade mark	Computer software	Computer software in progress	Total
<b>Cost</b>				
1 January 2016	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
Additions	-	20,960	2,882	23,842
Disposals	-	(4,404)	-	(4,404)
Transfer in (transfer out)	-	35,427	(35,427)	-
31 December 2017	26,051	82,236	3,224	111,511
<b>Accumulated amortisation</b>				
1 January 2016	-	18,709	-	18,709
Amortisation for the year	-	5,305	-	5,305
Amortisation on disposals	-	(41)	-	(41)
31 December 2016	-	23,973	-	23,973
Amortisation for the year	-	19,305	-	19,305
Amortisation on disposals	-	(4,225)	-	(4,225)
31 December 2017	-	39,053	-	39,053
<b>Net book value</b>				
31 December 2016	26,051	6,280	35,769	68,100
31 December 2017	26,051	43,183	3,224	72,458

(Unit: Thousand Baht)

**Separate financial statements**

	Trade mark	Computer software	Computer software in progress	Total
<b>Cost</b>				
1 January 2016	26,463	15,498	6,297	48,258
Additions	-	2,968	3,110	6,078
Disposals	-	(260)	-	(260)
Transfer in (transfer out)	-	3,069	(3,069)	-
31 December 2016	26,463	21,275	6,338	54,076
Additions	-	840	1,772	2,612
Disposals	-	(4,098)	-	(4,098)
Transfer in (transfer out)	-	7,053	(7,053)	-
Business transfer to subsidiary (Note 9)	-	(396)	(1,057)	(1,453)
31 December 2017	26,463	24,674	-	51,137
<b>Accumulated amortisation</b>				
1 January 2016	-	12,603	-	12,603
Amortisation for the year	-	5,534	-	5,534
Amortisation on disposals	-	(15)	-	(15)
31 December 2016	-	18,122	-	18,122
Amortisation for the year	-	3,430	-	3,430
Amortisation on disposals	-	(3,919)	-	(3,919)
Business transfer to subsidiary (Note 9)	-	(43)	-	(43)
31 December 2017	-	17,590	-	17,590
<b>Net book value</b>				
31 December 2016	26,463	3,153	6,338	35,954
31 December 2017	26,463	7,084	-	33,547

### 13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties (Note 6)	-	1,084	3,680	2,415
Trade payables - unrelated parties	304,269	306,025	25,854	135,814
Amounts due to related parties (Note 6)	3,034	7,593	23,915	2,121
Accrued expenses	351,603	362,908	33,640	93,483
Others	146,475	181,516	15,561	7,463
<b>Total trade and other payables</b>	<b>805,381</b>	<b>859,126</b>	<b>102,650</b>	<b>241,296</b>

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

Loan	Interest rate (%)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
1	Rate referenced to THBFIX + 2.4%	Quarterly installments, as stipulated in the agreement, commencing from October 2017 (2016: Quarterly installments, as stipulated in the agreement, commencing from March 2016)	456,950	548,450	123,645	548,450
2	Rate referenced to THBFIX + 2.5%	Quarterly installments, as stipulated in the agreement, commencing from November 2017	450,000	-	450,000	-
3	Rate referenced to BIBOR + 0.525%	Quarterly installments, as stipulated in the agreement, commencing from October 2016	-	400,000	-	-
<b>Total</b>			<b>906,950</b>	<b>948,450</b>	<b>573,645</b>	<b>548,450</b>
<b>Less: Current portion</b>			<b>(197,500)</b>	<b>(171,500)</b>	<b>(86,200)</b>	<b>(91,500)</b>
<b>Long-term loans from financial statement - net of current portion</b>			<b>709,450</b>	<b>776,950</b>	<b>487,445</b>	<b>456,950</b>

Loan No. (1) of the Company: With regard to the partial business transfer as mentioned in Note 9 to the financial statements, the Company has entered into the addendum to the agreement to revise the credit facilities with the bank by transferring the long-term loan of Baht 350 million to Tipco Pineapple Company Limited and changing in the mortgages of the assets of the Company. The Company has completed such addendum in October 2017.

On 25 April 2017, Tipco F&B Company Limited made a full repayment of the outstanding long-term loan to the bank.

#### Loan covenants

The loans No. (1) and (2) 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.

#### Interest rate swap agreement

In September 2017, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed rate interest at 3.95 percent per annum. As at 31 December 2017, the notional amount of Baht 123 million was outstanding. The notional amount reduces on a quarterly basis in accordance with the long-term loan repayment schedule of the Company in (1), starting from October 2017 and matures in December 2020.

### **15. Credit facilities**

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

- a) The guarantees by the Company and a subsidiary.
- b) The mortgages of the assets of the Company of which the net book value as at 31 December 2017 and 2016 are summarised below.

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	47	47	-	47
Buildings and complement	134	157	-	157
Machinery and equipment	125	154	-	154

## 16. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	79,097	56,682	55,553	37,125
Included in profit or loss:				
Current service cost	8,505	6,837	5,428	3,963
Interest cost	2,090	2,595	1,239	1,754
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	(3,843)	(4,830)	(2,523)	(4,686)
Business transfer to subsidiary (Note 9)	-	-	(36,523)	-
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>85,849</u>	<u>79,097</u>	<u>23,174</u>	<u>55,553</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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	4,939	-	2,599	-
Selling and administrative expenses	5,656	9,432	4,068	5,717
Total expenses recognised in profit or loss	<u>10,595</u>	<u>9,432</u>	<u>6,667</u>	<u>5,717</u>

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

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

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>Consolidated/Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Discount rate	2.7%	2.7%
Salary increase rate	3.0% - 4.5%	3.0% - 4.5%
Turnover rate	0.0% - 50.0%	0.0% - 50.0%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: million Baht)			
	<u>As at 31 December 2017</u>			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4)	4	(1)	1
Salary increase rate	4	(4)	1	(1)

## 17. Statutory reserve

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

## 18. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	744,680	748,536	372,458	426,074
Depreciation	236,260	252,915	90,943	112,736
Amortisation expenses	19,305	5,305	3,430	5,534
Finance cost	53,840	39,536	35,506	21,719
Costs related to production of goods and services (excluding of staff cost and depreciation)	2,284,260	2,866,397	1,361,284	2,075,392

## 19. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax charge	(6,406)	(3,963)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(16,209)	(12,040)	(15,477)	(5,315)
Utilisation of tax loss carried forward during the period	(25,063)	-	(25,063)	-
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>(47,498)</u>	<u>(16,003)</u>	<u>(40,540)</u>	<u>(5,315)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial loss	-	3,246	-	3,479

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	751,276	781,848	512,626	386,235
Income tax at Thai corporate income tax rate of 20%	(150,255)	(156,370)	(102,525)	(77,247)
Utilisation of previously unrecognised tax losses	17,702	23,463	5,235	23,244
Effects of:				
Non-deductible expenses	(17,250)	(851)	(3,494)	(32)
Additional expenses deductions allowed	4,780	4,581	3,846	3,883
Exemption of income	-	-	68,639	51,783
Promotional privileges	-	170	-	-
Share of profit from investment in associate	120,122	148,150	-	-
Unused tax loss in the current year	(9,510)	(13,963)	-	-
Others	(13,087)	(21,183)	(12,241)	(6,946)
Total	85,055	116,904	56,750	48,688
Income tax reported in the statement of comprehensive income	(47,498)	(16,003)	(40,540)	(5,315)



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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	-	1,310	-	1,310
Allowance for diminution in value of inventories	1,197	9,798	178	6,150
Allowance for asset impairment	41,697	50,925	1,129	10,357
Provision for long-term employee benefits	8,579	14,672	4,635	11,111
Unused tax loss	9,273	34,336	9,273	34,336
Others	14,300	12,083	202	67
Total	<u>75,046</u>	<u>123,124</u>	<u>15,417</u>	<u>63,331</u>
<b>Deferred tax liabilities</b>				
Amortisation of trademark	(1,740)	(1,450)	(1,740)	(1,450)
Difference depreciation for tax purpose	-	(6,283)	-	(6,283)
Others	(16,508)	(17,501)	-	(1,381)
Total	<u>(18,248)</u>	<u>(25,234)</u>	<u>(1,740)</u>	<u>(9,114)</u>
Deferred tax assets - net	<u>56,798</u>	<u>97,890</u>	<u>13,677</u>	<u>54,217</u>

As at 31 December 2017, the Company and its subsidiaries had deductible temporary differences and unused tax losses totaling Baht 356 million (2016: Baht 416 million (The Company only: Baht 108 million (2016: Baht 259 million)), on which deferred tax assets have not been recognised as the Company and its subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

## 20. Earnings per share

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

## 21. Segment information

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

The following tables present revenue and profit information regarding operating segments of the Company and its subsidiaries for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	Products of						Consolidation	
	vegetable & fruit		Beverage		Others		2017	2016
	2017	2016	2017	2016	2017	2016		
Revenues from sales of goods and rendering of services	2,092	2,394	2,674	2,788	104	91	4,870	5,273
<b>Gross profit</b>	336	340	988	1,090	26	26	1,350	1,456
Other incomes							82	94
Selling expenses							(719)	(825)
Administrative expenses							(509)	(644)
<b>Profit before share of profit from investment in associate, finance cost and income tax</b>							204	81
Share of profit from investment in associate							601	741
<b>Profit before finance cost and income tax</b>							805	822
Finance cost							(54)	(40)
Income tax							(47)	(16)
<b>Profit for the period</b>							704	766

Geographic segment information for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Million Baht)					
	Domestic sales		Export sales		Consolidation	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues from the sale of goods and the rendering of services	2,533	2,625	2,337	2,648	4,870	5,273
Gross profit	898	586	452	870	1,350	1,456

## 22. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2015	Annual General Meeting of the shareholders on 22 April 2016	120.1	0.25
Interim dividends for 2016	Board of Directors' meeting on 10 August 2016	110.6	0.23
Total for the year 2016		230.7	0.48
Final dividends for 2016	Annual General Meeting of the shareholders on 24 April 2017	77.1	0.16
Interim dividends for 2017	Board of Directors' meeting on 10 August 2017	120.5	0.25
Total for the year 2017		197.6	0.41

## 23. Commitments and contingent liabilities

### 23.1 Capital commitments

As at 31 December 2017 and 2016, the Company and its subsidiaries had outstanding capital commitments relating to the purchase buildings and complement, tool and equipment and computer software as follows:

Foreign currency	(Unit: Million)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Baht	382	6	358	1

## 23.2 Operating lease commitments

As at 31 December 2017 and 2016, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable within:				
1 year	65	71	18	24
2 to 5 years	74	96	3	26
More than 5 years	1	11	-	-

## 23.3 Guarantees

As at 31 December 2017 and 2016, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bank guarantees	33	44	14	19

## 24. Fair value of financial instruments

The assets and liabilities of the Company and its subsidiaries that were measured at fair value are derivatives. The level in determining the fair value of such assets and liabilities is level 2. As at 31 December 2017 and 2016, the fair value of such assets and liabilities are presented below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Financial assets measured at fair value</b>				
Forward exchange contracts	1,019	43	-	-
<b>Financial liabilities measured at fair value</b>				
Forward exchange contracts	1,928	344	477	337
Interest rate swap contract	520	-	520	-

## **25. Financial instruments**

### **25.1 Financial risk management**

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

#### ***Credit risk***

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

#### ***Interest rate risk***

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

As at 31 December 2017 and 2016, 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 2017

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

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1	58	59	0.10 - 0.50
Current investment	4	-	-	-	4	0.95
Trade and other receivables	-	-	-	690	690	-
Restricted bank deposit	1	-	-	-	1	0.95
	<u>5</u>	<u>-</u>	<u>1</u>	<u>748</u>	<u>754</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	417	-	-	-	417	MOR, MRR 1.93 - 3.70
Trade and other payables	-	-	-	859	859	-
Long-term loans	-	-	948	-	948	Note 14
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)

## Separate financial statements

As at 31 December 2017

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

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016

	Fixed interest rates				Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1	24	25	0.10 - 0.50
Trade and other receivables	-	-	-	317	317	-
	-	-	1	341	342	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	120	-	-	-	120	MOR, MRR 1.93 - 3.70
Trade and other payables	-	-	-	241	241	-
Long-term loans	-	-	548	-	548	Note 14
Liabilities under finance lease agreements	120	-	548	241	909	

### **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 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	4	7	1	1	32.68	35.83
JPY	-	-	-	2	0.29	0.31

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	-	7	-	-	32.68	35.83

As at 31 December 2017 and 2016, the Company and its subsidiaries had outstanding forward exchange contracts which maturity date within one year were summarised below.

Foreign currency	As at 31 December 2017					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought Amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2	4	-	-	32.49 - 34.02	32.55
Euro	-	1	-	1	-	39.56

Foreign currency	As at 31 December 2016					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.4	0.3	0.4	-	34.86 - 34.93	35.63 - 35.91
Euro	-	0.1	-	-	-	37.65 - 37.90



## **25.2 Fair values of financial instruments**

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

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

## **26. Capital management**

The primary objective of the capital management of the Company and its subsidiaries is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.59:1 (2016: 0.53:1) and the Company's was 0.41:1 (2016: 0.56:1).

## **27. Events after the reporting period**

On 16 February 2018, the Company's Board of Directors meeting No. 1/2018 passed a resolution to propose the payment of a dividend of Baht 0.75 per share from the net profit of year 2017 or a total of Baht 361,934,730. However, during the year 2017, the Company paid an interim dividend of Baht 0.25 per share. Thus, a final dividend payment for the year 2017 is Baht 0.50 per share or Baht 241,289,820. The resolution will be proposed for approval at the 2018 Annual General meeting of the shareholders.

## **28. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2018.