

# 4 DECADES

*hand-in-hand with  
Southern people  
of Thailand*

THE LEADER IN SOFTDRINKS MARKET  
FOR THE PAST 4 DECADES IN SOUTH THAILAND

MARKET  
LEADER  
FOR THE PAST  
**40**  
years  
**HAADTHIP**  
South Thailand



# 4 DECADES

*of togetherness in  
time of happiness*





# 4 DECADES

*through  
thick and thin*





## VISION

Shall continue to maintain our leadership position in softdrinks market in south thailand.

HAADTHIP

4 DECADES HAND-IN-HAND WITH SOUTHERN PEOPLE OF THAILAND

## MISSION

Drive continually growth sales by satisfying new and existing consumers through excellent service and care for environmental issue.



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# FINANCIAL HIGHLIGHTS

Unit: Million Baht  
As of December 31

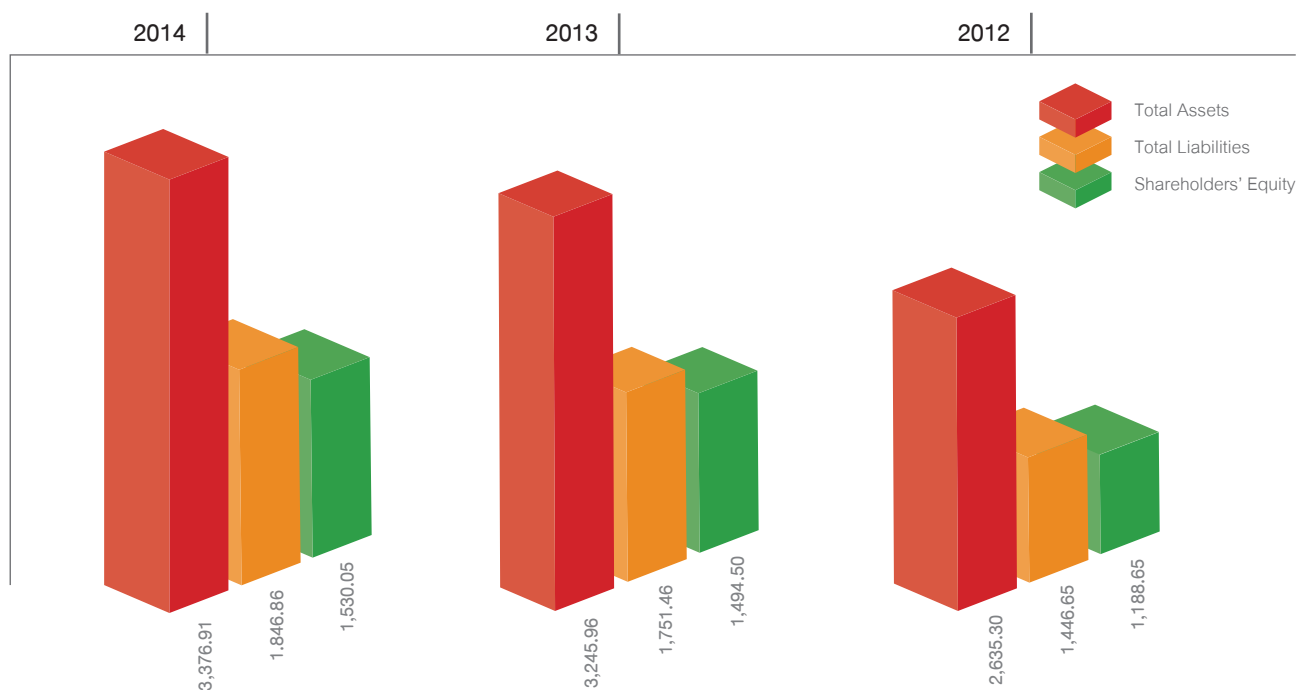
		2014	2013	2012
FINANCIAL STATUS	Total Current Assets	1,267.53	1,114.21	885.66
	Total Assets	3,376.91	3,245.96	2,635.30
	Total Current Liabilities	1,102.81	988.24	912.67
	Total Liabilities	1,846.86	1,751.46	1,446.65
	Issues and Fully Paid-up Capital	199.22	199.22	166.02
	Shareholders' Equity	1,530.05	1,494.50	1,188.65
PROFIT & LOSS	Sales Revenue	5,204.62	4,708.24	4,345.33
	Cost of Sales	3,726.20	3,700.38	3,461.58
	Gross Profit	1,478.42	1,007.86	883.75
	Total Revenue	5,265.66	5,175.34	4,676.10
	Selling & Administrative Expense	1,390.25	1,246.64	1,060.21
	Profit for the year <sup>1/</sup>	115.23	182.76	118.15
	Basic earnings per Share (Baht)	0.58	0.93	0.71
FINANCIAL RATIOS	Net Profit Margin (%)	2.21	3.88	2.72
	Return on Equity (%)	7.62	13.62	10.41
	Return on Total Assets (%)	4.51	7.76	6.51
	Dividend per Share (Baht)	0.30 <sup>2/</sup>	0.40	0.30
	Par Value (Baht)	1.00	1.00	1.00
	Book Value per Share (baht)	7.68	7.50	7.16

Remark : <sup>1/</sup> Profit for the year attributable to equity holders of the company's owners

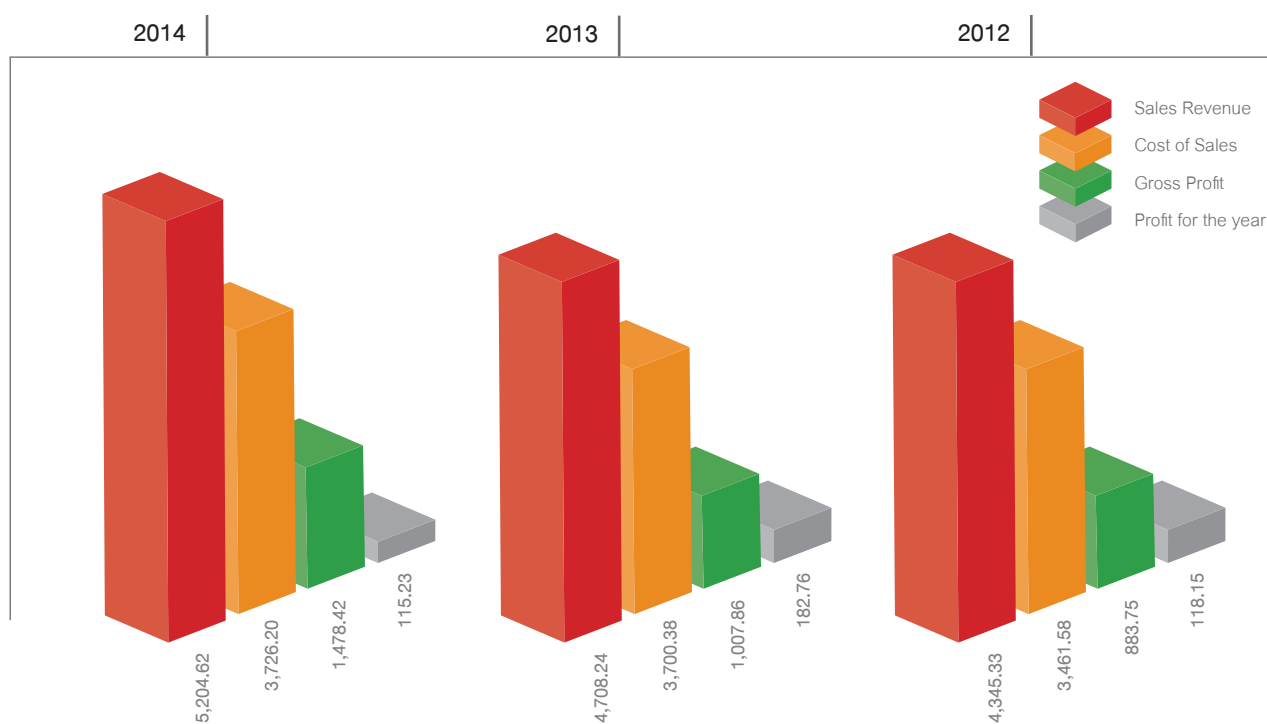
<sup>2/</sup> Dividend Payment from profit for the year of consolidated financial statements



# FINANCIAL STATUS



# PROFIT AND LOSS



# MESSAGE FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER



Gen. *Charan Kullavanijaya*  
(Charan Kullavanijaya)  
Chairman

## To Shareholders

2014 had passed so quickly amid uncertainty of the situations both domestically and abroad that had, in turn, presented an impact upon the country's economy and led to consumption contraction. Contraction was apparent especially in the area of consumer spending since the Thai citizens remained cautious about the country's political and economic stability, resulting in decrease in expenditures, especially on products perceived as non-necessity, as manifested in the decline in the quantity of non-essential products consumed through major distribution channels.

Amid economic and political volatility, however, the Company had managed to partially overcome many obstacles along the way. 2014 marked the 40th year of the Company's business operations since its inauguration. In spite of the gloomy outlook, the Company exhibited a growth rate of 13% and the market share of approximately 78% for all of its beverages combined (Source: AC Nielson), a 3 percentage point increase from the previous year, while the rest of the sparkling beverage market remained static. The Company continued to maintain its position as the market leader in the sparkling beverage market in southern Thailand. In addition, it was the first year that the Company generated over Baht 5,000 million in revenues, another year of satisfactory results.

In 2014, the Company's total sales was 47.38 million unit cases (unit case: a standard volume measure used for comparisons with sparkling beverages of 8-oz size), an increase of 5.57 million unit cases or 13.31%. Total sales of sparkling beverages increased by 12.51% while that of non - carbonated products namely Minute Maid fruit drinks, Habu Cooling herbal drinks and Namthip drinking water increased by 26.74%, albeit from a small base. The Company's sales volume has grown at 13% CAGR (Compound Annual Growth Rate) from 2009 to 2014. The construction of the second plant in Amphoe Poonpin, Surat Thani to accommodate the new PET production line increased production capacity of sparkling beverage and drinking water in the form of PET packaging to meet the market demand, which helped increase the Company's total sales.

For the operating results of the year 2014, the Company and subsidiary's combined sales revenue totaled Baht 5,204.63 million, a Baht 496.38 million or 10.54% increase from the previous year. Net profits of Baht 115.24 million indicated a drop of Baht 67.52 million or 36.96% from the previous year, while earnings per share in 2014 was Baht 0.58, compared to earnings per share of Baht 0.93 in 2013. The decrease in profit was due to the absence of profits from the sales of land and the sales of investment in the shares of a listed public company as it did in 2013. In addition, the Company paid higher interest expenses from the loans for investment in the second plant and installation of a new PET machine.

In comparison with regular operating results, meaning the operating results of the Company's core business which is the production and distribution of sparkling and non-carbonated beverages, net profits of the year 2014 was Baht 115.24 million, higher than that of 2013 by Baht 14.29 million or 14.16%. In 2015, the Company and subsidiary will need to further invest in Phase 2 of the Poonpin Project, for the construction of a stock area, a structure to accommodate a new Plastic Injection Machine. The latter is needed since the Plastic Injection Machine at Haadyai plant is now producing at full capacity.

On the Company's financial position, it remains viable with sufficient cash flow to repay the loans and pay out dividends to shareholders. As at 31st December 2014, the Company's Liquidity Ratio was 1.15 times and Debt to Equity (D/E) Ratio was 1.21 times.

Following the Board of Directors' Meeting 1/2015 held on 12th March 2015, the Board of Directors had passed a resolution to approve dividend payment for the operating results of the year 2014 to the Company's shareholders totaling to 199,218,000 shares. The dividend shall be paid out at the rate of Baht 0.30 per share, approximately 50 percent of net profit of the Company's Consolidated Financial Statement, in accordance with the Company's Dividend Payment Policy. The date for dividend payout has been set for 20th May 2015. The Company shall further propose for



approval of dividend payment to the Annual Shareholders' Meeting of the year 2015 to be held in April 21, 2015.

The Company has been operating its business with earnest commitment to the principles of good corporate governance, transparency, fair practice and anti-fraud and corruption of all means for the past 40 years of its existence. Towards the end of 2013, the Company had signed up with the Private Sector Collective Action Coalition Against Corruption Council to declare its intent to participate in the Private Sector Collective Action Coalition Against Corruption (CAC).

To ensure that the Board of Directors, Management and staff of all levels perform their duties and tasks free of fraud and corruption throughout every step of their performance, the Board of Directors has passed a resolution to give consent to the "Business Operation and Anti-Corruption Policy" and to certify self-assessment results in regards to the 71 items of the Anti-Corruption Measure already reviewed, certified and signed by the Chairman of the Audit Committee, in order to request for certification from the Private Sector Collective Action Coalition Against Corruption Council and to certify the Company as a member of the Private Sector Collective Action Coalition Against Corruption. This certification shall also serve as an evidence that the Company is equipped with suitable policy and procedure to deal with the risk of fraud and/or corruption that may occur.

In regards to the environment, the Company has a policy to proceed with its business operations in an environmentally-friendly manner and never fails to realize the possibility that the Company's day-to-day operations may impact the environment. The Company takes into consideration all stakeholders and continues to instill conscience in its staff, to always be responsible to the community and environment. A good example of action taken by the Company is the "Vetiver Cultivation Project" at Poonpin plant, Surat Thani, where the Company followed a Royal Initiative by starting to cultivate vetiver grass since 2012, the result of which was highly satisfactory. Vetiver grass has helped a great deal to reduce soil erosion by water; improve the quality of soil; as well as provide benefits in other areas. This action had led the Company to participate in the 9th competition of the Vetiver Development and Campaign Project according to the Royal Initiative; and the Company has been selected to represent the south of Thailand to further compete in the national contest. Another project participated by the Company is the "Cycling Project" – cycling whenever you can. This project promotes the use of bicycles instead of motorcycles or cars for the purpose of business communication between office buildings – one way to help mitigating the global warming effect. By using one bicycle in place of one motorcycle, carbon dioxide emission can be reduced by 8.8 kilograms per 4 litres of fuel. Moreover, cycling is another way to promote exercise, since cycling utilizes energy at the rate of 300 calories/hour or 5 calories/minute. In terms of distance, 1 kilometer of bicycle ride is equivalent to burning 63.75 calories. This is also in line with Coca Cola USA's "Me, We, World" Policy (Me: enhancing

Sec.Lt.



(Phairoch Rattakul)

Chief Executive Officer



personal well-being; We: Building stronger communities; and World: Protecting the environment). The Cycling Project that encourages cycling between office buildings for the purpose of business communication shall be encouraged more at both Haadyai and Poonpin offices.

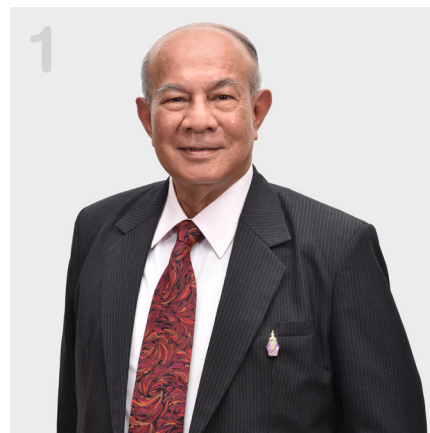
As for Thailand's economic outlook for the year 2015, Office of the National Economic and Social Development Board (NESDB) has forecasted GDP growth to be approximately 3.5-4.5%, a recovery from 0.7% growth in 2014. Sparkling beverage industry is also likely to improve along the line of economic recovery, provided consumers have optimistic outlook for the future. The Company's 3-year goal is to achieve a total sales of 66 million unit cases and Baht 7,300 million in sales revenue in the year 2017; and the 5-year goal is to achieve a total sales of 100 million unit cases in the year 2020.

Lastly, the Board of Directors would like to thank all of the shareholders, business partners, customers and related parties for their continued support for the Company. The Board of Directors shall perform its duties with caution, transparency and in an ethical manner, by adhering to the practice of good corporate governance for the stability and prosperity of the Company in a sustainable manner. The Company shall make utmost effort to provide good returns to the shareholders on a continuous basis. The Company would also like to thank all of the staff for their effort and hard work in driving "Haad Thip" to success and prosperity in a sustainable manner.

# BOARD OF DIRECTORS

## 1. Gen.Charan Kullavanijaya

Independent Director / Chairman

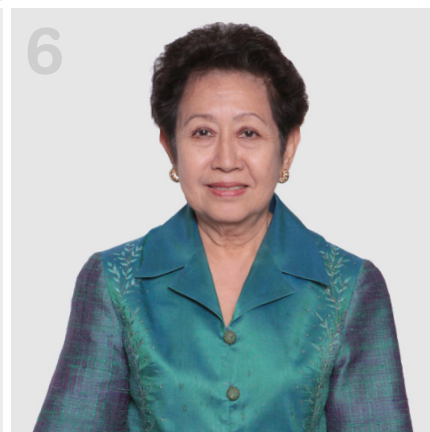


## 2. Sec.Lt.Phairoch Rattakul

Authorized Director /  
Nomination and Remuneration  
Chairman

## 3. Mr. Philipp Hugo Gutsche

Director



## 4. Mr. Prakrit Pradipasen

Authorized Director /  
Nomination and Remuneration  
Member

## 6. Ms. Smornluk Mahasmiti

Independent Director/  
Audit Committee Member/  
Nomination and Remuneration  
Member

## 5. Maj. Gen. Patchara Rattakul

Director

## 7. Mr. Douglas Andrew Jackson

Director





**8. Mr. Johan Willem Maarten Jansen**

Independent Director

**9. Mrs. Yupares Thientham**

Director

**10. Mrs. Pariya Chirabandhu**

Authorized Director/Nomination  
and Remuneration Member



**11. M.L. Dhisana Sritavaj**

Director

**13. Mr. Yanyong  
Maethapanich**

Independent Director /  
Audit Committee Member /  
Nomination and Remuneration  
Member

**12. Mr. Dumrongrugs  
Apibalsawasdi**

Authorized Director





## 40 YEARS OF KINSHIP,

*Haad thip alongside, striving for  
success and prosperity*



# HAAD THIP'S CORPORATE SOCIAL RESPONSIBILITIES



**The Company is committed to business management with moral principle, business ethics, respect to human rights,**

determination to provide quality products and services, care for the environment and while taking into consideration the interests of all stakeholders. The Company shall instill conscience in its staff in regards to the responsibility towards the society and environment; ensure the best use of resources; treat all consumers in an equitable manner; and comply with legal requirements and any other regulatory requirements or any related universal practices; as well as take part in community development in a continuous and sustainable manner.

the 'Vetiver Glass  
Cultivation Project'  
at Poonpin Plant

## 01



## Commitment to Fair Business Practice

The Company is committed to fair business practice and strictly abides by the law and other requirements set forth by regulatory agencies. The Company is also committed to operate its business by following the Code of Conduct, which has been put in writing as explicit guidelines and regulations for the directors, management and staff of all levels to follow, in order to treat all stakeholders such as shareholders, customers, business partners, competitors, staff and employees with fairness and without seeking an opportunity to serve one's own interest that would be in conflict with the Company's interests.

The Company has established a policy and principles of conduct in regards to non-violation of intellectual property or copyright as part of the Company's regulations under the subject of The Utilization of Computer Network, Information and/or Electronics Equipment Act (B.E. 2549), in line with all of the Computer-related Crime Acts. Violation of or infringement upon such regulations shall result in the maximum penalty of employment termination and possibly prosecution.

The Company has a compensation measure for stakeholders in the case that damage has been inflicted upon the stakeholders as a result of the Company's violation of the legal rights of the stakeholders. The Company also provides an opportunity for notification of tips and clues or complaints in regards to violation of the law or Code of Conduct through the Company's Consumers Information Center (CIC). The CIC shall act as a center to receive news and information and consumers' complaints. Following the notification of tips or clues, information shall be verified and then reported to the Audit Committee and the Board of Directors. The Company has also arranged for a communication

channel for employees to submit their suggestions and complaints on any subject of constraints or frustration in the workplace. Every suggestion shall be taken seriously into consideration, and an effort shall be placed in finding a solution to the problem that shall benefit all parties concerned. This is also in line with the human rights principle and development of good working relationships in the workplace. The Company shall provide an opinion box and electronics channel for all staff and employees to have equal and inclusive opportunities to submit their opinions.

The Company has also established the guidelines in regards to appropriate manners of giving and receiving gifts, assets or any other benefits. The objective is to try and prevent any possible channel of fraud or reasons to decide to treat the giver in a way that may lead to inequitable compensation or unfair treatments to other related persons. However, the Company shall take priority in considering the intention of the giver and the receiver in this case.

In addition, the Company has established a set of guidelines for the roles and responsibility of the management and staff of all levels as well as the Code of Conduct and responsibilities towards all of the interested persons and stakeholders. Such guidelines shall be proven beneficial, as it shall set the standards of job performance for the management and staff on the basis of honesty and integrity. Performance shall be followed up on a regular basis to ensure conformity to the established regulations, with considerateness and respect for the rights of others who coexist in the same society.

## 02



## Respect for Human Rights and Fair Labor Treatment

The Company has a policy to operate its business in such a way that it abides by the law, adheres to human rights principle, and refuses to support any enterprises that violate human rights. The company shall proceed alongside the principle of equitability in the management of wages, benefits and other employment terms and conditions, as well as realize the rights and freedom for assembly of work colleagues. The Company shall not engage in the use of forced labor or child labor; the act of discrimination; and shall be willing to provide equal opportunity for all employees and colleagues. The Company has arranged for a suitable working environment; and activities that provide opportunities for employees to create bond and relationships among employees and unity between the organization and employees. Such activities include Haad Thip Plastic Football Tournament, Ror Jor Ror Yor Day, Annual Sports Day, the water-pouring ceremony of Songkran Festival (an activity that involves pouring water on the hands of revered elders in the Company and asking for blessings) and the happy traveling activity at retirement, all appropriately arranged to create harmony and

unity within the organization and good relationships among employees from different fields of work. Employee selection process carried out by the Company involves absolutely no discrimination in terms of gender, religion or political viewpoint, for example. The Company shall continue to focus on treating its employees fairly and with dignity, a suitable treatment for a member of Haad Thip family. The Company shall proceed in accordance with Labor Protection Act and Thai Labor Standard, as well as other related laws, regulations and requirements as follows:

**2.1 Hiring Procedure :** Appointment, transfer, compensation and welfare payment shall be carried out in an equitable manner and in accordance with the principle of impartiality and moral principle. Employees shall be compensated with the rate higher than minimum wage rate, and shall have the opportunity to advance in their career according to their knowledge, ability and performance level. All employees are readily informed about the Company's Compensation and Fringe Benefit Policy from the first day of employment as it is stated in the Employees Handbook; and from the new staff orientation program.

**2.2 Welfare / Fringe Benefit :** Medical treatment and safety are considered the Company's responsibility, in order to ensure the welfare of its employees and maintain the right, safe and sanitarian environment of the workplace. The Company shall strictly abide by all labor-related laws, and make the welfare of employees its priority.

**2.3 Complaints :** The Company has provided the rights for employees to submit complaints to the Company for the case of unfair treatment, wrongful practice or failure to perform in accordance with Employment Regulations or the mutually arranged Employment Contract. Petitioner shall proceed as per the steps and procedure of complaints stated in the Company's Regulations.

**2.4 Knowledge and Ability Development for Employees :** The Company provides inclusive opportunities of employee development and training, both on and off premise, and on a regular basis. For example, the Company has provided educational sessions to its employees on various topics related to each employee's job, in order to develop their skills, vocational ability, technological knowledge, knowledge on domestic and international laws, as well as regulations and requirements. The intention is to improve employees' performance efficiency through implementation of their acquired knowledge and skills; and also to stimulate and create teamwork and maintain good relationships

among work colleagues through training programs as well as activities organized on premise.

**2.5 Occupational Health and Environment :** The Company has a policy in regards to safety, occupational health and environment in the workplace, in realizing the importance of a healthy environment at work; and believing that accidents, injuries, diseases and ailments inflicted in a workplace can be prevented through safety awareness and employees' cooperation. The Company is prompt to provide any resources for its employees to support and encourage safety in the environment of the workplace and while driving; mitigation of occupational accidents, ailments, diseases and loss; prevention of public hazard; as well as continuous improvement and development on this particular area. This policy shall be communicated to all of the employees of the organization, visitors, contractors, general public and any other interested parties for the purpose of acknowledgement.

The Company has proceeded with and organized activities in accordance with the requirements of the law as well as provided training and knowledge to its employees on accident prevention; arranged for appropriate danger prevention equipment for the employees; provided training on fire prevention and extinguishing in the workplace; appointed a Safety Committee and vocational safety officers, for example. Moreover, the Company has encouraged regular organization of activities to stimulate awareness on safety in the workplace among its employees, for example, the 5-Minute for Safety Project or the Safety, Occupational Health and Environment Week with an objective to instill in the employees knowledge and understanding on safety, occupational health and environment in the workplace, and to remind them to perform their daily tasks with caution in order to mitigate occupational injuries and ailments. The Company has already been certified with OHSAS18001 Occupational Health and Safety Management Standards; and granted a Shield of Honor as a prototype organization of a Happy Workplace, by The Federation of Thai Industries in Songkhla.



## 03 Responsibility to Consumers

The Company is committed to fair business practice and a business operation that creates benefits for its consumers and clients, especially by giving heed to quality, safety and occupational health, from the production process all the way to the quality of product delivery and services that meets the level of international standards. Moreover, the Company has imposed a stricter management system responsible for the control of the production process as well as product verification and analysis. As a result, the customers and consumers have placed trust in the Company's product and service standards up until these days. The Company's principles of conduct are as follows:



- The Company manufactures products of high quality and standard, as it has always been strict in terms of safety and quality of products by the standard of The Coca-Cola Quality System that ensures the same standard worldwide. The Company has also been certified with the following standardized systems:
    - Certified by ISO 9001:2008 that sets out the criteria for quality management system
    - Awarded with a Gold Medal from “Technical Stewardship Excellence Awards 2008 (TSEA 2008)” as the best manufacturer in Southeast and West Asian region, from a total of 30 manufacturers in 6 countries namely Thailand, Vietnam, Cambodia, Malaysia, Singapore and Indonesia
    - Certified by ISO 22000 Food Safety Management, an international standard that specifies the requirements for a food safety management system
    - The first manufacturer in Southeast and West Asian region (SEWA Division) to be certified by Q3 - The Process Focus Stage in the Quality Management System of The Coca-Cola Quality System
    - Certified by the Standard for Corporate Social Responsibility, Department of Industrial Works (CSR-DIW Awards) in the year 2010 and certified by CSR-DIW Continuous Awards in 2011, by the Department of Industrial Works, Ministry of Industry
  - The Company gives precedence to the operation under consumer-related laws, for example, Consumer Protection Act B.E.2522 (1979), as amended by the Consumer Protection Act (No.2) B.E. 2541 as well as Act on Prices of Goods and Services B.E.2542 (1999)
  - The Company can communicate with its consumers through various communication channels as follows:
    - The Company has a Consumer Information Center (CIC) to receive news and information as well as complaints from consumers
    - The Company has a procedure to perform customer satisfaction survey (Voice of Customers Project)
  - The Company has been marketing its products in a fair manner; and providing accurate, sufficient and up-to-date news and information to the customers for the purpose of acknowledgement about products and services provided by the Company. No exaggeration has been made on the product and service information that could have led to consumers’ misunderstanding about the quality or terms and conditions of the products or services.
  - The Company respects and maintains customers’ confidentiality.
  - The Company makes contact with its customers in a courteous manner; business partners and consumers place trust in the Company; the Company always ensures promptness in responding to customers as well as in delivering products to the customers.
  - Educating consumers is one of the Company’s priorities, especially in regards to the Company’s activities, products and services. For examples, the Company has educated consumers on the subjects of consumer health and safety, consumer protection and the product labels.
- For the fiscal year 2014, the Company did not receive any complaints on its products or services from its customers.



## 04 Environmental Management

The Company truly realizes its responsibility for the environment, especially in regards to the possible impact on the environment as a result of the Company’s business operation. The Company would like to express its intention and commitment in regards to the environmentally related principle through the establishment of an Environmental Management Policy in order to create a framework for its employees to perform their tasks under the established objectives and goal. This, ultimately, intends for the conservation of environment and to promote the management and staff to progress in the same direction.

The Company has been certified by ISO 14001 that sets out the standard criteria for an environmental management system, and Hat Yai plant has been certified by the Ministry of Industry as level 3 or Green System (Green System is a system that requires continuous monitoring, assessment and review of the organization’s environmental management system for the purpose of continuous development; to win environmental awards from widely-recognized institutions; and to be certified by environment-related standardized systems). The Company has a policy to keep developing on a continuous basis, in order to apply for levels 4 and 5 of the Green Industry status in the future. The Poonpin Plant is considered a prototype of the Green Factory that helps to conserve the environment. It is equipped with skylight roof to receive natural light; it makes appropriate use of rain water, and will install a water quality control system to ensure acceptable water standards; it is equipped with a state-of-the-art waste water treatment system that saves energy during the operation; it helps to conserve nature through conservation and planting of trees; and last but not least, its vetiver grass cultivation project has helped to prevent erosion of soil surface.

The Company has proceeded according to the policy announced, in accordance with the framework and guidelines below:

1. The Company shall proceed strictly in accordance with the following environmental laws:
  - Notification of Ministry of Industry on the subject of Determination of Particulates Emissions from Stationary Sources B.E.2549(2006)
  - Notification of Ministry of Industry on the subject of Disposal of Waste and Unusable Materials B.E.2548(2005)
  - Enhancement and Conservation of National Environmental Quality Act B.E.2535(1992)
  - The Energy Conservation Promotion Act B.E.2535(1992)
  - National Energy Policy Council Act B.E.2535(1992)
  - The Groundwater Act (No.2) B.E.2535(1992)
2. The Company is determined to maintain its leadership position in the beverage industry that continues to give precedence to energy conservation and protection of the environment and climate. For example, the Company has installed a new refrigeration system that utilizes 50% less electricity; that is free of CFC; and does not cause damage to the atmospheric layers and environment. The Company has also implemented the Carbon Footprint Project and the Cycling Project, to use a bicycle as a means of transportation between office buildings instead of a motorcycle or a car, in order to help mitigating carbon dioxide emission, for example.
3. The Company is determined to make the most responsible and efficient use of water resources, as its ultimate goal is to return an equivalent amount of water used in the Company's production process to the community and nature in a safe and sustainable manner. The Company is equipped with state-of-the-art waste water treatment system that treats waste water produced by the production process. The Waste Stabilization Pond System is an energy-saving system and it utilizes natural resources for the treatment, for example, sunlight and water hyacinth, with aerobic and anaerobic decomposition of organic material. The Company has also provided support to various projects in order to meet the above objective, for example, Check Dam Construction Project to preserve water resources in Ban Khlong Yan, Surat Thani; Water Resource Development Project at Lumpee Brook, Songkhla; Pee Nam Nong Rak Nam Project under the Royal Initiative of His Majesty the King; and Thailand Water Challenge under the Royal Initiative of His Majesty the King.
4. The Company has created a Recycle Bank Project with the following objectives:
  - To instill good conscience in the employees to separate garbage and help to conserve the environment in the factory and in their family in order to help reducing the amount of garbage; and also to educate employees on the correct and appropriate way to separate garbage.
  - To use the by-product from the creation of Recycle Bank to further enhance environmental knowledge among the employees.
  - To design a garbage management format, with the employees taking part in this operation.

The Company has established an annual budget for training and educational courses for employees in regards to the environment that take place on a regular basis. These courses include on-the-job training as well as sending employees to participate in external seminars organized by other institutions or agencies, in regards to environmental issues. In 2014, the Company had organized training courses and sent out employees to participate in environmental seminars altogether 22 courses with a total of 674 employees participating in the events, and the total budget for the year was approximately Baht 539,000.



05

## Innovation and promulgation of innovative creations acquired from business operation with consideration on social responsibility and responsibility to the environment and stakeholders

- 5.1 The Company has developed and created environmental-friendly packaging by way of reducing the quantity of raw materials and resources utilized in the production process. For example, reducing utilization of plastic in the production of PET products; reducing the use of aluminum in the production of 325ml can products; and using plastic wrap without having to use the paper trays.
- 5.2 Carbon Footprint Project: The Company was carbon-footprint certified by Thailand Greenhouse Gas Management Organization (Public Organization: TGO) for the 10oz and 250ml Coca-Cola glass bottles, and the 1.25liter Coca-Cola PET bottles. The quantity of carbon footprint generated by the products is an indicator of the impact on the environment in terms of global warming effect. The Company intends to further apply for carbon footprint certification for other products and sizes.
- 5.3 The Company has developed and created the type of packaging that can possibly become valuable resources in the future, for example, 100% of its bottles and cans can be recycled.
- 5.4 The Company has developed the type of products that will help to conserve natural resources and environment. For example, Coca-Cola is the first manufacturer in Thailand to apply environmental-friendly innovation to the new packaging of Namthip Water. This innovation can help to reduce utilization of plastic by 35%, compared to the previous packaging type. As a result, it will also help to reduce energy consumption in the production process.

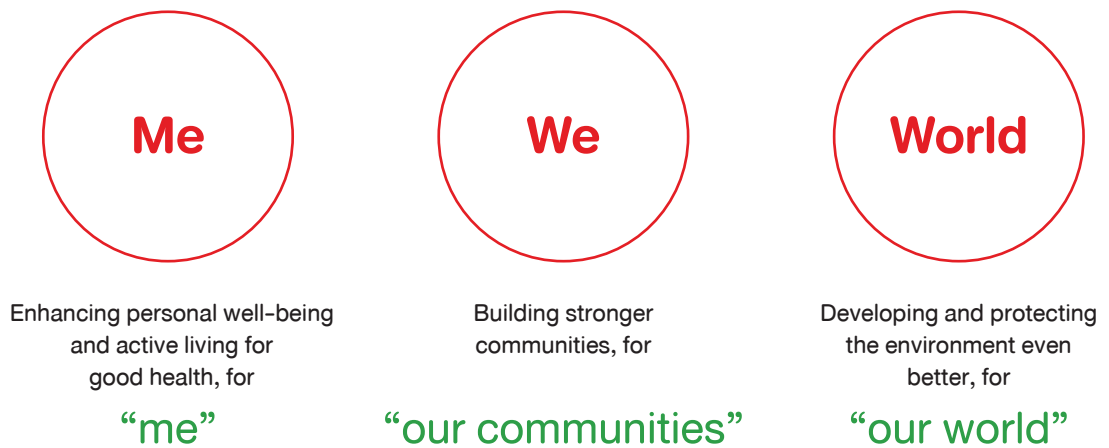
## 06



## Participation in Community and Social Development

### “Sustainability Commitment of Coca-Cola”

is the project where Coca-Cola Group of Companies in Thailand, comprising Coca-Cola (Thailand) Co., Ltd., ThaiNamthip Limited and Haad Thip PCL, is determined to work together to implement sustainability programs across all areas and processes of its operations. This shall be succeeded through the creation of values together with all parties involved, and creation of social sustainability in all areas through job performances and collaboration with government agencies, non-profit organizations and the communities through the 3 fundamental areas of sustainability framework as follows:



According to the 3 fundamental areas of sustainability framework, the “Me, We, World” Policy, Haad Thip has already proceeded with, provided support to and participated in the community and society developmental activities in various areas as follows:

#### Me

Enhancing personal  
well-being and  
active living for  
good health, for

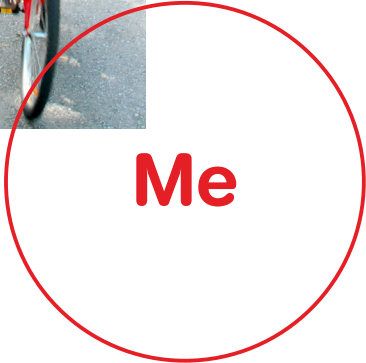
#### me

1. The Company's products namely Coca-Cola (Coke), Fanta, Sprite, and other products under the trademark of Coca-Cola Company namely the Minute Maid fruit drink group of products, Habu Cooling herbal drinking products and Namthip Drinking Water are products of quality and leading brands by world standard.
2. Haad Thip's corporate culture is full of strength and bond, in line with the organization's concept of “Ror Jor Ror Yor” (Ruam Jai Rao Yoo or Together We Survive)
3. To promote health-related activities that take place on a continuous basis and spread across all age groups, by sponsoring the various activities as follows:
  - 3.1 Football tournaments such as Coke Cup Youth Football Tournament and Fanta Youth Cup Football Tournament
  - 3.2 Petanque tournaments such as Haad Thip Cup Senior Petanque Tournament and 100-Year Princess Mother Fund Petanque Tournament for Charity
  - 3.3 Beach volleyball tournaments such as Samila Asian Beach Volleyball Tour, Loma Asian Beach Volleyball Tour and Coca-Cola Haad Thip Beach Volleyball Tournament
  - 3.4 Health run events such as Hat Yai Nature Run, Thai Gulf-Andaman Relay Run and Hatyai Hospital Walk-Run for Health
  - 3.5 Cycling for health and mitigation of global warming effect, for example, Hatyai Car Free Day, Active Campus Network and Pan Song Nong Tong Hatyai Jai See Kiew (2-Leg Cycling Touring Hatyai with Green Heart)





3.2	3.2
3.4	3.3
3.4	3.3
	3.5



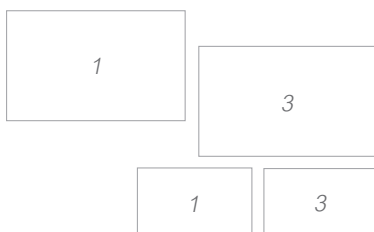
We

To build stronger communities; promote participation by the communities for the purpose of sustainability of

our communities

by performing our duties in a responsible manner wherever the Company enters and sets up its business; as well as to promote, support and develop the surrounding communities for the purpose of strength in a sustainable manner. Examples are:

1. Haad Thip Alongside the Southern Folks Project: "We, Haad Thip family, shall combine strength and effort to help our Southern folks during the time of disaster"
2. Haad Thip Pan Namjai Hai Gachard (Haad Thip's Compassion to Red Cross): "Coca-Cola Foundation is determined to upgrade the quality of life of the Thai people in a sustainable manner, and help out the victims of any catastrophic incidents" from past to present
3. The 5 by 20 Project promotes sustainable female entrepreneurship, with an objective to reach a total of 5 million women around the world by the year 2020.
4. Granted scholarships to translators and temporary staffs with outstanding service at Hatyai Hospital, Songkhla Hospital, Songklanagarind Hospital, Narathivat Rachanakarindra Hospital, Yala Hospital and Pattani Hospital
5. Developed youth potential, for example, granting of scholarships, Haad Thip Junior Project, Rak Chang Thai Bork Thy Fa Coke Project (Protect Thai Elephants through Coke's Bottle Cap Project)
6. Promoting the continuance of Southern tradition, for example, Thot Pa Pah Festival (to make and off-season offering of robes and other needs to the monks), Traditional Chak Phra and Boat Race Festival, Festival of the Tenth Lunar Month and Vegetarian Food Festival
7. Ror Jor Ror Yor Day Activities: On the Birthday of Sec. Lt. Phairoch Rattakul, CEO, the entire Haad Thip family would unite to perform charitable deeds for public benefits, for example, collecting garbage from the beaches, developing and improving the condition of schools, constructing a playground, renovating the library, restoration of temples and mosques and blood donation
8. Thot Kathin Samakee Project (a religious ceremony to present yellow robes to the monks) at Wat Tha Rong Chang, Surat Thani







We



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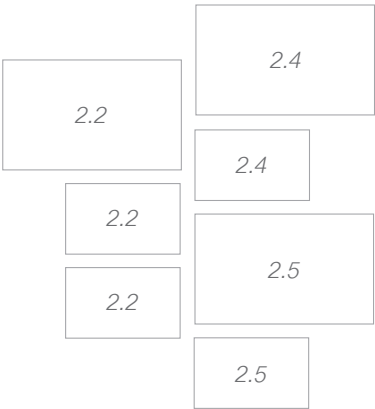




Developing and  
protecting the  
environment even  
better, for  
  
our  
world

The Company has realized that the world is in need for sustainability, especially in the 4 essential areas as follows:

1. **Earth :** The Company has implemented the Vetiver Grass Cultivation Project at Poonpin Plant, which has successfully helped to prevent erosion of soil surface.
2. **Water :**
  - 2.1 Water Conservation Program: Through this program, the Company is determined to make an effort to use the water resource in the most responsible manner, with an objective to return an equivalent amount of water used in the Company's production process to the community and nature in a safe and sustainable manner.
  - 2.2 The Company, in collaboration with Coca-Cola (Thailand), had come up with the Check Dam Construction Project to preserve water resources in Ban Khlong Yan, Amphoe Vibhavadi, Surat Thani; JWC Project; and joined force with public and private agencies in the forestation project.
  - 2.3 "The 4th Haad Thip Junior" Camping Project: To get involved in the activity of creating artificial reef in order to return balance to the sea of Ao Khanom; and to deliver the artificial reef and horse crab bank to the marine and coastal resource conservation group, Ban Nai Plao.
  - 2.4 International Coastal Clean-up Project, for the purpose of environmental conservation and maintenance of the community's property, and to instill conscience on the subject of environmental conservation.
  - 25 Save the Sea Volunteer Project at Ko Rok Nok, Koh Lanta Archipelago National Park, Krabi: By installing mooring buoys, releasing turtles and giant clams, and conserving the coral reef for the purpose of returning balance of the marine and coastal resources to the Andaman coast
3. **Air :** In realization of the global warming effect, the Company has installed a new refrigeration system, with all of its refrigerators being "Green Refrigerators" that do not cause damage to the atmospheric layers. The Company has also been carbon-footprint certified for the 10oz and 250ml glass bottles of Coca-Cola products and the 1.25liter plastic bottles of Coca-Cola. Moreover, the Company has initiated a Cycling Project, to promote the use of bicycle to travel between office buildings instead of a motorcycle or a car, in order to help mitigating carbon dioxide emission.
4. **Energy :**
  - 4.1 The Company has applied the Energy Saving Project to all of its departments and units, by explicitly setting the time to switch on and off the lights and air conditioners.
  - 4.2 The Company has adjusted the energy consumption level, from the use of 36-watt to the more energy-efficient 24-watt light bulbs for office use; and from 250-watt lamps to 50-watt LED bulbs for the lighting system used in the production lines.



# World

# ANTI-CORRUPTION POLICY

Haad Thip Public Company Limited together with the subsidiary has a policy to operate the business with earnest commitment to honesty, transparency, fairness, the principles of good corporate governance, business ethic and anti-fraud and corruption of all facades, both directly and indirectly. The Company has already signed up in declaration of its intent to participate in the Private Sector Collective Action Coalition Against Corruption (CAC), a national program supported by the government and Office of the National Anti-Corruption Commission (NACC).

To ensure that the Board of Directors, management and staff of all levels perform their duties and tasks free of fraud and corruption throughout every step of their performance, the Board of Directors has passed a resolution to approve and promulgate the "Business Operation and Anti-Corruption Policy". It shall be considered part of business ethic, with the promulgation appeared on the Company's website at <http://www.haadthip.com>, for the purpose of communication to the public and individuals outside of the Company. Dissemination of the policy and related practices has also been done through the notification board at all branches and warehouses of the Company. The Company's staff of all levels shall strictly apply the policy to all steps of their performance, whether in purchasing and procurement, accounting and finance, human resource management, internal control and internal audit, or any other departments. The Board of Directors has also passed a resolution to certify self-assessment results in regards to the 71 items of the Anti-Corruption Measure already reviewed, certified and signed by the Chairman of the Audit Committee, in order to request for certification from the Private Sector Collective Action Coalition Against Corruption Council to certify the Company as a member of the Private Sector Collective Action Coalition Against Corruption. This certification shall also serve as an evidence that the Company is equipped with suitable policy and procedure to deal with the risk of fraud and/or corruption that may occur.

In addition, the Company has established a Whistle Blowing Policy, to serve as a channel for staff or stakeholders to submit complaints or report any possible hint or trace in the case of fraud or any corporate misconduct such as engagement in an illegal act, infringement of regulatory requirements or the Company's policy, and business ethics violation. The names and information of the whistle blowers shall be kept in confidentiality, to prevent any possible violation of rights. In order to proceed with the action plan, procedure and activities

in such a way to successfully achieve the objectives set by the Private Sector Collective Action Coalition Against Corruption program, the Company has set up a committee that comprises top executives, to establish anti-corruption measures and regulations. Hence, the Anti-Corruption Measure and Regulation Establishment Committee has been formed.

## FRAUD AND CORRUPTION RISK ASSESSMENT PROCEDURE

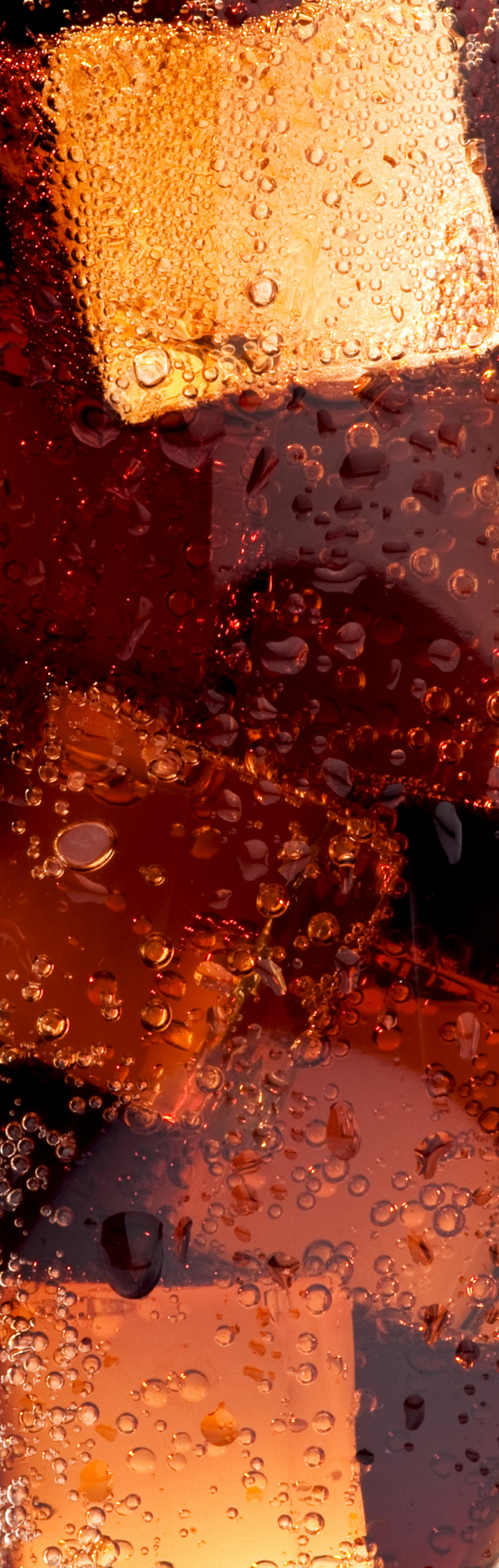
The Company shall ensure that it has an effective internal control system, problem prevention or mitigation procedure as well as a counterplan in case of emergency, to guarantee that the Company's work-related procedures and processes are always prompt for operation; regularly updated, and always ready for any immediate adjustments for the purpose of conformity to the Company's objectives. The Company has, therefore, come up with the "Fraud and Corruption Risk Assessment Procedure", which shall serve as an important tool in the development of Anti-Corruption Measure.

In order to lay down the measures and ensure effectiveness of the Anti-Corruption Measure, the Committee has established Anti-Corruption Measures and Regulations and performed assessment of risk and business activity on each business unit. In performing so, the Company has identified the tasks that are highly exposed to fraud risk; the possible impact; the measure to carry out; success measurement method; and necessary resources for the purpose of risk mitigation. The Company has performed the task through consideration of the following points of concern:

1. The magnitude of damage (big or small) caused by the impact;
2. The possibility level (high or low) that fraud may occur, judging from the frequency of fraud occurrence or using historical cases for evaluation and prediction of future situations.

In order to handle each individual risk, the Anti-Corruption Measure and Regulation Establishment Committee shall need to consider the benefits received from the decision to select the most appropriate way to handle the risk. As such, an action plan known as "Risk Response and Prevention in the Case of Fraud" has been drawn up and become a necessary task that the Internal Audit Office shall carry out, when considering conformance of assessment results and the action plan in the future.





## **GUIDELINE TO MONITORING AND ASSESSMENT OF THE IMPLEMENTATION OF ANTI-CORRUPTION POLICY**

The Company has issued a guideline to monitor and assess the action taken in compliance with the established Anti-Corruption Policy. The Anti-Corruption Measure and Regulation Establishment Committee shall regularly review the performance in conformity to the Anti-Corruption Policy at least once a year, as well as revise the regulations and requirements to ensure that they are in line with any adjustments in the business, rules, regulations and legal requirements.

In addition, the Internal Audit Office shall be responsible for the audit of all internal affairs and business procedures of the Company, including the assessment of work performance and system, corporate governance and internal control system. This action shall help to ensure that everything is in accordance with the generally accepted standards of practice and in conformity to regulatory and legal requirements .

## **TRAINING COURSES FOR THE STAFF ON THE ANTI-CORRUPTION POLICY AND REGULATIONS**

Training courses are a process that will provide the staff with accurate understanding and knowledge of the policy, which shall in turn, lead to changes in attitude, learning process and implementation.

The Anti-Corruption Measure and Regulation Establishment Committee has drawn up a training plan for the staff of all levels, on the subject of Anti-Corruption Policy. The training courses already started off with the "Code of Conduct" course in 2014. Code of Conduct has been added and regarded as an essential topic for the new staff orientation program.



# COMPANY PROFILE

## Haad Thip Public Company Limited,

Registration Number: 0107537002206(Previously Bor. Mor. Jor. 467)

Abbreviation	HTC
Register Capital	199,218,000 Baht ( 199,218,000 ordinary shares @ 1 Baht par value) 199,218,000 paid-up capital, in total of 199,218,000 Baht
Nature of Business	Sparkling Beverage Industry
Head Office / (Plant 1)	87/1 Karnchanavanich Road, Baan Pru, Haad Yai, SongKhla 90250 Tel. : (074) 210-008-18 , (074)210-025-33, (074) 209-240-1, (074)439-644-53 Fax : (074) 210-006-7
Poonpin Plant (Plant 2)	206/1 Moo 3, Tha Rong Chang, Poonpin, Suratthani 84130 Tel. : (074) 210-008-18, (074) 210-025-33 (074) 209-240-1, (074) 439-644-53 Fax : (074) 210-006-7
Bangkok Office	36 Soi Ekamai 10 Yak 2, Sukhumvit 63, North Klongton, Wattana, Bangkok 10110, Thailand Tel. : (077) 357-270 Fax : (077) 357-274
Website	<a href="http://www.haadthip.com">http://www.haadthip.com</a>
Facebook	Haad Thip Thailand : <a href="https://www.facebook.com/haadthip">https://www.facebook.com/haadthip</a> Coke Haad Thip : <a href="https://www.facebook.com/chaadthip">https://www.facebook.com/chaadthip</a>
Twistter	<a href="https://twitter.com/#!/HaadThip">https://twitter.com/#!/HaadThip</a>
Accounting Period	1 January – 31 December

**THE COMPANY'S  
SUBSIDIARY****Southern Rocks Company Limited,**

Registration Number: 0905555000776

**Head Office/ Plant** 87/1 Karnchanavanich Road, Baan Pru, Haad Yai, SongKhla 90250  
Tel. : (074) 210-008-18, (074) 210-025-33  
(074) 209-240-1, (074) 439-644-53  
Fax : (074) 210-006-7

**Nature of Business** A manufacturer of Preform and PET that has received investment promotion from BOI

**Register Capital** 97,000,000 Baht, divided into 970,000 ordinary shares at 100 Baht par value  
and paid-up capital of 59,500,000 Baht

**Shareholdings** 99.99%

**REFERENCE:**

**Registrar** Thailand Securities Depository Company Limited  
62 The Stock Exchange of Thailand Building, Rachadapisek Road,  
Klongtoey, Bangkok 10110, Thailand  
Tel. : 0-2229-2800  
Fax : 0-2654-5599

**Auditor** Miss Orawan Sirirattanawong, CPA license no. 3757  
KPMG Phoomchai Audit Ltd.  
Empire Tower, 50th - 51st Floors 195 South Sathorn Road  
Yannawa, Sathorn, Bangkok 10120, Thailand  
Tel. : 0-2677-2000  
Fax : 0-2677-2222

# NATURE OF BUSINESS OPERATION AND INDUSTRY'S TREND

Haad Thip Public Company Limited is a sparkling beverage manufacturer, granted a franchise by the Coca-Cola Company (U.S.A), Atlanta, Georgia, as a producer and distributor of sparkling beverages under the trademarks of "Coca-Cola," "Fanta" and "Sprite," and other products owned by Coca-Cola Company such as Minute Maid, Habu Cooling, and Namthip, Drinking Water. The Company has 2 manufacturing plants located in Amphoe Haad Yai, Songkhla, and Amphoe Poonpin, Surat Thani, with the products distributed exclusively to the 14 southern provinces of Thailand namely Chumphon, Ranong, Krabi Yala, Phuket, Phang-nga, Trang, Phatthalung, Surat Thani, Nakhon Si Thammarat, Songkhla, Satun, Pattani, and Narathiwat.

The products are manufactured by the Company, with some of the products purchased from a business partner in Bangkok for distribution. The products comprise of the followings:

1. Sparkling beverages that include Coke, Fanta and Sprite
2. Non-carbonated / Still beverages that comprise of Minute Maid, Nutriboost, Habu Cooling and Namthip Drinking Water

The Company's main source of revenue is derived from the sales of sparkling beverages in the south of Thailand. The Company's revenue structure for the past 3 years is as follows:

Detail	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Sparkling beverages	5,001.76	96.10	4,497.33	95.52	4,166.70	95.89
Non-carbonated products	202.87	3.90	211.00	4.48	175.20	4.03
Preform	-	-	-	-	3.43	0.08
Total Revenue from Sales	5,204.63	100.00	4,708.33	100.00	4,345.33	100.00

**Subsidiary :** Southern Rocks Company Limited, a subsidiary owned 99.99% by Haad Thip Public Company Limited, is a manufacturer of Preform and PET bottles that has received investment promotion from BOI. Southern Rocks Company Limited has a registered capital of Baht 97,000,000 that has been divided into 970,000 ordinary shares at a par value of Baht 100 per share, with Baht 59,500,000 already paid-up.

## FUTURE INDUSTRY TREND AND COMPETITIVE ENVIRONMENT

Major players in the soft drink industry in Thailand at present comprise of ThaiNamthip Ltd., a manufacturer and distributor of Coca-Cola products in all regions of the country, in exception of the 14 southern provinces covered by Haad Thip Public Company Limited, Serm Suk Public Company Limited, a manufacturer and distributor of "Est Cola"; Pepsi-Cola (Thai) Trading Company Limited, a manufacturer and distributor of "Pepsi"; and Aje Thai Co., Ltd., a manufacturer and distributor of Big Cola. Other manufacturers are Green Spot (Thailand) Co., Ltd., and 2-3 other small operators in the industry.

The soft drink industry in Thailand is an oligopoly by nature. It is considered difficult for a new operator to enter the industry because high level of investment is inevitable for the purchase of machinery, creation of demand, as well as construction of building structures such as stock warehouses, in addition to sales and distribution vehicles. The characters of the products in the market do not differ much, and so from the consumers' point of view, each and every product is substitutable. As such,

each operator is making an utmost effort to differentiate their products from the others, be it the taste of the products, the image of the products or the image of the Company, especially through regular introduction of new products to the market. Sparkling beverage industry is currently a highly competitive industry, therefore, each Company is in need for adjustment and adaptation at all times. As a result, each bottler is placing great emphasis on continuous marketing activities throughout the year, in order to maintain consumers' interest in the brand; maintain brand exposure and recognition; and prevent consumers from losing sight of the products while creating brand loyalty. Business operators would continue to create value added services or introduce the latest innovation on a regular basis, in order to stimulate and entice the market, with an objective to acquire more market shares as well as maintain the level of market shares through unique marketing strategies designed and executed by each company.

Sparkling beverages are seasonal by nature, with sales volume often higher during the summer than other seasons. As such, major players usually concentrate their tactics and marketing efforts through main media channels namely television media, social media and printing media in order to generate feedback from the consumers through sales promotion activities to reach as much consumer target group as possible.

The Company's strategy is to emphasize on the advertising campaigns to suit the target groups in each area as well as promote good relationships with vendors, community and society in all aspects, while also emphasizes genuine, prompt, reliable and consistent services, with the Coca-Cola standard and quality of products – the products that can be conveniently found and consumed anywhere and anytime, and come in various sizes to satisfy every consumer's preference possible.

In 2014, the Total Sales increased by 13%, the Company remained the market leader in the south while the market shares of all soft drink products by the end of the 2014 totaled to 78% (Source: AC Nielsen), a 3% increase from the previous year.

It has been forecasted that, for the overall picture of sparkling beverage in the year 2015, growth shall be seen through the use of additional marketing strategies to increase satisfaction among core consumer groups, namely individual consumers and community, traditional trade (TT) consumers, and modern trade (MT) consumers.

For individual consumers and community, emphasis shall be placed on the addition of new products such as healthy beverages, to increase variety for the consumers. The Company shall also create trust in the products by means of product quality control, alongside an effort to mitigate pollution created by the production process. In addition, the Company shall continue to establish and maintain close relationships with customers, in line with the "Haad Thip alongside Southern Folks" concept, by means of CSR activities and provision of support to various activities inclusive of charitable activities.

As for traditional trade (TT) customers, the Company's objective is to increase efficiency in the management of sales and distribution of products to the market, in order to increase the number of vendors while maintaining the existing customer base. Moreover, the Company shall use a strategy to create loyalty among customers that are also business partners, through the use of Haad Thip Customer Loyalty Program and the 5 by 20 Training Program, with which over 1,300 vendors have already been trained. Marketing Execution strategy for the management of retailers' operations shall also be applied, in order to create more sales and revenues by adhering to the rule of suitable product, size and price selection for each distribution channel. Another method that is as important is the use of promotional tools and media, for the purpose of creating brand recollection, brand awareness and increased demand for the Company's products.

For modern trade (MT) customer group, the Company shall put an emphasis on readiness and sufficiency of products for customers to prevent the problem of stock shortage, through the use of effective Supply Chain Management method. The Company shall also emphasize the distribution of new products through convenience store channel, to be in line with changed consumer behavior.

With determination to continuously improve the management policies in all lines of work to ensure ever-higher efficiency, the Company is certain that it will progress in such a way to produce even better operating results than the previous year. The Company has forecasted its growth figure for 2015 to rise by approximately 10% from the year 2014. However, the Company pays attention to marketing and production no less than social participation by supporting local cultural/traditional festivals, sports, education and helping the society when suffering from natural disasters and unrest situation in the southern border.



# ELEMENTS OF RISK

The Company has determined the name list of shareholders with right to 2015 AGM and right to receive dividend on the Record Date on March 27th, 2015 and fixed the share registration book closing date on March 30st, 2015 for gathering shareholder's name under the Section 225 of the Securities and Exchange Act B.E. 2535 (Amended B.E. 2551)

## 1. Production Risk :

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- 1.1 Shortage of Raw Material: Sugar is the major raw material used in the production of sparkling beverages. Since sugarcane is an agricultural product, it depends on the climate condition and changes in the environment. As such, the Company is exposed to the risk that sugar may become scarce and/or become expensive as a result of disequilibrium in demand and supply, in the event that the cultivable area is affected by natural disaster. By reducing the risk, the Company emphasizes on having a sugar futures trading according to the forecasted production volume.
- 1.2 Machinery: Some of the Company's production lines have been utilized for several years, therefore, it is possible that the Company may encounter a risk of machinery break down, resulting in time wasting on machinery repair, high expenses on repair, maintenance of its machinery and unnecessary waste of energy.

## 2. Price Risk :

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Since sparkling beverage is a category of product under close surveillance by Department of Internal Trade, Ministry of Commerce, a reasonable price increase is difficult.

## 3. Risk resulting from changes in consumer preference :

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- 3.1 Changes in consumer preference, according to the social trend towards becoming more health conscious, have shifted consumers' attention to more healthy beverages such as milk, fruit juice, bottled water, mineral water, green tea, etc. The current trend towards healthier life has led to the fact that people are paying more attention to their health, and cutting down on the consumption of food and beverages considered harmful to their health. As such, sparkling beverage industry, which has been viewed as non-beneficial to health, has, therefore, felt the impact.
- 3.2 Changes in consumer preference of product types to non-returnable products: Consumers now prefer to consume beverages in the form of non-returnable PET bottles or cans to returnable glass bottles, since non-returnable or one-way products are easily portable. At present, one-way products are sold mainly through channels such as modern trade and convenience stores, and have shown increasing sales volume on a continuous basis as a result of an expansion of modern trade outlets, with the latter being the most popular among the current generation of consumers. Such changes in consumer behavior have affected the Company's profitability, since returnable glass bottles generate higher profit per unit. At the same time, distribution of the type of products only shows a decreasing trend. Which is also a universal trend.

#### 4. Market Risk:

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- 4.1 Sparkling beverages are seasonal products, with higher demand during the summer season. The Company is, therefore, likely to encounter a risk of shortage in production during the summer and excessive capacity during other seasons.
- 4.2 Fierce competition is inevitable, especially with in the modern trade channels, between the Company and other operators in the same industry as well as operators of other types of beverages, especially those with a health-related selling point. The Company also encounters the risk from imitated products that come in larger size and sell at a lower price.
- 4.3 Limitation in market expansion: The Company's distribution territory is limited only to 14 southern provinces, while its major competitor are able to distribute the products nationwide. The scales of operation are, therefore, highly different, allowing the competitor to produce at a lower cost per unit, and hence, having more money on hand for marketing activities.

#### 5. Financial Risk :

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- 5.1 Interest Rate Risk: This type of risk incurred from changes in market interest rates that will take place in the future, which will eventually produce an impact on the Company's operating results and cash flow, since most of the banks' lending rates are floating rates. As such, the Company shall inevitably be encountered with the risk arisen from the interest rate on cash obtained from bank loans.
- 5.2 Credit Risk: This risk is to incur when a customer or a business partner is unable to meet the obligations of debt repayment according to the agreed terms and conditions at due date.

#### 6. Risk that may produce an impact on Shareholders' right or investment :

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At December 31, 2013, the Ruttakul Family's shares in the Company accounted for 35.31%, and Coca-Cola SABCO East Africa (CCSEA), the Company's business ally, holding 24.12% of the Company's total shares. As such, the 2 groups of shareholders hold all together 59.43% (over 50%) of the total paid-up capital. There are, therefore, able to control almost all of the resolutions at the shareholders' meeting, be it the appointment of directors and other request for approval that need the majority votes from the shareholders' meeting. Exception, however, is made for the agendas, that either required by the law or the Company's Code of Conduct, for 3 out of 4 votes to be obtained at the shareholders' meeting to call it unanimous. Therefore, it is possible that no other shareholders would be able to try and collect votes in order to verify and offset the votes on the agenda proposed by major shareholders. Nevertheless, the Company provides an opportunity for minor shareholders to present queries on every agenda and issue, on the day that the shareholders' meeting is held, or to make an enquiry directly to the Company at any time.

#### 7. Other Risk Factors :

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- 7.1 There is a risk that may incur as a result of the issuance of government policy regarding excise tax collection, revision of tax rate, tax base or tax collecting method. All of which would produce material impact on the Company's cost of production. As such, the Company shall cooperate fully by attending meetings and seminars with the government agencies, to provide information and follow up closely on every move and update, in order to mitigate any impact that may occur
- 7.2 Natural disasters that occur rather continually and cannot be anticipated such as storm, flood and mudslide in many southern provinces as a result of global warming.
- 7.3 Ongoing unrest situation in the 3 southernmost provinces and a few Amphoes in Songkhla, which has been increasing since armed bandits stormed the army depot in Amphoe Cho Ai-rong, Narathiwat, stealing loads of weapons in January, 2004.

## Guidelines to dealing with factors that may impact the Company's operation process

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1. Improve the efficiency of production process in order to reduce wastage; and make effort to control production cost and operating expenses.
2. Develop some new distribution channels and seek opportunities to create sales and profits in both existing and new markets, as well as restructure the product mix according to areas of distribution and the principle of BPPC (Brand, Pack, Price and Channel).
3. Reduce the cost of logistics: The Company has developed a product distribution technique in order to improve efficiency in the area of customer service, by ensuring prompt product distribution at lower transportation cost. The distribution technique has been altered from the previous 100% sales-through-vehicle technique, to the current technique that combines vehicle sales service (the traditional product distribution method) and Manual Distribution Center (MDC). At present, this combined method is being applied in the 3 southernmost provinces (Pattani, Yala, Narathiwat and Sungai Kolok) and is some areas under Hatyai branch namely Sadao, Dannok and Na Tawee. There is also a pre-sell system, another sales technique that requires advance agreement on sales volume. This pre-sell system is now during trial period with the modern trade (MT) customers and wholesalers that distribute mainly to large retailers with high-volume orders.
4. Introduce non-carbonated beverages to provide alternatives to health-conscious consumers, by launching products such as ready-to-drink fruit beverages namely Minute Maid Splash, Minute Maid Pulpy and Minute Maid Nutriboost; Habu Cooling herbal beverage; and Namthip drinking water as well as Coke Zero, which is an alternative for consumers who desire sparkling beverages with no sugar added.
5. Develop and improve IT system so that users can analyze the information more speedily and accurately. As a result, the management would have a more reliable piece of information for the purpose of planning and decision-making. The Company has already carried out IT development process in order to improve efficiency of the working and management procedure as well as provide an IT network that would create a complete link within the organization. The previous software has also been replaced with Enterprise Resources Planning (ERP) by SAP ECC 6.0.
6. Adhere to the policy to continue to create and maintain a long-standing relationship with customers and related organizations outside of the Company, for the purpose of understanding and trust in the Company's product quality and service standards.
7. Continue to proceed with the "Haad Thip alongside the Southern Folks' policy by participating in good times and bad times alongside the people of the south, especially when they encounter catastrophic incidents. The Company also participates in a variety of activities to promote and support the local culture and tradition, youth education, sporting events, community development; and plays an important role, in conjunction with the community, in environmental conservation.

# SHAREHOLDERS STRUCTURE

List of the first 10 shareholders	Number of shares	% of paid-up share capital
1. Coca – Cola SABCO East Africa (CCSEA)	48,040,726	24.115
2. Sec. Lt. Phairoch Rattakul' group		
2.1 Sec. Lt. Phairoch Rattakul	23,926,439	12.010
2.2 Mrs. Prabhansri Rattakul	20,136,281	10.108
2.3 Miss Pannapa Rattakul	14,421,647	7.239
2.4 Maj. Gen. Patchara Rattakul	10,381,044	5.211
2.5 Mr. Pichakorn Rattakul	1,473,144	0.739
3. Mrs. Pariya Chirabandhu's group		
3.1 Mrs. Pariya Chirabandhu	8,651,175	4.343
3.2 Mr. Apichart Chirabandhu	214,272	0.108
3.3 Mr. Harith Chirabandhu	3,003,400	1.508
3.4 Miss Chanya Chirabandhu	2,047,300	1.028
4. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	10,797,293	5.420
5. Aberdeen Small Cap Fund	10,495,323	5.268
6. Thai NVDR Company Limited	5,600,825	2.811
7. Mrs. Chira Sritavat na Ayudhya	3,183,807	1.598
8. MAYBANK KIM ENG SECURITIES PTE. LTD.	2,013,600	1.011
9. Mr. Sman Sittichaivises	1,776,026	0.891
10. Ms. Sirincha Sittichaivises	1,598,900	0.803
11. Others	31,456,798	15.790
<b>Total</b>	<b>199,218,000</b>	<b>100.000</b>

The Company has determined the name list of shareholders with right to 2015 AGM and right to receive dividend on the Record Date on March 27th, 2015 and fixed the share registration book closing date on March 30st, 2015 for gathering shareholder's name under the Section 225 of the Securities and Exchange Act B.E. 2535 (Amended B.E. 2551)



# DIVIDEND POLICY

## HTC's dividend policy

The Company's new dividend policy is to pay out dividends at no less than 50 – 80% of its net profit after deducting all provisional reserves required by law and by HTC. The net profit is based on the consolidated financial statements. Dividend payment, however, is subject to cash flow, future investment plan, necessity, and suitability.

Dividend payments for prior years are shown below for reference:

Details of Dividend Payment	2014	2015	2016
Number of paid-up capital (shares)	199,218,000	199,218,000	166,015,000
Profit for the year (million Baht)	115.23	158.56	119.27
Basic earnings per share (Baht)	0.58	0.81	0.72
Dividend per share (Baht/share)	0.30 <sup>1/</sup>	0.40	0.30
Total dividend payment (million Baht)	59.77	79.69	59.77
Dividend as % of profit for the year (%)	51.86	50.26	50.11

<sup>1/</sup> The Board of Directors is of the opinion that the Company's 2014 performance dividend payment in the amount of Baht 0.30 per share requires an approval from the 2015 AGM on 21st April 2014

## Subsidiary's dividend policy

Concerning subsidiary's dividend policy, may decide dividend payment by taking into account its remaining cash flow. If the cash flow is substantial enough after legal provisions, the subsidiary may proceed with payment.

# MANAGEMENT STRUCTURE

## 1. Organization Structure

### Board of Directors

#### Chief Executive Officer

Sec.Lt. Phairoch Rattakul

#### Company Secretary

Miss Sudaluck Brownvanakul

#### Audit Committee

#### Nomination and Remuneration Committee

#### Internal Audit Office

#### Chief Operation Officer

Maj.Gen. Patchara Rattakul

#### Customer Service System Director

Mr. Timothy Edward Doyle

#### Vice President

Mr. Dumrongrugs  
Apibalsawasdi

#### Senior Vice President

Mrs. Pariya Chirabandhu

#### Vice President

MR. John Joseph Benedetti

#### General Admin Director

Mr. Thongchai Unshurit

#### Sales Director (Traditional Trade)

Mr. Taweedet Chanme-on

#### Technical Director

Mr. Sukchai  
Sakpukdeecharoen

#### Procurement Director

Mrs. Pariya Chirabandhu  
(Acting)

#### Sales Admin Director

Miss Saovapa  
Wangwongwiat

#### Plant Director

Mr. Thakerng Kanchana

#### IT Director

Miss Prakong Sompavana

#### Accounting Division Manager

Miss Nithinart Juntasurat

#### Finance Division Manager

Miss Nopparat  
Amonchaisakda

## 2. Management and Administrative Structure

The Management and Administrative Structure of the Company comprises of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, and Executives. Each member must hold the following qualifications, roles and responsibilities:

### 1. The Board of Directors

The Board of Directors is composed of qualified individuals with experience, leadership character, vision, and independent decision making process, who devote their time and utmost effort in carrying out duties under their responsibility with caution and integrity for the best interest of the Company, shareholders and all stakeholders concerned.

As at 31<sup>st</sup> December 2014, the Board of Directors comprised of 13 individuals, out of which 9 or 69.23% were Non-Executive Directors and the remaining 4 were Executive Directors as follows:

- Independent Directors: 5 persons or one-third of total number of the Board of Directors
- Non-Executive Directors: 4 persons
- Executive Directors: 4 persons

Name	Position	Number Of Board of Directors' Meetings	
		2014	2013
Gen. Charan Kullavanijaya	Chairman / Independent Director	4/4	4/4
Sec. Lt. Phairoch Rattakul	Chief Executive Officer	4/4	4/4
Mr. Prakit Pradipasen	Independent Director	4/4	2/4
Ms. Smornluk Mahasmiti	Independent Director	3/4	4/4
Mr. Yanyong Maethapanich	Independent Director	4/4	4/4
Mr. Martin Jansen	Independent Director	1/4	1/4
Mr. Philipp Hugo Gutsche	Director	2/4	2/4
Mr. Douglas Andrew Jackson	Director	2/4	3/4
Mrs. Yupares Thiengtham	Director	3/4	4/4
Mrs. Pariya Chirabandhu	Director	4/4	4/4
Maj. Gen. Patchara Rattakul	Director	4/4	4/4
M.L. Dhisana Sritavaj	Director	4/4	4/4
Mr. Dumrongrugs Apibalsawasdi	Director	4/4	3/4

Authorized Directors of the Company: Sec. Lt. Phairoch Rattakul, Chief Executive Officer, is to sign and affix the Company's seal, or Maj. Gen. Patchara Rattakul, Mrs. Pariya Chirabandhu or Mr. Dumrongrugs Apibalsawasdi to co- sign by any two of these three and affix the Company's seal.

Scope of Duties and Responsibilities of the Board of Directors can be summarized as follows:

1. To perform duties in accordance with the statutory regulation, objectives, and regulations of the Company as well as the resolutions from the Shareholders' Meeting, with responsibility, discretion and integrity and in the best interest of the Company, and to perform in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission and Capital Market Supervisory Board
2. To establish policies and strategies, objectives, work plans and annual budget as well as to monitor the management activities performed by the Directors and Executives and ensure that such duties are efficiently performed according to their individual assignments, also with regular follow-up system imposed on the work progress of the Management
3. To formulate and ensure appropriate and adequate internal control system and risk management system
4. To set a guideline for transactions that may have conflict of interest or may be considered connected transactions
5. To ensure regular Board of Directors' Meetings, Shareholders' Meetings, and to arrange for financial reports and disclosure of information to all parties concerned in a regular and sufficient manner
6. To appoint the sub-committees as necessary through consideration of the Nomination and Remuneration Committee, as well as specify the scope of duties and responsibilities of the sub-committees as follows.
  - (A) Audit Committee
  - (B) Nomination and Remuneration Committee
7. To establish that the position of Chairman of the Board and Managing Director shall be of different individual and therefore has stipulated scope of duties and responsibilities as follows.
  - (A) The Chairman of the Board has duty to establish the policy and business plan, supervise and monitor the work of the Management; however, he must not get involved or interfere in the day-to-day management. In addition, The Chairman of the Board must possess leadership quality and oversee that the Directors are not under the influence of the Management. He shall chair both the Board of Directors' Meeting and Shareholders' Meeting with fairness, support and encourage meeting attendants to exercise their voting right by strictly and effectively adhering to the principles of good corporate governance.
  - (B) The Managing Director has duty to manage routine work in accordance with the established objectives and targets under the assigned authorities from the Board of Directors.
8. To establish the number of listed companies that the Managing Director of the Company may take up that is appropriate to the nature and condition of the Company which should not be more than 3 listed companies.
9. To appoint the Company Secretary and establish scope of duties and responsibilities of the Company Secretary to the coordinator among the executives, directors and shareholders of the Company. The Company Secretary has duty to organize meetings and take minutes of the Shareholders' Meeting and Board of Directors' Meeting, to oversee that the disclosure of information are conducted in accordance.

## 2. Audit Committee

Audit Committee comprises of at least 3 Independent Directors. One of the Directors must hold sufficient qualification and experience to perform the review and evaluate the reliability of the Company's financial statements. The term for each set of Audit Committee is 3 years at a time, but a member whose term has expired can be reappointed for the position. In the case that an Audit Committee member's term has expired, or such member is unable to remain in the position until expiration of term by some other reasons, causing the number of Audit Committee members to fall below the required number, then the Board of Directors must appoint a new member to the Audit Committee immediately or at least no later than 3 months following the date of insufficient number of committee members, in order to ensure uninterrupted work progress. The Directors to be appointed as Audit Committee members must possess all of the qualities stipulated in the notifications by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors has appointed the Audit Committee that comprises of 3 Independent Directors who had held a total of 4 Audit Committee Meetings in 2014 as follows:



Name	Position	Number of Audit Committee Meetings	
		2014	2013
1. Mr. Prakit Pradipasen**	Chairman of the Audit Committee	4/4	4/4
2. Mr. Yanyong Maethapanich**	Committee member	4/4	4/4
3. Ms. Smornluk Mahasmiti	Committee member	4/4	4/4

\*\* Mr. Prakit Pradipasen and Mr. Yanyong Maethapanich are Audit Committee members with sufficient qualification and experience to perform the review and evaluate the reliability of the Company's financial statement, with Ms. Nithinart Juntasurat, Manager of Accounting Department, as a Secretary to the Audit Committee

Scope of duties and responsibilities of the Audit Committee as assigned by the Board of Directors are as follows:

1. To verify that the information in the financial statements is accurately and sufficiently disclosed
2. To verify that the internal control and internal audit systems are suitable and efficient, and to ensure that the internal audit's independence is maintained. To also approve appointment, transfer or dismissal of internal audit supervisor or any other departments related to internal control
3. To evaluate and verify that the Company's performance is in accordance with the rules and regulations set forth by the Securities and Exchange Act; regulations stipulated by the Stock Exchange of Thailand; and other laws related to the Company's business
4. To select and propose the appointment of an independent personnel as Auditor, and to propose the remuneration package for such personnel as well as set up a meeting with the Auditor without participation of the management at least one time per year
5. To consider and ensure that connected transactions or transactions that may have conflict of interest are handled in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand, in order to ensure that the transactions are reasonable and of best interest to the Company
6. To prepare the Audit Committee Report for disclosure in the Company's Annual Information Disclosure Form (Form 56-1) and Annual Report (Form 56-2). The Report must be certified and signed by the Chairman of the Audit Committee.

The Company has also arranged for an establishment of an Internal Audit Office, in order to oversee and review the Company's progress and performance, to ensure conformity to the established operational system and standard. The internal audit office also acts as a coordinator and provide assistance to the Audit Committee, to ensure good corporate governance.

### 3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises at least 3 non-executive directors and at least 1 member shall be an independent director. The committee member shall be appointed by the Board of Directors and shall have an office term of 3 years. The Nomination and Remuneration Committee shall select and appoint one member to be the Chairman. If the members of Nomination and Remuneration Committee are below the specified number, the Board of Directors shall select and appoint new member(s) within 3 months for continuity in operation.

The Meeting of the Board of the Director held on 11 November 2014 has appointed the Nomination and Remuneration Committee consisted of the following 5 members

- |                                |   |
|--------------------------------|---|
| 1. Sec. Lt. Phairoch Rattakul  | The Chairman of the Nomination and Remuneration Committee |
| 2. Ms. Smornluk Mahasmiti**    | The member of the Nomination and Remuneration Committee   |
| 3. Mr. Yanyong Maethapanich**  | The member of the Nomination and Remuneration Committee   |
| 4. Maj. Gen. Patchara Rattakul | The member of the Nomination and Remuneration Committee   |
| 5. Mrs. Pariya Rattakul        | The member of the Nomination and Remuneration Committee   |

\*\* Ms. Smornluk Mahasmiti and Mr. Yanyong Maethapanich are independent directors.

### Authorities and Duties of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has responsibilities as assigned by the Board of Directors to perform their duties with responsibility, caution, and honesty as follows.

1. Consideration of Nomination of Company's Directors and Executives
  - (A) To establish and review proper structures and qualifications of the Board of Directors, sub-committees and executives, consider nomination criteria and process to recruit suitable candidates for the directorship position and submit opinion to the Board of Directors and propose to the Shareholders' meeting for consideration and appointment.
  - (B) To consider a suitability of the candidates for positions of the Assistant Managing Director and above and the Company Secretary in order submit opinion to the Board of Directors for consideration and approval in case of vacancy of the position; as well as establish criteria for consideration of successors and perform other duties as assigned by the Board of Directors regarding the nomination of directors and executives.
2. Consideration of Remuneration for Company's Directors and Employees.
  - (A) To establish fair and reasonable remuneration formats and criteria for the Board of Directors and sub-committees by comparing with other companies in the same industry and listed companies in the Stock Exchange of Thailand of the same industry. Remuneration is considered based on accountability and responsibility, annual operating results of the Company, annual self-assessment of the Board of Directors' performance. Remuneration consists of monthly remuneration (e.g. meeting allowance) and annual remuneration (e.g. directors' bonuses) paid to the Board of Directors and sub-committees. The Committee shall submit opinion to the Board of Directors to propose to the shareholders' meeting for consideration and approval.
  - (B) To consider performance evaluation formats and criteria for the Company's employees or KPI (Key Performance Indicators) for consideration of salary adjustments and annual rewards (bonuses) to the Company's employees by considering based on the Company's annual budget and operating objectives as well as market and economic situations and submitting opinion to the Board of Directors for consideration and approval.
  - (C) To perform other duties as assigned by the Board of Directors on operations related to consideration of remuneration for the Company's directors, executives, and employees.
3. Preparation of Nomination and Remuneration Committee Report once a year to be proposed to the Company's Board of Directors by disclosing it within the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company, signed by the Nomination and Remuneration Committee Chairman. The number of meetings and meeting

### Independent Directors

As at 31<sup>st</sup> December 2014, the Board of Directors comprised of 13 Directors, where 5 which was equal to one-third of the total number of Directors were Independent Directors as follows:

1. Gen. Charan Kullavanijaya
2. Mr. Prakit Pradipasen
3. Ms. Smornluk Mahasmiti
4. Mr. Yanyong Maethapanich
5. Mr. Martin Jansen

### Selection Criteria for Independent Directors

The Board of Directors has defined the meaning of independence of the Independent Directors which is equal to those defined by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and the Capital Market Supervisory Board as follows:

1. Shareholders who are holding no more than 1% of total voting shares of the Company, the parent company, the subsidiary company, the affiliated company, major shareholder or person with controlling interest in the Company, including shares held by related persons<sup>1</sup> to each Independent Director.
2. Neither having a position nor had been the Executive Director<sup>2</sup>, employee, staff or advisor who receive salary from or a person with controlling interest in the Company, parent company, affiliated company, subsidiaries of the same level<sup>3</sup>, major shareholder or of person with controlling interest in the Company, unless has abstained from such duty for at least 2 years. However, the mentioned prohibition shall not include the case that an Independent Director was formally a civil servant or an advisor to the government sector that is a major shareholder or holds controlling interest in the Company.
3. Neither related by blood nor by legal registration as parent, spouse, sibling or child, including spouse of child, executive, major shareholder, person with controlling interest in the Company or person to be nominated as an executive or person with controlling interest of the Company or subsidiaries.
4. Neither having nor had business relationship with the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company in such a way that may prevent independent decision making, including not having been or used to be a shareholder deemed material or person with controlling interest in the person with business relationship with the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company unless the person has been abstained from such relationship for at least 2 years.
5. Neither being nor had been the Auditor of the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company, and not a shareholder deemed material, person with controlling interest or partner of the audit firm with whom the Auditor of the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company is an employee, unless the person has been abstained from such duty for at least 2 years.
6. Neither being nor had been a provider of professional services, including legal or financial services that receive service fees of more than two million Baht per year from the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company; and not a shareholder deemed material, person with controlling interest or partner of such service providers, unless the person has been abstained from such duty for at least 2 years.
7. Not a director who has been appointed to represent the Company, major shareholder or shareholders who are related to the major shareholders of the Company.
8. Neither operating the same type and condition of business and considered a major competitor to the business of the Company or subsidiaries; nor a shareholder deemed material of the partnerships or an Executive Director, employee, staff or advisor who receives fulltime salary or holds over 1% of total voting shares of the other Company that operates the same type and condition of business as the Company and is considered a major competitor to the business of the Company or subsidiaries.
9. Not having in possession any other characteristics that may hinder the Director from rendering independent opinions regarding the Company's operations.

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<sup>1/</sup> Related person is defined as a person according to Article 258 of the Securities and Exchange Act

<sup>2/</sup> Executive Director is defined as a director who holds executive position; director who holds responsibilities as an executive; or authorized director, unless the signature is proven an authorization of a matter preapproved by the Board of Directors, and is a co-signature with other directors.

<sup>3/</sup> Subsidiaries of the same level are defined as 2 or more subsidiaries under the same parent company.

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## The selecting nominees to serve on the Board of Directors

The Company has designated the Nomination and Remuneration Committee to consider and screen each individual's qualification that includes knowledge, intuition, ability and experience deemed beneficial to the Company, before proposing to the Shareholders' Meeting for approval. There are currently 13 Directors who have been appointed by the Shareholders' Meeting. More than half of the number of Directors must have residence in the Kingdom of Thailand and all of the Directors must possess qualification as stipulated in the Article 68 of the Public Company Act, B.E. 2535 (1992) (including amendments) and the related Notifications issued by the Securities and Exchange Commission.

The Nomination and Remuneration Committee selects and proposes the list of persons with suitable qualification for approval by the Shareholders' Meeting, according to the following criteria:

1. Each shareholder has a voting right equivalent to one share to one vote
2. In the election process, the shareholders can cast their votes to elect one Director, or a group of Directors at a time, or by any other methods as deemed appropriate by the Shareholders' Meeting. During the voting procedure, however, the shareholders can only exercise their voting right as per condition (1) above, and cannot allocate any portions, less or more, of their voting rights to any one Director or group of Directors
3. Appointment of Directors shall be decided by majority votes. If the votes are tied, the Chairman of the Meeting shall cast the vote to determine the final outcome

At the Annual General Shareholders' Meeting held each year, one third of the Directors shall be retired. If the number of Directors cannot be divided evenly by one third, the number of retiring Directors shall be as close to one third as possible.

The names shall be drawn and announced, for Directors to retire in the first and second year following registration. But for the following years, the method employed will be to retire the Director with longest tenure. In the case that the number of Directors with longest tenure exceed that of the number of Directors to retire at that time, the names of Directors to retire at that time shall be drawn.

The Directors whose tenure has expired may be re-elected.

#### Shareholdings of the Directors Report

No.	Name of the Directors	Number of Shares		Increase (Decrease) during the year
		31 Dec 2014	31 Dec 2013	
1.	Gen. Charan Kullavanijaya	-	-	-
2.	Sec. Lt. Phairoch Rattakul <sup>1/</sup>	44,062,720	44,062,720	-
3.	Mr. Prakit Pradipasen	-	-	-
4.	Mr. Philipp Hugo Gutsche	266,058	266,058	-
5.	Mr. Martin Jansen	-	-	-
6.	Mr. Douglas Andrew Jackson	-	-	-
7.	Mrs. Yupares Thiengtham	30,120	30,120	-
8.	Ms. Smornluk Mahasmiti	-	-	-
9.	Mrs. Pariya Chirabandhu <sup>2/</sup>	13,916,147	13,916,147	-
10.	Maj. Gen. Patchara Rattakul	10,381,044	10,381,044	-
11.	Mr. Yanyong Maethapanich	-	-	-
12.	M.L. Dhisana Sritavaj	3,183,807	3,183,807	-
13.	Mr. Dumrongrugs Apibalsawasdi	-	-	-

Notes : <sup>1/</sup> Inclusive of shares held by spouses

<sup>2/</sup> Inclusive of shares held by spouses and children under legal age



#### 4. Management Executive

As at 31<sup>st</sup> December 2014, the Company's Management Executive comprised of the followings:

Name – Lastname	Position
1. Sec.Lt. Phairoch Rattakul	Chief Executive Officer
2. May. Gen. Patchara Rattakul	Chief Operating Officer
3. Mrs. Pariya Chirabandhu	Senior Vice President
4. Mr. Dumrongrugs Apibalsawasdi	Vice President
5. Mr. John Joseph Benedetti	Vice president, Demand Fulfillment and Supply Chain
6. Mr. Timothy Edward Doyle	Customer Service System Director
7. Mr. Takerng Kanchana	Plant Director
8. Mr. Sukchai Sukpukdeecharoen	Technical Director
9. Mr. Thongchai Unchurit	General Administration
10. Ms. Sovapha Wangwongwiat	Sales Administration Director
11. Ms. Prakong Sompavana	IT Director
12. Mr. Taweelat Chanme-on	Senior Sales Manager (Tradition Trade)
13. Ms. Nopparat Amornchaisakda	Financial Manager
14. Ms. Nithinart Juntasurat	Accounting Manager

**Note :** Management Executives can be defined as Directors, Managers or the first 4 persons holding a management level 4 position, subsequent to the position of the President; all personnel holding a position equivalent to management level 4; and inclusive of all personnel holding a management position in accounting or finance department as department manager and above, or equivalent thereof.

#### Scope of duties and responsibilities of the Chief Executive Officer

1. The Chief Executive Officer shall determine the vision, mission, corporate value, objective, policy, business plan as well as the Company's business operation strategy, financial planning, human resource management and the annual budget.
2. The Chief Executive Officer shall also follow up and evaluate the Company's operating results on a regular basis, in order to prevent any possible risks that may incur from both internal and external factors, which may cause failure to meet the established objectives.
3. The Chief Executive Officer holds the power to appoint the working teams and committees for the best interest of the Company and for the purpose of efficient and transparent management activities.
4. The Chief Executive Officer holds to power to consider and determine the rates of remuneration, compensation, bonus, allowance and welfare.
5. The Chief Executive Officer holds the power to issue rules and regulations, orders, requirements and notifications, for all operations and tasks to progress according to the policies and to the best interest of the Company, as well as to maintain the code of conduct within the organization in the most efficient manner.
6. The Chief Executive Officer shall possess authorizational power as stipulated in the regulations, and approval authorization as considered and approved by the Board of Directors' Meeting.
7. The Chief Executive Officer shall ensure that business is operated and progressed in accordance with the rules and regulations, orders and requirements established by the Company as well as rules and regulations as per the Securities and Exchange Act; and the requirements and operational guidelines set forth by the Securities and Exchange Commission, the Stock Exchange of Thailand and any other rules related to the Company's business.

## Shareholdings of Management Report

No.	Name	Number of Shares		Increase (Decrease) during the year
		31 Dec 2014	31 Dec 2013	
1.	Sec. Lt. Phairoch Rattakul <sup>1/</sup>	44,062,720	44,062,720	-
2.	Maj. Gen. Patchara Rattakul	10,381,044	10,381,044	-
3.	Mrs. Pariya Chirabandhu <sup>2/</sup>	13,916,147	13,916,147	-
4.	Mr. John Joseph Benedetti	-	-	-
5.	Mr. Timothy Edward Doyle	-	-	-
6.	Mr. Dumrongrugs Apibalsawasdi	-	-	-
7.	Mr. Takerng Kanchana <sup>1/</sup>	34,998	34,998	-
8.	Mr. Sukchai Sukpukdeecharoen	-	-	-
9.	Mr. Thongchai Unchurit	9,580	9,580	-
10.	Ms. Sovapha Wangwongwiwat	5,000	5,000	-
11.	Ms. Prakong Sompavana	-	-	-
12.	Mr. Taweedeck Chanme-on	7,800	7,800	-
13.	Ms. Nopparat Amornchaisakda	-	-	-
14.	Ms. Nithinart Juntasurat	-	-	-

Note : <sup>1/</sup> Inclusive of shares held by spouses

<sup>2/</sup> Inclusive of shares held by spouses and children under legal age

## Director and Management Remuneration

The Company's Board of Directors has assigned duty to the Nomination and Remuneration Committee to consider the remuneration for the directors and executives and propose its opinion to the Board of Directors for consideration of the remuneration for the executives and employees of the Company. As for the remuneration for the Board of Directors, it shall be proposed to the Shareholders' Meeting for its consideration. However, the remuneration for the directors is considered by comparing with other companies in the same industrial sector that will also provide incentive and sufficient retain qualified Directors, before proposing to the Shareholders' Meeting for approval.

The Annual General Shareholders' Meeting of the year 2014, held on Thursday 24th April 2014, has approved the remuneration for Directors as follows:

	Position	Remuneration (Baht/ Person/ Year)	Meeting Allowance (Baht/ Person/ Year)
Board of Directors	Chairman	150,000.00	8,000.00
	Directors	120,000.00	8,000.00
Audit Committee	Chairman	210,000.00	4,000.00
	Directors	150,000.00	4,000.00

## Summary of Monetary Remuneration per Director for the year ending 31st December 2014

Name-Lastname Position	Meeting Allowance		Compensation/ Remuneration (Baht)		Total Remuneration (Baht)
	Board of Directors	Audit Committee	Board of Directors	Audit Committee	
1. Gen. Charan Kullavanijaya Chairman / Independent Director	32,000.00	-	150,000.00	-	182,000.00
2. Sec. Lt. Phairoch Rattakul Director/ Chief Executive Officer	32,000.00	-	120,000.00	-	152,000.00
3. Mr. Prakit Pradipasen Independent Director / Chairman of Audit Committee	32,000.00	16,000.00	120,000.00	210,000.00	378,000.00
4. Mr. Yanyong Maethapanich Independent Director / Audit Committee Member	32,000.00	16,000.00	120,000.00	150,000.00	318,000.00
5. Ms. Smornluk Mahasmiti Independent Director / Audit Committee Member	24,000.00	16,000.00	120,000.00	150,000.00	310,000.00
6. Mr. Martin Jansen Independent Director	8,000.00	-	120,000.00	-	128,000.00
7. Mr. Philipp Hugo Gutsche *	-	-	-	-	-
Director					
8. Mr. Douglas Andrew Jackson *	-	-	-	-	-
Director					
9. Mrs. Yupares Thiengtham Director	24,000.00	-	120,000.00	-	144,000.00
10. Mrs. Pariya Chirabandhu Director	32,000.00	-	120,000.00	-	152,000.00
11. Maj.Gen. Patchara Rattakul Director	32,000.00	-	120,000.00	-	152,000.00
12. M.L. Dhisana Sritavaj Director	32,000.00	-	120,000.00	-	152,000.00
13. Mr. Dumrongrugs Apibalsawasdi Director	32,000.00	-	120,000.00	-	152,000.00

\*\* Mr. Philipp Hugo Gutsche and Mr. Douglas Andrew Jackson declined to accept all forms of compensation

## Management Remuneration

### 1. Monetary Compensation

Management remuneration has been set through the policy and requirements established by the Company, which are also linked to the operating results and Key Performance Indicators (KPI). The remuneration is always set at a level that will provide incentive and sufficient retain qualified Directors. Management remuneration in monetary term for the year ending 31st December 2014 is as follows:

	No. of Persons	Amount (Baht)
Monthly Salary	14	49,054
Bonus	14	3,766
Other Compensation	-	-
<b>Total</b>	<b>14</b>	<b>52,820</b>

2. Non-Monetary compensation: - None -

### 3. Company's Personal

As of 31st December 2014, the company employed 1,984 staff whereas its subsidiary had 11 staff, are as follows:

The Figures of Employees Classified by Levels	Number of Person	
	Company	Company's Subsidiary
Operation Worker Level	1,443	8
First- Line Manager Level	366	1
Middle Manager Level	140	2
Top Manager Level	33	-
<b>Total</b>	<b>1,984</b>	<b>11</b>

Total expenses for the Company's employees' benefits in 2014 and 2013 are of Baht 541.81 million and Baht 500.19 million, respectively, which are consisted of Monthly salary, wages, overtime pay, welfare medical expenses and other grants, etc.

The Company has not been engaged in any labor disputes in the past 3 years because the Company has had good relationship with its employees. Staff turnover rate is considered low, and no union has been established for the employees.

### Sustainable Human Resource Development Policy

The Company places importance on the development of staff at all levels, since it reckons that human resource is the most valuable resource of all, and also the essential factor that leads the Company to success. The Company is, therefore, very determined to develop the quality and potential of its staff in such a way that they can apply to their jobs the knowledge they have earned, and perform their tasks in a more efficient manner. The Company has arranged for training programs for its employees, both internal and off-site training with external institutes or agencies.

During the process of staff training and development, the Company particularly promotes the development of knowledge, skill and work-related attitude that are in relations to the knowledge and ability needed for each particular position and line of work. There are many different developmental courses offered by the Company, for example, a seminar by an expert lecturer from outside the Company; a training course by an experienced individual within the Company; coaching session by a supervisor; on-the-job training; and study and work observation trips domestically and abroad. The company also promotes acquisition of knowledge through electronics media as well as mutual learning programs between the management and staff, according to Competency Model, which is in line with the organization's vision, mission and values.



The training courses shall be divided into 3 main categories as follows:



**Core Competency Course** shall be based on the Company's vision, mission, purpose, values and policy set by the Management.

**Managerial Competency Course** shall be a course on the managerial skills or roles and responsibility at each management level, according to the Company's expectation.

**Functional Competency Course** shall be based on the functional and job description, or the skill that the Company expects the staff in each particular job and position to acquire, for the purpose of skill development for their particular line of work.

Throughout the year 2014, the Company had arranged for a total of 160 training courses in a variety of topics that took place both on and off-site, in order to improve staff's knowledge, ability, working skills, management skills and other skills. The training topics included:

1. Quality, Safety and Environment	47 courses
2. Corporate Culture	17 courses
3. Skill Development	64 courses
4. Supervisory Skill Development	29 courses
5. Corporate Social Responsibility (CSR)	3 courses

In 2014, the Company had given precedence to and campaigned for anti-fraud and corruption of all facades, by training and providing knowledge to the staff on the subject of Anti-Corruption Policy and providing guidelines and regulations for practice and performance of their tasks in an ethical manner and in accordance with the Code of Conduct. The Company realizes the importance of conducting and managing business with moral principle and in a transparent manner, which shall in turn, lead the Company to prosperity and grow in a sustainable manner alongside the society and the nation. The training and knowledge provided to the management and staff shall become a framework or guideline to be followed, in performing daily tasks with honesty, moral principle, free of fraud, and by refraining from an act that may lead to fraudulence, for instant, refusal to accept a high-value gift. Knowledge and information relating to fraud-free performance is provided to the Company's staff, starting from the new staff orientation program, and such information is consistently emphasized throughout their employment life with the Company, via the management as well as supervisors at each and every level.

The Company also promotes and supports the desire by staffs of all levels to further their education, for the purpose of upgrading their education level. The Company provides scholarships and time for further education by levels, with 3 scholarships for Master's Degree level and 1 scholarship for Bachelor's Degree level, a total of 4 scholarships.

The Company's expenditure on staff training and development for the year 2014 was approximately Baht 4.50 million.



# 4 DECADES

*of care for  
environmentals*





# CORPORATE GOVERNANCE

The Board of Directors has placed an importance on the principle of Good Corporate Governance and understands its roles, duties and responsibilities to the Company, shareholders and all stakeholders concerned. The Company has been abiding by the policy and procedure for the Board of Directors of a listed company, in accordance with the guidelines set forth by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). Accordingly the company was rated in the Corporate Governance Scoring for 2011 at a rate of "Good" or 3 star level ( , by Thai Institute of Directors (IOD).

## Policy on Corporate Governance

The Company has constituted a policy concerning corporate governance in accordance with the guidelines set forth by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC), in order for the Directors, Executives and staff of all levels to adhere to as a guideline to perform their duties with responsibility, discretion and integrity. The policy covers the main principles as follows:

- To establish the roles and responsibilities of the Directors, Executives and staffs to perform their duties with discretion and integrity and in order to achieve the established objectives and missions,
- To establish a guideline on the rights of shareholders by providing the opportunity for all shareholders to acquire information and news; share their opinions; and exercise their fundamental rights in an equitable manner,
- To establish a guideline and measure to ensure equitable treatment to all shareholders; equal and fair protection of fundamental rights as well as prevention of conflicts of interest and exploitation of internal information for own or others' benefits
- To establish a guideline regarding fair treatment of stakeholders. To consider and ensure provision and protection of the rights to all stakeholders; and to promote conservation of the environment and society for the purpose of sustainable development,
- To establish a guideline for information disclosure to ensure transparency; and to disclose important information related to the Company inclusive of financial information and non-financial information in an accurate, complete and timely manner, via a channel that is considered fair and reliable and provides easy access,
- To establish internal control and risk management measures,
- To establish a philosophy and ethical standard in relation to the business of the Company, for Directors, Executives and employees of all levels to follow,

## The Principle of Good Corporate Governance of the Company can be categorized as follows:

### Shareholders' Rights

The Company has a policy to proceed in a fair manner on the preservation of fundamental and equitable rights of all shareholders as required by the law.

#### 1. Arrangement of Shareholders' Meetings

The Company has set a requirement for the Annual General Shareholders' Meeting to be held one time per year, and within 4 months after the end of the Company's accounting period. In case of urgent matters that may impact or relate to the benefits of the shareholders or to the terms and conditions or requirements or law enforcement that require approval from the shareholders, the Company shall call for the Extraordinary Shareholders' Meeting on a case-by-case basis.

For the year 2014, the Company held the Annual General Shareholders' Meeting on 24th

April 2014 at Holiday Inn Bangkok, Ballroom I, 7th floor, 1 Sukhumvit 22, Klong Ton, Klong Teoy, Bangkok. There were 10 out of 13 Directors attended comprising of the Chairman, Chief Executive Officer, Chairman of Audit Committee, Chief Operating Officer, Directors, Executives and the Company's Auditor. The Chairman of the Board of Directors was the Chairman of the Meeting who proceeded in accordance with the law, with approval and resolution passed from every agenda.

In year 2014, there was no Extraordinary General Shareholders' Meeting held by the Company.

#### 2. Advance distribution of the Letter of Invitation

The Company has appointed Thailand Securities Depository Co., Ltd. as the Company's Registrar, and

to send out invitation letters to the shareholders. Each Letter of Invitation shall contain the meeting agendas in detail, supporting documents, a copy of the previous meeting, Annual Report and proxy form, to be sent out to shareholders at least 14 days prior to the meeting date. Advertisement shall also be placed in newspapers for 3 consecutive days and at least 3 days prior to the meeting in order to allow ample time for shareholders to prepare for the meeting.

For the Annual General Shareholders' Meeting, the Company has disclosed the information on the Letter of Invitation and supporting documents on the Company's website at [www.haadthip.com](http://www.haadthip.com) a month prior to the Meeting date.

### 3. Facilitation for Shareholders

The Company has prepared to facilitate all shareholders in an equitable manner at the Annual General Shareholders' Meeting, by arranging for adequate number of staffs to welcome and assist the shareholders to ensure convenience; and to check documents. The Barcode system will be used for providing convenience and accuracy in counting of votes with the Registration opened at 13.00 hrs. and registration time extended to the period before the last agenda is being considered. Appropriate snacks and souvenirs will also be prepared for all attending shareholders.

As for shareholders appointing proxy, the Company has prepared the stamp duty to be affixed on the proxy form.

### 4. Procedures of the Annual General Shareholders' Meeting

Before each Meeting is commenced, the Chairman of the Meeting shall introduce the Board of Directors, Executives and the Company's Auditor to the Meeting for acknowledgement, then announce the Meeting rules and voting procedure for each Agenda in accordance with the Articles of Association of the Company. Once the required information has been announced to the Meeting in completion, the Chairman shall allow the shareholders to offer opinion, suggestion, ask questions on each agenda as well as adequate time for debate. The Chairman and the Management will pay full attention to all questions and provide answers to the shareholders in a direct and explicit manner. The Meeting shall then pass a resolution from each agenda. In the case of appointment of Directors retired by rotation, the Chairman shall proceed with a request for each shareholder to cast his/her vote individually.

The Chairman shall proceed according to the agendas in a consecutive manner. The Chairman shall not present

additional agendas without notifying the shareholders in advance unless the Meeting has passed a resolution to modify the order of the agendas with no less than two-third of the number of shareholders attending the Meeting, or shareholders whose accumulated number of shares is no less than one-third of total share outstanding. In this case, they can request the Meeting to consider matters other than the agendas indicated in the Letter of Invitation. Nevertheless, no changes occurred regarding to the order of the agendas at the Annual General Shareholders' Meeting of the year 2014, and there was no request for the Meeting to consider matters other than the ones indicated in the Letter of Invitation.

All discussion and information provided during the Meeting shall be documented correctly and completely, and concluded with the resolutions and tally of votes. The duration of each Meeting shall be approximately 1-2 hours. The Annual General Shareholders' Meeting of the year 2014 commenced at 14.30 hrs, with registration opened at 13.00 hrs, and the Meeting adjourned at 16.05 hrs.

### 5. Guideline for the case of conflict of interest

The Directors are aware of their action in the case that they are stakeholders or possibly have conflict of interest in any agenda proposed during the Shareholders' Meeting. Such Directors shall notify the Meeting and request to abstain themselves from attending and casting votes during that agenda of the Shareholders' Meeting.

### 6. Post-procedure of Annual General Shareholders' Meeting

Following the Meeting date, the Company shall send the summary of the resolutions passed by the Shareholders' Meeting to the Stock Exchange of Thailand no later than 9.00 hrs the next day. The Company shall also send the report of the Shareholders' Meeting comprising of the Minutes of the Meeting, the votes recorded as well as questions raised by the shareholders in each agenda (if any) to the Stock Exchange of Thailand within 14 days as required; and disclose the Minutes of the Meeting via the Company's website at [www.haadthip.com](http://www.haadthip.com)

### Equitable Treatment of the Shareholders

The Company shall treat all shareholders in an equitable manner regardless of sex, age, race, nationality, religion, belief, political view or disability, even though the number of shares held by each shareholder may not be equal. Even if the shareholders are absent from the Meeting, by any reasons of inconvenience, such shareholders are eligible to the rights to issue a proxy to the third party to attend the Meeting on behalf of them. The



Company also has preventive measures to avoid conflicts of interest or wrongful use of internal information for own and other benefits.

Best Practice for fair treatment to shareholders

#### 1. Proposal of additional agenda and a candidate for Director position

In order to allow minority shareholders to take part in the Company's operation, the Company has established a set of rules and regulations in provision of rights to minority shareholders to propose the Meeting agenda and/or nominate a candidate for the Director position in advance. The regulations established in regards to the provision of rights to minority shareholders have been disclosed via the Company's website at [www.haadthip.com](http://www.haadthip.com)

For the provision of rights to minority shareholders to propose the Meeting agenda and/or nominate a candidate for the Director position in advance for the Annual General Shareholders' Meeting of the year 2015, the Company had disclosed the regulations for the rights to minority shareholders via the website at [www.haadthip.com](http://www.haadthip.com) from 11th December 2014 to 31st January 2015 and posted the notification on the website of the Stock Exchange of Thailand. However, there have been no proposals of additional agenda or candidate for Director position.

#### 2. Language of the Meeting

The Company is a public company limited established according to the statute of the Kingdom of Thailand with Thai as an official language. Since the majority of attending shareholders are of Thai national, the Annual General Shareholders' Meeting shall be conducted in Thai.

#### 3. Issuance of a proxy to a third party

In order to preserve the rights for non-attending shareholders, the shareholders can issue a proxy to a third party or one of the Independent Directors of the Company. The Company shall indicate the name of a third party on the proxy form, in accordance with the requirement of the Ministry of Commerce, as a Meeting attendee with unconditional rights to cast the votes on behalf of the absent shareholders.

The Company has posted the Proxy Form on the website of the Company at [www.haadthip.com](http://www.haadthip.com) a month prior to the Meeting.

#### 4. Use of Voting Ballots

The Company supports use of voting ballots in important events, e.g. consideration and election the Directors, connected transactions, acquisition or disposal of assets etc. for transparency and accountability in case of any dispute in the future.

#### 5. Use of Internal Information

The Company has established measures and practices in the good corporate governance on the use of nondisclosure information. The Company prohibits directors, executives and all level of employee to use nondisclosure information with important content for own benefit including for security trading.

### Roles and Responsibilities of Stakeholders

The Company has placed an importance and consideration on all of the stakeholders, as per the related laws. The Company shall not perform or enter into transactions in such a way to infringe on the legal rights of the stakeholders, in order to promote the act of responsibility between the Company and all groups of stakeholders namely shareholders, employees, customers, business partners, competitors, creditors, the community and environment as follows:

#### Shareholders :

Apart from the fundamental rights established by the laws and Company's regulations, for example, the rights to attend and cast the votes at the Shareholders' Meeting; the rights to offer independent opinion in the Meeting; as well as the rights to receive dividends in an equitable manner, minority shareholders have also been given the rights to propose in advance additional agendas for the Meeting and/or qualified candidates for the Director positions. The Company provides opportunity and offer right for the shareholders to propose meeting agenda deemed important by the shareholders and to propose name list of persons with appropriate qualifications for nomination as the new director in advance.

#### Employees :

The Company treats its employees fairly and equally; has respect to human rights; provides appropriate compensation; and places an importance on employees' development of knowledge and ability by providing equal opportunities to employees of all levels on a regular basis. The company also maintains the quality of the working environment; strictly abides by labor-related laws and regulations; as well as encourages employees to prevent and get rid of all kinds of fraud and corruption, by providing appropriate protection to an informant and keeping his/her name highly confidential.

**Customers :**

The Company produces high quality products of acceptable standard and strictly adheres to high safety and quality standard in conformity to The Coca-Cola Quality System and is certified by ISO 22000 Food Safety Management, an international standard that specifies the requirements for a food safety management system. The Company shall refrain from charging excessive price or setting unfair business conditions; keep customers' information in a confidential manner and arrange for a customer service unit to deal with customers' complaints in a prompt manner, to ensure highest satisfaction in the Company's products and services.

**Business Partners :**

The Company purchases goods and services from business partners as per the normal trading terms and conditions, and strictly abides by the business agreements and promises made to the business partners, without any request for bribery or other unlawful benefits, or receive from or provide to customers thereof in anyway.

**Competitors :**

The Company shall operate the business within the boundary of decent competition and create a healthy competitive environment by maintaining the standard of the code of conduct. The Company shall avoid exploitation of competitors' information in an unethical or dishonest manner, and avoid unlawful proceedings in order to cause damages to competitors. In the past year, the Company was not engaged in any competitor-related disputes.

**Creditors :**

The Company shall strictly adhere to the terms and conditions agreed upon with the creditors in terms of repayment, guarantee and other conditions. The Company shall also ensure proper use of loans as stipulated in the loan agreement.

**Community and Environment :**

The Company establishes the quality policy, safety and environment policy, and promoted employees to follow these policies so the relevant parties can ensure that the company is aware of quality, safety and environmental factors and continual development. The Company is certified by ISO 14001; Environmental Management System and CSR-DIW Award (Corporate Social Responsibility, Department of Industrial Works) in 2010 from Department of Industrial Works, Ministry of Industry. In 2011, the Company received the CSR-DIW Continuous Awards from Department of Industrial Works, Ministry of Industry.

Apart from placing an importance upon stakeholders of all groups, the Company also pays great attention to all

recommendations, opinions and information on traces and evidents that can possibly lead to the development, improvement and rectification of the Company's operation. The Company has created channels of communication through which the stakeholders can communicate with the Company in case there are inappropriate or wrongful situations that the stakeholders would like to report, rectify, request for clarification or provide suggestions. Communication can be made through the email address of the Company's Internal Audit Office at [internalaudit@haadthip.com](mailto:internalaudit@haadthip.com) or telephone number 074210008-18 extension 124 or 307.

**Disclosure and Transparency of Information**

The Board of Directors has issued a policy for the Company to perform with transparency, verifiability and sufficient information disclosure to all parties concerned. Information shall also be disclosed in an accurate, complete, timely and reliable manner, with equal opportunity to access the information for all parties concerned.

**Guidelines for appropriate information disclosure and transparency**

1. The Company recognizes the importance of disclosure of the important information, both financial and non financial information to shareholders and investors in an accurate, complete, timely and reliable manner, as per the requirement set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand, via SET Community Portal and the website of the Company at [www.haadthip.com](http://www.haadthip.com) in both Thai and English languages, to allow users to access the information in an equitable manner.
2. The Company has disclosed the information on the Annual Disclosure Form (Form 56-1) and Annual Report (Form 56-2) as per the requirement set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand.
3. The Company has established that the audit fees and other service fees of the auditor be disclosed with in the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).
4. The Company has appointed the Board of Directors to issue the Statement of the Board of Directors' Responsibility to the Financial Reports, to be presented together with the Auditor's Report in the Annual Report (Form 56-2).
5. The Company defines criteria, conditions, and methods for reporting interest of directors, executives, and relevant personnel in accordance with Section 89/14 of The Security and Exchange Act (No.4) B.E. 2551 (2008)
6. The Company has established that there shall be disclosure of the roles and responsibilities of the Board of Directors

and sub-committees, the number of meeting sessions, and number of meeting attendance by each committee member in the past year in the Annual Disclosure Form (Form 56-1) and Annual Report (Form 56-2).

7. The Company has not yet established an Investor Relations Unit as the size of the Company is small and there is not much requirement on this subject. Therefore, institutional investors, shareholders, and analysts can make a request for information through the Company's Secretary for further proposal to the Management, via the telephone number 0-2391-4488, extension 103 or facsimile number 0-2381-2257 or e-mail address: sudaluck@haadthip.com
8. In the case of conflict of interest, the Board of Directors has issued a requirement for transactions with major shareholders, Directors, Executives, or others with relation to the persons thereof, to be considered and approved by the Audit Committee, who will closely supervise the approval process of such transactions and strictly abide by the regulations and measures set forth by the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Capital Market Supervisory Board. The transaction details such as type, value, counterparties of agreement, reasons and assurance of transparency shall be disclosed to the public via electronic media of the Stock Exchange of Thailand and in the Annual Report (Form 56-2) and Annual Disclosure Form (Form 56-1).

The Company has sought approval in principle from the Board of Directors for the case of future engagement in a connected transaction with Directors, Executives, or related persons. In the case that the transaction is a normal business transaction or a normal business support transaction with normal business terms and conditions, the Management shall have the rights to grant approval to such transaction, and shall need to prepare a report of each transaction with the value of more than Baht 50 million per transaction, in order to report to the next Board of Directors' Meeting, in accordance with Section 89/12 (1) of the Securities and Exchange Act (Issue 4) B.E. 2551 (2008).

### Roles and Responsibilities of the Board of Directors

The Board of Directors comprises of qualified individuals with experience, leadership character, vision and ability to make decisions independently, who also devote their time and utmost effort in performing their duties according to the responsibilities assigned with discretion and integrity for the best interest of the Company, shareholders and stakeholders. The composition, qualification, duties and responsibilities and structure of the Board of Directors and Subcommittees have been established, as well as the rules and regulations concerning nomination and remuneration for Directors and Executives, with complete detail presented under the 'Management Structure' topic.

#### 1. Structure of the Board of Directors

The Board of Directors comprises of 13 Directors, which is considered appropriate. There are 9 Non-Executive Directors or 69.23% of total number of the Board; 5 Independent Directors or one-third of the entire Board of Directors, in accordance with the notification issued by the Capital Market Advisory Board. The Independent Directors are Gen. Charan Kullavanijaya, Mr. Prakrit Pradipasen, Mr. Yanyong Maethapanich, Ms. Smornlux Mahasmiti and Mr. Martin Jansen.

#### 2. Audit Committee

The Board of Directors has established and appointed the Audit Committee to perform specific tasks and propose to the Board of Directors for consideration or acknowledgement. The Audit Committee comprises of 3 Independent Directors, with 2 out of 3 members namely Mr. Prakrit Pradipasen and Mr. Yanyong Maethapanich equipped with sufficient knowledge and experience to perform and review the reliability of the financial statements. The Audit Committee shall perform the review and ensure that the Company's operation is in conformity to the Company's policy and Articles of Association as well as the laws, regulations and requirements stipulated by the supervisory authorities. The Audit Committee must also promote the development of financial reporting system to that of an international standard; perform regular review of and ensure appropriate internal control system; and ensure prudent, appropriate and efficient risk management system. In addition, the Audit Committee shall perform its duties and issue opinions in an independent manner, with Internal Control Office reporting directly to the Audit Committee. The Audit Committee shall participate in a meeting with the Auditor without the presence of the Management at least one time per year, to request for the Auditor's opinions on any issues.

#### 3. Nomination and Remuneration Committee

The Company's Board of Directors has appointed the Nomination and Remuneration Committee to consider the selection and appointment of the qualified directors and to consider the remuneration for the directors and executives and propose its opinion to the Board of Directors for consideration of the nomination and remuneration for the board of the directors and all the committees before proposing to the Shareholders' Meeting for its consideration.

#### 4. Number of listed companies in which the Directors are eligible to hold the Director position

The Board of Directors has established a policy regarding the number of listed companies in which the Directors are eligible to hold directorship positions in no more than five listed companies, especially independent directors since the Chief Executive Officer cannot hold a directorship position in other listed companies besides other its own company's subsidiaries.

#### 5. Segregation of Duties between the Board of Directors and the Management

The Company has segregated the duties and responsibilities of the Board of Directors from those of the Management in an explicit manner. The Directors are responsible for the establishment of policies and supervisory of the Management performance at the policy level; while the Management is responsible for management activities in several different areas to ensure conformity to the established policies.

As such, the Chairman and the President must be 2 separate individuals, and both positions must have been through selection process by the Board of Directors to ensure the most appropriate individuals for the positions. Moreover, the Board of Directors is responsible for the establishment of succession plan for the top Executive positions.

The Chairman must have in possession the quality of independence; must not hold the Executive Director position; must not take part in the management of the Company; and must not be an authorized Director, to ensure explicit segregation of overall policy-making and supervisory duties from the management of the Company.

Top Executives of the Company shall be assigned with duties and responsibilities, in order to perform under the established policies; hold themselves responsible for the overall outcome; control expenses and budget within the limit approved and indicated in the annual budget plan; perform as per human resource policy; rectify and find a solution for the problem or conflicts that may pose an impact upon the company; and maintain the effectiveness of communication process with all related parties.

#### 6. Board of Directors' Meeting

The Directors must attend the Board of Directors' Meeting on a regular basis, in order to acknowledge and unanimously make decisions in regards to the Company's operation. Normally, there are approximately 4 Board of Directors'

Meetings per year, each with agendas clearly set in advance. Extra meetings may also be called upon in the case of important or urgent matters.

The Chairman and President shall cooperatively establish the agendas for each Meeting, and consider the issues to add into each agenda of the Board of Directors' Meeting, while providing opportunities to each Director to propose issues for consideration as an agenda.

In year 2014, a total of 4 Board of Directors' Meetings were held, all of which had been set in advance for the whole year. Letters of Invitation along with the agendas and supporting materials were sent to all of the Directors prior to the Meeting no less than 7 days, to allow ample time for the Directors to study the information.

In consideration of each matter, the Chairman of the Board of Directors who is also the Chairman of the Meeting shall provide the opportunity to the Directors to share their independent opinions. Majority voting rule shall be applied during each Board of Directors' Meeting, with one vote per one Director, and Directors who are stakeholders to abstain from attending the Meeting and/or from exercising the rights to vote for such matter. If the votes are tied, the Chairman of the Meeting shall cast the vote to determine the final outcome and ensure that at least two third of all entire Board members are present while casting the vote.

The Management shall attend the Board of Directors' Meeting to provide useful information and be informed of the policy in a direct manner, in order to apply such policy to their performance in an efficient manner. The only exemption from participation is when the Meeting agenda is set exclusively for the Board of Directors.

The Board of Directors has also placed an importance upon the management of transactions with conflict of interest in the most discreet, equitable and transparent manner, with information thereof being disclosed in entirety. In the case that a Director is also a stakeholder and may possibly benefit from an issue in the agenda, such Director must abstain himself/herself from the decision making process of the issue.

At the end of the Meeting, the Secretary to the Company shall produce the Minutes of the Meeting in order to propose for approval in the first agenda of the following Board of Directors' Meeting, and to have the Chairman of the Board of Directors signed and certified the accuracy of the report. The Directors are allowed to issue opinions and request for additional items to or correction of the Minutes of the Meeting, in order to ensure utmost accuracy. The Minutes



of the Meeting that has been acknowledged and certified shall be archived in the Office of the President.

## 7. Secretary to the Company

According to the Board of Directors' Meeting 3/2008 on 14th August 2008, the Board of Directors has passed a resolution to appoint Ms. Sudaluck Browvanakul as a Secretary to the Company. The duties and responsibilities of the Secretary to the Company are according to Section 89/15 of Securities and Exchange Act (No. 4) B.E. 2551 (2008) as well as complying with the laws and regulations of the Company, Board of Directors and resolutions of the shareholders' meeting as followings:

1. Preparing and keeping the following documents:
  - A. a register of directors;
  - B. a notice calling a director meeting, minute of the meeting of the board of directors and an annual report of the company;
  - C. a notice calling a shareholder meeting and minutes of the shareholders' meeting;
2. Keeping a report on interest filed by a director or an executive and submitting a copy of the report on interest in accordance with Section 89/14 to Chairman and Chairman of Audit Committee within 7 days of receipt of the mentioned report;
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In addition, the Secretary to the Company has other responsibilities as followings:

1. To provide advice on the rules and regulations deemed crucial for the Board of Directors to acknowledge and abide by;
2. Arrange for the Board of Directors' Meetings and Annual General Shareholders' Meeting;
3. Coordinate with other departments in the Company to comply with the Board of the Directors and the resolutions of the Shareholders' Meeting;
4. Coordinate with regulatory agencies such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to regulate the information disclosure and report the disclosure to the mentioned agencies in accordance with the law.
5. Other duties as assigned.<sup>๗</sup>

## 8. Succession Plan

The Nomination and Remuneration Committee is responsible for the establishment of succession plan, in the case that the President or any top Executives are unable to perform their duties properly according to their positions. This plan is devised as reassurance for all parties concerned that the

Company is always prepared in regards to human resources. The responsibilities are readily replaced, through transfer of duties and responsibilities deemed appropriate, in order to allow the top Executives in each line of business the opportunity to acquire knowledge in several business lines, and hence, to be able to replace each other at all times.

## 9. Director Orientation

The Board of Directors has arranged for an orientation for newly appointed Directors to attend and acquire knowledge on the Company's business policies as well as other related information namely investment structure and related rules and regulations, together with the distribution of Director's Manual that provides valuable detail and information for those assuming a Director position.

## 10. Business Ethics

The Company has prepared a written Code of Conduct for all directors, executives and employees to adhere to and practice and accepted by all stakeholders; internal stakeholders such as employees and external stakeholders such as shareholder, customer, competitor, creditor, society, community and environment, including Human Rights Policy, political neutrality and anti-corruption. As such, the Company has disseminated the Code of Conduct on the Company's website [www.haadthip.com](http://www.haadthip.com)

## 11. Supervision of Internal Information

The Company has established a supervision policy to prevent Directors and Executives from exploitation of the Company's internal information for their own benefits as follows:

1. Directors or Executives are permitted to use the internal information related to the their assigned duties and responsibilities only,
2. Directors as well as their spouses and children under legal age are prohibited from disseminating undisclosed internal information to the public for their own interest and for stock trading purpose. In addition, individuals with knowledge of undisclosed internal information are prohibited from trading stocks issued by the Company within 1 month prior to information being released to the public,
3. Directors/Executives or any department with knowledge of internal information are prohibited from disclosing such information to outside or unrelated persons,
4. Ensuring that the Directors/Executives report any changes in shareholding status to the Securities and Exchange Commission, in accordance with Article 59 of the Securities and Exchange Act B.E. 2535 (1992).

# INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

## การควบคุมภายในและการบริหารความเสี่ยง

The Company has placed an importance on the internal control system, risk management system and the supervision of the Company's operation, all of which have been continuously followed and progressed by every personnel of the Company, from the Executives to employees of all levels who share common duties and responsibilities to the Company. In doing so, the Company has arranged for an adequate and suitable internal control system to ensure that the operations performed by and the outcomes from each and every department of the Company are in sync and able to meet the objectives set by the Board of Directors. The Internal Audit Office has, therefore, been established as an independent unit that reports directly to the Audit Committee. The Internal Audit Office shall examine and evaluate the internal control activities as per the established annual internal audit plan, by considering the related risk factors, as approved by the Audit Committee. In addition, the Internal Audit Office shall promote and monitor the risk management system and provide other information in order to ensure that the Company's objectives are accomplished. The Internal Audit Office has been adhering to the Standard for the Professional Practice of Internal Auditing, which is a framework or guideline set for the Company to follow and perform with independence, equitability, priority to audit quality, and in line with the international standard.

The essence of the Internal Control and Audit System can be summarized as follows:

### Audit Committee :

The duty of the Audit Committee is to consider the adequacy of the Internal Control System through regular review of performance by the Internal Audit Office and the Company's Auditor. Emphasis must be made on the adequacy and suitability of the Internal Audit System according to the guideline set out by the Stock Exchange of Thailand; and ensuring conformity to related laws, rules, regulations and policies. Should the Audit Committee need to provide recommendations or discover any deficiency deemed material, the Audit Committee shall report to the Board of Directors for the purpose of rectification and improvement.

### Internal Audit Office :

Internal Audit Office is responsible for the examination of each and every departmental operation, in accordance with the annual audit plan and as assigned by the Audit Committee. Internal Audit Office shall prioritize the cases according to the risk level associated with the business process or working process in each case, and to provide advice and recommendations to the management of each department in order to improve its internal control system, which includes the provision of operational technique that will help to increase the Company's efficiency and productivity.

### Management Performance Supervisory System :

The Company has established the scope of duties and responsibilities as well as approved budget for each level of the management clearly in writing. Duties and responsibilities have been segregated in an explicit manner, for example, duties concerning approval process, accounting entries and asset repository are resolutely segregated. The Internal Audit Office shall review the performance and ensure that it progresses in line with the Articles of Association of the Company. In the case that the Company has entered into a transaction with a Director, major shareholder, Executive or any other related person thereof, the Company has issued a measure for the Board of Directors to consider and issue opinions before the transaction is carried out, and such connected transaction shall be disclosed in the Notes to Financial Statement.

### Risk Management System :

The Company has not yet appointed The Risk Management Committee however, company has appointed the IMCR (Incident Management and Crisis Resolution) team to perform the risk assessment activities, with the COO as the Chairman of the working team. In performing risk assessment, the IMCR shall take into account the changes in the surrounding conditions, both outside and inside the Company, that may possibly create risks and impact upon the Company. Analysis of the impact that may incur from such risks as well as chances that the same risks may reemerge shall be performed, with continuous follow-up activities in order to eventually issue a measure to mitigate and control the risks at an appropriate level. As such, each and every department shall perform its management activity together with risk assessment and rectification alongside its normal operational routine.

Concurrently, the IMCR team shall call for a meeting to follow up on each department's operation, with Audit Committee members and Internal Audit Office performing the review and evaluating the suitability of each department's operational process, in order to control the risk level within an appropriate and acceptable level.

#### Control System :

The Company has established an operational measure and guideline, with clear instructions in the forms of an order, regulation, authorization and method of operation, in order for the Executives and staff of all levels to follow strictly and in the same direction.

#### Information Technology and Communication :

The Company has developed and improved its information technology system to ensure efficiency; complete network for the entire organization; and the ability to communicate such information to other related parties. This has been done by replacing the previously utilized software with Enterprise Resources Planning (ERP) by SAP ECC 6.0, effective by June 2011.

This system will be equipped with real-time reporting system, which will provide the Board of Directors and Executives with adequate and reliable information to make the decisions regarding the management and administration of the Company; and the use of accounting policy that is appropriate for the nature of business of the Company and in line with the Generally Accepted Accounting Principles. Sufficient information shall be disclosed in the Notes to Financial Statement, which shall be examined by Certified Public Accountant and reviewed by the Audit Committee.

Communication between the management and operation team or between sections creates better understanding and expedition via e-mail and internet.

#### Follow-up and Evaluation :

The Company has arranged for a monthly report on operating progress, in order to monitor the Company's achievement of its objectives; evaluate the internal control activities; and perform departmental inspection by the Internal Audit Office. All of which shall be reported to the Audit Committee on a quarterly basis.

Furthermore, the Company's Auditor has evaluated the efficiency of the Company's internal control system in the accounting section, and concluded that the internal control system of the Company's accounting department shows no sign of deficiency deemed material to present any impact upon the opinion on the financial statements ending 31 December 2014.

# SUMMARY PROFILE OF THE DIRECTORS AND MANAGEMENT

## Gen.Charan Kullavanijaya

Age 79

Independent Director / Chairman

### Education :

- The Command and General Staff College, Royal Thai Army, Bangkok
- The Command and General Staff College, Fort Leavenworth, Kansas, U.S.A.
- Diploma on Economic Development, The National Institute of Development Administration (NIDA)
- The National Defense College, Bangkok

% of Shareholding : - None -

Family Relationship of Management Team : - None -

### Experience :

- Special ADC to H.M. the King
- Former Secretary General of the National Security Council, Office of the Prime Minister
- Former Senator, Member of the Senate
- Former First Vice President The National Legislative Assembly

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 29 April 1998

## Sec.Lt.Phairoch Rattakul

Age 82

CEO/ Authorized Directors/ Chairman of Nomination and Remuneration

### Education :

Bachelor of Economics, Bristol University, England

### % of Shareholding :

22.118 % or 44,062,720 shares (including spouse)

### Family Relationship of Management Team :

1. Father of Mrs. Pariya Chirabandhu & Maj. Gen. Patchara Rattakul
2. Brother of Mrs. Yupares Thiengtham

### Experience :

1978 - Present	Chief Executive Officer Haad Thip Public Company Limited.
2012 - Present	Director, Southern Rocks Co., Ltd
2007 - Present	Director, Rich Enough Co., Ltd
24 Oct. 2006 - 6 Feb. 2008	Advisor to the Prime Minister Office of the Prime Minister

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 24 August 1978

**Mr. Prakit Pradipasen**

Age 73

Independent Director / Chairman of the Audit Committee

**Education :**

MBA. Wayne State University, Detroit, Michigan, U.S.A.

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :****Chairman**

2003 - present Diamond building Products Public Company Limited

1986 - present Aug Thong Sugar Terminal Co., Ltd.

**Chairman / Independent Director /Nominating and Corporate Governance Committee Chairman**

2000 - present The Erawan Group Plc.

2000 - present Asian Marine Service Plc.

**Experience (Continue) :****Independent Director / Audit Committee Chairman / Nomination and Remuneration Committee**

2000 - Present Supalai Plc.

**Independent Director / Audit Committee Chairman**

2001 - Present Luckytex (Thailand) Plc.

2000 - Present Thai Carbon Black Plc.

**Independent Director**

2000 - Present Siam United Service Plc.

**Director**

2002 - Present Myriad Material Co., Ltd.

**Thai Institute of Director Association (IOD) :**

- Director Accreditation Program (DAP) class 1/2003
- Role of Chairman Program (RCP) class 15/2007
- Thailand's 4<sup>th</sup> National Conference on Collective Action Against Corruption (R-CAC) class 1/2013

Date of Appointment : 17 March 1989

**Mr. Philipp Hugo Gutsche**

Age 77

Director

**Education :**

Bachelor of Commerce University of Cape Town , South Africa

% of Shareholding : 0.134 % or 266,058 shares

Family Relationship of Management Team : - None -

**Experience :**

Chairman, Coca-Cola SABCO (Pty) Ltd., South Africa

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 30 November 2005



**Mr. Johan Willem Maarten Jansen**

Age 57

Independent Director

**Education :**

- Marketing Degree, HEAO-GRONINGEN (Higher studies economics and administration)
- NIMA – C Certificate, NIMA (Highest marketing diploma in the Netherlands)

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

1 January 2007 - Present Chief & Executive Officer  
Coca - Cola China Industries  
Ltd., China

October 1998 - December 2006 Managing Director and CEO  
Coca - Cola SABCO,  
South Africa

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 21 March 2006

**Mr. Douglas Andrew Jackson**

Age 55

Director

**Education :**

Undergraduate degree in Bachelor of Commerce  
University of Pretoria, South Africa

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

May 2012 - Present Chief Executive Officer (CEO)  
Coca-Cola SABCO, South Africa

Mar. 2007 - Dec. 2011 President  
Coca-Cola Greater China & Korea,  
Shanghai, China

Sep. 2005 - Feb. 2011 President  
Coca-Cola South Pacific & Korea  
(Australia, South Korea, New Zealand  
and Islands) Sydney, Australia

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 22 May 2012

**Mrs. Yupares Thienngtham**

Age 78

Director

**Education :**

Certificate of Secretary and Commerce  
Bristol College of Commerce, England

% of Shareholding : 0.015% or 30,120 shares

**Family Relationship of Management Team :**

1. Sec.Lt.Phairach Rattakul's sister
2. Mrs. Pariya Chirabandhu's aunt
3. Maj. Gen. Patchara Rattakul's aunt

**Experience :**

Working experience with Haad Thip Plc. 25 years, retired from the Company as Deputy Managing Director on 31<sup>st</sup> December 2003

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 24 August 1978

**Ms. Smornluk Mahasmiti**

Age 71

Independent Director / Auditing Director / Nomination and Remuneration Member

**Education :**

Srinakharin Wirot University Prasarnmit  
Demonstration School (Secondary)

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

Working experience with Haad Thip Plc. 26 years, retired from the Company as Deputy Managing Director on 31<sup>st</sup> December 2004

2012 - Present Director, Southern Rocks Co., Ltd

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 21 March 2006

Age 49

Education :

Experience :

% of Shareholding : - None -

Thai Institute of Director Association (IOD) :

Family Relationship of Management Team : - None -

- Director Accreditation Program (DAP), Year 2005
- Role of the Compensation Committee – RCC (15/2012)

Date of Appointment : 5 November 1999

Age 54

Education :

Experience :

2005 - Present	Senior Vice President Haad Thip Public Company Limited
2012 - Present	Director Southern Rock Co., Ltd
2007 - Present	Director Rich Enough Co., Ltd.

% of Shareholding :

6.985% or 13,916,147 shares (Including spouse & children under age of 20 years)

Family Relationship of Management Team :

1. Sec.Lt.Phairoch Rattakul's daughter
2. Maj. Gen. Patchara Rattakul's sister
3. Mrs. Yupares Thienqtham's niece

Thai Institute of Director Association (IOD) :

- Director Accreditation Program (DAP), Year 2006
- Role of the Compensation Committee – RCC (15/2012)

Date of Appointment : 29 March 1993

**Maj. Gen. Patchara Rattakul**

Age 53

Authorized Director / Nomination and Remuneration Member

**Education :**

M.A. Philosophy Politics and Economics  
St. John's College, Oxford University, UK

% of Shareholding : 5.211% or 10,381,044 shares

**Family Relationship of Management Team :**

1. Sec. Lt. Phairoch Rattakul's son
2. Mrs. Pariya Chirabandhu's brother
3. Mrs. Yupares Thiengtham's nephew

**Experience :**

2009 - Present	Chief Operating Officer Haad Thip Public Company Limited
2003 - 2009	Advisor Haad Thip Public Company Limited
2012 - Present	Director Southern Rocks Co., Ltd.
2007 - Present	Director Rich Enough Co., Ltd.

Thai Institute of Director Association (IOD) :  
Director Accreditation Program (DAP), Year 2005

Date of Appointment : 17 March 2004

**M.L. Dhisana Sritavaj**

Age 52

Director

**Education :**

Master Degree (Engineering Management)  
George Washington University, Washington DC, USA

**% of Shareholding :**

1.598% or 3,183,807 shares (including spouse)

Family Relationship of Management Team : - None -

**Experience :**

Feb. 2010 - Present	General Manager Suvanabhumi Marketing Co.,Ltd.
2009 - Present	General Manager ISEPA ASIA (Thailand) Co.,Ltd.
2002 - 2008	Marketing Director TON-YA-TAI Co.,Ltd

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 30 November 2005

**Mr. Dumrongrugs Apibalsawasdi**

Age 53

Authorized Director

**Education :**

Bachelor of Politics, Chulalongkorn University

**% of Shareholding :**

- None -

**Family Relationship of Management Team :**

- None -

**Experience :**

2012 - Present

Vice President

Haad Thip Public Company Limited

2007 - 2012

Sales and Marketing Director

Haad Thip Public Company Limited

2004 - 20007

Marketing Director

Haad Thip Public Company Limited

Thai Institute of Director Association (IOD) : - None -

Date of Appointment : 20 May 2009

**Mr. Takerng Kanchana**

Age 59

Plant Director

**Education :**

- Bachelor of Engineering, Chulalongkorn University
- Master of public Administration, National Institute of Development Administration (NIDA)

**% of Shareholding :**

0.018% or 34,998 shares (include spouse)

**Family Relationship of Management Team :**

- None -

**Experience :**

2004 - Present

Plant Director

Haad Thip Public Company Limited

1995 - 2004

Plant Division Manager

Haad Thip Public Company Limited

Thai Institute of Director Association (IOD) : - None -



**Mr. Taweekat Chanme-on**

Age 57

Sales Director (Tradition Trade)

**Education :**

Vocation Certificate

% of Shareholding : 0.004% or 7,800 shares

Family Relationship of Management Team : - None -

**Experience :**

2014 - Present

Sales Director (Tradition Trade)

Haad Thip Public Company Limited

2008 - 2014

Senior Sales Manager

Haad Thip Public Company Limited

Thai Institute of Director Association (IOD) : - None -

**Mr. Sukchai Sukpukdeecharoen**

Age 60

Technical Director

**Education :**Master of Industrial Engineering  
California Polytechnic State University, San Luis Obispo,  
U.S.A.

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

2004 - Present

Technical Director

Haad Thip Public Company Limited

2002 - 2003

Region Commercialization Project  
ManagerCoca-Cola (Thailand) Ltd., Bangkok,  
Thailand

1998 - 2002

Division Sales and Marketing  
Equipment ManagerCoca-Cola Southeast & West Asia  
Division, Bangkok, Thailand

Thai Institute of Director Association (IOD) : - None -

**Mr. John Joseph Benedetti**

Age 50

Vice President (Demand Fulfillment and Supply Chain)

**Education :**

St. Josephs College of Further Education, Glasgow, Scotland, U.K.

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

- |                |   |
|----------------|---|
| 2014 - Present | Vice President<br>(Demand Fulfillment and Supply Chain)<br>Haad Thip Public Company Limited |
| 2006 - 2014    | Operations Director<br>Haad Thip Public Company Limited                                     |
- Operations Manager - Highveld Bottling, Scarlet Ibis Investments Coca - Cola Southern Africa
  - Operations Manager - Highveld Bottling, TJC Holding (PYT) Ltd.
  - Production Manager - Highveld Bottling, TJC Holding (PYT) Ltd.
  - Bottling Managing - Coca - Cola SABCO
  - Installation Technician - Bass Clarington Breweries London UK.

Thai Institute of Director Association (IOD) : - None -

**Mr. Thongchai Unshurit**

Age 61

General Director

**Education :**

- Bachelor of Arts, Ramkhamhaeng University
- Master of public Administration, National Institute of Development Administration (NIDA)

% of Shareholding : 0.005 % or 9,580 shares

Family Relationship of Management Team : - None -

**Experience :**

- |                |  |
|----------------|--|
| 2007 - Present | General Director<br>Haad Thip Public Company Limited       |
| 2004 - 2006    | General Manager<br>Haad Thip Public Company Limited        |
| 2002 - 2003    | Deputy General Manager<br>Haad Thip Public Company Limited |
| 2012 - Present | Director<br>Southern Rocks Co., Ltd                        |

Thai Institute of Director Association (IOD) : - None -

**Miss. Sovapha Wangwongwiwat**

Age 56

Sale Administration Director

**Education :**

Certificate of Vocational Education  
Petchsiam Commercial College, Haad Yai, Songkla

% of Shareholding : 0.003% or 5,000 shares

Family Relationship of Management Team : - None -

**Experience :**

Oct. 2012 - Present	Sale Administration Director Haad Thip Public Company limited
1 Apr. 2006 - 30 Sep. 2012	Sale Administration Division Manager Haad Thip Public Company limited
Thai Institute of Director Association (IOD) : - None -	

**Mr. Timothy Edward Doyle**

Age 54

Customer Service Director

**Education :**

Bachelor of Arts - Speech Communication & Business  
Marketing San Jose State University, San Jose California USA

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

2014 - Present	Customer Service Director Haad Thip Public Company limited
2011 - 2013	Lao Project Manager - Franchise Director Southern Thailand: TCCC Coca-Cola Southeast Asia Service Company (Coca-Cola Company Asia)
2002 - 2010	Country Manager PNG & Pacific Island Coca-Cola Southeast Asia Service Company (Coca-Cola Company Asia)
Thai Institute of Director Association (IOD) : - None -	

**Miss. Prakong Sompavana**

Age 57

IT Director

**Education :**

- Bachelor of Arts, Ramkhamhaeng University
- Master of Business Administration, Prince of Songkhla University

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

2013 - Present

IT Director

2012 - 2013

Haad Thip Public Company limited

IT Deputy Manager

2007 - 2012

Haad Thip Public Company limited

Senior Programmer

Haad Thip Public Company limited

Thai Institute of Director Association (IOD) : - None -

**Miss Nopparat Amornchaisakda**

Age 46

Financial Division Manager

**Education :**

- Bachelor Degree In Business Administration Prince of Songkhla University
- Master Degree In Business Administration Melbourne Institute of Technology (Australia)

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

2008 - Present

Financial Division Manager

Haad Thip Public Company limited

2007 - 2008

Accounting Division Manager

Haad Thip Public Company limited

Thai Institute of Director Association (IOD) : - None -

**Miss Nithinart Juntasurat**

Age 43

Accounting Division Manager

**Education :**

- Bachelor of Commerce (Accounts) Chiang Mai University, Thailand
- Master of Business Administration Ramkhamhaeng University

% of Shareholding : - None -

Family Relationship of Management Team : - None -

**Experience :**

2010 - Present

Accounting Division Manager

Haad Thip Public Company limited

2006 - 2010

Deputy to Accounting Division Manager

Haad Thip Public Company limited

Current position :

Accounting Division Manager

2012 - present

Director,

Southern Rocks Co., Ltd

Thai Institute of Director Association (IOD) : - None -

# SUMMARY PROFILE OF COMPANY SECRETARY, HEAD OF INTERNAL AUDIT

## Miss Sudaluck Brownvanakul

Age 65

Company Secretary

### Education :

Bachelor of Commerce and Accountancy  
(Finance and Banking), Thammasat University

% of shareholding : 0.001% or 1,515 shares

Family Relationship of management Team : - None -

Date of appointment : 14 August 2008

### Experience :

2011 - Present Security Division Manager  
Haad Thip Public Company Limited  
2004 - 2011 Security Deputy Manager  
Haad Thip Public Company Limited

Thai Institute of Director Association (IOD) :

Company Secretary Program (CSP) class 32/2009

## Mrs. Arunee Pradupetch

Age 42

Internal Audit Deputy Manager

### Education :

Bachelor Degree (Accounting)  
Sukhothai Thammathirat Open University

% of shareholding : - None -

Family Relationship of management Team :- None -

Date of appointment :

23 July 2010 - 15 December 2014

### Experience :

- 3 years of work experience in Finance
- 5 years of work experience in Internal Auditing
- 9 years of work experience in accounting and operational control

### Training :

- Information Technology internal Auditing  
Federation of Accounting Profession under the Royal  
Patronage of Majesty the King (FAC)
- The Institute of Internal Auditors of Thailand (IIA)
  - Internal Control Assessment
  - Fraud Audit
  - Risk and Control Assessment

## Mr. Atipat Joeythong

Age 30

Internal Audit Section Manager

### Education :

Saint John's University

- Master Degree (Master of Business Administration)
- Bachelor Degree (Business Administration)

% of shareholding : - None -

Family Relationship of management Team :- None -

Date of appointment :

26 February 2014

### Experience :

- 6 years of work experience in Internal Auditing
- Betagro Public Company Limited
  - Seafresh Industry Public Company Limited
  - Yum Restaurants International (Thailand) Company
  - Central Food Retail Company

### Training :

- The Institute Of Internal Auditors of Thailand (IIA)
- Fraud Audit
  - Risk and Control Assessment



# RELATED TRANSACTIONS

Connected transactions mean transactions between a listed company or its subsidiary with connected person(s) such as an executive, major shareholder or person with controlling interest in the Company, inclusive of a company wherein the connected person is a major shareholder or person with controlling interest.

The Company certainly realizes that entering into a connected transaction may possibly lead to conflicts of interest. Therefore, in order to ensure equal opportunities of transparency and fairness among all shareholders, the Company shall ensure that all transactions are in conformity with the following principles:

1. A connected transaction must go through an approval process deemed transparent, and stakeholders or persons with possible conflict of interest in the connected transaction shall refrain from participating in the decision-making process
2. Consideration to enter into a connected transaction must be based on the best interest of the Company as the top priority
3. Careful consideration by the Audit Committee must be carried out before proposing to the Board of Directors and/or Shareholders' Meeting for approval of such a transaction
4. In the case that a connected transaction is entered as a result of a trade agreement in such a way that any reasonable person would carry out a transaction agreement with another party to a contract in the same situation and with power of negotiation that bears no influences as a result of the reasonable person holding a position of a Director, Executive or related person thereof, depending on the case, or a normal transaction, or a normal business support transaction with general trading terms and conditions; then the Company must propose such an Agreement to the Board of Directors or request for approval in principle from the Board of Directors before entering into such a transaction, as per Section 89/12(1) of the Security and Exchange Act (No.4) B.E. 2551
5. Connected transactions must be disclosed as per the rules and regulations stipulated by the Securities and Exchange Commission
6. There must be reliable follow-up and verification systems to ensure that the connected transactions are adhered to the correct procedure

For the year 2014, the Company has a transaction with Southern Rocks Company, which is the Company's subsidiary that the Company holds 99.99% of total shares in buying containers of Baht 452.53 million. The price policy of the cost price with the additional profits according to a normal trade.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Operating Results of Haad Thip Public Company Limited and Subsidiary

The Company's profits for the year, as stated in the Consolidated Income Statement, was Baht 115.24 million, a decrease of Baht 67.52 million or 36.95% from the same period last year. The reasons behind the changes in profits are as follows:

1. Revenue from sales of Baht 5,204.62 million showed an increase of Baht 362.92 million or 8.35% as a result of an increase in sales volume.
2. Cost of sales was Baht 3,726.20 million, an increase of Baht 25.82 million or 0.70%, in line with an increase in sales volume. However, cost of sales increased at a lower rate than revenue from sales, due to the completion of the second plant, constructed for the production of sparkling beverages and drinking water in the form of PET products. This addition of the new plant had helped to reduce the number of products purchased for reselling purpose, and as a result, the product transportation cost and the cost of sales had declined. Moreover, the Company had been purchasing concentrate, the major raw material for the production of sparkling beverages, from a partner abroad instead of a domestic partner since January 2014. The reason being that, the domestic partner that used to produce concentrate and distribute to companies licensed to produce sparkling beverages had ceased its operation. The price paid to the partner abroad for the purchase of concentrate was, however, lower than the price paid to the previous, domestic partner; and at the same time, sales subsidies from business partner had also dropped in compensation for the lower price of concentrate.
3. The Company was granted sales subsidies in the amount of Baht 44.49 million by its business partner abroad.
4. Sale of land took place during the year 2013 but there was no sale of land in 2014. As such, gain on sale of fixed assets, mainly sale of land, had dropped by Baht 65.22 million or 97.96%.
5. There was neither gain on sale of investments nor dividend income since the Company had already sold the investments in 2013.
6. The Company had a foreign exchange gain of Baht 0.24 million in 2014; whilst in 2013, it incurred a foreign exchange loss of Baht 4.46 million.
7. Other income in the amount of Baht 14.96 million was an increase of Baht 3.58 million or 31.51%.
8. Selling and administrative expenses amounted to Baht 1,390.25 million was an increase of Baht 143.61 million or 11.52% as a result of an increase in sales promotion and marketing expenses as well as employee benefits, in order to be in line with the labor market condition in the south of Thailand.
9. Finance cost was Baht 34.24 million, an increase of Baht 17.92 million or 109.74% as a result of an increase in the utilization of short-term and long-term loans for the purpose of working capital and investment.
10. Income tax declined by Baht 29.51 million or 100.94% as a result of corporate income tax payment exemption from the operating results of the subsidiary, as a grantee of BOI investment promotion; and no extra gain on sale of land and investment.

In summary, the Company's net profits fell by Baht 67.52 million from the previous year as a result of the extra gain on sale of land and investment in 2013 in the amount of Baht 81.81 million, net of all related expenses and income tax. Without the extra gain, the Company's net profits for the year 2013 would have been Baht 100.95 million, and hence, the Company's net profits for the year 2014 would have shown an increase in the amount of Baht 14.29 million or 14.16% from that of the year 2013.

## Profitability and Operational Efficiency Ratios

Ratios	2014	2013
Gross Profit Margin (%)	28.41	21.41
Operating Profit Margin (%)	2.19	2.12
Net Profit Margin (%)	2.21	3.88
Return on Equity (%)	7.62	13.62
Return on Asset (%)	4.51	7.76

- Gross profit margin increased by 7.00% as a result of a drop in the cost of sales of some products and sizes following the completion of the second plant; as well as the purchasing of concentrate – the major raw material in the production of sparkling beverages – from the Company's business partner abroad at a lower price than that of the domestic partner's, as mentioned earlier.
- Operating profit margin increased by 0.07% following a decrease in the cost and expenses in product distribution as a result of the completion of the second plant.
- Net profit margin declined by 1.67% since there was no extra gain on sale of land and investment in 2014.
- Return on equity declined by 6.00% since there was no extra gain on sale of land and investment in 2014.
- Return on asset declined by 3.25% since there was no extra gain on sale of land and investment in 2014.

## Financial Status of Haad Thip Public Company Limited and Subsidiary

(Unit : Million Baht)

Items	As at 31 Dec 2014	As at 31 Dec 2013	Increase (Decrease)	
			Amount	%
Total Assets	3,376.91	3,245.96	130.95	4.03
Total Liabilities	1,846.86	1,751.46	95.40	5.45
Shareholders' Equity	1,530.05	1,494.50	35.55	2.38

- As at 31 December 2014, the Company's total assets was Baht 130.95 million or 4.03% higher than total assets at the end of 2013 by the following reasons:
  - Cash and cash equivalents had risen by Baht 63.83 million or 235.81% as a result of the Company's ability to generate more inflow than outflow of cash from operating activity by the amount of Baht 309.53 million; net cash used in investing activities in the amount of Baht 124.66 million; and net cash used in financing activities in the amount of Baht 121.04 million.
  - There was an increase of Baht 102.91 million or 18.21% in account receivables, mainly receivables not yet due for payment, in line with an increase in total sales.
  - Other receivables had decreased by Baht 28.20 million or 15.48%, mainly as a result of accrued sales subsidies. There was also an increase in advance payment of excise tax imposed on bottle caps used in the production process.
  - There was an increase of Baht 14.78 million or 4.35% in inventory, which was in line with the preparation of finished goods and raw materials to support sales activity at the beginning of the year.
  - Land, building and equipment decreased by Baht 32.42 million or 1.56% as a result of depreciation and amortization expense in interim periods.<sup>11</sup>

2. Total liabilities as at 31 December 2014 increased by Baht 95.40 million or 5.45% from the end of the year 2013 by the following reasons:
- Short-term loans from financial institutions increased by Baht 68.00 million or 47.89% for utilization as working capital.
  - Account payables decreased by Baht 19.47 million or 5.37% as a result of purchasing concentrate at a lower price from a business partner abroad.
  - Other payables increased by Baht 51.62 million or 14.01%, mainly as a result of accrued sales subsidies.
  - Long-term loans decreased by Baht 47.40 million or 7.95% as a result of loan repayments to financial institutions at due dates.
  - Financial lease liabilities, mainly used as investment in vehicles, increased by Baht 40.46 million or 59.16%.
  - Customers' deposits on bottles and cases decreased by Baht 5.34 million or 18.73%, resulting from the return of deposits on bottles and cases to the customers.
  - Deferred tax liability decreased by Baht 1.07 million or 1.24% following the upward adjustment of employee benefit liability.
  - Employee benefit obligations increased by Baht 8.60 million or 8.70% as a result of an increase in the provision for employee benefit liability for those retired from the Company.
3. The Company's shareholders' equity as at 31 December 2014 showed an increase of Baht 35.55 million or 2.38% from the end of year 2013 due to an increase in net profits of the year less dividend payouts.
4. Cash Flow

Items (Unit : Million Baht)	2014	2013
Net cash from operating activities	309.53	59.79
Net cash used in investing activities	(124.66)	(472.59)
Net cash from (used in) financing activities	(121.04)	394.12
Net increase (decrease) in cash and cash equivalents	63.83	(18.68)

The Company's inflow of cash from operating activities was higher than the outflow by Baht 309.53 million, an increase of Baht 249.74 million from the previous year. The Company's net cash used in investment activities in the amount of Baht 124.66 million showed a decrease of Baht 347.93 million from the previous year, resulting mainly from the investment in the second plant in 2013. The Company's net cash used in financing activities in 2014 was Baht 121.04 million; while in 2013, it was net cash from financing activities, as a result of the proceeds from issuance of share capital and an increase in borrowing for investment purpose.

## 5. Liquidity

Important Liquidity Ratios:

Ratio:	2014	2013
Liquidity Ratio (times)	1.15	1.13
Cash Ratio (times)	0.30	0.06
Average Debt Collection Period (day)	43.25	39.95
Average Inventory Turnover Period (day)	34.00	30.43
Average Debt Repayment Period (day)	34.58	34.49

- The Company's liquidity ratio of 1.15 times showed a slight improvement from the previous year as a result of an increase of Baht 153.33 million in current assets, which had increased at a higher rate than current liabilities that had increased by Baht 114.57 million. Cash ratio of 0.30 times showed an increase of 0.24 times from the previous year, as a result of higher cash from operating activities.
- Average debt collection period was 3 days slower than the previous year, following an increase in total sales among the group of customers with longer credit term, namely Modern Trade customers.
- Average inventory turnover period was 4 days slower than the previous year, following the completion of the second plant for additional PET production capacity to meet the demand of the market.
- The Company's average debt repayment period was almost the same as the previous year.

## 6. Financial Policy

Financial Analysis Ratios:

Ratio:	2014	2013
Debt-to-Equity Ratio (times)	1.21	1.17
Interest Coverage Ratio (times)	4.36	13.99

- Debt-to-equity ratio of 1.21 times showed a slight increase from the previous year, indicating higher use of debt than capital as the source of funding for the Company's investment.
- Interest coverage ratio of 4.36 times showed a 9.63 times drop from the previous year, since the Company had no extra gain on sale of land and investment, while it was still burdened with interest obligations as a result of an investment.



# AUDIT COMMITTEE REPORT

To Shareholders

The Audit Committee, which comprises of 3 independent directors, Mr. Prakit Pradipasen as a chairman of the Audit Committee, Mr. Yanyong Maethapanich and Miss Smornluk Mahasmiti as Audit Committee members, has been performing in accordance with the scope of duties and responsibility assigned by the Board of Directors of the Company and the rules and regulations set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

During the year 2014, the Audit Committee had convened 4 meetings with the External Auditor and Internal Audit, which all the Audit Committee Chairman and members had attended all the 4 meetings, in order to consider the issues under the scope of duties and responsibility of the Committee and carried out other tasks assigned by the Board of Directors. All of the results of duties performed had been reported to the Board of Directors, and can be summarized as follows:

1. Reviewed quarterly and annual financial statements together with the Accounting Executives and the External Auditor, without the responsible executives, in order to consider the Audit Observations or the Financial Statement Review with recommendations and guidance provided, and approved that both quarterly and 2014 annual financial statements were accurate and prepared in accordance with the Generally Accepted Accounting Principle, and information disclosure was sufficient, complete and reliable.
2. Considered and reviewed the report on the outcomes of audit performed by Internal Audit according to the audit plan of the year 2014, inclusive of observations and remarks on the assessment of the Internal Audit System; recommendations and guidance provided on the improvement and rectification of their performance in accordance with the rules and regulations, to ensure adequacy and suitability of the Internal Audit System.
3. Considered and approved the internal audit plan and

budget for the year 2015 stipulated by the Internal Audit Office and laid down the guidelines for the Company's internal audit procedure, with an emphasis on the objectives and scope of audit, to cover all significant risks possibly incurred in each department and each activity level.

4. Considered and appointed a qualified Auditor with practical standards, proficiency, independence and practical Audit experiences, and determined the audit fee for the year 2014, in order to propose to the Board of Directors for further consideration and proposal to the Annual General Shareholders' Meeting for approval.

The Audit Committee has been performing its duties with caution, independence, straightforward opinions and transparency that can be verified by and in accordance with good corporate governance. The Audit Committee is confident that the Company's financial statements and information disclosure are sufficient, accurate and reliable and in accordance with the Generally Accepted Accounting Principle; the Company has an adequate, suitable and efficient risk management and internal control systems; Internal Audit Office performs independently and covers all of the operating procedures with high risk. In addition, the Company performs under the principle of Good Corporate Governance and appropriately in accordance with related laws and regulations.



(Mr. Prakit Pradipasen)

Chairman of the Audit Committee

# STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS IN RESPECT TO FINANCIAL REPORT

The Board of Directors of the Company is held responsible for the Financial Statements and financial information of the Company and its subsidiary, which have been prepared in accordance with Thailand Accounting Standard under the Accounting Act, B.E. 2543 (2000), and in conformity to the stipulation set forth by the Securities and Exchange Commission in regards to the preparation and presentation of the financial report, under the Securities and Exchange Act B.E. 2535, via the use of an accounting policy deemed appropriate and regularly practiced. In addition, sufficient information has been disclosed in the Notes to the Financial Statements, and the Auditor has audited the Financial Statements and provided unqualified opinion in the Auditor's Report.

The Board of Directors has ensured that the Risk Management System and Internal Control System have been maintained, to ensure that accounting information is recorded in an accurate, complete, timely and adequate manner proven sufficient to continue to conserve the Company's assets as well as to prevent fraud or any unusual operations deemed material. In order to ensure confidence among stakeholders toward the Company's Financial Report, the Board of Directors has appointed an Audit Committee that comprises of qualified independent directors. The Audit Committee's responsibilities are to monitor the quality of the Financial Statements in accordance with Thailand Accounting Standard and to perform assessment of the internal control, internal audit systems and the risk management, to ensure efficiency and effectiveness, based on Company's regulations and all the according Acts. The opinions provided by the Audit Committee appear in the Audit Committee Report, which has been enclosed in the Annual Report 2014

Gen. 

(Charan Kullavanijaya)  
Chairman

Sec.Lt. 

(Phairoch Rattakul)  
Chief Executive Officer



*Living proof  
within our plant compound*



# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Haad Thip Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Haad Thip Public Company Limited and its subsidiary (the "Group") and of Haad Thip Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated and Separate Financial Statements*

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

### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Orawan Sirirattanawong)  
Certified Public Accountant  
Registration No. 3757

**KPMG Phoomchai Audit Ltd.**

Bangkok  
26 February 2015



Haad Thip Public Company Limited and its subsidiary

## Statement of financial position

		Consolidated financial statements 31 December		Separate financial statements 31 December	
	Note	2014	2013	2014	2013
(in Baht)					
Assets					
Current assets					
Cash and cash equivalents	5	90,786,422	26,954,526	62,021,538	13,721,439
Trade accounts receivable	6	668,187,963	565,275,565	668,187,963	565,275,565
Other receivables	7	154,040,416	182,243,103	155,190,530	193,816,478
Inventories	8	354,518,576	339,734,961	333,913,328	314,436,681
Total current assets		1,267,533,377	1,114,208,155	1,219,313,359	1,087,250,163
Non-current assets					
Investment in subsidiary	10	-	-	59,496,800	59,496,800
Investment properties	11	36,317,142	36,317,142	37,275,706	36,317,142
Property, plant and equipment	12	2,048,345,303	2,080,760,278	1,925,327,706	1,947,906,810
Intangible assets		10,914,192	11,851,551	10,881,225	11,814,285
Deferred tax assets	13	253,605	249,151	-	-
Other non-current assets		13,550,592	2,578,200	3,214,142	2,578,200
Total non-current assets		2,109,380,834	2,131,756,322	2,036,195,579	2,058,113,237
Total assets		3,376,914,211	3,245,964,477	3,255,508,938	3,145,363,400
Liabilities and equity					
Current liabilities					
Short-term loans from financial institutions	14	210,000,000	142,000,000	210,000,000	142,000,000
Trade accounts payable	4,15	343,315,986	362,785,068	405,340,145	387,330,388
Other payables	16	420,053,946	368,433,873	416,210,383	365,945,899
Current portion of long-term loans from financial institution	14	101,400,000	94,120,000	81,600,000	79,400,000
Current portion of finance lease liabilities	14	28,035,353	20,898,039	28,035,353	20,898,039
Total current liabilities		1,102,805,285	988,236,980	1,141,185,881	995,574,326
Non-current liabilities					
Long-term loans from financial institution	14	447,100,000	501,780,000	369,660,000	417,060,000
Finance lease liabilities	14	80,812,999	47,488,987	80,812,999	47,488,987
Customers' deposits on bottles and cases		23,184,172	28,528,584	23,184,172	28,528,584
Deferred tax liabilities	13	85,460,989	86,533,002	85,460,989	86,533,002
Employee benefit obligations	17	107,496,974	98,893,704	107,350,194	98,764,986
Total non-current liabilities		744,055,134	763,224,277	666,468,354	678,375,559
Total liabilities		1,846,860,419	1,751,461,257	1,807,654,235	1,673,949,885

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Haad Thip Public Company Limited and its subsidiary

## Statement of financial position

		Consolidated financial statements 31 December		Separate financial statements 31 December	
	Note	2014	2013	2014	2013
(in Baht)					
Liabilities and equity					
Equity					
Share capital					
Authorised share capital	18	199,218,000	199,218,000	199,218,000	199,218,000
Issued and paid-up share capital		199,218,000	199,218,000	199,218,000	199,218,000
Additional paid-in capital					
Premium on ordinary shares	18	353,945,500	353,945,500	353,945,500	353,945,500
Retained earnings					
Appropriated					
Legal reserve	19	25,000,000	25,000,000	25,000,000	25,000,000
General reserve	19	35,000,000	35,000,000	35,000,000	35,000,000
Unappropriated		472,735,010	437,187,775	390,543,542	414,102,354
Other components of equity	12	444,147,661	444,147,661	444,147,661	444,147,661
Equity attributable to owners of the Company		1,530,046,171	1,494,498,936	1,447,854,703	1,471,413,515
Non-controlling interests		7,621	4,284	-	-
Total equity		1,530,053,792	1,494,503,220	1,447,854,703	1,471,413,515
Total liabilities and equity		3,376,914,211	3,245,964,477	3,255,508,938	3,145,363,400

Haad Thip Public Company Limited and its subsidiary

## Statement of comprehensive income

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2014	2013	2014	2013
(in Baht)					
Income					
Revenue from sale of goods		5,204,624,835	4,708,244,201	5,204,624,835	4,708,244,201
Income on sales subsidies		-	337,505,723	-	337,505,723
Income on marketing support		44,484,882	-	44,484,882	-
Gain on sale of property, plant and equipment	11, 12	1,355,053	66,579,297	1,355,053	66,579,297
Gain on sale of available-for-sale investments	9	-	50,924,457	-	50,924,457
Net foreign exchange gain		235,401	-	244,391	-
Dividend income	9, 10	-	715,664	55,926,992	37,008,712
Other income		14,959,312	11,375,307	15,305,444	12,938,552
Total income		5,265,659,483	5,175,344,649	5,321,941,597	5,213,200,942
Expenses					
Cost of sale of goods		3,726,201,192	3,700,380,662	3,848,613,790	3,768,490,358
Selling expenses	22	1,025,579,909	898,076,900	1,025,579,909	898,076,900
Administrative expenses	23	364,672,870	348,565,956	362,240,518	345,175,663
Finance costs	26	34,239,990	16,325,542	29,649,797	13,418,775
Total expenses		5,150,693,961	4,963,349,060	5,266,084,014	5,025,161,696
Profit before income tax expense		114,965,522	211,995,589	55,857,583	188,039,246
Income tax benefit (expense)	27	275,258	(29,232,526)	270,805	(29,481,677)
Profit for the year		115,240,780	182,763,063	56,128,388	158,557,569

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2014	2013	2014	2013
(in Baht)					
Other comprehensive income					
Net change in fair value of available-for-sale investments, net of income tax	9,20	-	5,248,201	-	5,248,201
Net change in fair value of available-for-sale investments transferred to profit or loss, net of income tax	9,20	-	36,101,263	-	(36,101,263)
Defined benefit plan actuarial losses, net of income tax	17,20	-	24,072,155	-	(24,072,155)
Other comprehensive income for the year, net of income tax	20	-	(54,925,217)	-	(54,925,217)
Total comprehensive income for the year		115,240,780	127,837,846	56,128,388	103,632,352
Profit attributable to:					
Owners of the Company		115,234,435	182,759,981	56,128,388	158,557,569
Non-controlling interests		6,345	3,082	-	-
Profit for the year		115,240,780	182,763,063	56,128,388	158,557,569
Total comprehensive income attributable to:					
Owners of the Company		115,234,435	127,834,764	56,128,388	103,632,352
Non-controlling interests		6,345	3,082	-	-
Total comprehensive income for the year		115,240,780	127,837,846	56,128,388	103,632,352
Basic earnings per share	29	0.58	0.93	0.28	0.81

Haad Thip Public Company Limited and its subsidiary

## Statement of changes in equity

Consolidated financial statements											
	Retained earnings				Other components of equity				Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated investments	Fair value changes in available - for - sale investments	Revaluation surplus	Total other components of equity			
(in Baht)											
For the year ended 31 December 2013											
Balance at 1 January 2013	166,015,000	154,727,500	25,000,000	35,000,000	311,492,358	30,853,062	485,566,054	496,419,116	1,188,653,974	754	1,188,654,728
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners of the Company											
Issue of ordinary shares	33,203,000	199,218,000	-	-	-	-	-	-	232,421,000	-	232,421,000
Dividends to owners of the Company	-	-	-	-	(59,765,400)	-	-	-	(59,765,400)	-	(59,765,400)
Total contributions by and distributions to owners of the Company	33,203,000	199,218,000	-	-	(59,765,400)	-	-	-	172,655,600	-	172,655,600
Change in ownership interests in subsidiary											
Acquisition of non-controlling interests without a change control	-	-	-	-	-	-	-	-	-	2,400	2,400
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,952)	(1,952)
Total change in ownership interests in subsidiary	-	-	-	-	-	-	-	-	-	448	448
Total transactions with owners, recorded directly in equity	33,203,000	199,218,000	-	-	(59,765,400)	-	-	-	172,655,600	448	172,656,048
Transfer the revaluation surplus of disposed assets	-	-	-	-	26,772,991	-	(21,418,393)	(21,418,393)	5,354,598	-	5,354,598

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## Statement of changes in equity

Consolidated financial statements									
	Retained Earnings					Other component of equity			
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Revaluation surplus	Equity attributable to owners of the Company	Non-controlling interests	Total equity
(in Baht)									
For the year ended 31 December 2014									
Balance at 1 January 2014	199,218,000	353,945,500	25,000,000	35,000,000	437,187,775	444,147,661	1,494,498,936	4,284	1,494,503,220
Transactions with owners, recorded directly in equity									
Distributions to owners of the Company									
Dividends to owners of the Company	-	-	-	-	(79,687,200)	-	(79,687,200)	-	(79,687,200)
Total distributions to owners of the Company	-	-	-	-	(79,687,200)	-	(79,687,200)	-	(79,687,200)
Change in ownership interests in subsidiary									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,008)	(3,008)
Total change in ownership interests in subsidiary	-	-	-	-	-	-	-	(3,008)	(3,008)
Total transactions with owners, recorded directly in equity	-	-	-	-	(79,687,200)	-	(79,687,200)	(3,008)	(79,690,208)
Comprehensive income for the year									
Profit	-	-	-	-	115,234,435	-	115,234,435	6,345	115,240,780
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	115,234,435	-	115,234,435	6,345	115,240,780
Balance at 31 December 2014	199,218,000	353,945,500	25,000,000	35,000,000	472,735,010	444,147,661	1,530,046,171	7,621	1,530,053,792

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## Statement of changes in equity

## Separate financial statements

	Retained Earnings					Other component of equity			
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Fair value changes in available-for-sale investments	Revaluation Surplus	Total other components of equity	Total equity
	(in Baht)								
Note									
For the year ended 31 December 2013									
Balance at 1 January 2013	166,015,000	154,727,500	25,000,000	35,000,000	312,609,349	30,853,062	465,566,054	496,419,116	1,189,770,965
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners of the company									
Issue of ordinary shares	33,203,000	199,218,000	-	-	-	-	-	-	232,421,000
Dividends to owners of the Company	-	-	-	-	(59,765,400)	-	-	-	(59,765,400)
Total contributions by and distributions to owners of the company	33,203,000	199,218,000	-	-	(59,765,400)	-	-	-	172,655,600
Total transactions with owners, recorded directly in equity	33,203,000	199,218,000	-	-	(59,765,400)	-	-	-	172,655,600
Transfer the revaluation surplus of disposed assets	-	-	-	-	26,772,991	-	(21,418,393)	(21,418,393)	5,354,598
Comprehensive income for the year									
Profit	-	-	-	-	158,557,569	-	-	-	158,557,569
Other comprehensive income	-	-	-	-	(24,072,155)	(30,853,062)	-	(30,853,062)	(54,925,217)
Total comprehensive income for the year	-	-	-	-	134,485,414	(30,853,062)	-	(30,853,062)	103,632,352
Balance at 31 December 2013	199,218,000	353,945,500	25,000,000	35,000,000	414,102,354	-	444,147,661	444,147,661	1,471,413,515

Note

Haad Thip Public Company Limited and its subsidiary

## Statement of changes in equity

Separate financial statements					
	Retained Earnings			Other component of equity	Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated
(in Baht)					
For the year ended 31 December 2014	199,218,000	353,945,500	25,000,000	35,000,000	414,102,354
Balance at 1 January 2014					444,147,661
Transactions with owners, recorded directly in equity					
<i>Distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	-	(79,687,200)
<i>Total distributions to owners of the Company</i>	-	-	-	-	(79,687,200)
Total transactions with owners, recorded directly in equity	-	-	-	-	(79,687,200)
Comprehensive income for the year					
Profit	-	-	-	-	56,128,388
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	56,128,388
Balance at 31 December 2014	199,218,000	353,945,500	25,000,000	35,000,000	390,543,542
					444,147,661
					1,447,854,703

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Haad Thip Public Company Limited and its subsidiary

## Statement of cash flows

	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	2014	2013	2014	2013
(in Baht)				
<b>Cash flows from operating activities</b>				
Profit for the year	115,240,780	182,763,063	56,128,388	158,557,569
<i>Adjustments for</i>				
Depreciation	193,642,182	153,428,590	180,152,461	142,495,117
Amortisation	4,587,492	4,932,859	4,583,193	4,928,559
Dividend income	-	(715,664)	(55,926,992)	(37,008,712)
Interest income	(442,241)	(666,489)	(361,945)	(521,610)
Finance costs	34,239,990	16,325,542	29,649,797	13,418,775
Employee benefit	9,644,274	6,069,374	9,626,212	5,940,657
Unrealised loss (gain) on foreign exchange	(30,266)	473,912	(30,266)	473,912
Bad and doubtful debt expenses for trade and other receivables	265,409	136,466	265,409	136,466
Provision for obsolete inventories	4,994,704	5,700,533	4,994,704	5,700,533
Gain on sale of property, plant and equipment	(1,355,053)	(66,579,297)	(1,355,053)	(66,579,297)
Loss on property, plant and equipment written-off	42,098	52,247	42,098	52,247
Loss on containers written-off	535,119	610,251	535,119	610,251
Gain on sale of available-for-sale investments	-	(50,924,457)	-	(50,924,457)
Income tax (benefit) expense	(275,258)	29,232,526	(270,805)	29,481,677
	361,089,230	280,839,456	228,032,320	206,761,687
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	(103,047,654)	(100,021,596)	(103,047,654)	(100,021,596)
Other receivables	32,778,060	(84,754,660)	28,774,692	(81,918,516)
Inventories	(19,778,319)	(68,091,985)	(24,471,351)	(42,794,323)
Other non-current assets	(732,575)	(527,444)	(732,576)	(527,444)
Trade accounts payable	(19,472,021)	25,825,511	18,006,819	50,370,832
Other payables	68,875,324	42,753,800	67,131,617	40,403,821
Customers' deposits on bottles and cases	(5,344,412)	(1,344,076)	(5,344,412)	(1,344,076)
Employee benefit obligations paid	(1,041,004)	(1,454,960)	(1,041,004)	(1,454,960)
Cash generated from operating activities	313,326,629	93,224,046	207,308,451	69,475,425
Income tax paid	(3,791,975)	(33,434,286)	(3,791,975)	(33,434,286)
<b>Net cash from operating activities</b>	<b>309,534,654</b>	<b>59,789,760</b>	<b>203,516,476</b>	<b>36,041,139</b>

Haad Thip Public Company Limited and its subsidiary

## Statement of cash flows

	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	2014	2013	2014	2013
(in Baht)				
<b>Cash flows from investing activities</b>				
Interest received	441,457	667,695	361,161	522,815
Dividends received	-	715,664	55,926,992	37,008,712
Purchases of property, plant and equipment	(116,077,787)	(627,589,311)	(112,994,382)	(569,129,354)
Sales of property, plant and equipment	1,366,885	100,030,117	15,793,514	157,376,720
Purchases of intangible assets	(56,000)	(3,900,000)	(56,000)	(3,900,000)
Advance payment for machinery purchased	(10,336,450)	-	-	-
Purchases of investment in subsidiary	-	-	-	(40,247,600)
Sale of available-for-sale investments	-	57,484,708	-	57,484,708
<b>Net cash used in investing activities</b>	<b>(124,661,895)</b>	<b>(472,591,127)</b>	<b>(40,968,715)</b>	<b>(360,883,999)</b>
<b>Cash flows from financing activities</b>				
Finance costs paid	(34,647,516)	(25,861,496)	(30,057,323)	(22,712,635)
Dividends paid to owners of the Company	(79,687,200)	(59,765,400)	(79,687,200)	(59,765,400)
Dividends paid to non-controlling interests	(3,008)	(1,952)	-	-
Increase in short-term loans from financial institutions	68,000,000	17,000,000	68,000,000	17,000,000
Finance lease payments	(27,303,139)	(26,216,219)	(27,303,139)	(26,216,219)
Proceeds from long-term loans from financial institution	41,700,000	564,200,000	31,400,000	470,760,000
Repayment of long-term loans from financial institution	(89,100,000)	(307,660,000)	(76,600,000)	(307,660,000)
Proceeds from issuance of share capital	-	232,421,000	-	232,421,000
Proceeds from issuance of ordinary shares to non-controlling interests	-	2,400	-	-
<b>Net cash from (used in) financing activities</b>	<b>(121,040,863)</b>	<b>394,118,333</b>	<b>(114,247,662)</b>	<b>303,826,746</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>63,831,896</b>	<b>(18,683,034)</b>	<b>48,300,099</b>	<b>(21,016,114)</b>
Cash and cash equivalents at 1 January	26,954,526	45,637,560	13,721,439	34,737,553
<b>Cash and cash equivalents at 31 December</b>	<b>90,786,422</b>	<b>26,954,526</b>	<b>62,021,538</b>	<b>13,721,439</b>
<b>Supplemental disclosure of cash flows information</b>				
<b>Non-cash transactions:</b>				
Property, plant and equipment and intangible assets purchased during the years are detailed as follows:				
Property, plant and equipment purchased during the years	161,816,257	615,032,974	159,120,970	556,333,327
Intangible assets purchased during the years	3,553,500	3,900,000	3,553,500	3,900,000
Less: assets acquired by way of finance lease	(66,050,490)	(56,172,152)	(66,050,490)	(56,172,152)
Interest capitalised	(239,132)	(9,495,145)	(239,132)	(9,255,455)
Decrease in payables on purchases of property, plant and equipment	17,053,652	78,223,634	16,665,534	78,223,634
<b>Net purchase of property, plant and equipment and intangible assets paid by cash</b>	<b>116,133,787</b>	<b>631,489,311</b>	<b>113,050,382</b>	<b>573,029,354</b>

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Haad Thip Public Company Limited and its subsidiary

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2015.

### 1. General information

Haad Thip Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 87/1, Kanchanavanich Road, Tambol Banphru, Amphur Hadyai, Songkhla, Thailand.

The Company was listed on the Stock Exchange of Thailand in December 1988.

The Company's major shareholders during the financial year were Rattakul family (35.31% shareholding), and Coca-Cola SABCO (East Africa) Limited (24.12% shareholding) which was incorporated in South Africa.

The principal businesses of the Company are manufacturing and distribution of soft drinks. Detail of the Company's subsidiary as at 31 December 2014 and 2013 is given in note 10.

### 2. Basis of preparation of the financial statements

#### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities

TFRS	Topic
TFRIC 4	Determining whether an Arrangement Contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TIC 15	Operating Leases-Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TIC 32	Intangible Assets-Web Site Costs

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 35.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except land in the statements of financial position which is measured at fair value.

**(c) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 11	Valuation of investment properties
Note 13	Current and deferred taxation
Note 17	Measurement of defined benefit obligations
Note 31	Valuation of financial instruments

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”).

##### *Subsidiary*

Subsidiary is an entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiary have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### (b) Foreign currencies

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

#### (c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statements of cash flows.

#### (d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(f) Investments***Investment in subsidiary*

Investment in a subsidiary in the separate financial statements of the Company is accounted for using the cost method.

*Investments in other equity securities*

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(g) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

**(h) Property, plant and equipment***Recognition and measurement**Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land acquired prior to 2010 which is stated at revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### *Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Machinery, vehicle and computer system acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

#### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

#### *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows :

Land improvements	10 years
Buildings, structures and leasehold improvements	4 and 20 years
Machinery and equipment	5, 10 and 20 years
Furniture and office equipment	5 and 10 years
Vehicles	5 years
Containers	5 years
Promotional equipment	5 years

No depreciation is provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (i) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

##### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

##### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Software licences	5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.



### *Calculation of recoverable amount*

The recoverable amount of available-for-sale financial asset is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial asset that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **(k) Interest-bearing liabilities**

Interest-bearing liabilities are recorded at cost.

## **(l) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

## **(m) Employee benefits**

### *Defined benefit plan*

A defined benefit plan is a post-employment benefit plan. The Group's net obligation in respect of defined benefit pension plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on Government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plan in other comprehensive income and all expenses related to defined benefit plan in profit or loss.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(n) Provision**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(o) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Income on sales subsidies*

The Group recognises sales subsidies as income in profit or loss based on its sales quantities. Sales subsidies received in lump sum amount for supporting the marketing activities in a period are recorded as deferred income, which is recognised as income in profit or loss using the straight-line method over the period of such marketing activities.

*Interest on marketing support*

The Group recognises marketing support as income in profit or loss as marketing plan occurred by accrual basis.

*Interest and dividend income*

Interest income is recognised in profit or loss as it accrues and dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

*Other income*

Unclaimed customers' deposits on bottles and cases are recognised as income in profit or loss when the deposits are over 10 years.

Other income is recognised in profit or loss as it accrues.

**(p) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, and impairment losses recognised on financial assets (other than trade receivables), that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### (q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

##### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

#### (r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(s) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

**(t) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**4. Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of Incorporation / nationality	Nature of relationships
<i>Subsidiary</i>		
Southern Rocks Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
<i>Other related parties</i>		
Coca-Cola SABCO (East Africa) Limited	South Africa	Major shareholder, 24.12% shareholding
Haadyai Nakarin Co., Ltd.	Thailand	Common director
<i>Key management personnel</i>		
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, of the Group (whether executive or otherwise)

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Purchases of containers	Cost plus margin
Sales of land	Contractually agreed price
Sales of machinery and equipment	Contractually agreed price
Service fee for area utilisation	Contractually agreed price
Rental income from land	Contractually agreed price
Key management personnel compensation	As defined by the Group's policy

Significant transactions for the years ended 31 December with related parties were as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
<b>Subsidiary</b>				
<i>Purchases of containers</i>	-	-	452,530	275,551
<i>Sales of machinery and equipment</i>	-	-	641	79,592
<i>Service fee for area utilisation</i>	-	-	2,640	2,610
<i>Rental income from land</i>	-	-	35	-
<b>Key management personnel</b>				
<i>Key management personnel compensation</i>				
Short-term benefits	51,282	46,646	51,282	46,646
Post-employment benefits	3,352	680	3,352	680
<b>Total key management personnel compensation</b>	<b>54,634</b>	<b>47,326</b>	<b>54,634</b>	<b>47,326</b>
<b>Other related party</b>				
<i>Sale of land</i>	-	56,748	-	56,748

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
<b>Other receivable - related party</b>				
<b>Subsidiary</b>				
Southern Rocks Co., Ltd.	-	-	1,987	16,559
<b>Trade account payable - related party</b>				
<b>Subsidiary</b>				
Southern Rocks Co., Ltd.	-	-	108,166	40,540

### Significant agreements with related parties

#### *Land sale and purchase agreement*

In April 2013, the Company sold land to a related company with sale price of Baht 56.7 million. The Company recorded gain from sale of land of Baht 26.5 million in the statement of income for the year ended 31 December 2013 and transferred the related revaluation surplus of Baht 26.8 million to retained earnings.

#### *Service agreements for area utilisation*

The Company has entered into service agreements for area utilisation with a subsidiary for Hadyai factory and Phoonpin factory of which the agreements have terms of 6 years and 8 years, respectively. The subsidiary has agreed to pay service fees at the amounts as stipulated in the agreements.

*Lease agreement for land*

On 1 November 2014, the Company entered into a lease agreement for land with a subsidiary for the purpose of building construction. The lease term was for a period of 20 years commencing from 1 November 2014 to 31 October 2034. The subsidiary has the first priority to renew the lease agreement, which can be extendable for successive periods of ten years each. The subsidiary can renew the lease by informing the Company at least 30 days before the expiry date. The subsidiary agreed to pay the rental fee in the amount as stipulated in the agreement and rental rates will be adjusted every 5 years. Under the term of the agreement, the building including other constructions thereon will be transferred to the Company when the agreement is terminated.

**5. Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cash and cheques received on hand	8,762	11,780	8,745	11,762
Cash at banks - current and savings accounts	81,929	14,610	53,182	1,394
Others	95	565	95	565
<b>Total</b>	<b>90,786</b>	<b>26,955</b>	<b>62,022</b>	<b>13,721</b>

Cash and cash equivalents of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

**6. Trade accounts receivable**

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Other parties	668,938	566,915	668,938	566,915
Less allowance for doubtful accounts	(750)	(1,639)	(750)	(1,639)
<b>Net</b>	<b>668,188</b>	<b>565,276</b>	<b>668,188</b>	<b>565,276</b>
Bad and doubtful debts expenses for the year	<b>135</b>	<b>95</b>	<b>135</b>	<b>95</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	641,291	541,539	641,291	541,539
Overdue:				
Less than 3 months	25,666	22,610	25,666	22,610
3 - 6 months	482	456	482	456
6 - 12 months	749	671	749	671
Over 12 months	750	1,639	750	1,639
	<b>668,938</b>	<b>566,915</b>	<b>668,938</b>	<b>566,915</b>
Less allowance for doubtful accounts	(750)	(1,639)	(750)	(1,639)
<b>Net</b>	<b>668,188</b>	<b>565,276</b>	<b>668,188</b>	<b>565,276</b>



The normal credit term granted by the Group ranges from 7 days to 90 days.

Trade accounts receivable of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

## 7. Other receivables

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Other accounts receivable	44,167	108,723	43,741	104,068
<i>Less allowance for doubtful accounts</i>	(8,567)	(12,260)	(8,567)	(12,260)
<b>Net</b>	<b>35,600</b>	<b>96,463</b>	<b>35,174</b>	<b>91,808</b>
Prepaid crown tax and lids taxes	74,667	53,889	74,667	53,889
Prepaid expenses	14,144	11,751	13,905	11,569
<i>Others</i>	29,629	20,140	31,445	36,550
<b>Total</b>	<b>154,040</b>	<b>182,243</b>	<b>155,191</b>	<b>193,816</b>

## 8. Inventories

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Finished goods	165,165	135,985	161,338	128,830
<i>Less allowance for obsolescence</i>	(4,687)	(4,747)	(4,687)	(4,747)
<b>Finished goods, net</b>	<b>160,478</b>	<b>131,238</b>	<b>156,651</b>	<b>124,083</b>
Raw materials and packing materials	135,910	134,151	119,342	116,338
Spare parts and factory supplies	20,643	22,889	20,432	22,559
Promotional materials	36,863	51,041	36,863	51,041
<i>Goods in transit</i>	625	416	625	416
<b>Total</b>	<b>354,519</b>	<b>339,735</b>	<b>333,913</b>	<b>314,437</b>
Inventories recognised as an expense				
in cost of sales of goods:				
- Cost	3,721,206	3,694,680	3,843,619	3,762,789
- Write-down to net realisable value	4,995	5,701	4,995	5,701
<b>Total</b>	<b>3,726,201</b>	<b>3,700,381</b>	<b>3,848,614</b>	<b>3,768,490</b>

## 9. Available-for-sale investments

Movements of available-for-sale investments during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements/ separate financial statements	
	2014	2013
<i>(in thousand Baht)</i>		
<b>Available-for-sale securities</b>		
Marketable equity securities		
Bangkok Dusit Medical Services Public Company Limited		
At 1 January	-	45,127
Valuation adjustment	-	6,560
Sale during the year	-	(51,687)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

Dividend income from marketable equity securities for the year ended 31 December 2013 amounted to Baht 0.7 million.

### Valuation adjustment

During the year 2013, the Company had valuation adjustment of the available-for-sale securities, amounting to Baht 6.6 million (net of income tax was Baht 5.2 million)

### Disposal of available-for-sale securities

In August 2013, the Company sold the available-for-sale securities which had cost of Baht 6.6 million to an unrelated party at selling price of Baht 57.5 million. The Company recognised gain from the sale of Baht 50.9 million and transferred the change in fair value of available-for-sale investments, net of income tax of Baht 36.1 million from other comprehensive income to profit or loss for the year ended 31 December 2013.

## 10. Investment in subsidiary

	Separate financial statements	
	2014	2013
<i>(in thousand Baht)</i>		
At 1 January	59,497	19,249
Acquisitions	-	40,248
<b>At 31 December</b>	<b>59,497</b>	<b>59,497</b>

In February 2012, the Company invested in 99,996 shares of Southern Rocks Co., Ltd., at par value of Baht 100 per share, amounting to Baht 10 million, representing 99.99% shareholding.

In October 2012, Southern Rocks Co., Ltd., registered with the Ministry of Commerce, an increase of registered share capital of Baht 37 million from Baht 10 million to Baht 47 million by increasing the number of shares from 100,000 shares to 470,000 shares with par value of Baht 100 per share, 25% shares subscription was called up in December 2012. In February 2013, the subsidiary called up for the remaining amount of the share subscription.

In June 2013, Southern Rocks Co., Ltd., registered with the Ministry of Commerce, an increase in registered share capital of Baht 50 million from Baht 47 million to Baht 97 million by increasing the number of shares from 470,000 shares to 970,000 shares with par value of Baht 100 per share, 25% shares subscription was called up in June 2013.

As at 31 December 2014, the Company had commitments for the purchase of investments to such subsidiary, which have not

yet been called up, amounting to Baht 37.5 million (2013: Baht 37.5 million).

Investment in subsidiary as at 31 December 2014 and 2013, and dividend income from the investment for the years then ended, were as follows:

		Separate financial statements											
Type of business		Ownership interest		Paid-up capital		Cost		Impairment		At cost- net		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		(%)				(in thousand baht)							
<i>Subsidiary</i>													
Southern Rocks Co., Ltd.	Manufacture and distribute plastic bottles and semi-finished plastic bottles	99.99	99.99	59,500	59,500	59,497	59,497	-	-	59,497	59,497	55,927	36,293
Total						59,497	59,497	-	-	59,497	59,497	55,927	36,293

The subsidiary was incorporated in Thailand.

## 11. Investment properties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
(in thousand Baht)				
<b>Cost</b>				
At 1 January	36,317	39,549	36,317	39,549
Transfer in	-	-	959	-
Disposals	-	(3,232)	-	(3,232)
<b>At 31 December</b>	<b>36,317</b>	<b>36,317</b>	<b>37,276</b>	<b>36,317</b>
<b>Net book value</b>				
At 1 January 2013		39,549		39,549
At 31 December 2013 and At 1 January 2014	36,317	36,317	36,317	36,317
<b>At 31 December 2014</b>	<b>36,317</b>		<b>37,276</b>	

Investment properties comprise land held for future project and land that is leased to a subsidiary company.

In April 2013, the Company sold investment property at cost of Baht 3.2 million to other party for sale price of Baht 42.1 million which resulted in gain from sales of land of Baht 38.9 million.

In November 2014, the Company entered into a lease agreement for land with a subsidiary which had book value of Baht 1.0 million. As such, the aforesaid land was transferred from property, plant and equipment to investment properties at its book value in the Company's separate financial statements.

Investment properties as at 31 December 2014, had an appraised value of Baht 53.8 million (31 December 2013: Baht 52.8 million) as shown in the appraiser's reports dated 5 to 18 March 2010 by Siam Appraisal and Services Co., Ltd., a firm of independent professional valuers, based on open market value and existing use.

## 12. Property, plant and equipment

Consolidated financial statements												
Land			Total	Land improvements	Buildings, structures and leasehold improvement	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
Cost	Revaluation surplus											
(in Thousand Baht)												
Cost / revaluation												
At 1 January 2013	150,526	581,958	732,484	8,646	257,522	522,477	526,754	298,082	83,979	327,469	397,844	3,155,257
Additions	-	-	-	-	36	33,645	29,109	19,582	11,456	22,388	498,818	615,034
Transfers	19,131	-	19,131	103	324,363	401,730	51,512	43,709	-	-	(840,548)	-
Disposals	(3,427)	(26,773)	(30,200)	(17)	-	-	(1,195)	(4,374)	(19,687)	(526)	-	(55,999)
At 31 December 2013 and 1 January 2014	166,230	555,185	721,415	8,732	581,921	957,852	606,180	356,999	75,748	349,331	56,114	3,714,292
Additions	-	-	-	136	95	200	22,270	20,318	5,042	37,290	76,465	161,816
Transfers	2,112	-	2,112	511	42,951	18,007	11,175	43,903	-	-	(118,659)	-
Disposals	-	-	-	-	-	(1,423)	(740)	(3,376)	(22,522)	(2,921)	-	(30,982)
At 31 December 2014	168,342	555,185	723,527	9,379	624,967	974,636	638,885	417,844	58,268	383,700	13,920	3,845,126
Accumulated depreciation												
At 1 January 2013	-	-	-	(5,530)	(175,302)	(383,777)	(414,091)	(262,122)	-	(264,398)	-	(1,505,220)
Depreciation charge of the year	-	-	-	(614)	(9,810)	(36,754)	(43,775)	(16,114)	-	(27,293)	-	(134,360)
Disposals	-	-	-	-	-	-	1,148	4,374	-	526	-	6,048
At 31 December 2013 and 1 January 2014	-	-	-	(6,144)	(185,112)	(420,531)	(456,718)	(273,862)	-	(291,165)	-	(1,633,532)
Depreciation charge of the year	-	-	-	(638)	(26,592)	(39,760)	(50,335)	(28,037)	-	(26,303)	-	(171,665)
Disposals	-	-	-	-	-	1,423	700	3,376	-	2,918	-	8,417
At 31 December 2014	-	-	-	(6,782)	(211,704)	(458,868)	(506,353)	(298,523)	-	(314,550)	-	(1,796,780)



# Separate financial statements

	Land		Land improv- ments	Buildings, structures and leasehold improve- ment	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
	Cost	Revaluation surplus									
(in Thousand Baht)											
Cost / revaluation											
At 1 January 2013	150,526	581,958	732,484	8,646	257,522	522,477	526,642	298,082	83,979	327,469	3,141,930
Additions	-	-	-	-	-	2,189	21,593	19,582	11,456	22,387	556,333
Transfers	19,131	-	19,131	103	324,363	362,802	51,512	43,709	-	(801,620)	-
Disposals	(3,427)	(26,773)	(30,200)	(17)	-	(67,636)	(11,891)	(5,634)	(19,687)	(526)	(135,591)
At 31 December 2013 and 1 January 2014	166,230	555,185	721,415	8,732	581,885	819,832	587,856	355,739	75,748	349,330	3,562,672
Additions	-	-	-	136	95	200	20,218	20,318	5,042	37,290	159,121
Transfers	2,112	-	2,112	511	42,951	17,340	11,174	43,903	-	(117,991)	-
Transfer out	(656)	(303)	(959)	-	-	-	-	-	-	-	(959)
Disposals	-	-	-	-	-	(1,423)	(740)	(3,376)	(22,522)	(2,920)	(30,981)
At 31 December 2014	167,686	554,882	722,568	9,379	624,931	835,949	618,508	416,584	58,268	383,700	3,689,853
Accumulated depreciation											
At 1 January 2013	-	-	-	(5,530)	(175,302)	(383,777)	(414,078)	(262,122)	-	(264,398)	(1,505,207)
Depreciation charge for the year	-	-	-	(614)	(9,807)	(28,803)	(40,986)	(15,922)	-	(27,293)	(123,425)
Disposals	-	-	-	-	-	5,444	3,249	4,648	-	526	13,867
At 31 December 2013 and 1 January 2014	-	-	-	(6,144)	(185,109)	(407,136)	(451,815)	(273,396)	-	(291,165)	(1,614,765)
Depreciation charge for the year	-	-	-	(638)	(26,589)	(30,019)	(46,788)	(27,840)	-	(26,303)	(158,177)
Disposals	-	-	-	-	-	1,423	700	3,376	-	2,918	8,417
At 31 December 2014	-	-	-	(6,782)	(211,698)	(435,732)	(497,903)	(297,860)	-	(314,550)	(1,764,525)





In March 2010, the Company engaged an independent appraiser to reappraise all of its land, by applying market value as shown in the appraiser's reports dated 5 to 18 March 2010. Therefore, the Company recorded its land at the reappraised value, with a revaluation surplus of land, net of income tax amounting to Baht 465.6 million, in the account "Revaluation surplus", as part of other components of equity under "Equity" in the statements of financial position. As at 31 December 2014, the revaluation surplus, net of income tax amounted to Baht 444.1 million (2013: Baht 444.1 million).

In April 2013, the Company sold land at the appraised value of Baht 30.2 million to a related party with sale price of Baht 56.7 million. The Company recorded gain from sale of land of Baht 26.5 million in the statement of comprehensive income for the year ended 31 December 2013 and transferred the related revaluation surplus of Baht 26.8 million to retained earnings.

The gross amounts of fully depreciated buildings, machinery and equipment that were still in use as at 31 December 2014 amounted to approximately Baht 865.3 million for the Group and the Company (2013: Baht 825.2 million for the Group and the Company).

### Security

As at 31 December 2014, a portion of the Group's and the Company's land, buildings, machinery and equipment with carrying value totaling approximately Baht 578.1 million and Baht 538.3 million, respectively (2013: Baht 542.5 million and Baht 498.5 million, respectively), were mortgaged and pledged as collateral for the credit facilities obtained from a local bank. The Group and the Company also assigned the benefits of an insurance policy covering a portion of the Group's property and equipment to a local bank as collateral for credit facilities obtained from the same bank, as discussed in note 14.

## 13. Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2014	2013	2014	2013
	(in thousand Baht)			
Total	25,830	24,753	(111,037)	(111,037)
Set off of tax	(25,576)	(24,504)	25,576	24,504
<b>Net deferred tax assets</b>				
<b>(liabilities)</b>	<b>254</b>	<b>249</b>	<b>(85,461)</b>	<b>(86,533)</b>
	Separate financial statements			
	Assets		Liabilities	
	2014	2013	2014	2013
	(in thousand Baht)			
Total	25,576	24,504	(111,037)	(111,037)
Set off of tax	(25,576)	(24,504)	25,576	24,504
<b>Net deferred tax liabilities</b>				
		-	(85,461)	(86,533)

Movements in total deferred tax assets and liabilities during the years were as follows:

## Consolidated financial statements

	At 1 January 2014	(Charged) / credited to:			At 31 December 2014
		Profit or loss	Other comprehensive income	Equity	
(in Thousand Baht)					
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,780	(916)	-	-	1,864
Inventories (allowance for decline in value)	949	(11)	-	-	938
Other current assets (allowance for decline in value)	555	14	-	-	569
Property, plant and equipment (depreciation gap)	468	268	-	-	736
Employee benefit obligations	19,778	1,721	-	-	21,499
Tax loss carry forward	223	1	-	-	224
<b>Total</b>	<b>24,753</b>	<b>1,077</b>	<b>-</b>	<b>-</b>	<b>25,830</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment (revaluation)	(111,037)	-	-	-	(111,037)
<b>Total</b>	<b>(111,037)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(111,037)</b>

## Consolidated financial statements

	At 1 January 2013	(Charged) / credited to:			At 31 December 2013
		Profit or loss	Other comprehensive income	Equity	
	(in Thousand Baht)				
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,809	(29)	-	-	2,780
Inventories (allowance for decline in value)	1,414	(465)	-	-	949
Other current assets (allowance for decline in value)	-	555	-	-	555
Property, plant and equipment (depreciation gap)	241	227	-	-	468
Employee benefit obligations	12,838	922	6,018	-	19,778
Tax loss carry forward	-	223	-	-	223
<b>Total</b>	<b>17,302</b>	<b>1,433</b>	<b>6,018</b>	<b>-</b>	<b>24,753</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipments (revaluation)	(116,392)	-	-	5,355	(111,037)
Available-for-sale investments (valuation adjustment)	(7,713)	-	7,713	-	-
<b>Total</b>	<b>(124,105)</b>	<b>-</b>	<b>7,713</b>	<b>5,355</b>	<b>(111,037)</b>

## Separate financial statements

(Charged) / credited to:

	At 1 January 2014	Profit or loss	Other comprehensive income	Equity	At 31 December 2014
(in Thousand Baht)					
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,780	(916)	-	-	1,864
Inventories (allowance for decline in value)	949	(11)	-	-	938
Other current assets (allowance for decline in value)	555	14	-	-	569
Property, plant and equipment (depreciation gap)	468	268	-	-	736
Employee benefit obligations	19,752	1,717	-	-	21,469
<b>Total</b>	<b>24,504</b>	<b>1,072</b>	<b>-</b>	<b>-</b>	<b>25,576</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment (revaluation)	(111,037)	-	-	-	(111,037)
<b>Total</b>	<b>(111,037)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(111,037)</b>
<b>Net</b>	<b>(86,533)</b>	<b>1,072</b>	<b>-</b>	<b>-</b>	<b>(85,461)</b>

## Separate financial statements

(Charged) / credited to:

	At 1 January 2013	Profit or loss	Other comprehensive income	Equity	At 31 December 2013
(in Thousand Baht)					
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,809	(29)	-	-	2,780
Inventories (allowance for decline in value)	1,414	(465)	-	-	949
Other current assets (allowance for decline in value)	-	555	-	-	555
Property, plant and equipment (depreciation gap)	241	227	-	-	468
Employee benefit obligations	12,838	896	6,018	-	19,752
<b>Total</b>	<b>17,302</b>	<b>1,184</b>	<b>6,018</b>	<b>-</b>	<b>24,504</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment (revaluation)	(116,392)	-	-	5,355	(111,037)
Available-for-sale investments (valuation adjustment)	(7,713)	-	7,713	-	-
<b>Total</b>	<b>(124,105)</b>	<b>-</b>	<b>7,713</b>	<b>5,355</b>	<b>(111,037)</b>
<b>Net</b>	<b>(106,803)</b>	<b>1,184</b>	<b>13,731</b>	<b>5,355</b>	<b>(86,533)</b>

As at 31 December 2014, deferred tax assets have not been recognised amounting to Baht 1.86 million in respect of tax losses carry forward of Baht 9.31 million because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

## 14. Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Short-term loans from financial institutions				
Secured	210,000	142,000	210,000	142,000
Current portion of long-term loans from financial institution				
Secured	101,400	94,120	81,600	79,400
Current portion of finance lease liabilities	28,035	20,898	28,035	20,898
<b>Total current interest bearing liabilities</b>	<b>339,435</b>	<b>257,018</b>	<b>319,635</b>	<b>242,298</b>
<b>Non-current</b>				
Long-term loans from financial institution				
Secured	447,100	501,780	369,660	417,060
Finance lease liabilities	80,813	47,489	80,813	47,489
<b>Total non-current interest bearing liabilities</b>	<b>527,913</b>	<b>549,269</b>	<b>450,473</b>	<b>464,549</b>
<b>Total</b>	<b>867,348</b>	<b>806,287</b>	<b>770,108</b>	<b>706,847</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Within one year	311,400	236,120	291,600	221,400
After one year but within five years	447,100	501,780	369,660	417,060
<b>Total</b>	<b>758,500</b>	<b>737,900</b>	<b>661,260</b>	<b>638,460</b>

The short-term loans from financial institutions bear interest rates ranging from 2.30% p.a. to 2.80% p.a. in 2014 (2013: ranging from 2.80% p.a. to 3.57% p.a.)

*Long-term loans from financial institution*

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Long-term loans	548,500	595,900	451,260	496,460
Less current portion	(101,400)	(94,120)	(81,600)	(79,400)
<b>Net</b>	<b>447,100</b>	<b>501,780</b>	<b>369,660</b>	<b>417,060</b>

Loans from the financial institution totaling Baht 40 million were drawn-down in February 2011 and Baht 30 million was drawn-down in May 2011. Loans bear interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years, at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third and fourth years and at the Minimum Loan Rate (MLR) minus 1.50% per annum for the fifth year onwards. Loans are repayable in monthly installments of Baht 0.67 million and Baht 0.50 million, commencing in April 2013 and November 2013, respectively. In March 2013, the Company repaid the last installment of the Baht 40 million loan.

Subsequently, on 27 November 2014, the Company entered into a memorandum of loan agreement with the aforesaid financial institution to decrease the credit facility of the loan from Baht 30 million to Baht 14.16 million and decrease the monthly installments from Baht 0.5 million to Baht 0.2 million. As at 31 December 2014, the outstanding balance of the loan amounted to Baht 7.8 million (2013: Baht 13.2 million).

In 2012, loans from the aforesaid financial institution totaling Baht 550 million was drawn-down in May 2012 and Baht 420 million was drawn-down in December 2012. Loans bear interest at the Minimum Loan Rate (MLR) minus 2.5% per annum for the first two years, at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third and fourth years and at the Minimum Loan Rate (MLR) minus 1.50% per annum for the fifth year onwards. Loans are repayable in monthly installments of Baht 3.8 million and Baht 3.9 million, commencing in May 2014 and December 2013, respectively.

Subsequently, on 27 November 2014, the Company entered into a memorandum of loan agreement with the aforesaid financial institution to decrease the credit facility of the loan from Baht 550 million to Baht 453.9 million and decrease the credit facility of the loan from Baht 420 million to Baht 344.7 million, respectively, and decrease the monthly installments from Baht 3.8 million to Baht 3.4 million and from Baht 3.9 million to 3.2 million, respectively. As at 31 December 2014, the outstanding balances of these loans amounted to Baht 178.1 million and Baht 265.4 million, respectively (2013: Baht 203.9 million and Baht 279.4 million, respectively).

On 27 November 2014, the Company entered into a loan agreement with the financial institution for loan facility of Baht 80 million to support the warehouse construction. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years, at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third and fourth years and at the Minimum Loan Rate (MLR) minus 1.50% per annum for the fifth year onwards. Loan is repayable in monthly installments of Baht 1.12 million, which will be fully paid in 8 years commencing from the first drawdown date. As at 31 December 2014, the Company had not utilised the credit facility of this loan.

In 2012, the subsidiary entered into a loan agreement with the financial institution for credit facility totaling Baht 110.0 million for purchase of machinery. The loan bears interest at the Minimum Loan Rate (MLR) minus 2.5% per annum for the first two years, at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third and fourth years and at the Minimum Loan Rate (MLR) minus 1.50% per annum for the fifth year onwards. The loan is repayable in monthly installments of Baht 1.84 million, commencing in June 2014 over 7 years commencing from the first drawdown date.

Subsequently, on 27 November 2014, the subsidiary entered into a memorandum of loan agreement with the aforesaid financial institution to decrease the credit facility of the loan from Baht 110 million to Baht 99.44 million and decrease the monthly installments from Baht 1.84 million to Baht 1.65 million. As at 31 December 2014, the outstanding balance of the subsidiary's loan amounted to Baht 86.9 million (2013: Baht 99.4 million). The Company has guaranteed the loan to the subsidiary.



On 27 November 2014, the subsidiary entered into a loan agreement with the financial institution for a loan facility of Baht 240 million for purchase of machinery, building construction and system. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years, at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third and fourth years and at the Minimum Loan Rate (MLR) minus 1.50% per annum for the fifth year onwards. The loan is repayable in monthly installments of Baht 3.35 million, commencing from December 2016 over 8 years commencing from the first drawdown date. As at 31 December 2014, the subsidiary had unutilised credit facility totaling Baht 229.70 million.

Under the terms of the loan agreements, the Group has to comply with certain conditions, such as maintaining the debt to equity ratio, the debt covenant ratio. The Group also assigned the benefits of an insurance policy covering the above assets as collateral for secured interest-bearing liabilities.

#### Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

Consolidated financial statements / separate financial statements						
2014				2013		
Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments	
(in thousand Baht)						
Within one year	33,554	5,519	28,035	24,102	3,204	20,898
After one year but within five years	89,108	8,295	80,813	51,938	4,449	47,489
Total	122,662	13,814	108,848	76,040	7,653	68,387

In 2014 and 2013, the Company entered into finance lease agreements with local companies to purchase machinery and computer system with interest at the rates ranging from 3.00% per annum to 7.85% per annum. The lease agreements are repayable in monthly installments, expiring in January 2020.

In addition, the Company entered into finance lease agreements with local companies to purchase vehicles with interest at the rates ranging from 2.70% per annum to 6.94% per annum and the lease agreements are repayable in monthly installments, expiring in various periods up to November 2019. The ownership of the vehicles will be transferred to the Company when the Company exercises the purchase option and the payment for purchase option has been made.

Secured interest-bearing liabilities and the credit facility of letters of guarantee in note 34 are secured by assets which had net book value as at 31 December as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Land	167,206	125,753	167,206	125,753
Buildings, structures and leasehold improvements	369,155	370,000	369,155	370,000
Machinery and equipment	41,731	46,733	1,907	2,711
<b>Total</b>	<b>578,092</b>	<b>542,486</b>	<b>538,268</b>	<b>498,464</b>

As at 31 December 2014, the Group and the Company had unutilised credit facilities totaling Baht 667.1 million and Baht 377.4 million, respectively (2013: Baht 607.7 million and Baht 539.6 million, respectively)

Interest-bearing liabilities for the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

## 15. Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
(in thousand Baht)					
Related party	4	-	-	108,166	40,540
Other parties		343,316	362,785	297,174	346,790
Total		343,316	362,785	405,340	387,330

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Thai Baht (THB)	343,280	335,013	405,304	359,558
United States Dollars (USD)	36	27,772	36	27,772
<b>Total</b>	<b>343,316</b>	<b>362,785</b>	<b>405,340</b>	<b>387,330</b>

## 16. Other payables

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Accrued sales promotion expenses	225,824	139,513	225,824	139,513
Accrued operating expenses	91,468	95,419	88,723	93,258
Other payables	48,673	50,776	49,008	50,449
Accrued transportation expenses	24,039	40,773	24,039	40,773
Value added tax payable	20,144	13,102	18,711	13,102
Others	9,906	28,851	9,905	28,851
<b>Total</b>	<b>420,054</b>	<b>368,434</b>	<b>416,210</b>	<b>365,946</b>

## 17. Employee benefit obligations

The Group operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
<i>Defined benefit obligations</i>				
at 1 January	98,894	64,189	98,765	64,189
Benefits paid	(1,041)	(1,455)	(1,041)	(1,455)
Current service costs and interest	9,644	6,070	9,626	5,941
<i>Actuarial losses in other</i>				
comprehensive income	-	30,090	-	30,090
<b>Defined benefit obligations</b>				
at 31 December	<b>107,497</b>	<b>98,894</b>	<b>107,350</b>	<b>98,765</b>

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Current service cost	5,688	3,575	5,678	3,446
Interest on obligation	3,956	2,495	3,948	2,495
<b>Total</b>	<b>9,644</b>	<b>6,070</b>	<b>9,626</b>	<b>5,941</b>

The expenses are recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Cost of sale of goods	1,420	766	1,420	766
Selling expenses	2,169	1,190	2,151	1,190
Administrative expenses	6,055	4,114	6,055	3,985
<b>Total</b>	<b>9,644</b>	<b>6,070</b>	<b>9,626</b>	<b>5,941</b>

Actuarial losses recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Included in retained earnings:				
At 1 January	30,090	-	30,090	-
Recognised during the year	-	30,090	-	30,090
<b>At 31 December</b>	<b>30,090</b>	<b>30,090</b>	<b>30,090</b>	<b>30,090</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Discount rate	4	4	4	4
Future salary increment rate	5.5	5.5	5.5	5.5
Turnover rate	0 - 40	0 - 40	0 - 40	0 - 40

Assumptions regarding future mortality are based on published statistics and Thai Mortality tables 2008.

## 18. Share capital

Share Capital

	Par value per share  (in Baht)	2014		2013	
		Number	Amount	Number	Amount
		(thousand shares / thousand Baht)			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	199,218	199,218	199,218	199,218
At 31 December					
- ordinary shares	1	199,218	199,218	199,218	199,218
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	199,218	199,218	166,015	166,015
Increase of new shares	1	-	-	33,203	33,203
At 31 December					
- ordinary shares	1	199,218	199,218	199,218	199,218

### *Reduction and increase of share capital*

On 4 December 2012, the Board of Directors approved the reduction of registered share capital from Baht 250 million to Baht 166 million, by canceling the common shares that had not been issued totaling 84 million shares with par value of Baht 1 per share. Subsequently, the Board of Directors approved to increase the registered share capital from Baht 166 million to Baht 199 million by creating and issuing 33 million new shares with par value of Baht 1 per share at Baht 7 per share. The Company received and registered the increase in share capital with the Ministry of Commerce in January and February 2013, respectively and recognised premium on ordinary shares of Baht 199 million.

### *Premium on ordinary shares*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## 19. Reserves

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### *Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

#### *General reserve*

*The Company has a policy to appropriate a reserve for general purposes. The general reserve as at 31 December 2014 amounted to Baht 35 million (2013: Baht 35 million).*

*Other component of equity***Valuation surplus**

The valuation surplus account within equity comprises the cumulative net change in the valuation of land included in the financial statements at valuation until such land is sold or otherwise disposed of.

**20. Other comprehensive income**

		Consolidated financial statements / separate financial statements		
		Fair value change in available-for-sale investments	Retained earnings	Total
		<i>Note</i> (in thousand Baht)		
<i>For the year ended 31 December 2013</i>				
Available-for-sale investments				
Change in fair value recognised in equity, net of income tax	9	5,248	-	5,248
Change in fair value transferred to profit or loss, net of income tax	9	(36,101)	-	(36,101)
Defined benefit plan actuarial losses, net of income tax		-	(24,072)	(24,072)
Total other comprehensive income for the year		(30,853)	(24,072)	(54,925)

**21. Segment information**

The Group operates in a single line of business as manufacturing and distribution of soft drinks, therefore, management considers that the Group has only one major business segment. In addition, the Group solely distributes in 14 provinces in Southern Thailand, therefore, management considers that the Group has only one major geographic segment.

**22. Selling expenses**

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Advertising expenses	510,914	425,696	510,914	425,696
Employee benefit expenses	200,149	183,837	200,149	183,837
Transportation and fuel expenses	199,501	195,622	199,501	195,622
Depreciation and amortisation	44,431	38,773	44,431	38,773
Others	70,585	54,149	70,585	54,149
<b>Total</b>	<b>1,025,580</b>	<b>898,077</b>	<b>1,025,580</b>	<b>898,077</b>

## 23. Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
Employee benefit expenses	231,597	213,340	229,755	211,649
Administration expenses	58,894	54,911	58,310	53,759
Depreciation and amortisation	40,873	41,151	40,832	41,119
Repair and maintenance expenses	18,261	17,178	18,261	17,178
Others	15,048	21,986	15,083	21,471
<b>Total</b>	<b>364,673</b>	<b>348,566</b>	<b>362,241</b>	<b>345,176</b>

## 24. Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
<i>Key management personnel</i>				
Salaries	49,054	44,434	49,054	44,434
Others	5,580	2,892	5,580	2,892
	<b>54,634</b>	<b>47,326</b>	<b>54,634</b>	<b>47,326</b>
<i>Other employees</i>				
Wages and salaries	414,067	392,868	411,205	389,908
Commission	35,355	28,945	35,355	28,945
Compulsory social security contribution	14,189	10,462	14,102	10,390
Others	23,560	20,589	23,511	20,441
	<b>487,171</b>	<b>452,864</b>	<b>484,173</b>	<b>449,684</b>
<b>Total</b>	<b>541,805</b>	<b>500,190</b>	<b>538,807</b>	<b>497,010</b>

### Defined benefit plan

Details of the defined benefit plan are given in note 17.

## 25. Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:



	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht)</i>				
<b>Included in cost of sales of goods:</b>				
Changes in inventories of finished-goods and work in process	(29,180)	(31,008)	(32,508)	(23,853)
Raw materials and consumables used	3,339,474	3,211,227	2,936,318	2,952,435
Depreciation	112,818	77,622	99,365	66,717
<b>Included in selling expenses:</b>				
Advertising expenses	510,914	425,696	510,914	425,696
Employee benefit expenses	200,149	183,837	200,149	183,837
Transportation and fuel expenses	199,501	195,622	199,501	195,622
Depreciation and amortisation	44,431	38,773	44,431	38,773
<b>Included in administrative expenses:</b>				
Employee benefit expenses	231,597	213,340	229,755	211,649
Depreciation and amortisation	40,873	41,151	40,832	41,119

## 26. Finance costs

		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Note		(in thousand Baht)			
Interest expense to financial institutions		34,479	25,821	29,889	22,674
Less capitalised as cost of assets	12	(239)	(9,495)	(239)	(9,255)
Net		34,240	16,326	29,650	13,419

## 27. Income tax expense

### *Income tax recognised in profit or loss*

		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		(in thousand Baht)			
Note					
Current tax expense					
Current year		(801)	(30,666)	(801)	(30,666)
Deferred tax expense					
Movements in temporary differences	13	1,076	1,433	1,072	1,184
Total income tax benefit (expense)		275	(29,233)	271	(29,482)

*Income tax recognised in other comprehensive income*

Consolidated / separate financial statements					
2014			2013		
Before tax	income tax (expense) benefit	Net of tax	Before tax	income tax (expense) benefit	Net of tax
(in thousand Baht)					
Fair value changes in available-for-sale investments	-	-	6,560	(1,312)	5,248
Fair value changes in available-for-sale investments transferred to profit or loss	-	-	(45,126)	9,025	(36,101)
Defined benefit plan actuarial losses	-	-	(30,090)	6,018	(24,072)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(68,656)</b>	<b>13,731</b>	<b>(54,925)</b>

*Reconciliation of effective tax rate*

Consolidated financial statements				
2014			2013	
Rate (%)	(in thousand baht)	Rate (%)	(in thousand baht)	
(ร้อยละ)				
Profit before income tax expense		114,966		211,996
Income tax using the Thai corporation tax rate	20.00	22,993	20.00	42,399
Income tax reduction - granted privileges of the exclusive development zone		(4,413)		(5,982)
Net profit from promotional privileges		(11,825)		(5,040)
Income not subject to tax		(11,187)		(7,402)
Tax incentive expenses		(1,391)		(1,244)
Expenses not deductible for tax purposes		3,687		6,502
Current year losses for which no deferred tax assets was recognised		1,861		-
Total income tax expense (benefit)		(275)	13.79	29,233

	Separate financial statements			
	2014		2013	
	Rate (%)	(in thousand baht)	Rate (%)	(in thousand baht)
Profit before income tax expense		55,858		188,039
Income tax using the Thai corporation tax rate	20.00	11,172	20.00	37,608
Income tax reduction - granted privileges of the exclusive development zone		(4,413)		(5,982)
Income not subject to tax		(11,187)		(7,402)
Tax incentive expenses		(1,391)		(1,244)
Expenses not deductible for tax purposes		3,687		6,502
Current year losses for which no deferred tax assets was recognised		1,861		-
<b>Total income tax expense (benefit)</b>		<b>(271)</b>	<b>15.68</b>	<b>29,482</b>

#### Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

In addition, according to the Royal Decree No. 492 B.E. 2553 dated 16 January 2010 and No. 566 B.E. 2556 dated 10 July 2013, the Group has been granted reduction in the corporate income tax rate to 3% of taxable profit, to juristic companies or partnerships whose place of business is located in the exclusive development zone and whose revenue derived from manufacturing, selling of goods or rendering service occurred within the exclusive development zone, starting from the accounting period of 2010 which begins on or after 1 January 2010 until the accounting period of 2014 ending on or after 31 December 2014.

## 28. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the subsidiary has been granted privileges by the Board of Investment relating to semi-plastic bottle (Preform) and plastic bottles (PET) businesses. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations.

As a promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

Revenue from sale of goods of promoted business of the subsidiary for the years ended 31 December 2014 and 2013 amounted to Baht 452.5 million and Baht 275.6 million, respectively.

## 29. Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years by the weighted average method as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>(in thousand Baht / thousand shares)</i>				
<b>Profit attributable to ordinary</b>				
<b>shareholders of the Company (basic)</b>	<b>115,234</b>	<b>182,760</b>	<b>56,128</b>	<b>158,558</b>
Number of ordinary shares				
outstanding at 1 January	199,218	166,015	199,218	166,015
Effect of shares issued on 8 February	-	29,746	-	29,746
<b>Weighted average number of ordinary</b>				
<b>shares outstanding (basic)</b>	<b>199,218</b>	<b>195,761</b>	<b>199,218</b>	<b>195,761</b>
<b>Earnings per share (basic)</b>				
<b>(in Baht)</b>	<b>0.58</b>	<b>0.93</b>	<b>0.28</b>	<b>0.81</b>

## 30. Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2014, the shareholders approved the appropriation of dividend of Baht 0.40 per share, amounting to Baht 79.7 million. The dividend was paid to the shareholders in May 2014.

At the annual general meeting of the shareholders of the Company held on 26 April 2013, the shareholders approved the appropriation of dividend of Baht 0.30 per share, amounting to Baht 59.8 million. The dividend was paid to the shareholders in May 2013.

## 31. Financial instruments

### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Capital management*

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

**Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates will affect the Group's operations and its cash flow because loan interest rates are mainly floating. The Group is primarily exposed to interest rate cash flow risk from its borrowings (see note 14).

The effective interest rates of interest-bearing liabilities as at 31 December and the periods in which the interest-bearing liabilities mature or re-price were as follows:

		Consolidated financial statements			
Floating interest rates		Within 1 year	After 1 year but within 5 years	After 5 years	Total
(% per annum)		(in million Baht)			
2014					
Current					
Short-term loans					
from financial institutions	2.30-2.80	210	-	-	210
Non-current					
Loans from financial institution	4.63-5.25	101	447	-	548
Finance lease liabilities	3.00-7.85	28	81	-	109
Total		339	528	-	867
2013					
Current					
Short-term loans					
from financial institutions	2.80-3.57	142	-	-	142
Non-current					
Loans from financial institution	4.75-6.00	94	502	-	596
Finance lease liabilities	3.00-7.12	21	47	-	68
Total		257	549	-	806
		Separate financial statements			
Floating interest rates		Within 1 year	After 1 year but within 5 years	After 5 years	Total
(% per annum)		(in million Baht)			
2014					
Current					
Short-term loans					
from financial institutions	2.30-2.80	210	-	-	210
Non-current					
Loans from financial institution	4.63-5.25	81	370	-	451
Finance lease liabilities	3.00-7.85	28	81	-	109
Total		319	451	-	770
2013					
Current					
Short-term loans					
from financial institutions	2.80-3.57	142	-	-	142
Non-current					
Loans from financial institution	4.75-6.00	79	417	-	496
Finance lease liabilities	3.00-7.12	21	47	-	68
Total		242	464	-	706

**Foreign currency risk**

*The Group mainly operates locally but periodically imports certain raw materials and machineries, giving rise to exposure to market risk from changes in foreign exchange rates. However, the management believes that the foreign exchange rate risk is minimal because the Group has insignificant import raw materials and machineries transactions in each year.*

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

*Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.*

**Liquidity risk**

*The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.*

**Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents, trade accounts receivable and payable, other receivables and payables and short-term loans - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.
- Long-term loans which bear interest at a floating market rate - the carrying values approximate the fair value.

**32. Agreements****Exclusive distribution license agreement**

*On 1 January 2014, the Company and two suppliers (altogether "Licensees") and a customer ("Licensor") entered into the memorandum of agreement, whereby the licensor permits the licensees to sell exclusively fountain products in the stores of the licensor. The memorandum of agreement affects all parties from 1 January 2014 until the Exclusive Distribution License Agreement has been signed by all parties. In consideration thereof, the Company, as a licensee, has an obligation to pay the marketing support fee at rates based on the purchase quantity of the licensor, as stipulated in the memorandum of agreement.*

**Service agreement**

On 19 December 2013, The Company entered into an agreement with a local company, whereby such company will provide services and support as necessary to assist the Company's production, distribution, marketing, promotion, and sales activities



pertaining to the beverages, including maintaining the image of the Company's trademark. In consideration thereof, the Company agreed to pay the service fee in the amount as indicated in the agreement. The agreement period is five years commencing from 1 January 2014 and ending on 31 December 2018. Unless there is notification to terminate the agreement within three months before the expiry date, the agreement will be automatically renewed for successive periods of one year.

### 33. Commitments with non – related parties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
<i>Non-cancellable operating lease commitments</i>				
Within one year	3,694	4,156	3,694	4,156
After one year but within five years	727	657	727	657
After five years	321	430	321	430
<b>Total</b>	<b>4,742</b>	<b>5,243</b>	<b>4,742</b>	<b>5,243</b>
Commitment for machinery purchased	93,876	-	-	-
Commitment for land improvements	3,200	-	-	-
<i>Other commitments</i>				
Within one year	1,000	-	1,000	-
After one year but within five years	1,000	-	1,000	-
	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>-</b>

#### Operating lease commitments

- Long-term land lease agreements for the construction of a warehouse and other structures for the period of thirty years expiring in February 2024 which can be extended for another period of thirty years for one agreement, and for the period of twenty years expiring in October 2023 for another agreement.
- Lease agreements for advertising billboards, expiring in various periods up to October 2017.
- Lease agreements for restaurant business for a period of one year expiring in September 2015.
- Lease agreement for land and office building for a period of three years expiring in September 2014. At present, the Company is in the process of renewing agreement.
- Lease agreement for service of internet leased line for a period of two years expiring in June 2016.
- Lease agreements covering vehicles for periods from three to five years expiring in various periods up to November 2019.
- Lease agreements covering equipment for a period of three years expiring in various periods up to December 2018.

#### Other commitments

##### Beverage supportive agreement

In June 2014, the Company entered into a beverage supportive agreement with a company, whereby such company agrees to sell all types of the Company's beverage in the theaters which are affiliates of such company in 14 southern provinces and will not sell any other beverages which are the same or similar to the Company's beverage for a period of 4 years commencing from 1 August 2013 to 31 July 2017. The Company will pay the marketing support fee in the total amount of Baht 4.8 million in three installments which are in September 2014 amounting to Baht 2.8 million and Baht 1 million each in August 2015 and August 2016.

*Machinery purchase agreement*

In November 2014, the subsidiary entered into a machinery purchase agreement with an overseas company amounting to USD 3.15 million. As at 31 December 2014, the subsidiary had outstanding commitment amounting to USD 2.84 million.

### 34. Contingent liability

As at 31 December 2014, the Group was contingently liable for letters of guarantee issued by a local bank in favor of certain government agencies, state enterprises and companies totaling approximately Baht 187.7 million (2013: Baht 144.5 million), mainly in respect of excise tax and the use of electricity. These letters of guarantee are collateralised by the mortgage and pledge of a portion of the Group's land, buildings, machinery and equipment as discussed in note 14.

### 35. Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015

TFRS	Topic	Year effective
TAS 40 (revised 2014)	Investment Property	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 13	Fair Value Measurement	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 32 (revised 2014)	Intangible Assets—Web Site Costs	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement Contains a Lease	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

# AUDIT FEE OF THE COMPANY AND ITS SUBSIDIARY COMPANY

The appointed certified public accountant for the Company and its subsidiary of the year 2014 was Miss Orawan Sirirattanawong, certified public accountant register no. 3757 of KPMG Phoomchai Audit Ltd. The audit fees for year 2014 increase from year 2013 by 2.98 percent, which can be summarized as follows:

(For the fiscal year ended 31 December)

Description (Unit Baht)	2014	2013	Increase (Decrease)	
			Amount	%
Audit Fee of the Company				
Annual audit fee	763,000.00	750,000.00	13,000.00	1.73
Interim financial statements audit fee	480,000.00	465,000.00	15,000.00	3.23
Non-audit fee	-	-	-	-
Total	1,243,000.00	1,215,000.00	28,000.00	2.30
Audit Fee of the Subsidiary Company				
Annual audit fee	240,000.00	220,000.00	20,000.00	9.09
Interim financial statements audit fee	78,000.00	78,000.00	-	-
Non-audit fee (Fee for 2 BOI Promotion Certificates)	100,000.00	100,000.00	-	-
Total	418,000.00	398,000.00	20,000.00	5.03
Grand Total	1,661,000.00	1,613,000.00	48,000.00	2.98



## หาดทิพย์

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