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Information Memorandum regarding the Acquisition of Assets
of
Thai President Foods Public Company Limited
(Pursuant to Schedule 2)

4 October 2018

Ref. TF 075/2018

4 October 2018

Subject: Information Memorandum regarding the Acquisition of Assets of Thai President Foods Public Company Limited

To: Shareholders of Thai President Foods Public Company Limited

Enclosure: Information Memorandum regarding the Acquisition of Assets of Thai President Foods Public Company Limited (Pursuant to Schedule 2)

Thai President Foods Public Company Limited (the “**Company**”) would like to inform Shareholders that President D Venture Co., Ltd. (“**President D Venture**”), which is the Subsidiary Company by shareholding of 70.00% of registered capital, will engage in co-investment with Ananda Development Public Company Limited (“**Ananda**”), which is not a connected person of the Company, in order to establish 3 Joint Venture Companies, namely IDEO Mobi Rangnam Co., Ltd, IDEO Q Sukhumvit 36 Co., Ltd, and IDEO New Rama 9 Co., Ltd. Such investment aims to hold the shares of property development company. The investment has been approved by the Board of Director Meeting No. 8/2018, to be hold on 15 August 2018. The total investment value of such 3 Companies is Baht 1,009,444,100.

The co-investment with Ananda as abovementioned constitutes an asset acquisition transaction of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (collectively, the “**Notifications on Acquisition or Disposal**”), having the highest transaction value of 3.30%, to be calculated on the total value of consideration paid or received basis from the Audited Consolidated Financial Statement for 6-month period ending on 30 June 2018. In this regard, when including the transaction of asset acquisition of the Company during the past 6-month according to calculation based on the total value of consideration paid or received basis, the aggregate transaction value is equivalent to 37.15%. This transaction, therefore, is classified as a Class 2 Asset Acquisition Transaction, i.e., a transaction with the value of equivalent to or higher than 15% but lower than 50% pursuant to the Notifications on Acquisition or Disposal. As a result, the Company is required to disclose an information memorandum on the entering into of the transaction to the Stock Exchange of Thailand (the “**Stock Exchange**”), and to serve a letter informing the shareholders of the transaction within a period of 21 days from the date on which the transaction is disclosed to the Stock Exchange.

In this regard, after the Board of Directors has taken into account the overall interest of the Company, including leverages with respect to any entering into of the relevant agreement, the Board of Directors is of the view that the facts are subject to change, and the time of the information disclosure is of the essence. Accordingly, the Company did not disclose the details on the entering into of the transaction to the investors and the Stock Exchange immediately after the approval thereon was granted from the Board of Directors Meeting, as been hold on 15 August 2018. Now that the facts and details with respect to the entering into of the transaction are stable to a certain extent, the Company has disclosed the Information Memorandum regarding the Acquisition of Assets of the Company (pursuant to Schedule 1) to the SET on 19 September 2018 and would like to provide the Information Memorandum regarding the Acquisition of Assets of the Company (pursuant to Schedule 2) as detailed in the enclosure to this letter for the shareholders' further information.

Please be informed accordingly.

Yours sincerely,

Suchai Ratanajiaroen

Poj Paniangvait

(Mr. Suchai Ratanajiaroen)

(Mr. Poj Paniangvait)

Authorized Director

Authorized Director

Miss Sararath Tangsirimongkol

Company Secretary

Tel: 02-374-4730

**Information Memorandum regarding the Acquisition of Assets
of Thai President Foods Public Company Limited (Pursuant to Schedule 2)**

1. Information Memorandum Pursuant to Schedule 1

1.1 Transaction Date

On 18 September 2018, President D Venture entered into Co-investment Agreement to establish IDEO Mobi Rangnam Co., Ltd (“**IDEO Mobi Rangnam**”), IDEO Q Sukhumvit 36 Co., Ltd (“**IDEO Q Sukhumvit 36**”), and IDEO New Rama 9 Co., Ltd (“**IDEO New Rama 9**”)

1.2 Name of Related Party and its Relationship with the Company

(A) IDEO Mobi Rangnam

Co-investor: (1) President D Venture Co., Ltd.
(2) Ananda Development PCL.

Relationship with the Company: Ananda is not a connected person of the Company

(B) IDEO Q Sukhumvit 36

Co-investor: (1) President D Venture Co., Ltd.
(2) Ananda Development PCL.

Relationship with the Company: Ananda is not a connected person of the Company

(C) IDEO New Rama 9

Co-investor: (1) President D Venture Co., Ltd.
(2) Ananda Development PCL.

Relationship with the Company: Ananda is not a connected person of the Company

1.3 General Characteristics, Type, and Value of the Transaction

1.3.1 General Characteristics and Type of Transaction

President D Venture has entered into Co-investment Agreement to establish IDEO Mobi Rangnam, IDEO Q Sukhumvit 36, and IDEO New Rama 9 on 18 September 2018

By holding 3,900,351 ordinary shares equivalent to 49.00% of total shares of IDEO Mobi Rangnam, and holding 3,255,707 ordinary shares equivalent to 49.00% of total shares of IDEO Q Sukhumvit 36, and holding 2,938,383 ordinary shares equivalent to 49.00% of total shares of IDEO New Rama 9 respectively.

After the establishment of IDEO Mobi Rangnam, IDEO Q Sukhumvit 36, and IDEO New Rama 9, the joint venture company will invest in shareholding of property development company as per following details,

- (1) IDEO Mobi Rangnam will purchase the shares of Ananda MF Asia Ratchaprarop Co., Ltd. (“**AMF Ratchaprarop**”), which is the Company engaging in the business of property development in IDEO Mobi Rangnam Project, in the amount of 74% of total shares from Ananda, totaling to Baht 402,892,891, and receive the right and obligation under the loan agreement from Ananda, upon which Ananda has provided AMF Ratchaprarop with the loan for project development in the amount of Baht 226,792,767 for the total repayment of principal and relevant interest.
- (2) IDEO Q Sukhumvit 36 will purchase the shares of Ananda MF Asia Thonglor Co., Ltd. (“**AMF Thonglor**”), which is the Company engaging in the business of property development in IDEO Q Sukhumvit 36 Project, in the amount of 51% of total shares from Ananda, totaling to Baht 339,751,689, and receive the right and obligation under the loan agreement from Ananda, upon which Ananda has provided AMF Thonglor with the loan for project development in the amount of Baht 109,863,781 for the total repayment of principal and relevant interest.
- (3) IDEO New Rama 9 will purchase the shares of Ananda MF Asia Ramkumhaeng Co., Ltd. (“**AMF Ramkumhaeng**”), which is the Company engaging in the business of property development in IDEO New Rama 9 Project, in the amount of 51% of total shares from Ananda, totaling to Baht 303,136,242, and receive the right and obligation under the loan agreement from Ananda, upon which Ananda has provided AMF Ramkumhaeng with the loan for project development in the amount of Baht 183,945,123 for the total repayment of principal and relevant interest.

1.3.2 Size of Transaction

The total value of such 3 Transactions is Baht 1,009,444,100, with the highest transaction value of 3.30%, to be calculated on the total value of consideration paid or received basis from the Audited Consolidated Financial Statements for 6-month period ending on 30 June 2018.

The transaction value, to be calculated by applying the calculation formula pursuant to Notifications on Acquisition or Disposal by referring to information from the Audited Consolidated Financial Statements of the Company as of 30 June 2018, is detailed as following:

■ Investment in IDEO Mobi Rangnam

(A) Net Tangible Asset (NTA) Basis:

Not applicable due to being new company and not having financial statement prior to the closing of first accounting period

(B) Net Profit Basis:

Not applicable due to being new company and not having financial statement prior to the closing of first accounting period

(C) Total Value of Consideration Basis:

$$\begin{aligned} \text{Transaction Size} &= \frac{\text{Total value of consideration paid} \times 100}{\text{Total asset value of the Company and Subsidiaries}} \\ &= \frac{390,035,100 \times 100}{30,547,767,574.68} \\ &= \text{Approximately 1.28\%} \end{aligned}$$

(D) Value of Securities issued by the Company as consideration for the assets acquired:

Not applicable due to no issuance of securities.

■ Investment in IDEO Q Sukhumvit 36

(A) Net Tangible Asset (NTA) Basis:

Not applicable due to being new company and not having financial statement prior to the closing of first accounting period

(B) Net Profit Basis:

Not applicable due to being new company and not having financial statement prior to the closing of first accounting period

(C) Total Value of Consideration Basis:

$$\begin{aligned} \text{Transaction Size} &= \frac{\text{Total value of consideration paid} \times 100}{\text{Total asset value of the Company and Subsidiaries}} \\ &= \frac{325,570,700 \times 100}{30,547,767,574.68} \\ &= \text{Approximately } 1.06\% \end{aligned}$$

(D) Value of Securities issued by the Company as consideration for the assets acquired:

Not applicable due to no issuance of securities.

■ Investment in IDEO New Rama 9

(A) Net Tangible Asset (NTA) Basis:

Not applicable due to being new company and not having financial statement prior to the closing of first accounting period

(B) Net Profit Basis:

Not applicable due to being new company and not having financial statement prior to the closing of first accounting period

(C) Total Value of Consideration Basis:

$$\begin{aligned} \text{Transaction Size} &= \frac{\text{Total value of consideration paid} \times 100}{\text{Total asset value of the Company and Subsidiaries}} \\ &= \frac{293,838,300 \times 100}{30,547,767,574.68} \\ &= \text{Approximately } 0.96\% \end{aligned}$$

(D) Value of Securities issued by the Company as consideration for the assets acquired:

Not applicable due to no issuance of securities.

In this regard, when including the above transaction with the transaction of asset acquisition of the Company during the past 6-month, the aggregate transaction value is equivalent to 37.15% pursuant to the Notifications on Acquisition or Disposal, therefore being classified as a Class 2 Asset Acquisition Transaction, i.e., a transaction with the value of equivalent to or higher than 15% but lower than 50% pursuant to the Notifications on Acquisition or Disposal. As a result, the Company is required to disclose an information memorandum on the entering into of the transaction to the Stock Exchange, and to serve a letter informing the shareholders of the transaction within a period of 21 days from the date on which the transaction is disclosed to the Stock Exchange.

1.4 Details of the assets to be acquired

President D Venture has entered into Co-investment Agreement to establish IDEO Mobi Rangnam, IDEO Q Sukhumvit 36, and IDEO New Rama 9 on 18 September 2018. In this regard, President D Venture shall hold 3,900,351 ordinary shares equivalent to 49.00% of total shares of IDEO Mobi Rangnam at the value of 100 Baht per share, totaling to Baht 390,035,100, and hold 3,255,707 ordinary shares equivalent to 49.00% of total shares of IDEO Q Sukhumvit 36 at the value of 100 Baht per share, totaling to Baht 325,570,700, and hold 2,938,383 ordinary shares equivalent to 49.00% of total shares of IDEO New Rama 9 at the value of 100 Baht per share, totaling to Baht 293,838,300 respectively.

(A) IDEO Mobi Rangnam

- Registered Capital: Baht 795,990,000 divided into 7,959,900 ordinary shares at the par value of 100 Baht per share
- Main Objective: Holding shares in property development company, i.e. AMF Ratchaprarop
- Shareholding Structure:

Shareholder	No. of Shares	Percent
President D Venture Co., Ltd.	3,900,351	49.00
Ananda Development Public Company Limited	4,059,549	51.00

- Board of Directors
 1. Mr. Sermsak Khwanpuang
 2. Mr. Rachod Nantakwang
 3. Mr. Bunler Surachetcomsan
 4. Ms. Pajaree Sangprasitechoke

Two of Directors jointly sign their name together with Company's Seal affixed to constitute legal binding of the Company

(B) IDEO Q Sukhumvit 36

- Registered Capital: Baht 664,430,000 divided into 6,644,300 ordinary shares at the par value of 100 Baht per share
- Main Objective: Holding shares in property development company, i.e. AMF Thonglor
- Shareholding Structure:

Shareholder	No. of Shares	Percent
President D Venture Co., Ltd.	3,255,707	49.00
Ananda Development Public Company Limited	3,388,593	51.00

- Board of Directors
 1. Mr. Sermsak Khwanpuang
 2. Mr. Rachod Nantakwang
 3. Mr. Bunler Surachetcomsan
 4. Ms. Pajaree Sangprasitechoke

Two of Directors jointly sign their name together with Company's Seal affixed to constitute legal binding of the Company

(C) IDEO New Rama 9

- Registered Capital: Baht 599,670,000 divided into 5,996,700 ordinary shares at the par value of 100 Baht per share
- Main Objective: Holding shares in property development company, i.e. AMF Ramkumhaeng
- Shareholding Structure:

Shareholder	No. of Shares	Percent
President D Venture Co., Ltd.	2,938,383	49.00
Ananda Development Public Company Limited	3,058,317	51.00

- Board of Directors
 1. Mr. Sermsak Khwanpuang
 2. Mr. Rachod Nantakwang
 3. Mr. Bunler Surachetcomsan
 4. Ms. Pajaree Sangprasitechoke

Two of Directors jointly sign their name together with Company's Seal affixed to constitute legal binding of the Company

1.5 Total Value of Consideration and Value of the Acquired Assets

The value of investment in IDEO Mobi Rangnam by President D Venture is calculated by the value of 3,900,351 ordinary shares, equivalent to 49.00% of total share of IDEO Mobi Rangnam at the value of 100 Baht per share, totaling to Baht 390,035,100.

The value of investment in IDEO Q Sukhumvit 36 by President D Venture is calculated by the value of 3,255,707 ordinary shares, equivalent to 49.00% of total share of IDEO Q Sukhumvit 36 at the value of 100 Baht per share, totaling to Baht 325,570,700.

The value of investment in IDEO New Rama 9 by President D Venture is calculated by the value of 2,938,383 ordinary shares, equivalent to 49.00% of total share of IDEO New Rama 9 at the value of 100 Baht per share, totaling to Baht 293,838,300.

1.6 Basis used to determine the total value of consideration

The value of consideration is based on share subscription price for investment in IDEO Mobi Rangnam, and based on par value for investment in IDEO Q Sukhumvit 36 and IDEO New Rama9

1.7.1 Expected Benefits to the Company

(A) Expand business opportunity of the Company

(B) Return of dividend payment from such 3 companies after having continuous revenue from their investment project, thus increasing future income and net profit of the Company

1.8 Sources of Funds

The funds for this transaction shall be obtained from the cash flow of the Company.

1.9 Opinions of the Board of Directors on the entering into of the transaction

The Board of Directors' meeting of the Company No. 8/2018 has resolved to approve President D Venture, which is the Subsidiary Company, to invest in IDEO Mobi Rangnam, IDEO Q Sukhumvit 36, and IDEO New Rama 9 in order to diversify revenue of the Company as well as to expand business opportunity of the Company into property development sector. Therefore, the Board of Directors shall consider that the entering into such transaction is reasonable and will be beneficial to the Company and the shareholders

1.10 Opinions of the Audit Committee and/or directors of the Company which are different from those of the Board of Directors as specified in Clause 1.9

The Audit Committee had no opinion that was contrary to that of the Board of Directors.

2. Liabilities of the Company

2.1 The total amount of debt instruments having been issued and those not having been issued pursuant to the resolution of the shareholders' meeting which authorises the board of directors of the Company to consider issuing them for sale as it deems appropriate

-None-

2.2 The total amount of loans with specified repayment period of the Company and its subsidiaries as of 30 June 2018, including the liability to place assets as collateral

-None-

2.3 The total value of debts in other categories, including overdrafts of the Company and its subsidiaries as of 30 June 2018 and the liability to place assets as collateral

Unit: Baht Million

Liabilities	Consolidated Financial Statements		Collateral
	Fiscal Year Ended 31 December 2017	Six-month Period Ended 30 June 2018	
Trade and other payables	1,787.56	1,840.85	None
Income tax payable	242.66	282.79	None
Accrued bonus	159.25	212.19	None
Other accrued expenses	285.02	323.85	None
Other current liabilities	153.05	111.73	None
Provision for long-term employee benefits	806.61	838.17	None
Non-current liabilities	271.81	216.83	None
Total liabilities	3,705.96	3,826.42	

2.4 Indebtedness to be incurred in the future

As of 30 June 2018, the Company and its subsidiaries have indebtednesses and obligations to be incurred as follows:

- Subsidiaries have capital commitments in respect of procurement agreements for machinery and equipment for production purposes in the amount of approximately Baht 5 million
- The Company and its subsidiaries are subject to lease payment obligations under operating lease contracts payable within one year of approximately Baht 28 million, and payable within one to two years of approximately Baht 8 million
- Outstanding bank guarantees issued by commercial banks on behalf of the Company or its subsidiaries in the total amount of approximately Baht 139 million

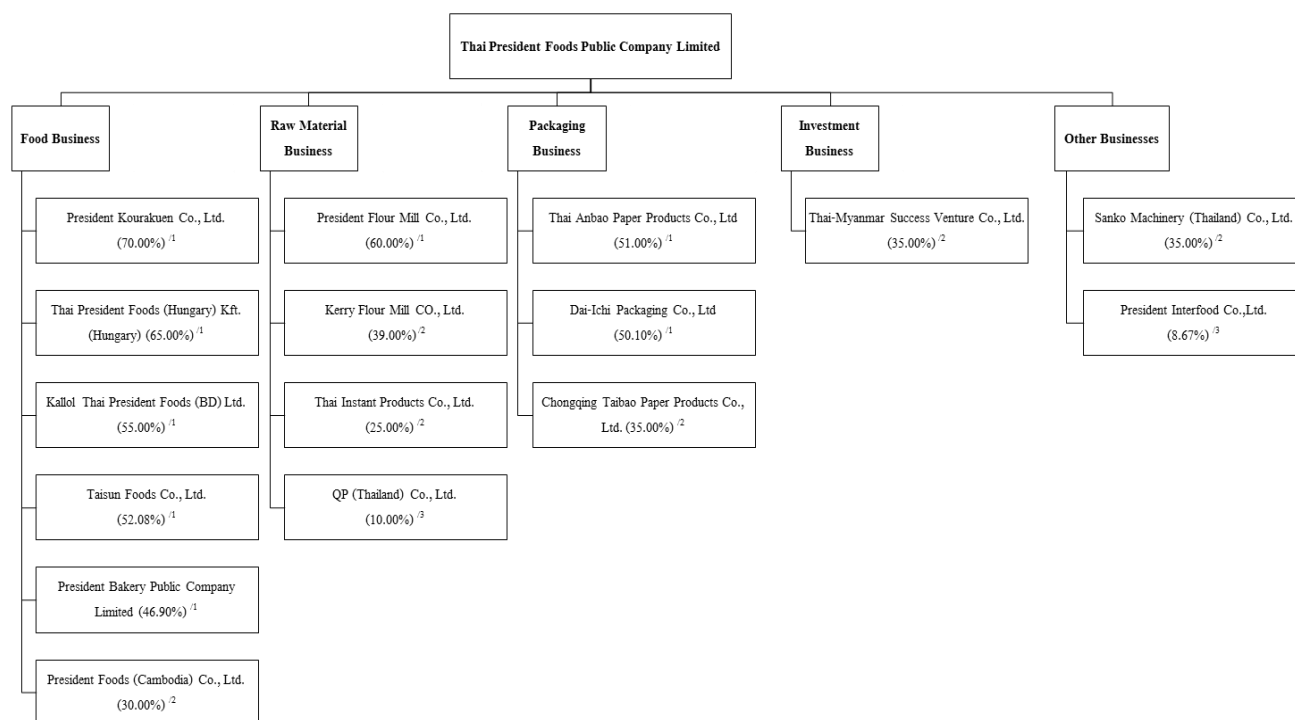
3. Information regarding the Company

3.1 Information relating to the nature of business operations of the Company

3.1.1 Nature of the Company’s business

The Company is a company formed as a result of the amalgamation between Thai President Foods Public Company Limited (“TF”) and President Rice Products Public Company Limited (“PR”), such amalgamation was registered at the Department of Business Development, Ministry of Commerce on 16 October 2017. In light of this, it had assumed the assets, liabilities, rights and obligations of both companies by operation of law and subsequently commenced its trading on the SET under the new symbol “TFMAMA” on 18 October 2017.

The Company currently engages in the manufacture and distribution of food products, comprising instant noodles and semi-finished products, bakery products, biscuits, fruit juice and packaging products, and has eight subsidiaries and six associated companies. As of 30 June 2018, the Company’s shareholding structure in respect of its five business categories can be summarized as follows:



Note: ^{1/} Subsidiary ^{2/} Associated Company ^{3/} Investment in Other Companies

3.1.2 The Company's Product

- Instant noodles and semi-finished products, comprising instant noodles manufactured using wheat flour and rice as key raw materials under the trademark “Mama” and other foreign trademarks.
- Bakery products under PB, comprising wholesale bakery under the trademark “Farm House”, retail bakery and other fast food and restaurant products.
- Biscuit products under the trademarks “Bissin” and “Homey”.
- Fruit juice products under the trademarks “Green Mate”, “Kelly” and “Thai Sun”.
- Packaging products, comprising food wrapping film and paper cup.

3.2 Summary of financial statements as well as an analysis of financial condition and operating result including risk factors which may affect the profit of the Company

3.2.1 Summary of financial statements

Statement of Comprehensive Income

Unit: Baht Million

	Consolidated Financial Statements				
	Fiscal Year Ended 31 December			Six-month Period Ended 30 June	
	2015 ^{/1}	2016 ^{/1}	2017	2017 ^{/1}	2018
Revenues					
Sales	19,950.20	21,143.68	21,630.95	10,330.61	10,712.47
Other income	371.12	385.75	375.21	271.47	240.02
Total revenues	20,321.32	21,529.42	22,006.16	10,602.08	10,952.49
Expenses					
Cost of sales	13,295.44	13,968.82	14,354.55	6,890.12	6,943.72
Selling expenses	1,397.99	1,410.47	1,444.36	703.00	747.56
Administrative expenses	1,922.42	2,022.89	2,167.15	1,065.14	1,057.97
Total expenses	16,615.85	17,402.18	17,966.06	8,658.26	8,749.25
Profit before share of profit from investment in associates and joint venture, finance cost and income tax expenses	3,705.47	4,127.25	4,040.10	1,943.83	2,203.25
Share of profit from investments in associates and joint venture	138.53	192.13	212.01	91.78	104.56
Profit before finance cost and income tax expenses	3,844.00	4,319.38	4,252.12	2,035.61	2,307.81

	Consolidated Financial Statements				
	Fiscal Year Ended 31 December			Six-month Period Ended 30 June	
	2015 ^{/1}	2016 ^{/1}	2017	2017 ^{/1}	2018
Finance cost	23.69	19.11	17.01	8.29	6.77
Profit before income tax expenses	3,820.31	4,300.27	4,235.11	2,027.32	2,301.03
Income tax expenses	370.96	405.60	430.43	206.60	290.67
Profit for the period	3,449.36	3,894.67	3,804.68	1,820.72	2,010.36
Profit attributable to equity holders of the Company	2,558.55	2,871.18	2,853.49	1,358.85	1,535.14
Profit attributable to non-controlling interests of the subsidiaries	890.81	1,023.48	951.19	461.88	475.22

Source: TFMAMA's financial statements

Remarks: ^{1/} The pro forma consolidated financial information has been prepared to illustrate the financial information as if the amalgamation of TF and PR had taken place since 1 January 2015, but does not present the separate financial statement of TFMAMA

Statement of Financial Position

Unit: Baht Million

	Consolidated Financial Statement				
	Fiscal Year Ended 31 December			Six-month Period Ended 30 June	
	2015 ^{/1}	2016	2017	2017 ^{/1}	2018
Assets					
Current assets					
Cash and cash equivalents	1,583.58	2,444.96	2,777.38	4,370.57	3,653.19
Current investments	5,228.02	4,529.23	5,515.71	3,089.62	6,504.55
Trade and other receivables	3,076.81	3,249.87	3,625.82	3,163.36	3,442.99
Inventories	1,226.18	1,222.80	1,352.54	1,481.83	1,352.42
Other current assets	76.38	69.21	62.12	86.89	353.90
Total current assets	11,188.27	11,516.07	13,333.57	12,193.27	15,307.06
Non-current assets					
Investments in associates	1,322.20	1,428.24	1,562.33	1,454.20	1,565.83
Other long-term investments	3,761.26	4,412.90	5,133.56	4,574.02	4,559.83
Property, plant and equipment	7,788.06	9,388.57	8,790.56	9,252.39	8,537.88
Other non-current assets	629.77	540.51	603.15	538.57	577.17
Total non-current assets	13,501.29	15,770.22	16,089.60	15,819.17	15,240.71
Total assets	24,689.56	27,286.29	29,423.17	28,012.45	30,547.77

	Consolidated Financial Statement				
	Fiscal Year Ended 31 December			Six-month Period Ended 30 June	
	2015 ^{1/}	2016	2017	2017 ^{1/}	2018
Liabilities					
Current liabilities					
Trade and other payables	1,788.88	1,870.20	1,787.56	1,719.64	1,840.85
Other current liabilities	947.99	979.51	839.98	890.79	930.56
Total current liabilities	2,736.87	2,849.71	2,627.54	2,610.43	2,771.41
Non-current liabilities					
Provision for long-term employee benefits	757.68	821.11	806.61	863.90	838.17
Non-current liabilities	249.03	304.30	271.81	321.79	216.83
Total non-current liabilities	1,006.71	1,125.41	1,078.42	1,185.69	1,055.00
หนี้สินรวม	3,743.58	3,975.12	3,705.96	3,796.12	3,826.42
Shareholders' equity					
Issued and fully paid-up share capital	329.70	329.70	329.70	329.70	329.70
Share premium	713.01	713.01	712.96	713.01	712.96
Retained earnings	15,190.57	16,881.66	18,498.46	17,582.42	19,496.86
Other components of shareholders' equity	(14.03)	69.99	336.11	95.52	201.87
Equity attributable to owners of the Company	16,219.26	17,994.38	19,877.24	18,720.66	20,741.40
Non-controlling interests of the subsidiaries	4,726.72	5,316.79	5,839.97	5,495.66	5,979.96
Total shareholders' equity	20,945.98	23,311.17	25,717.21	24,216.33	26,721.35
Total liabilities and shareholders' equity	24,689.56	27,286.29	29,423.17	28,012.45	30,547.77

Source: TFMAMA's financial statements

Remarks: ^{1/} The pro forma consolidated financial information has been prepared to illustrate the financial information as if the amalgamation of TF and PR had taken place since 1 January 2015, but does not present the separate financial statement of TFMAMA

Statement of Cash Flows

Unit: Baht Million

	Consolidated Financial Statements				
	Fiscal Year Ended 31 December			Six-month Period Ended	
				30 June	
	2015	2016	2017	2017	2018
Net cash flows from operating activities		4,482.45	3,693.09	1,647.14	2,716.92
Net cash flows from (used in) investing activities		(2,399.08)	(2,040.98)	899.91	(1,221.51) ^{1/}
Net cash flows used in financing activities		(1,216.02)	(1,342.37)	(623.20)	(607.98)
Net increase in cash and cash equivalents		861.38	332.42	1,925.61	875.81
Cash and cash equivalents at end of period		2,444.96	2,777.38	4,370.57	3,653.19

Source: TFMAMA's financial statement

Remarks: ^{1/} Due to an increase in both short term and long term investments

3.2.2 Explanation and analysis of financial position and operating result

Financial Position Analysis

Total Assets

As of 31 December 2017, the Company and its subsidiaries has total assets of Baht 29,423.17 million, increased by Baht 2,136.88 million or 7.83% from 2016. The main assets of the Company consisted of fixed assets of Baht 8,790.56 million, accounting for 29.88% of the total assets, and the current assets of Baht 13,333.57 million.

Details of significant changes are as follows:

- Net cash and cash equivalent in 2017 was Baht 2,777.38 million, increased by 13.60% from the previous year
- Short-term investment in 2017 was Baht 5,515.71 million, increased by 21.78% from the previous year
- Trade account receivables in 2017 stood at Baht 3,625.82 million, increased by 11.57% due to higher sales volume from having Saha Pathanapibul Public Company Limited as a major customer for domestic sales. The average debt collection period in 2017 was at 61 days, or increased by 5 days from the previous year (i.e. it was at 56 days in 2016). However, the Company had set aside the allowance for doubtful accounts by Baht 16.38 million, which was sufficient to cover the account receivables due longer than 3 months.

- Inventory in 2017 amounted to Baht 1,352.54 million, increased by 10.61% from the previous year. The average shelf life of instant noodle products stood at 180 days, whereas the average days sales was at 34 days, increased by 2 days from the previous year (i.e. it was at 32 days in 2016).

As of 30 June 2018, the Company and its subsidiaries have the total assets of Baht 30,547.77 million, increased by Baht 1,184.60 million or 4.03% from 2017. The main assets of the Company consisted of land, buildings and equipment in the amount of Baht 8,537.88 million, or accounting for 27.95% of the total assets. Details of significant changes are as follows:

- Net cash and cash equivalent of Baht 3,653.19 million, increased by 31.53% from the end of 2017
- Short-term investment of Baht 6,504.55 million, increased by 17.93% from the end of 2017
- Trade account receivables of Baht 3,442.99 million, declined by 5.04% from the end of 2017
- Inventory of Baht 1,352.42 million, decreased by 0.01% from the end of 2017

Total Liabilities

As of 31 December 2017, the Company and its subsidiaries has total liabilities of Baht 3,705.96 million, decreased by Baht 269.16 million or 6.77% from 2016 due to a decrease of trade payables and other accrued expenses. However, most liabilities of the Company were current liabilities which accounted for 70.90% of the total liabilities whereas its non-current liabilities accounted for 29.10% of the total liabilities.

As of 30 June 2018, the Company and its subsidiaries has total liabilities of Baht 3,826.42 million, increased by Baht 120.45 million or 3.25% from 2017 due to higher trade payables and undue accrued payable. However, most liabilities of the Company were current liabilities which accounted for 72.43% whereas its non-current liabilities accounted for 27.57% of the total liabilities.

Shareholder's Equity

As of 31 December 2017, the Company and its subsidiaries has shareholders' equity of 25,717.21 million, increased by Baht 2,406.04 million or 10.32% from 2016 due to an increase of net profit during the year. The Company declared its dividends totaling Baht 903.60 million, comprising Baht 396 million in respect of the performance in the second half of 2016 and the Baht 507.60 million interim dividends in respect of the performance in the first half of 2017. The book value per share was at Baht 78.00, increased by Baht 7.30 from 2016.

As of 30 June 2018, the Company and its subsidiaries has shareholders' equity of Baht 26,721.35 million, increased by Baht 1,064.15 million or 4.15% from 2017 due to an increase of its net profit. The book value per share was at Baht 81.05.

Total debt to equity ratio was at 0.14 times in 2017, at the end of the first six-month period of 2018, respectively. As of 31 December 2017, the interest bearing debt to equity was at 0.01 times which was relatively low while the interest coverage ratio was high at 250.12 times, thus reflecting the stability of capital structure and strong capability of debt service of the Company.

Operating Results Analysis

Sales Revenue

In 2017, the Company and its subsidiaries recorded the total sales of Baht 21,630.95 million, increased by Baht 487.27 million or 2.30% from 2016. The revenue structure can be categorised by business group of the Company as follows:

Unit: Baht Million

Product Line	Business Group	Market	Consolidated Financial Statements										
			Fiscal Year Ended 31 December						Six-month Period Ended 30 June				
			2015		2016		2017		2017		2018		
			Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Instant noodles and semi-finished foods	Foods	Domestic	7,470.90	37.45	7,896.39	37.35	8,089.78	37.40	3,820.60	36.98	3,905.44	36.46	
		Foreign	2,578.10	12.92	2,942.80	13.92	3,183.75	14.72	1,536.49	14.87	1,686.84	15.75	
Bakery		Domestic	7,346.83	36.83	7,568.72	35.80	7,448.91	34.44	3,520.72	34.08	3,581.87	33.44	
		Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Biscuit		Domestic	719.22	3.61	777.88	3.68	807.74	3.73	352.85	3.42	356.78	3.33	
		Foreign	74.42	0.37	79.51	0.38	65.13	0.30	25.02	0.24	21.41	0.20	
Fruit juice		Domestic	411.90	2.06	431.94	2.04	386.29	1.79	233.77	2.26	161.21	1.50	
		Foreign	331.60	1.66	424.64	2.01	503.40	2.33	265.72	2.57	409.69	3.82	
Packaging		Packaging	Domestic	879.21	4.41	891.70	4.22	1,019.83	4.71	513.33	4.97	507.93	4.74
			Foreign	2.65	0.01	3.26	0.02	3.09	0.01	1.47	0.01	1.26	0.01
Others	Raw materials	Domestic	135.39	0.68	126.83	0.60	123.03	0.57	60.66	0.59	80.05	0.75	
		Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total		Domestic	16,963.45	85.03	17,693.46	83.68	17,875.58	82.64	8,501.91	82.30	8,593.28	80.22	
		Foreign	2,986.77	14.97	3,450.21	16.32	3,755.37	17.36	1,828.71	17.70	2,119.20	19.78	
Total			19,950.22	100.00	21,143.67	100.00	21,630.95	100.00	10,330.61	100.00	10,712.47	100.00	

In 2017, the revenue from instant noodles and bakery products was Baht 18,722 million, accounting for 86.55% of the total sales revenue.

Instant Noodles and Semi-finished Food

Domestic market, The sales revenue from instant noodles and semi-finished food for the year ended 2017 increased by 2.45% when compared to that of 2016 due to 1.00% sales growth in respect of instant noodles and 15.90% sales growth in respect of semi-finished food, namely instant rice noodle, instant rice vermicelli, and instant rice porridge. Such growth resulted from the sales revenue from new products and continuous marketing activities, and recovery in semi-finished food market.

Foreign market, The sales revenue from instant noodles and semi-finished food for the year ended 2017 increased by 8.19% when compared to that of 2016 due to 10.64% sales growth in respect of instant noodles and 2.48% decrease in respect of semi-finished food. Such growth resulted from continuous marketing activities and effective sales promotion activities with local distributors in order to promote the Company's products to be more well-known in the global market.

Bakery Products

The sales revenue in 2017 decreased by 1.58% when compared to that of 2016 due to intensely competitive environment, especially in terms of distribution channel via convenient stores and new competitors in the market.

Other Products

The sales revenue from other products (i.e. biscuit, fruit juice, packaging products and etc.) in 2017 increased by 6.31% when compared to that of 2016, resulting from solid growth of packaging products and continuous growth of foreign fruit juice market.

For the operating results of the first six-month period of 2018, the Company has the total revenue of Baht 10,712.47 million, increased by 3.70% from the same period in 2017 due to an increase of domestic sales and foreign sales by 1.07% and 15.89%, respectively. This results from market expansion and continuous marketing activities of the Company under the brands MaMa Oriental Kitchen (OK) and POT Noodle with the most expansion in European market. However, the Asian market remains being the largest portion of total sales volume.

Cost of Sales

The cost of sales in 2017 stood at Baht 14,354.55 million, increased by Baht 385.73 million or 2.76% due to higher cost of raw materials and packaging which resulted from higher sales volume as well as the depreciation of BangChan Factory 2 which have started its operation for bakery manufacturing in 2017. The cost of sales to sales revenue ratio was at 66.07% and 66.36% in 2016 and 2017, respectively.

For the first six-month period of 2018, the Company has the cost of sales amounted to Baht 6,943.72 million, increased by Baht 53.60 million or 0.78% due to higher assumption of raw materials and packaging products which resulted from higher sales volume. The cost of sales to sales revenue ratio was at 64.81%, lower than that in the same period of 2017 which was at 69.70% due to a decrease in the cost of raw materials such as palm oil.

Selling and Administrative Expenses

Selling and administrative expenses in 2017 amounted to Baht 3,611.50 million, increased by Baht 178.15 million or 5.19% due to higher employees-related expenses and amalgamation expenses which account for 16.70% of the sales revenue, increased by 16.24% from 2016.

For the first six-month period of 2018, the Company has selling and administrative expenses amounted to Baht 1,805.53 million, increased by Baht 37.39 million or 2.11% due to an increase of marketing expenses and employee salary adjustments which accounts for 16.85% of the sales revenue, increased by 17.12% from that in the same period of 2017.

Net Profit

Net profit attribute to the shareholders' equity of the Company in 2017 amounted to Baht 2,853.49 million, decreased by 0.62% when compared to that in the same period of the previous year. Net profit margin in 2016 and 2017 was at 18.09% and 17.29%, respectively due to a decrease of the profit from PB and President Flour Mill Company Limited and a decrease of the profit from BOI-promoted business.

For the first six-month period of 2018, net profit attribute to the shareholders' equity of the Company amounted to Baht 1,535.14 million, increased by Baht 176.29 million or 12.97% when compared to that in the same period of 2017. Net profit margin was at 18.36% and 17.17%, respectively.

Liquidity Position

At the end of 2017, the Company and its subsidiaries had net cash and cash equivalent amounted to Baht 2,777.38 million, increased by Baht 332.42 million from the end of 2016 due to the following:

- Net cash inflow from operating activities amounted to Baht 3,693.09 million
- Net cash outflow used for investing activities amounted to Baht 2,040.98 million, mainly for short-term investment and long-term investment which have increased
- Net cash outflow paid for financing activities amounted to Baht 1,324.37 million, mainly due to dividend payment of Baht 1,228.07 million

For the first six-month period of 2018, the Company and its subsidiaries has net cash and cash equivalent of Baht 3,653.19 million, increased by Baht 875.81 million due to the following:

- Net cash inflow from operating activities amounted to Baht 2,716.92 million
- Net cash outflow used for investing activities amounted to Baht 1,221.51 million
- Net cash outflow for financing activities amounted to Baht 607.98 million

3.2.3 Risk Factors

- Risks relating to price and sufficiency of raw materials

Key raw materials for the production of the Company's products namely wheat flour, rice and palm oil, are agricultural products which are generally affected by several factors such as global supply and climate situation. These factors affect the quantity of supply and result in raw materials price fluctuation, which ultimately affects the cost of sales of the Company, especially in respect of its instant noodle products. However, as the price of such products is regulated by the Department of Internal Trade, the Company is not able to adjust the price upwards although the raw material price increases.

Nonetheless, in order to mitigate the above risk, the Company would purchase forward contracts in respect of wheat flour and palm oil when their prices decrease, including closely monitoring significant factors which may affect their prices as well as purchasing raw materials in large volume from several suppliers.

- Risks relating to distribution channel
 - Risk of dependency on major domestic distributors for instant noodles and semi-finished food products and biscuits: Domestic distribution of instant noodles and semi-finished food products and biscuits is generally made through a major distributor, i.e. Saha Pathanapibul Company Limited, which accounts for more than half of the country's total domestic sales. However, in order to mitigate such risk, the Company has increased its exportation of products, including additionally distributing its products through its subsidiaries.

- Risk of dependence on major domestic distributors for bakery products: The Company depends on CP All Public Company Limited (“CPALL”), a major domestic distributor for its bakery products, who operates convenience store business and whose purchase orders account for approximately 40% of the total sales from bakery business. In addition, CPALL manufacture its own bakery products in some categories for selling in its convenient stores. However, as the Company’s bakery products are of high quality and standard as well as widely accepted amongst consumers, and thus generating relatively high revenues to its customers when compared to its competitors, the Company believes that it will be able to maintain this customer given that both parties are benefited from their tradings.

- Risks resulting from exchange rate fluctuation

The Company’s exportation of its products overseas and a sale of such products in foreign currencies causes the risk to its revenues arising from exchange rate fluctuation. However, the Company has sustained and hedged such risk through financial instruments, i.e. entering into forward contracts to manage the risk without having a policy to conduct exchange rate speculation. In addition, the Company uses a squared position strategy between export income and expenses from importing raw materials, machinery and equipment from abroad.

- Risk of having a major shareholder holding more than 25% of the total shares

Based on the latest information as of 31 July 2018, Saha Pathana Inter-Holding Public Company limited is a major shareholder of the Company, holding 82,994,102 shares or equivalent to 25.17% of its total paid-up capital, which may materially affect the decision making at a shareholders’ meeting. Therefore, the other remaining shareholders of the Company might face a risk in accumulating the voting rights to oppose to the agenda proposed by such major shareholder.

However, the Company has adopted its corporate governance policy which protects shareholders’ rights and equal treatment amongst shareholders, such as any one or more of the shareholders holding shares in aggregate not less than 5% of the total voting rights of the Company may propose the agenda to be discussed at a shareholders’ meeting or nominate the person to be appointed as the director of the Company prior to a shareholders’ meeting.

3.3 List of the Board of Directors, the management and list of top 10 Major Shareholders

3.3.1 Board of Directors as of 15 August 2018

No.	Name	Position
1	Mr. Boonsithi Chokwatana	Chairman of the Board
2	Mr. Pipat Paniangvait	Chief Executive Officer / Vice Chairman of the Board
3	Mr. Karmthon Punsak-Udomsin	Vice Chairman of the Board
4	Mr. Suchai Ratanajajaroen	Vice Chairman of the Board
5	Dr. Poj Paniangvait	President
6	Mr. Kamthorn Tatiyakavee	Director
7	Mr. Apichart Thammanomai	Director
8	Mr. Boonchai Chokwatana	Director
9	Mr. Vathit Chokwatana	Director
10	Ms. Pojjana Paniangvait	Director
11	Dr. Kulpatra Sirodom	Independent Director / Chairman of Audit Committee
12	Thanpuying Angkab Punyashthiti	Independent Director / Audit Committee
13	Mr. Chaiwat Maraprygsavan	Independent Director / Audit Committee
14	Prof. Dr. Visith Chavasit	Independent Director
15	Mr. Saroch Chayavivatkul	Independent Director

3.3.2 Management as of 15 August 2018

No.	Name	Position
1	Mr. Pipat Paniangvait	Chief Executive Officer
2	Mr. Suchai Ratanajajaroen	Vice Chairman
3	Dr. Poj Paniangvait	President
4	Dr. Pojjanee Paniangvait	Vice President
5	Ms. Pojjana Paniangvait	Assistant Vice President
6	Mrs. Sodsai Hanchana	Assistant Vice President
7	Ms. Hatairat Kwangchit-Aree	Assistant Vice President

Remark: Management of the Company pursuant to the definition in relevant Notification of the Securities and Exchange Commission

3.3.3 List of top 10 Major Shareholders as of 31 July 2018 which is the latest booking closing date

Name	Number of Shares	% of Total Outstanding Shares
1. Saha Pathana Inter-Holding Public Company Limited	82,994,102	25.17
2. NISSIN FOODS HOLDINGS CO., LTD.	55,534,253	16.84
3. Mr. Pipat Paniangvait	22,167,005	6.72
4. Mr. Weerapat Punsak-udomsin	21,751,334	6.60
5. NOMURA SECURITIES CO LTD-CLIENT A/C	10,470,274	3.18
6. Uni Central Company Limited	7,602,387	2.31
7. Saha Pathanapibul Public Company Limited	6,431,151	1.95
8. Mr. Kamthorn Tatiyakavee	5,792,527	1.76
9. Universe Beauty Company Limited	5,521,076	1.67
10. I.C.C. International Public Company Limited	4,135,628	1.25
Top 10 major shareholders	222,399,737	67.45

3.4 Other information which may materially affect investors' decision (if any)

-None-

4. The Opinion of the Board of Directors of the Company regarding the Sufficiency of Cash Flow

The Board of Directors of the Company is of the opinion that the Company has sufficient cash flow to operate its business and for this transaction. The Company will use its cash.

5. Pending Material Lawsuits or Claims

-None-

6. Interests or Related Party Transactions between the Company and its Directors, Management and Shareholders Directly or Indirectly Holding Shares amounting to 10% or More

Interests/ Related Party Transaction	Nature of the Transaction	Fiscal Year Ended 31 December 2017	Six-month Period Ended 30 June 2018
Interests or Related Party Transactions between TFMAMA and SPI (as a major shareholder of TFMAMA)	Production cost, Administrative expenses, Dividend income, Convertible bond	Baht 134,083,612.73	Baht 113,313,650.56
Interests or Related Party Transactions between TFMAMA and Nissin Foods Holdings (as a major shareholder of TFMAMA)	Revenue from sales	Baht 1,228,882.28	Baht 2,257,660.92

7. Summary of Material Agreements during the past 2 years

-None-

8. Responsibility of the Board of Directors in respect of the Information Memorandum Distributed to the Shareholders

The Board of Directors of the Company have carefully reviewed the information set out in this Information Memorandum and would like to certify that the information in this Information Memorandum is correct, complete and accurate, with no materially misleading information and concealment of material information which should be disclosed.

