

Patum Rice Mill and Granary Public Company Limited  
and its subsidiaries  
Report and financial statements  
For the year ended 31 December 2016

## **Independent Auditor's Report**

To the Shareholders of Patum Rice Mill and Granary Public Company Limited

### **Opinion**

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

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

### **Basis for Opinion**

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

## **Key Audit Matters**

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

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

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

### **Revenue recognition**

The Group's major revenue was from improving the quality and packaging of milled rice business (about 78% of total revenues). Export sales of this business account for 40% of total revenues and have different delivery conditions from local sales. There is therefore a risk that the timing of the Company's revenue recognition will differ based on the circumstances and the supporting documents.

I have examined the revenue recognition of the Company by assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period especially export sales. I reviewed credit notes that the Company issued after the period-end. I performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

## **Goodwill**

I have focused my audit on the consideration of the impairment of goodwill from investment in a subsidiary as discussed in Notes 10, to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgment in estimating the cash inflows that are expected to be generated from that investment in subsidiary, and setting an appropriate discount rate and long-term growth rate.

I assessed the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

## **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is  
Mrs. Nonglak Pumnoi.

Nonglak Pumnoi  
Certified Public Accountant (Thailand) No. 4172

EY Office Limited  
Bangkok: 20 February 2017

**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	27,580,747	22,620,413	14,260,568	6,967,054
Trade and other receivables	6, 8	95,071,473	675,187,329	88,416,115	663,745,796
Inventories	9	248,097,934	240,052,723	172,481,426	147,995,316
Short-term loan to a subsidiary	6	-	-	20,000,000	6,500,000
Current portion of long-term loan to other person	13	2,900,591	-	-	-
Other current assets		49,666,853	51,779,876	17,206,258	16,369,256
<b>Total current assets</b>		<b>423,317,598</b>	<b>989,640,341</b>	<b>312,364,367</b>	<b>841,577,422</b>
<b>Non-current assets</b>					
Investments in subsidiaries	10	-	-	1,076,719,551	1,133,073,567
Investment in parent company					
- available-for-sale security	11	7,189,193,232	7,039,418,373	6,829,193,232	6,686,918,373
Long-term investments - available-for-sale securities	12	39,068,000	33,948,500	-	-
Other long-term investments		3,408,275	3,408,275	4,425	4,425
Long-term loan to other person - net of current portion	13	18,678,215	-	-	-
Investment properties	14	44,019,678	39,889,363	29,525,467	29,525,467
Property, plant and equipment	15	245,882,698	320,957,648	159,730,564	171,945,461
Prepaid rental fee	6	366,458,897	388,985,594	-	-
Intangible asset	16	9,214,075	6,476,633	7,211,740	4,343,850
Deferred tax assets	21	3,240,199	3,078,110	1,895,228	1,701,313
Goodwill	10	53,421,268	53,421,268	-	-
Other non-current assets		13,827,242	14,948,746	-	-
<b>Total non-current assets</b>		<b>7,986,411,779</b>	<b>7,904,532,510</b>	<b>8,104,280,207</b>	<b>8,027,512,456</b>
<b>Total assets</b>		<b>8,409,729,377</b>	<b>8,894,172,851</b>	<b>8,416,644,574</b>	<b>8,869,089,878</b>

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



**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from banks	17	500,209,351	993,121,509	500,151,343	993,121,509
Short-term loans from subsidiaries	6	-	-	363,570,000	271,620,000
Trade and other payables	6, 18	135,701,570	231,008,076	119,485,572	241,862,427
Current portion of liabilities under financial lease	19	297,563	297,563	297,563	297,563
Income tax payable		51,730	3,869,583	-	3,316,276
Other current liabilities		14,150,358	16,639,657	3,473,817	5,493,638
<b>Total current liabilities</b>		<b>650,410,572</b>	<b>1,244,936,388</b>	<b>986,978,295</b>	<b>1,515,711,413</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	20	15,762,113	14,786,295	9,476,139	8,506,566
Liabilities under finance lease - net					
of current portion	19	396,749	694,312	396,749	694,312
Deferred tax liabilities	21	1,229,560,825	1,198,581,953	1,184,323,925	1,155,868,954
Other non-current liabilities		3,171,437	3,308,604	-	-
<b>Total non-current liabilities</b>		<b>1,248,891,124</b>	<b>1,217,371,164</b>	<b>1,194,196,813</b>	<b>1,165,069,832</b>
<b>Total liabilities</b>		<b>1,899,301,696</b>	<b>2,462,307,552</b>	<b>2,181,175,108</b>	<b>2,680,781,245</b>

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

**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Shareholders' equity</b>					
Share capital					
Registered share capital					
900,000,000 ordinary shares of Baht 1 each		900,000,000	900,000,000	900,000,000	900,000,000
Issued and fully paid-up share capital					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		160,000,000	160,000,000	160,000,000	160,000,000
Retained earnings					
Appropriated - statutory reserve	23	90,000,000	90,000,000	90,000,000	90,000,000
Unappropriated		639,489,992	642,914,328	648,173,765	714,832,820
Other components of shareholders' equity		5,000,163,651	4,877,272,064	4,737,295,701	4,623,475,813
Equity attributable to owners of the Company		6,489,653,643	6,370,186,392	6,235,469,466	6,188,308,633
Non-controlling interests of the subsidiaries		20,774,038	61,678,907	-	-
<b>Total shareholders' equity</b>		<b>6,510,427,681</b>	<b>6,431,865,299</b>	<b>6,235,469,466</b>	<b>6,188,308,633</b>
<b>Total liabilities and shareholders' equity</b>		<b>8,409,729,377</b>	<b>8,894,172,851</b>	<b>8,416,644,574</b>	<b>8,869,089,878</b>
		-	-	-	-

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

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 Directors  
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**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Profit or loss:</b>					
<b><u>Continuing operations</u></b>					
<b>Revenues</b>					
Revenues from sales	6, 26	1,820,571,991	2,505,533,825	1,548,919,780	2,174,517,662
Revenues form services	6, 26	8,596,099	8,256,262	-	-
Dividend income	26	333,365,360	300,954,516	313,004,690	284,622,484
Other income	6, 26	28,039,088	40,186,643	18,803,484	41,952,235
<b>Total revenues</b>		<b>2,190,572,538</b>	<b>2,854,931,246</b>	<b>1,880,727,954</b>	<b>2,501,092,381</b>
<b>Expenses</b>					
Cost of sales	6, 26	1,457,691,825	2,055,104,697	1,258,604,894	1,800,849,087
Cost of services	26	6,950,982	7,444,828	-	-
Selling expenses	6, 26	239,628,595	343,491,346	179,536,895	288,019,321
Administrative expenses	6, 26	153,464,487	108,998,072	86,159,658	75,221,718
Allowance for investment in subsidiary		-	-	56,354,016	-
<b>Total expenses</b>		<b>1,857,735,889</b>	<b>2,515,038,943</b>	<b>1,580,655,463</b>	<b>2,164,090,126</b>
<b>Profit before finance cost and income tax expenses</b>		<b>332,836,649</b>	<b>339,892,303</b>	<b>300,072,491</b>	<b>337,002,255</b>
Finance cost	6, 26	(14,044,014)	(14,995,069)	(28,948,802)	(19,893,701)
<b>Profit before income tax expenses</b>		<b>318,792,635</b>	<b>324,897,234</b>	<b>271,123,689</b>	<b>317,108,554</b>
Income tax expenses	21, 26	(2,965,190)	(9,174,328)	(1,782,744)	(9,199,161)
<b>Profit for the year from continuing operations</b>		<b>315,827,445</b>	<b>315,722,906</b>	<b>269,340,945</b>	<b>307,909,393</b>
<b><u>Discontinued operations</u></b>					
Loss for the year from discontinued operations	22	(7,607,111)	(2,660,800)	-	-
<b>Profit for the year</b>		<b>308,220,334</b>	<b>313,062,106</b>	<b>269,340,945</b>	<b>307,909,393</b>
<b>Other comprehensive income:</b>					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Gain (loss) on change in value of available-for sale investment		154,894,359	(259,809,765)	142,274,859	(237,124,765)
Income tax effect		(30,978,872)	51,961,953	(28,454,972)	47,424,953
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		123,915,487	(207,847,812)	113,819,887	(189,699,812)
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods:					
Actuarial gain		-	6,971,710	-	4,800,729
Income tax effect		-	(1,394,342)	-	(960,146)
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		-	5,577,368	-	3,840,583
<b>Other comprehensive income for the year</b>		<b>123,915,487</b>	<b>(202,270,444)</b>	<b>113,819,887</b>	<b>(185,859,229)</b>
<b>Total comprehensive income for the year</b>		<b>432,135,821</b>	<b>110,791,662</b>	<b>383,160,832</b>	<b>122,050,164</b>

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

**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Net income (loss) attributable to:</b>					
<b>Equity holders of the parent</b>					
Income for the year from continuing operations		339,009,603	326,637,043	269,340,945	307,909,393
Loss for the year from discontinued operations		(6,433,939)	(1,330,400)	-	-
Income for the year for equity holder of the parent		<u>332,575,664</u>	<u>325,306,643</u>	<u>269,340,945</u>	<u>307,909,393</u>
<b>Minority interests of subsidiaries</b>					
Loss for the year from continuing operations		(23,182,158)	(10,914,137)		
Loss for the year from discontinued operations		(1,173,172)	(1,330,400)		
Loss for the year for minority interest of subsidiary		<u>(24,355,330)</u>	<u>(12,244,537)</u>		
		<u>308,220,334</u>	<u>313,062,106</u>		
<b>Total comprehensive income attributable to:</b>					
<b>Equity holders of the parent</b>					
Total comprehensive income for the year from continuing operations		461,901,189	125,995,297	387,773,061	122,050,164
Total comprehensive loss for the year from discontinued operations		(6,433,939)	(1,330,400)	-	-
Total comprehensive income for the year for equity holder of the parent		<u>455,467,250</u>	<u>124,664,897</u>	<u>387,773,061</u>	<u>122,050,164</u>
<b>Minority interests of subsidiaries</b>					
Total comprehensive loss for the year from continuing operations		(22,158,257)	(12,542,835)		
Total comprehensive loss for the year from discontinued operations		(1,173,172)	(1,330,400)		
Total comprehensive loss for the year for minority interest of subsidiary		<u>(23,331,429)</u>	<u>(13,873,235)</u>		
		<u>432,135,821</u>	<u>110,791,662</u>		
<b>Earning per share</b>					
	25				
<b>Basic earnings per share</b>					
Basic earning per share from continuing operations		0.56	0.54	0.45	0.51
Basic earning per share from discontinued operations		(0.01)	-	-	-
<b>Net basic earnings per share</b>		<u>0.55</u>	<u>0.54</u>	<u>0.45</u>	<u>0.51</u>

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

**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**Statement of cash flow**

**For the year ended 31 December 2016**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Income before tax from continuing operations	318,792,635	324,897,234	271,123,689	317,108,554
Loss before tax from discontinued operations	(7,607,111)	(2,660,800)	-	-
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	45,450,271	47,713,432	18,758,025	18,877,185
Allowance for impairment loss on assets	18,841,269	-	-	-
(Gain) loss on sales of machinery and equipment	16,210,633	2,112,007	(22,758)	(1,681,047)
Allowance for investment in subsidiary	-	-	56,354,016	-
Amortisation of prepaid rental fee	22,526,697	22,137,899	-	-
Allowance for doubtful debts (Reversal)	1,688,300	(250,000)	1,688,300	(250,000)
Unrealised loss on exchange	-	-	421,018	103,379
Allowance for diminution in value of inventories (Reversal)	1,970,785	(6,200,000)	(70,000)	(5,100,000)
Provision for long-term employee benefits	1,890,793	2,473,186	969,573	(2,005,417)
Dividend income	(333,365,360)	(300,954,516)	(313,004,690)	(284,622,484)
Interest income	(1,417,174)	(445,444)	(902,136)	(7,474,125)
Interest expenses	14,050,092	15,436,425	28,948,802	19,893,701
Income from operating activities before changes				
in operating assets and liabilities	99,031,830	104,259,423	64,263,839	54,849,746
Operating assets (increase) decrease				
Trade and other accounts receivable	578,427,555	(403,661,055)	573,508,080	(402,462,690)
Inventories	(10,015,996)	(65,133,190)	(24,416,110)	6,232,569
Other current assets	13,441,224	10,163,842	6,585,775	4,475,828
Prepaid rental fee	-	(173,190,570)	-	-
Other non-current assets	1,121,504	1,255,989	-	-
Operating liabilities increase (decrease)				
Trade and other accounts payable	(95,462,548)	128,996,160	(122,510,889)	179,385,790
Other current liabilities	(2,373,083)	2,091,256	(2,446,090)	1,328,775
Other non-current liabilities	(1,052,142)	(233,125)	-	-
<b>Cash flows from (used in) operating activities</b>	<b>583,118,344</b>	<b>(395,451,270)</b>	<b>494,984,605</b>	<b>(156,189,982)</b>
Cash paid for corporate income tax	(18,389,548)	(10,955,065)	(12,715,711)	(5,638,287)
<b>Net cash flows from (used in) operating activities</b>	<b>564,728,796</b>	<b>(406,406,335)</b>	<b>482,268,894</b>	<b>(161,828,269)</b>

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

**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**

**Statement of cash flow (continued)**

**For the year ended 31 December 2016**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Cash paid for purchase of current investments	-	(44,133,500)	-	-
Cash paid for increase share capital in a subsidiary	(17,573,440)	-	-	-
Cash received from reduction of capital of related company	-	169,984	-	56,661
Cash paid for increase share capital in a subsidiary	-	-	-	(250,000,000)
Cash received from non-controlling interest of a subsidiary				
from increase share capital in a subsidiary	-	9,091,000	-	-
Cash received from short-term loan to a subsidiary	-	-	23,500,000	270,880,000
Increase in short-term loan to a subsidiary	-	-	(37,000,000)	(277,380,000)
Increase in long-term loans to person	(22,500,000)	-	-	-
Cash received from long-term loans to person	921,194	-	-	-
Cash received from sales of equipment	14,040,053	1,994,074	23,751	1,989,874
Cash received from dividends	333,365,360	300,954,516	313,004,690	284,622,484
Cash received from interest income	1,417,174	495,747	843,979	7,423,802
Purchases of intangible assets	(4,425,748)	(1,827,964)	(4,012,582)	(341,351)
Purchases of plant and equipment	(21,909,285)	(44,773,443)	(5,399,430)	(2,875,673)
<b>Net cash flows from investing activities</b>	<b>283,335,308</b>	<b>221,970,414</b>	<b>290,960,408</b>	<b>34,375,797</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts	87,843	45,258	29,834	45,258
Cash received from short-term loans from banks	3,180,000,000	2,085,000,000	3,180,000,000	2,085,000,000
Repayment of short-term loans from banks	(3,673,000,000)	(1,605,000,000)	(3,673,000,000)	(1,605,000,000)
Cash received from short-term loans from subsidiaries	-	-	265,550,000	317,811,000
Repayment of short-term loans from subsidiaries	-	-	(173,600,000)	(348,311,000)
Repayment of short-term loans from related parties	-	(4,000,000)	-	-
Repayment of liabilities under finance lease	(297,563)	(198,375)	(297,563)	(198,375)
Cash paid for dividends	(336,000,000)	(300,000,000)	(336,000,000)	(300,000,000)
Cash paid for interest expenses	(13,894,050)	(15,391,085)	(28,618,059)	(19,356,263)
<b>Net cash flows from (used in) financing activities</b>	<b>(843,103,770)</b>	<b>160,455,798</b>	<b>(765,935,788)</b>	<b>129,990,620</b>
Net increase (decrease) in cash and cash equivalents	4,960,334	(23,980,123)	7,293,514	2,538,148
Cash and cash equivalents as at beginning of year	22,620,413	46,600,536	6,967,054	4,428,906
<b>Cash and cash equivalents as at end of year</b>	<b>27,580,747</b>	<b>22,620,413</b>	<b>14,260,568</b>	<b>6,967,054</b>
	-		0	

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements

	Equity attributable to the owners of the Company							Total Shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on change in value of available-for-sale investment	Total equity attributable to the owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	
			Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2015</b>	600,000,000	160,000,000	90,000,000	612,438,619	5,083,082,875	6,545,521,494	66,461,142	6,611,982,636
Increase in non-controlling interests of subsidiaries								
from investment in subsidiaries	-	-	-	-	-	-	9,091,000	9,091,000
Profit (loss) for the year	-	-	-	325,306,643	-	325,306,643	(12,244,537)	313,062,106
Other comprehensive income for the year	-	-	-	5,169,066	(205,810,811)	(200,641,745)	(1,628,698)	(202,270,443)
Total comprehensive income for the year	-	-	-	330,475,709	(205,810,811)	124,664,898	(13,873,235)	110,791,663
Dividends (Note 28)	-	-	-	(300,000,000)	-	(300,000,000)	-	(300,000,000)
<b>Balance as at 31 December 2015</b>	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>642,914,328</u>	<u>4,877,272,064</u>	<u>6,370,186,392</u>	<u>61,678,907</u>	<u>6,431,865,299</u>
<b>Balance as at 1 January 2016</b>	600,000,000	160,000,000	90,000,000	642,914,328	4,877,272,064	6,370,186,392	61,678,907	6,431,865,299
Decrease in non-controlling interests of subsidiaries								
from increase in proportion of shareholding	-	-	-	-	-	-	(17,573,440)	(17,573,440)
Profit (loss) for the year	-	-	-	332,575,664	-	332,575,664	(24,355,330)	308,220,334
Other comprehensive income for the year	-	-	-	-	122,891,587	122,891,587	1,023,901	123,915,488
Total comprehensive income for the year	-	-	-	332,575,664	122,891,587	455,467,251	(23,331,429)	432,135,822
Dividends (Note 28)	-	-	-	(336,000,000)	-	(336,000,000)	-	(336,000,000)
<b>Balance as at 31 December 2016</b>	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>639,489,992</u>	<u>5,000,163,651</u>	<u>6,489,653,643</u>	<u>20,774,038</u>	<u>6,510,427,681</u>
	-	-	-	-	-	-	-	-

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on changes in value of available-for-sale investments	Total Shareholders' equity
			Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2015</b>	600,000,000	160,000,000	90,000,000	703,082,844	4,813,175,625	6,366,258,469
Profit for the year	-	-	-	307,909,393	-	307,909,393
Other comprehensive income for the year	-	-	-	3,840,583	(189,699,812)	(185,859,229)
Total comprehensive income for the year	-	-	-	311,749,976	(189,699,812)	122,050,164
Dividends (Note 28)	-	-	-	(300,000,000)	-	(300,000,000)
<b>Balance as at 31 December 2015</b>	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>714,832,820</u>	<u>4,623,475,813</u>	<u>6,188,308,633</u>
<b>Balance as at 1 January 2016</b>	600,000,000	160,000,000	90,000,000	714,832,820	4,623,475,813	6,188,308,633
Profit for the year	-	-	-	269,340,945	-	269,340,945
Other comprehensive income for the year	-	-	-	-	113,819,888	113,819,888
Total comprehensive income for the year	-	-	-	269,340,945	113,819,888	383,160,833
Dividends (Note 28)	-	-	-	(336,000,000)	-	(336,000,000)
<b>Balance as at 31 December 2016</b>	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>648,173,765</u>	<u>4,737,295,701</u>	<u>6,235,469,466</u>
	-	-	-	-	-	-

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



**Patum Rice Mill and Granary Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2016**

**1. Corporate information**

Patum Rice Mill and Granary Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is MBK Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the processing and packaging of rice and related business. Its registered office and factory address is at 88, Moo 2, Tiwanont Road, Bangkadee Sub-District, Muang District, Pathumtani 12000 and a second factory is located at 109/3, Moo 14, Mitraparp Road Km.199, Lardbuakhow Sub-District, Sikhiu District, Nakornratchasima 30340.

**2. Basis for preparation of the financial statements**

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

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Patum Rice Mill and Granary Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
<b>Directly owned</b>			%	%
PRG Granary Co., Ltd.	Warehouse rental	Thailand	99.99	99.99
MBK Food and Entertainment Co., Ltd.	Food center	Thailand	75.00	75.00
MBK Food Island Co., Ltd.	Food center	Thailand	99.98	99.98
MBK Food System Co., Ltd.	Restaurant (Cessation since November 2016)	Thailand	55.00	55.00
<b>Indirectly owned</b>				
Owned by PRG Granary Co., Ltd.				
Ratchsima Rice Co., Ltd.	Distributor of rice, plant and machinery rental	Thailand	99.99	99.99
Sima Pac Co., Ltd.	Factory building rental and distributor of rice (Cessation Manufacturer and distributor of plastic bag business since August 2016)	Thailand	99.99	49.99
Owned by Ratchsima Rice Co., Ltd.				
Innofood (Thailand) Co., Ltd.	Distributor of rice and development of product from rice	Thailand	99.99	99.99
Owned by MBK Food and Entertainment Co., Ltd.				
MBK Restaurant Group Co., Ltd.	Restaurant	Thailand	99.99	99.99

On 29 February 2016, the meeting of the Board of Directors No. 1/2559 of PRG Granary Company Limited, a subsidiary, passed a resolution of granting approval for the company to acquire 250,000 ordinary shares of Sima Pac Company Limited, representing 50 percent of its registered capital, from the other existing shareholders at 70.29376 Baht per share, or for a total of Baht 17,573,440. The Group's total shareholding in this company increased from 49.99 percent to 99.99 percent.

On 9 August 2016 the meeting of the Board of Directors No. 1/2559 of Sima Pac Company Limited approved its cessation of its manufacturer and distributor of plastic bag business and the sale of the assets of these businesses. The subsidiary sold its machinery and vehicles in March 2016. The operating results of the discontinued operations are presented in Note 22 to the consolidated financial statements.

On 29 September 2016, the Extraordinary General Meeting of the shareholders of Sima Pac Company Limited, a subsidiary of PRG Granary Company Limited's subsidiary (a subsidiary of the Company), passed a resolution of granting approval for Sima Pac Company Limited to increase its registered capital from Baht 50 million to Baht 150 million, through the issuance of 1,000,000 new preference shares with a par value of Baht 100 each, totaling Baht 100 million, with all shares to be allocated to PRG Granary Company Limited. PRG Granary Company Limited paid in the called-up share subscription on 19 October 2016 and the share capital increase was registered with the Ministry of Commerce on 20 October 2016.

On 27 October 2016, the meeting of the Board of Directors No. 10/59 approved MBK Food System Company Limited, a subsidiary of the Company, cessation of its restaurant business, effective from 31 October 2017.

On 30 November 2016, the meeting of the Board of Directors No. 11/59 approved Innofood (Thailand) Company Limited, a subsidiary of the Company, to operate restaurant business instead of MBK Food System Company Limited and purchase the assets of these businesses and passed a resolution granting of approval for the company to acquired ordinary shares of MBK Food System Company Limited, representing 45 percent of its registered capital, from the other existing shareholders.

- 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 reporting period and significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries 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 under the cost method.

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

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### **3.1 Financial reporting standards that became effective in the current year**

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

#### **3.2 Financial reporting standard that will become effective in the future**

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

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

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

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

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

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

a) 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.

b) Rendering of services

Service revenue is recognised when service has been rendered taking into account the stage of completion.

c) Interest income

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

d) Dividends

Dividend is recognised when the right to receive the dividend is established.

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

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

### **4.3 Trade accounts receivable**

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

### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost under the first-in, first-out method and net realisable value and comprise raw material, direct labour and attributable factory overheads. Raw materials, chemicals, 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 Investments**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable security is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

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

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

#### **4.6 Investment properties**

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 10 - 20 years. Depreciation of the investment properties is included in determining income.

No depreciation is provided on land.

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

#### **4.7 Property, plant and equipment and depreciation**

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

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

Buildings	5 - 20 years
Machinery and factory equipment	5 - 20 years
Furniture, fixtures and office equipment	3 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement, 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.

#### **4.8 Intangible assets**

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

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

Computer software has useful life of 10 years.

#### **4.9 Goodwill**

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

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

An impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

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

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

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

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

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

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

When an operating lease is terminated before the lease period has expired, and payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### **4.12 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.



#### **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 and 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.

#### **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 Company and its subsidiaries' contributions 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 an 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 taxes**

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

a) Current tax

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

b) 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.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.17 Forward exchange contracts**

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

#### **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 categories of input to be used in fair value measurement as follows:

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

At the end of each reporting period, the 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 judgments and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Allowance for doubtful accounts**

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

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Impairment of equity investments**

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Investment properties**

In determining depreciation of investment properties, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiaries' investment properties and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment property for impairment on a periodical basis and record impairment loss in the period when it is determined that its 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.

### **Property, plant and equipment and 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 amounts are lower than the carrying amounts. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Goodwill and intangible assets**

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

**Deferred tax assets**

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

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

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

## 6. Related party transactions

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

					(Unit: Million Baht)
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
<b>Transactions with parent company</b>					
Sales	2	2	1	1	Market price or prices which approximated market prices
Service expenses	72	73	1	-	Contract price
Prepaid rental fee payment	-	173	-	-	Contract price
Dividend income	329	300	313	285	Declared rate
<b>Transactions with subsidiaries</b> (eliminated from the consolidated financial statements)					
Rental income	-	-	7	7	Contract price
Service income	-	-	2	4	Contract price
Interest income	-	-	1	7	MLR of a commercial bank
Purchase of raw materials	-	-	768	821	Market price or prices which approximated market prices
Sales	-	-	104	37	Market price or prices which approximated market prices
Rental expenses	-	-	5	5	Contract rate with reference to the rates charged to third parties
Service expense	-	-	12	-	Market price or prices which approximated market prices
Interest expenses	-	-	15	5	Market price or prices which approximated market prices
<b>Transactions with related companies</b>					
Sales	2	1	2	1	Market price or prices which approximated market prices
Service expenses	10	9	5	6	Contract price

The outstanding balances of the above transactions have been presented in the statements of financial position as at 31 December 2016 and 2015 as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Trade and other receivables - related parties</b>				
Parent company	1,149	1,274	550	804
Subsidiaries	-	-	1,635	1,435
Related parties (under common control)	298	125	270	123
<b>Total</b>	<b>1,447</b>	<b>1,399</b>	<b>2,455</b>	<b>2,362</b>
<b>Trade and other payables - related parties</b>				
Parent company	1,479	1,357	118	2
Subsidiaries	-	-	36,154	73,990
Related parties (under common control)	403	1,018	72	76
<b>Total</b>	<b>1,882</b>	<b>2,375</b>	<b>36,344</b>	<b>74,068</b>

#### Short-term loan to a subsidiary

Movements of short-term loan to a subsidiary as at 31 December 2016 was as follows:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 December 2016
	Balance as at 31 December 2015	During the year		
		Increase	Decrease	
<b>Short-term loan to a subsidiary</b>				
MBK Food and Entertainment Company Limited	6,500	37,000	(23,500)	20,000
<b>Total</b>	<b>6,500</b>	<b>37,000</b>	<b>(23,500)</b>	<b>20,000</b>

Short-term loan to a subsidiary carries interest at MLR rate of a local commercial bank and due at call.

### Short-term loans from subsidiaries

As at 31 December 2016, the outstanding balance and movement of short-term loans from subsidiaries were as follows:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 December 2016
	Balance as at 31 December 2015	During the year		
		Increase	Decrease	
<b>Short-term loans from subsidiaries</b>				
MBK Food System Co., Ltd.	10,400	1,000	(8,400)	3,000
MBK Food Island Co., Ltd.	81,800	39,200	-	121,000
PRG Granary Co., Ltd.	179,420	225,350	(165,200)	239,570
	<u>271,620</u>	<u>265,550</u>	<u>(173,600)</u>	<u>363,570</u>

### Prepaid rental fee

On 2 April 2013, MBK Food Island Company Limited, a subsidiary, entered into a long-term space rental agreement, a long-term building equipment and systems rental agreement, and a long-term promotion and development space agreement with MBK Public Company Limited, for periods of 20 years (from 21 April 2013 to 20 April 2033). Under these agreements the subsidiary is required to pay prepaid rental fees over the terms of the contracts, totaling Baht 260 million. As at the date of the agreements date, the subsidiary classified the leases as operating leases, for which the rental payments are recognised as an expense on a straight-line basis over the lease period.

On 29 October 2014, MBK Food Island Company Limited, a subsidiary, entered into a long-term space rental agreement, a long-term building equipment and systems rental agreement, and a long-term promotion and development space agreement with MBK Public Company Limited, for periods of 18 years (from 1 September 2014 to 20 April 2033). Under these agreements the subsidiary is required to pay prepaid rental fees over the terms of the contracts, totaling Baht 176 million. As at the date of the agreements date, the subsidiary classified the leases as operating leases, for which the rental payments are recognised as an expense on a straight-line basis over the lease period.



	(Unit: Thousand Baht)	
	2016	2015
Prepaid rental fee - Beginning of the year	388,986	237,933
Prepaid rental fee increase	-	173,190
Less: Amortisation	(22,527)	(22,137)
Net book value - Ending of the year	366,459	388,986
Amortisation for the year	22,527	22,137

### Directors and management's benefits

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

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	2016	2015
Short-term employee benefits	24	21
Post-employment benefits	1	1
Total	25	22

## 7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash on hand	2,073,907	1,997,752	90,000	110,000
Bank deposits	25,506,840	20,622,661	14,170,568	6,857,054
Total	27,580,747	22,620,413	14,260,568	6,967,054

Bank deposits include savings accounts and fixed deposits. The savings account carried interest 0.13 - 0.50 percent per annum (2015: 0.13 - 0.40 percent per annum).

## 8. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due	1,154,491	1,320,757	611,770	1,050,313
Past due				
Up to 3 months	241,900	29,549	1,037,492	217,034
Total trade receivables - related parties, net	1,396,391	1,350,306	1,649,262	1,267,347
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	70,763,977	623,077,635	69,039,799	618,089,596
Past due				
Up to 3 months	16,109,703	33,892,487	16,109,703	32,087,745
3 - 6 months	895,676	2,392,629	895,676	874,402
6 - 12 months	846,241	125,341	846,241	125,341
Over 12 months	1,308,581	749,680	1,308,581	749,680
Total	89,924,178	660,237,772	88,200,000	651,926,764
Less: Allowance for doubtful accounts	(2,438,300)	(750,000)	(2,438,300)	(750,000)
Total trade receivable - unrelated parties, net	87,485,878	659,487,772	85,761,700	651,176,764
Total trade receivable - net	88,882,269	660,838,078	87,410,962	652,444,111
<b>Other receivables</b>				
Other receivables - related parties	50,474	49,042	805,622	1,094,333
Other receivables - unrelated parties	6,138,730	14,300,209	199,531	10,207,352
Total other receivables	6,189,204	14,349,251	1,005,153	11,301,685
Trade and other receivables - net	95,071,473	675,187,329	88,416,115	663,745,796

## 9. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	57,026,065	72,946,209	(380,000)	(450,000)	56,646,065	72,496,209
Raw materials	173,430,866	146,255,331	-	-	173,430,866	146,255,331
Work in process	-	1,153,266	-	-	-	1,153,266
Store supplies	20,492,788	20,578,917	(2,471,758)	(431,000)	18,021,003	20,147,917
<b>Total</b>	<b>250,949,719</b>	<b>240,933,723</b>	<b>(2,851,785)</b>	<b>(881,000)</b>	<b>248,097,934</b>	<b>240,052,723</b>

(Unit: Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	48,610,990	70,073,303	(380,000)	(450,000)	48,230,990	69,623,303
Raw materials	111,136,928	65,200,565	-	-	111,136,928	65,200,565
Store supplies	13,113,508	13,171,448	-	-	13,113,508	13,171,448
<b>Total</b>	<b>172,861,426</b>	<b>148,445,316</b>	<b>(380,000)</b>	<b>(450,000)</b>	<b>172,481,426</b>	<b>147,995,316</b>

During the current year, the Group recorded the write-down of cost of inventories by Baht 2.0 million (Separate financial statements: reversed the write-down of cost of inventories by Baht 0.1 million), and reduced the amount of inventories recognised as expenses during the year.

Movements in diminution in value of inventories for the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	881	450
Increased (decreased) in diminution in value of inventories	1,971	(70)
<b>Balance as at 31 December 2016</b>	<b>2,852</b>	<b>380</b>

The Company has pledged inventories of approximately Baht 229 million (2015: Baht 215 million) (Separate financial statements: Baht 160 million (2015: Baht 135 million)) to secure short-term loans from a bank, as discussed in Note 17.

## 10. Investments in subsidiaries

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

Company's name	Paid up capital		Shareholding percentage		Cost		(Unit: Baht) Dividend received during the years	
	2016	2015	2016	2015	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	%	%				
PRG Granary Co., Ltd.	500,000	500,000	99.99	99.99	489,636,680	489,636,680	-	-
MBK Food and Entertainment Co., Ltd.	50,000	50,000	75.00	75.00	84,751,452	84,751,452	-	-
MBK Food Island Co., Ltd.	500,000	500,000	99.99	99.99	498,685,435	498,685,435	-	-
MBK Food System Co., Ltd.	109,091	109,091	55.00	55.00	60,000,000	60,000,000	-	-
Investments in subsidiaries					1,133,073,567	1,133,073,567	-	-
Less: Allowance for investment in subsidiary					(56,354,016)	-		
Investments in subsidiaries - net					1,076,719,551	1,133,073,567		

### Goodwill

Goodwill as at 31 December 2016 and 2015 comprise goodwill on business combination in following subsidiaries:

	(Unit: Baht)	
	Consolidated financial statements	
	2016	2015
Innofood (Thailand) Co., Ltd.	240,097	240,097
MBK Food and Entertainment Co., Ltd.	53,181,171	53,181,171
Goodwill	53,421,268	53,421,268

Goodwill represents the excess of the cost of investment over the fair value of assets acquired and liabilities assumed at acquisition date. The Group has tested for impairment annually when circumstances indicate that the carrying value may be impaired.

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

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the years		(Unit: Million Baht) Dividend paid to non-controlling interests during the years	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
Sima Pac Company Limited	-	50.01	-	18.75	(1.17)	(0.83)	-	-
MBK Food and Entertainment Company Limited	25.00	25.00	14.89	10.69	(1.83)	0.65	-	-
MBK Food System Company Limited	45.00	40.00	7.91	27.46	(19.54)	(11.43)	-	-

10.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

**Summarised information about financial position**

(Unit: Million Baht)

	Sima Pac		MBK Food and		MBK Food System	
	Company Limited		Entertainment		Company Limited	
	2016	2015	2016	2015	2016	2015
Current assets	124.18	19.32	9.27	10.45	9.56	17.72
Non-current assets	21.98	25.13	83.79	77.91	2.32	40.41
Current liabilities	12.29	6.11	31.08	23.90	0.30	3.09
Non-current liabilities	0.03	0.85	2.43	1.69	-	-

**Summarised information about comprehensive income**

(Unit: Million Baht)

	For the years ended 31 December					
	Sima Pac		MBK Food and		MBK Food System	
	Company Limited		Entertainment		Company Limited	
	2016	2015	2016	2015	2016	2015
Revenue	251.83	66.04	112.77	136.83	19.70	31.50
Profit (loss)	(3.65)	(1.66)	(7.31)	2.52	(43.43)	(28.58)
Other comprehensive income	-	-	4.10	(8.15)	-	-
Total comprehensive income	(3.65)	(1.66)	(3.21)	(5.63)	(43.43)	(28.58)

**Summarised information about cash flow**

(Unit: Million Baht)

	For the years ended 31 December					
	Sima Pac		MBK Food and		MBK Food System	
	Company Limited		Entertainment		Company Limited	
	2016	2015	2016	2015	2016	2015
Cash flow from operating activities	20.72	7.99	(6.02)	1.45	(7.56)	(15.01)
Cash flow from investing activities	(22.02)	(0.16)	(3.52)	(33.68)	8.45	4.63
Cash flow from financing activities	(2.03)	(6.42)	8.55	10.36	-	9.09
Net increase (decrease) in cash and cash equivalents	(3.33)	1.41	(0.99)	(21.87)	0.89	(1.29)

## 11. Investment in parent company - available-for-sale securities

(Unit: Baht)

		Consolidated financial statements					
		Shareholding percentage		Investments		Dividend received during the years	
Nature of business		2016	2015	2016	2015	2016	2015
		%	%				
MBK Public Company Limited	Property rental and development	29.23	26.47	955,416,356	955,416,356		
Add: Unrealised gain on change in value of investment				6,233,776,876	6,084,002,017		
				<u>7,189,193,232</u>	<u>7,039,418,373</u>	<u>329,504,690</u>	<u>299,549,718</u>

(Unit: Baht)

		Separate financial statements					
		Shareholding percentage		Investments		Dividend received during the years	
Nature of business		2016	2015	2016	2015	2016	2015
		%	%				
MBK Public Company Limited	Property rental and development	27.77	25.14	907,573,606	907,573,606		
Add: Unrealised gain on change in value of investment				5,921,619,626	5,779,344,767		
				<u>6,829,193,232</u>	<u>6,686,918,373</u>	<u>313,004,690</u>	<u>284,549,718</u>

The investment in parent company is long-term investment in marketable equity securities which classified as available-for-sale securities. Although the Company invests more than 20% of common shares of the parent company and has certain common directors, such investment is not classified as investment in associate because the Company has no significant influence in participating in the financial and operating policy decisions of the parent company.

As at 31 December 2016, the Company has pledged its investment in the listed securities of parent company and entered into a negative pledge agreement on such listed securities totalling 318 million shares, with value at end of reporting period amounting to Baht 4,579 million (2015: 318 million shares, Baht 4,484 million) to secure bank overdraft and short-term loan facilities from banks, as discussed in Note 17.

## 12. Long-term investment - available-for-sale securities

Long-term investment - available-for-sale securities as at 31 December 2016 comprise the following:

	(Unit: Baht)	
	Consolidated financial statements	
	2016	2015
<b>Available-for-sale securities</b>		
Equity securities	44,133,500	44,133,500
Less: Unrealised loss on changes in value of investment	(5,065,500)	(10,185,000)
Long-term investment - available-for-sale securities	<u>39,068,000</u>	<u>33,948,500</u>

## 13. Long-term loan to other person

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 December 2016	31 December 2015
Loan	21,579	-
Less: Current portion	(2,901)	-
Net of current portion	<u>18,678</u>	<u>-</u>

Long-term loan to other person secured by the pledged/mortgaged of assets specified in the loan agreement and carried interest at fixed rates. Long-term loan is mature within 7 years.

## 14. Investment properties

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

	Consolidated financial statements			Separate financial statements		
	Building		Total	Building		Total
	Land	for rent		Land	for rent	
As at 31 December 2016:						
Cost	33,198,631	100,052,943	133,251,574	29,525,466	1,181,521	30,706,987
Less: Accumulated depreciation	-	(89,231,896)	(89,231,896)	-	(1,181,520)	(1,181,520)
Net book value	<u>33,198,631</u>	<u>10,821,047</u>	<u>44,019,678</u>	<u>29,525,466</u>	<u>1</u>	<u>29,525,467</u>
As at 31 December 2015:						
Cost	33,198,631	77,390,152	110,588,783	29,525,466	1,181,521	30,706,987
Less: Accumulated depreciation	-	(70,699,420)	(70,699,420)	-	(1,181,520)	(1,181,520)
Net book value	<u>33,198,631</u>	<u>6,690,732</u>	<u>39,889,363</u>	<u>29,525,466</u>	<u>1</u>	<u>29,525,467</u>

Reconciliations of the net book values of investment properties for the years ended 31 December 2016 and 2015 are presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	39,889,363	40,719,900	29,525,467	30,765,720
Work in process	2,147,436	-	-	-
Reclassification	3,602,903	-	-	(1,085,505)
Depreciation charged	(1,620,024)	(830,537)	-	(154,748)
Net book value at end of year	<u>44,019,678</u>	<u>39,889,363</u>	<u>29,525,467</u>	<u>29,525,467</u>

The fair value of the investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land	315,731,000	315,731,000	43,393,102	43,393,102
Building for rent	45,032,350	45,032,350	-	-
Total	<u>360,763,350</u>	<u>360,763,350</u>	<u>43,393,102</u>	<u>43,393,102</u>

The fair value of the above investment properties have been determined based on appraisal value performed by an independent appraiser. The fair value of the land has been determined using market approach amounting to Baht 316 million in the consolidated financial statements (Separate financial statement: Baht 43 million). The fair value of the building for rent has been determined using replacement cost approach amounting to Baht 45 million in the consolidated financial statements.



## 15. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements					Total
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture fixtures, office equipment and motor vehicles	Asset under installation	
<b>Cost:</b>						
1 January 2015	107,370,836	236,439,824	303,870,206	120,687,565	7,606,933	775,975,364
Additions	-	74,900	20,175,498	12,009,361	12,513,684	44,773,443
Disposals / write-off	-	-	(5,160,175)	(5,840,337)	-	(11,000,512)
Transfer in/(transfer out)	-	-	19,389,973	170,028	(19,560,001)	-
31 December 2015	107,370,836	236,514,724	338,275,502	127,026,617	560,616	809,748,295
Additions	-	268,215	6,592,273	9,681,396	3,219,963	19,761,847
Reclassification	-	(20,515,354)	-	-	-	(20,515,354)
Disposals / write-off	-	-	(92,454,646)	(4,238,374)	-	(96,693,020)
Transfer in/(transfer out)	-	461,933	1,187,497	161,053	(1,810,483)	-
31 December 2016	107,370,836	216,729,518	253,600,626	132,630,692	1,970,096	712,301,768
<b>Accumulated depreciation:</b>						
1 January 2015	-	168,934,239	178,588,303	102,129,747	-	449,652,289
Depreciation for the year	-	11,171,141	27,482,305	6,689,080	-	45,342,526
Depreciation on disposals	-	-	(1,486,515)	(5,517,653)	-	(7,004,168)
31 December 2015	-	180,105,380	204,584,093	103,301,174	-	487,990,647
Reclassification	-	(16,912,452)	-	-	-	(16,912,452)
Depreciation for the year	-	9,919,159	24,067,745	8,157,704	-	42,144,608
Depreciation on disposals	-	-	(62,744,769)	(3,700,233)	-	(66,445,002)
31 December 2016	-	173,112,087	165,907,069	107,758,645	-	446,177,801
<b>Allowance for impairment loss:</b>						
1 January 2015	-	-	800,000	-	-	800,000
31 December 2015	-	-	800,000	-	-	800,000
Increase during the year	-	-	18,626,355	214,914	-	18,841,269
31 December 2016	-	-	19,426,355	214,914	-	19,641,269
<b>Net book value:</b>						
31 December 2015	107,370,836	56,409,344	132,891,409	23,725,443	560,616	320,957,648
31 December 2016	107,370,836	43,617,431	68,267,202	24,657,133	1,970,096	245,882,698
<b>Depreciation for the year</b>						
2015 (Baht 31 million included in manufacturing cost, and Baht 14 million included in selling and administrative expenses)						45,342,526
2016 (Baht 26 million included in manufacturing cost, and Baht 15 million included in selling and administrative expenses)						42,144,608

(Unit: Baht)

	Separate financial statements					
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture fixtures, office equipment and motor vehicles	Asset under installation	Total
<b>Cost:</b>						
1 January 2015	77,885,370	129,012,865	100,936,000	52,041,432	406,214	360,281,881
Reclassification	-	4,137,955	-	-	-	4,137,955
Additions	-	74,900	95,524	2,674,832	30,417	2,875,673
Disposals	-	-	(168,279)	(5,699,167)	-	(5,867,446)
Transfer in / (transfer out)	-	-	30,000	-	(30,000)	-
31 December 2015	77,885,370	133,225,720	100,893,245	49,017,097	406,631	361,428,063
Additions	-	302,716	173,743	4,638,669	284,302	5,399,430
Disposals	-	-	(713,004)	(354,686)	-	(1,067,690)
Transfer in / (transfer out)	-	117,869	-	46,850	(164,719)	-
31 December 2016	77,885,370	133,646,305	100,353,984	53,347,930	526,214	365,759,803
<b>Accumulated depreciation:</b>						
1 January 2015	-	76,651,883	52,211,360	44,700,369	-	173,563,612
Reclassification	-	3,052,450	-	-	-	3,052,450
Depreciation for the year	-	6,369,398	8,382,914	2,872,847	-	17,625,159
Depreciation on disposals	-	-	(165,281)	(5,393,338)	-	(5,558,619)
31 December 2015	-	86,073,731	60,428,993	42,179,878	-	188,682,602
Depreciation for the year	-	6,360,915	8,205,188	3,047,230	-	17,613,333
Depreciation on disposals	-	-	(712,044)	(354,652)	-	(1,066,696)
31 December 2016	-	92,434,646	67,922,137	44,872,456	-	205,229,239
<b>Net book value:</b>						
1 January 2015	-	-	800,000	-	-	800,000
31 December 2015	-	-	800,000	-	-	800,000
31 December 2016	-	-	800,000	-	-	800,000
<b>Net book value:</b>						
31 December 2015	77,885,370	47,151,989	39,664,252	6,837,219	406,631	171,945,461
31 December 2016	77,885,370	41,211,659	31,631,847	8,475,474	526,214	159,730,564
<b>Depreciation for the year</b>						
2015 (Baht 11 million included in manufacturing cost, and Baht 6 million included in selling and administrative expenses)						17,625,159
2016 (Baht 10 million included in manufacturing cost, and Baht 7 million included in selling and administrative expenses)						17,613,333

As at 31 December 2016, certain items of building, machinery and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amounts before deducting accumulated depreciation of those assets amounted to approximately Baht 256 million, (2015: Baht 289 million) (Separate financial statements: Baht 71 million (2015: Baht 61 million)).

## 16. Intangible asset - Computer software

Details of intangible assets which are computer software are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	19,042,758	14,619,677	15,195,665	11,183,083
Less : Accumulated amortisation	(9,828,683)	(8,143,044)	(7,983,925)	(6,839,233)
Net book value	<u>9,214,075</u>	<u>6,476,633</u>	<u>7,211,740</u>	<u>4,343,850</u>
Amortisation expenses included in the profit or loss for the year	<u>1,685,639</u>	<u>1,540,369</u>	<u>1,144,692</u>	<u>1,097,277</u>

Reconciliations of the net book values of intangible assets for the years 2016 and 2015 are presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	6,476,633	6,298,775	4,343,850	5,099,776
Disposals	(2,667)	-	-	-
Acquisition of computer software	4,425,748	1,718,227	4,012,582	341,351
Amortisation	(1,685,639)	(1,540,369)	(1,144,692)	(1,097,277)
Net book value at end of year	<u>9,214,075</u>	<u>6,476,633</u>	<u>7,211,740</u>	<u>4,343,850</u>

## 17. Bank overdrafts and short-term loans from banks

(Unit: Baht)

	Interest rate		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
	(% per annum)	(% per annum)				
Bank overdrafts	7.12	7.40	209,351	121,509	151,343	121,509
Short-term loans from banks	1.94 - 2.02	2 - 2.06	<u>500,000,000</u>	<u>993,000,000</u>	<u>500,000,000</u>	<u>993,000,000</u>
Total			<u>500,209,351</u>	<u>993,121,509</u>	<u>500,151,343</u>	<u>993,121,509</u>

Bank overdrafts and short-term loan facilities from banks are secured by the pledge of inventories and listed securities as discussed in Notes 9 and 11.

## 18. Trade and other payables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties	327,718	97,795	34,187,110	67,180,425
Trade payables - unrelated parties	89,107,410	160,541,573	51,893,782	111,782,926
Other payables - related parties	1,554,488	2,277,596	2,156,686	6,887,103
Accrued expenses	44,711,954	68,091,112	31,247,994	56,011,973
Total trade and other payables	<u>135,701,570</u>	<u>231,008,076</u>	<u>119,485,572</u>	<u>241,862,427</u>

## 19. Long-term liabilities under financial lease agreement

(Unit: Baht)

	Consolidated/Separate financial statements	
	2016	2015
Liabilities under finance lease agreement	721,812	1,031,158
Less: Deferred interest expenses	(27,500)	(39,283)
Total	694,312	991,875
Less: Current portion	(297,563)	(297,563)
Liabilities under finance lease agreements - net of current portion	<u>396,749</u>	<u>694,312</u>

The Company has entered into the finance lease agreement with leasing company for rental of motor vehicles for use in its operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under finance lease agreement were as follows:

(Unit: Baht)

	As at 31 December 2016		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	309,348	412,464	721,812
Less: Deferred interest expenses	(11,785)	(15,715)	(27,500)
Present value of future minimum lease payments	<u>297,563</u>	<u>396,749</u>	<u>694,312</u>
	As at 31 December 2015		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	309,348	721,810	1,031,158
Less: Deferred interest expenses	(11,785)	(27,498)	(39,285)
Present value of future minimum lease payments	<u>297,563</u>	<u>694,312</u>	<u>991,875</u>

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Balance at beginning of year</b>	14,786,295	19,284,819	8,506,566	15,312,712
Current service cost	1,490,376	1,676,059	756,417	1,203,586
Interest cost	400,417	797,127	213,156	630,997
Gain on curtailments	(914,975)	-	-	-
Included in other comprehensive income:				
Actuarial gain arising from				
Demographic assumptions changes	-	(3,527,142)	-	(2,721,029)
Financial assumptions changes	-	1,311,831	-	961,565
Experience adjustments	-	(4,756,399)	-	(3,041,265)
Benefits paid during the year	-	-	-	(3,840,000)
<b>Balance at end of year</b>	<b>15,762,113</b>	<b>14,786,295</b>	<b>9,476,139</b>	<b>8,506,566</b>

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales	320,288	558,436	39,179	397,970
Selling expenses	261,806	124,663	157,220	124,663
Administrative expenses	1,308,699	1,662,889	773,174	1,311,950
	<b>1,890,793</b>	<b>2,345,988</b>	<b>969,573</b>	<b>1,834,583</b>

The Company and its subsidiaries expect to pay Baht 1.8 million of long-term employee benefits during the next year.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 13 years (2015: 13 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Discount rate	2.8	2.8	2.8	2.8
Salary increase rate	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0
Turnover rate	0 - 40.0	0 - 40.0	0 - 40.0	0 - 40.0

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

(Unit: Million Baht)

	Consolidated financial statements			
	Increase	Amount increase		Amount increase
		(decrease)	Decrease	
(percent per annum)		(percent per annum)		
Discount rate	1.0	(1.4)	1.0	1.2
Salary increase rate	1.0	1.4	1.0	(1.5)
Turnover rate	20.0	(2.0)	20.0	1.6

(Unit: Million Baht)

	Separate financial statements			
	Increase	Amount increase		Amount increase
		(decrease)	Decrease	
(percent per annum)		(percent per annum)		
Discount rate	1.0	(1.0)	1.0	1.0
Salary increase rate	1.0	1.0	1.0	(1.0)
Turnover rate	20.0	(1.4)	20.0	1.1

## 21. Income tax

Some subsidiaries are not liable for corporate income tax for the years ended 31 December 2016 and 2015 because the subsidiaries have tax loss brought forward from previous years.

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	3,052,354	9,799,590	1,976,658	8,954,143
Adjustment in respect of income tax				
of previous year	74,925	(156,065)	-	(156,065)
<b>Deferred tax:</b>				
Relating to origination and reversal of				
temporary differences	(162,089)	(469,197)	(193,914)	401,083
<b>Income tax expense reported in the statement</b>				
<b>    of comprehensive income</b>	<b>2,965,190</b>	<b>9,174,328</b>	<b>1,782,744</b>	<b>9,199,161</b>

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax on gains (losses) from the changes in values of available-for-sale investments	30,978,872	(51,961,953)	28,454,972	(47,424,953)
Deferred tax on actuarial gain	-	1,394,342	-	960,146
	<u>30,978,872</u>	<u>(50,567,611)</u>	<u>28,454,972</u>	<u>(46,464,807)</u>

Reconciliations between accounting profit and income tax expenses is shown below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	<u>311,185,524</u>	<u>322,236,434</u>	<u>271,123,689</u>	<u>317,108,554</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	62,237,105	64,447,287	54,224,738	63,421,711
Adjustment in respect of income tax of previous year	74,925	(156,065)	-	(156,065)
Tax effect of non-deductible expenses and income not subject to tax	<u>(59,346,840)</u>	<u>(55,116,894)</u>	<u>(52,441,994)</u>	<u>(54,066,485)</u>
Income tax expenses reported in the statement of comprehensive income	<u>2,965,190</u>	<u>9,174,328</u>	<u>1,782,744</u>	<u>9,199,161</u>

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Timing differences of accounting and taxable expense recognition	87,776	120,851	-	-
Provision for long-term employee benefits	3,152,423	2,927,259	1,895,228	1,701,313
	<u>3,240,199</u>	<u>3,078,110</u>	<u>1,895,228</u>	<u>1,701,313</u>
<b>Deferred tax liabilities</b>				
Unrealised gain from available-for-sale investments	<u>1,229,560,825</u>	<u>1,198,581,953</u>	<u>1,184,323,925</u>	<u>1,155,868,954</u>

As at 31 December 2016, subsidiaries have unused tax losses of Baht 148 million (2015: Baht 114 million). The subsidiaries do not recognised these tax losses as deferred tax asset because the subsidiaries consider that it is not probable that taxable profit will be available against which the unused tax losses can be utilised before expiry date.

The unused tax losses amounting to Baht 3 million will be expired by 2017.

## 22. Discontinued operations of the subsidiary - Sima Pac Company Limited

The discontinued operation transactions included in the income statements the periods ended 31 December 2016 and 2015 comprised the following:

(Unit: Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2016	2015
<b><u>Discontinued operations</u></b>		
<b>Revenues</b>		
Sales	22,731,985	43,847,167
Other income	2,259,877	322,118
<b>Total revenues</b>	<b>24,991,862</b>	<b>44,169,285</b>
<b>Expenses</b>		
Cost of sales	22,527,294	39,816,151
Selling expenses	374,353	1,547,037
Administrative expenses	2,688,574	5,012,864
Loss on sales of machinery and equipment	7,002,674	12,677
<b>Total expenses</b>	<b>35,592,895</b>	<b>46,388,729</b>
<b>Net loss for the year from discontinued operations before financial cost</b>	<b>(7,601,033)</b>	<b>(2,219,444)</b>
Financial cost	(6,078)	(441,356)
<b>Net loss for the year from discontinued operations</b>	<b>(7,607,111)</b>	<b>(2,660,800)</b>
<b>Basic loss per share</b>		
Net loss for the year from discontinued operations	(0.01)	(0.00)



The net cash flows for the periods ended 31 December 2016 and 2015 incurred by discontinued operations are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Cash flows from operating activities	10,043	7,995
Cash flows used in investing activities	(9,194)	(158)
Cash flows used in financing activities	(2,026)	(6,421)
Net increase (decrease) in cash	<u>(1,177)</u>	<u>1,416</u>

### 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to 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.

### 24. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	146,111,922	135,230,408	72,263,027	66,356,379
Severance payment	-	963,310	-	963,310
Depreciation and amortisation expenses	45,450,271	47,713,432	18,758,025	18,877,185
Transportation expenses	58,242,409	161,183,340	53,564,551	155,844,959
Commission and sales promotion expenses	71,559,019	63,137,774	61,195,806	58,999,122
Repair and maintenance expenses	8,027,087	7,489,745	2,187,544	1,416,757
Electricity expenses	26,948,381	33,782,680	2,074,398	2,069,763
Rental expenses	56,276,636	72,361,186	10,016,898	4,122,831
Raw materials and consumables used	1,891,583,416	1,803,871,918	1,195,550,285	1,781,905,216
Changes in inventories of finished goods and work in process (increase)	20,257,846	10,193,270	24,474,051	7,235,253

### 25. Basic earnings per share

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

## **26. Segment information**

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments: (1) improving the quality and packaging of milled rice and (2) manufacturing and distribution of plastic bag (3) food Business.

No operating segments have been aggregated to form the above reportable operating segments.

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

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2016 and 2015, respectively.

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

(Unit: Baht)

	Improving the quality And packaging of milled rice		Manufacturing and distribution of plastic bag		Food Business		Elimination of inter- segment revenues		Consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Revenue from external customers	1,451,150,170	2,139,231,850	22,731,985	43,847,167	369,421,821	366,301,975	-	-	1,843,303,976
Inter-segment revenue	261,161	103,491	4,338,065	21,869,901	-	-	(4,599,226)	(21,973,392)	-	-
Interest revenue	14,291,120	2,103,026	506,158	28,817	2,500,624	3,503,217	(15,880,728)	(5,189,616)	1,417,174	445,444
Interest expense	(28,948,946)	(19,893,701)	(6,708)	(441,356)	(975,796)	(290,984)	15,880,728	5,189,616	(14,050,092)	(15,436,425)
Depreciation and amortisation	(24,320,051)	(23,995,353)	(1,150,012)	(5,558,165)	(19,980,208)	(18,159,915)	-	-	(45,450,271)	(47,713,432)
Income tax expense or income	(2,200,427)	(8,398,948)	(169,459)	60,098	(595,304)	(835,478)	-	-	(2,965,190)	(9,174,328)
Segment profit (loss)**	37,053,586	36,930,482	(7,607,111)	(2,660,800)	(55,036,671)	(22,019,347)	(445,169)	(122,549)	(25,145,026)	12,127,786
Unallocated income:										
Dividend income									333,365,360	300,954,516
Profit for the year									<u>308,220,334</u>	<u>313,062,106</u>

\* Total revenues included revenues of discontinued operations in manufacturer and distributor of plastic bag business about Baht 22,731,985 (2015: Baht 43,847,167).

\*\* Segment gross profit (loss) included segment operation profit of discontinued operations in manufacturer and distributor of plastic bag business about Baht 7,607,111 (2015: Baht 2,660,800).

The following table presents segment assets of the Group's operating segments as at 31 December 2016 and 2015:

	(Unit: Baht)									
	Improving the quality and packaging of milled rice		Manufacturing and distribution of plastic bag		Food Business		Elimination of inter-segment		Consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Property, plant and equipment	195,495,420	209,767,359	-	24,962,036	50,387,278	86,228,253	-	-	245,882,698	320,957,648
Prepaid rental fee	-	-	-	-	366,458,897	388,985,594	-	-	366,458,897	388,985,594
Unallocated assets										
- Investment in parent company - available-for-sale security									7,189,193,232	7,039,418,373
- Long-term investments - available-for-sale securities									39,068,000	33,948,500
- Other assets									569,126,549	1,110,862,736
Total assets									<u>8,409,729,376</u>	<u>8,894,172,851</u>

Transfer prices between business segments are as presented in Note 6 to the financial statements.

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Baht)	
	2016	2015
Revenue from external customers		
Thailand	1,644,495,999	2,326,806,484
United States/Canada	88,166,435	108,850,596
Europe	67,566,054	75,587,075
Asia Pacific	43,075,488	38,136,837
Total	<u>1,843,303,976</u>	<u>2,549,380,992</u>

## Major customers

For the year 2016, the Company and its subsidiaries have revenue from three major customers in amount of Baht 607 million, arising from processing and packaging of rice segment (2015: Baht 1,195 million).

## 27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Under the fund rules, the Company, its subsidiaries and their employees must contribute 5 percent of basic salary. The fund, which is managed by Thanachart Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 December 2016, the Company and its subsidiaries contributed Baht 4 million (2015: Baht 3 million) (Separate financial statements: Baht 3 million (2015: Baht 2 million)) to the fund.

## 28. Dividends

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend</u>
		(Unit: Million Baht)	(Baht per share)
Final dividends on the year ended 31 December 2014	Annual General Meeting of the shareholders on 9 April 2015	150	0.25
Interim dividend on the six-month period ended 30 June 2015	Board of Director Meeting on 28 September 2015	<u>150</u>	0.25
		<u>300</u>	
Final dividends on the year ended 31 December 2015	Annual General Meeting of the shareholders on 26 April 2016	168	0.28
Interim dividend on the six-month period ended 30 June 2016	Board of Director Meeting on 29 September 2016	<u>168</u>	0.28
		<u>336</u>	

## 29. Commitments and guarantees

### 29.1 Operating lease commitments

The Group has entered into several lease agreements in respect of the lease of building space and equipment. As at 31 December 2016, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

Payable:

In up to 1 year	49
In over 1 and up to 5 years	107
In over 5 years	144

## 29.2 Long-term service commitment

A subsidiary has entered into license and technical assistance agreements with an overseas related company for the use of a trademark, training and providing of information related to restaurant business operation. Under the conditions of the license agreement, the subsidiary is to pay royalty fee at the rate as stipulated in the agreement.

## 29.3 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 30 million (2015: Baht 53 million) issued by the banks on behalf of the Company and its subsidiaries (Separate financial statements: Baht 29 million (2015: Baht 52 million)) in respect of utilities payments of the Company and its subsidiaries and rice export sales.

## 30. Fair value hierarchy

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

(Unit: Million Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Asset measured at fair value</b>				
Available-for-sale investments				
Equity instruments	7,228	-	-	<b>7,228</b>
<b>Asset for which fair value is disclosed</b>				
Investment property	-	-	44	<b>44</b>
<b>Liability for which fair value is disclosed</b>				
Loans	-	500	-	<b>500</b>

(Unit: Million Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Asset measured at fair value</b>				
Available-for-sale investments				
Equity instruments	6,829	-	-	<b>6,829</b>
<b>Assets for which fair value are disclosed</b>				
Loans	-	20	-	<b>20</b>
Investment property	-	-	30	<b>30</b>
<b>Liability for which fair value is disclosed</b>				
Loans	-	864	-	<b>864</b>

### 31. Financial instruments

#### 31.1 Financial risk management

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, trade accounts payable and short-term borrowing. 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 loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do 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 as stated in the statement of financial position.



### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, and short-term loans from banks and related parties.

Significant financial assets and liabilities as at 31 December 2016 and 2015 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 repricing date if this occurs before the maturity date.

(Unit: Baht)

Consolidated financial statements as at 31 December 2016				
	Fixed interest rates within 1 year	Floating interest rate	Total	Interest rate (percent per annum)
<b>Financial assets</b>				
Cash equivalents (excluding cash)	-	25,506,840	25,506,840	0.13 - 0.50
<b>Financial liabilities</b>				
Bank overdrafts	-	209,351	209,351	7.12
Short-term loans from banks	500,000,000	-	500,000,000	1.94 - 2.02

(Unit: Baht)

Consolidated financial statements as at 31 December 2015				
	Fixed interest rates within 1 year	Floating interest rate	Total	Interest rate (percent per annum)
<b>Financial assets</b>				
Cash equivalents (excluding cash)	-	20,622,661	20,622,661	0.13 - 0.40
<b>Financial liabilities</b>				
Bank overdrafts	-	121,509	121,509	7.40
Short-term loans from banks	993,000,000	-	993,000,000	2.00 - 2.06

(Unit: Baht)

## Separate financial statements as at 31 December 2016

	Fixed interest		Total	Interest rate (percent per annum)
	rates within 1 year	Floating interest rate		
<b>Financial assets</b>				
Cash equivalents (excluding cash)	-	14,170,568	17,170,568	0.13 - 0.50
<b>Financial liabilities</b>				
Bank overdrafts	-	151,343	151,343	7.12
Short-term loans from banks	500,000,000	-	500,000,000	1.94 - 2.02
Short-term loans from subsidiaries	-	363,570,000	363,570,000	2.05 - 6.28

(Unit: Baht)

## Separate financial statements as at 31 December 2015

	Fixed interest		Total	Interest rate (percent per annum)
	rates within 1 year	Floating interest rate		
<b>Financial assets</b>				
Cash equivalents (excluding cash)	-	6,875,054	6,875,054	0.13 - 0.40
<b>Financial liabilities</b>				
Bank overdrafts	-	121,509	121,509	7.40
Short-term loans from banks	993,000,000	-	993,000,000	2.00 - 2.06
Short-term loans from subsidiaries	-	271,620,000	271,620,000	2.05 - 6.53

**Foreign currency risk**

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

The balances of financial assets denominated in foreign currencies as at 31 December 2016 and 2015 are summarised below.

Foreign currency	Financial assets		Exchange rate as at 31 December	
	2016	2015	2016	2015
	(Unit)	(Unit)	(Baht per 1 foreign currency unit)	(Baht per 1 foreign currency unit)
US dollar	47,709	488,036	35.5660	35.8295

Forward exchange contracts outstanding are summarised below.

As at 31 December 2016			
Foreign currency	Sold amount	Contractual exchange rate	Maturity date
	(Unit)	(Baht per 1 foreign currency unit)	
US dollar	334,732	34.6658 - 35.6571	10 February 2017 - 19 June 2017

As at 31 December 2015			
Foreign currency	Sold amount	Contractual exchange rate	Maturity date
	(Unit)	(Baht per 1 foreign currency unit)	
US dollar	12,667,523	34.1616 - 36.2984	12 January 2016 - 15 June 2016

### 31.2 Fair values of financial instruments

Since the majority of the Company's 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.

### 32. Promotional privileges

Sima Pac Company Limited has received promotional privileges from the Board of Investment for the manufacturer of film plastics pursuant to the promotion certificate No. 1903(2)/2556 issued on 27 June 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (21 October 2013).

Sima Pac Company Limited is in terminate process of these promotional privileges with the Board of Investment since 6 July 2016.

Operating revenues for the years ended 31 December 2016 and 2015 divided according to promoted and non-promoted operations are shown below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Revenues from sales - promoted operations	1,280,751	30,641,897	-	-
Revenues from sales - non-promoted operations	<u>1,842,023,225</u>	<u>2,518,739,095</u>	<u>1,548,919,780</u>	<u>2,174,517,662</u>
Total	<u>1,843,303,976</u>	<u>2,549,380,992</u>	<u>1,548,919,780</u>	<u>2,174,517,662</u>

### 33. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statements of financial position as at 31 December 2016 and 2015, the Company and its subsidiaries' debt-to-equity ratio was 0.29:1 (2015: 0.38:1) and the Company's was 0.35:1 (2015: 0.43:1).

### 34. Events after the reporting period

On 16 February 2017, the Company paid for acquire 490,910 ordinary shares of MBK Food System Company Limited, representing 45 percent of its registered capital, from the other existing shareholders at 9.1698 Baht per share, or for a total of Baht 4,501,564.73. The Group's total shareholding in this company increased from 55 percent to 99.99 percent.

### 35. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee of the Company on 20 February 2017.