

THAILAND

BANGKOK

LEADER
OF SOFTDRINKS

IN SOUTH THAILAND



MALAYSIA



Vision

มุ่งมั่นและยืนหยัดในการดำรงตำแหน่งผู้นำตลาดน้ำอัดลมในภาคใต้

Shall continue to maintain our leadership position in soft drinks market in South Thailand.

Mission

ผลักดันยอดขายให้เติบโตอย่างต่อเนื่องโดยคำนึงถึงความพึงพอใจของผู้บริโภคผ่าน
การให้บริการที่เป็นเลิศ และใส่ใจต่อสิ่งแวดล้อม

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

Core Value

ค่านิยม

ความซื่อสัตย์ สุจริต
ความคิดริเริ่มเป็นบุคคล
เพิ่มมูลค่าให้กับลูกค้า
การทำงานเป็นทีม
การพัฒนาบุคคล
การไว้วางใจและการเคารพซึ่งกันและกัน
ความทุ่มเทและผูกพัน
เป็นส่วนหนึ่งของสังคมภาคใต้
กลยุทธ์ทางการตลาดโดยการสร้างความสัมพันธ์
ความสนุกสนานในการทำงาน

Integrity
Individual Initiative
Customer Value
Teamwork
People Development
Mutual Trust & Respect
Commitment
Always be part of the South
Relationship Marketing
Fun

สารบัญ

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FINANCIAL HIGHLIGHTS

Unit : Million Baht

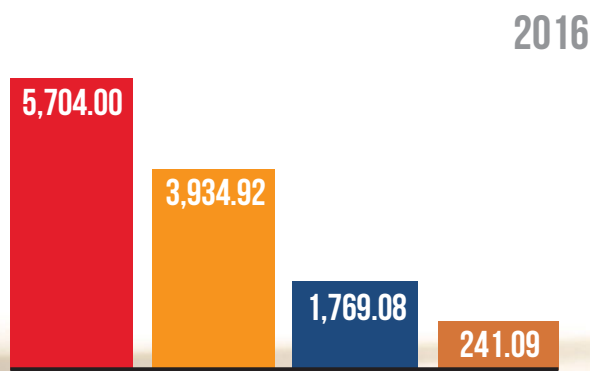
AS of December 31

	2016	2015	2014
FINANCIAL STATUS			
Total Current Assets	1,061.30	1,145.83	1,267.53
Total Assets	4,708.32	4,465.69	3,376.91
Total Current Liabilities	1,008.19	1,005.09	1,102.81
Total Liabilities	2,235.10	2,115.70	1,846.86
Issue and Fully Paid-up Capital	199.22	199.22	199.22
Shareholders' Equity	2,473.22	2,349.99	1,530.05
PROFIT & LOSS			
Sale Revenue	5,704.00	5,316.34	5,204.62
Cost of Sales	3,934.92	3,858.24	3,726.20
Gross Profit	1,769.08	1,458.10	1,478.42
Total Revenue	5,732.07	5,374.05	5,265.66
Selling & Administrative Expense	1,501.56	1,381.06	1,390.25
Profit for the Year	241.09	100.88	115.23
Basic Earnings per Share (Baht)	1.21	0.51	0.58
FINANCIAL RATIOS			
Net Profit Margin (%)	4.23	1.90	2.21
Return on Equity (%)	10.00	5.20	7.62
Return on Total Assets (%)	6.29	3.44	4.51
Dividend per Share (Baht)	0.65 ¹	0.25	0.30
Par Value (Baht)	1.00	1.00	1.00
Book Value per Share (Baht)	12.41	11.80	7.68

Remark:

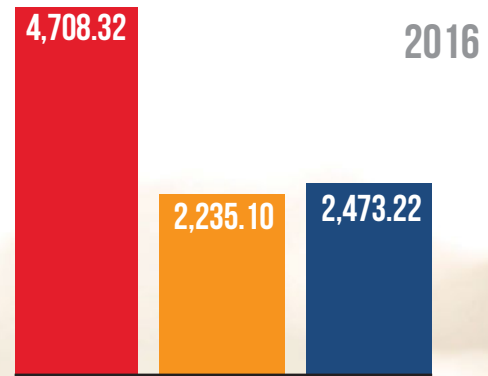
¹The Board of Directors on 10 March 2016, approved the rate of dividend paid to the shareholders, which will be tabled for the 2016 AGM's approval on 26 April 2016

Profit and Loss

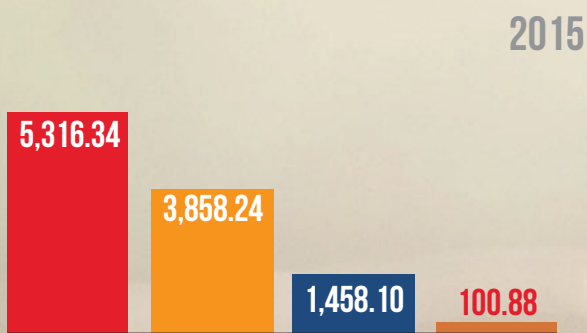


■ Sale Revenue ■ Gross Profit
■ Cost of Sales ■ Profit for the Year

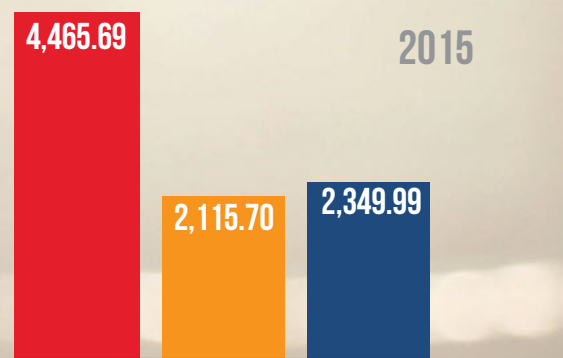
Financial Status



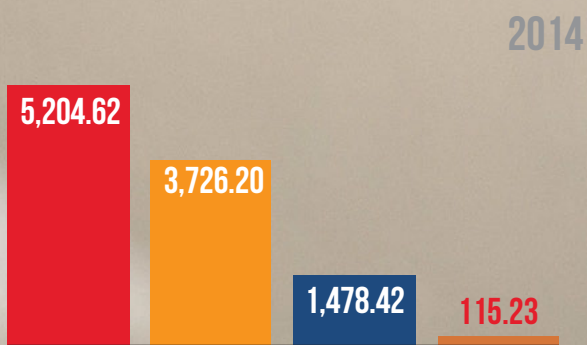
■ Total Assets ■ Total Liabilities ■ Shareholders' Equity



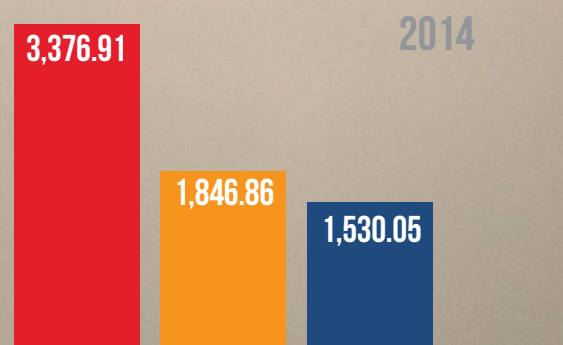
■ Sale Revenue ■ Gross Profit
■ Cost of Sales ■ Profit for the Year



■ Total Assets ■ Total Liabilities ■ Shareholders' Equity



■ Sale Revenue ■ Gross Profit
■ Cost of Sales ■ Profit for the Year



■ Total Assets ■ Total Liabilities ■ Shareholders' Equity

Message from the Chairman and the CEO

To Shareholders

In 2016, the economy of the south continued to decelerate as a result of an ongoing drop in the prices of economic crops such as rubber and oil palm. Tourism sector also experienced a decline, with damage caused by the Zero Dollar tours as well as continued unrest in the 3 southernmost provinces. On top of it all, the nation was hit hard with the saddest news in the history of the Thai nation, with every Thai citizen in deep sorrow to learn of the passing of the most beloved King Bhumibol Adulyadej. During Thailand's period of national mourning, the entire nation put a halt on all types of entertainment, not only to conform to the policy issued by the government, but also by the sentiment of the Thai people themselves. Lastly, the end of the year had brought the most catastrophic flood incident in more than 30 years, to the southern provinces of Thailand. As a result, the Company's operating results had shown a sign of slowdown, compared to the same quarter in 2015. For the overall picture, however, the operating results of the Company for the entire year indicated plausible growth in total sales, revenue and operating profit. In 2016.

The Company's total sales of all products totaled to 52.8 million unit cases, an increase of 5.9%. Sparkling beverages increased by 6.7%, led by the "Coke" brand, while still beverages showed a slight decline of 3.14%. Nevertheless, the Company continued to maintain its leading position in the sparkling beverage market of the south, with 84.2% market share (Source: AC Nielsen),

an increase from 83.4% in the previous year. As for the revenue, the Company's revenue from sales of all products was Baht 5,704 million, an increase of Baht 387.66 million or 7.29% from the previous year. The Company's net profit for the year 2016 was Baht 241.09 million, an increase of Baht 140.22 million or 138.99% from the previous year, with Earnings per Share of Baht 1.21 in 2016 and Baht 0.51 in 2015. The operating results of the Company had increased as a result of the following factors:

1. The Company's policy to modify sales and distribution method from the sales truck system to pre-sell method. This change of policy had resulted in lower cost of logistics and selling expense; more extensive product distribution; and an increase in the opportunities to open new stores;
2. The marketing policy that put an emphasis on sales of high margin products;
3. The additional investment made by the Company and subsidiary in the new PET filling line and Plastic Injection Machine in 2015, to be prepared for higher demand of the products during the summer season of 2015. As a result of the investment, the Company was able to produce and supply sufficient level of products to feed the market. Moreover, the increase in production capacity had led to a decrease in the cost of production per unit of some of the Company's products.



Following the satisfactory operating results, with a net profit of Baht 241.09 million, the Board of Directors' Meeting 1/2017, held on 10th March 2017, had passed a resolution to pay out dividend for the operating results of the year 2016 to the shareholders of the Company, totaling to 199,218,000 shares, at the rate of Baht 0.65 per share (Sixty-Five Satang). The Company had already paid out Interim dividend to the shareholders at the rate of Baht 0.30 (Thirty Satang) per share on 16th September 2016, with additional dividend to be paid out at the rate of Baht 0.35 per share (Thirty-Five Satang). The final dividend for the year 2016 shall be paid out on 23rd May 2017. Dividend payout at the rate of Baht 0.65 per share for the year 2016, equivalent to 53.71% of net profit from the Consolidated Financial Statement, is in line with the Dividend Payment Policy of the Company.

Throughout the 40 plus years of business operation in the south of Thailand, the Company has realized the importance of conducting business operations with environmental and social responsibility in mind,

while also generating satisfactory operating results; adhering to the principle of fair business practices and the code of conduct; and taking into consideration the stakeholders within the business chain namely the shareholders, staff, customers, business partners and competitors; as well as establishing an Anti-Corruption and Anti-Bribery Policy. In 2015, the Company had been certified as a member of Private Sector Collective Action Coalition Against Corruption (CAC), at a level 4 of the program. The Company shall continue to enforce the anti-corruption measures in order to eventually be certified at level 5 (Extended), which is the highest level of the program. Moreover, the Company is a member of Partnership Against Corruption for Thailand (PACT) Network, established by THAIPAT Institute to develop a practical, action-oriented platform to facilitate the implementation of anti-corruption measures. This will help to upgrade the knowledge and awareness on the subject of anti-corruption among the Company's staffs and executives; and for them to always adhere to the act of loyalty, honesty and transparency. As a result,


Haad Thip will be an organization of great reputation and quality, both in terms of the operating results and honorable traits that include trustworthiness and good governance in a sustainable manner.

There was a catastrophic flood incident in several areas and almost all of the provinces in Southern Thailand that started from the beginning of December of 2016 throughout the end of January of 2017, with the damage currently under restoration and repair. Even though the factories, machineries and most of the assets that belong to the Company were not directly affected by the flood, but damage done to the economy of the south certainly and inevitably presents an impact upon the Company's Q1/2017 results. However, the outlook of the economy of the south for the year 2017 is better than that of 2016, with the price of rubber soaring from last year's level. The average price of raw rubber sheet for the year 2017 is forecasted to be approximately Baht 60 per kilogram, a 24% increase from the average price in the previous year. This is the result of higher demand, higher global price of rubber as well as a drop in the quantity of rubber production in some countries namely Thailand. Since the value of the product is higher, rubber farmers with products available in stock can, therefore, sell the products at higher price, as per the demand-supply principle. The south of Thailand is the major rubber planting region of the country (with more than 70% of rubber production coming from the south). As a result, the group of farmers with rubber tree farms outside of the flooded area would be able to make more money out of their rubber product. The southern part of the country and its economy will also benefit from a rise in the price of oil palm as well as the recovery of the tourism sector starting from the beginning of this year. As such, the economy of the south should recover from the flood situation this year and will most likely be better

than the year 2016, with the sign of positivity possibly showing in the second half of the year, especially in Surat Thani, Songkhla, Nakhon Si Thammarat and Trang, the areas where rubber trees are abundant (source: TMB Analytics). The swift recovery of the southern economy will certainly help to increase the Company's sales, and hence, its growth rate. The Company has set a sales target for this year to increase from last year's figure by 5%. As for the marketing plan, the Company continues to place importance on the creation of demand for the products; to emphasize the sales of high margin products; as well as exercise cost and expense control, especially on selling and administrative expense, in order for the Company to achieve the set target.

Lastly, on behalf of the Board of Directors, we would like to thank all of the shareholders, trade partners, business partners, customers, consumers and stakeholders for their continued support for the Company. The Company would also like to thank the management team and all of the staffs/employees for their whole-hearted effort and hard work for the entire year. Please rest assured that 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.

Gen. 
(Charan Kullavanijaya)
Chairman

Sec. Lt. 
(Phairoch Rattakul)
Chief Executive Officer

HAAD THIP'S CORPORATE SOCIAL RESPONSIBILITIES

Haad Thip's board of directors have a policy that comes with social and environmental awareness along with good operating profit. 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.

1. Commitment to Fair Business Practice

The Company is committed to fair business practice and strictly abides by the law and other requirement 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, competitor, 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 complains 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' complains. 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 connected. 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.

Hence the company has communicated the aforementioned policies to its trading partners so that they have the same procedures in compliance with the company's policies. The company has also announced the same policies to staff for their acknowledgement and compliance.

2. 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 blessing) and te 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

started in the Employees Handbook; and from the new staff orientation program.

2.2. Welfare: Medical treatment and safety of the employees are the Company's responsibility, and therefore, the company is accountable for the welfare of its employees and ensuring the right, safe and hygienic environment of a workplace. The Company shall strictly adhere to labor-related legal requirements and laws, and take priority in the welfare of its employees.

In 2017, the Company has arranged for additional benefits for the employees through the establishment of a Provident Fund to serve as an assurance or guarantee for retirement savings for the employees. At the initial stage, the Provident Fund {rogram should be established for emplyes whose duration of employment with the Company is 1 year and over. The rate of contribution by each employee will be 3% of his/her monthly salary, and the Company, as an employer, shall also contribute to the fund at the same rate of 3%

2.3. Complaints/Whistleblowing: The Company has provided an opportunity for staffs and employees to submit complaints or report possible evidence of any suspicious activities in any business transactions, or information on unfair practice, misconduct, or infringement of the Company's regulatory requirements, code of conduct or mutual agreements in relation to the job. Channels for complaint submission and whistle blowing are as follows:

- To submit a verbal or written complaint directly to the complaint recipient or to the Chief Operating Officer;

- To submit the complaint via email to anticorruption@haadthip.com
- To submit a complaint via internal communication system or private network within the Company (Intranet) designed especially to support notification of complaints; to ensure safety, security and the highest level of confidentiality; and on the other hand, the whistleblower can follow up on the results through the system as well;
- All complaints and whistleblowing notifications shall be kept in confidentiality and the Company shall protect the identity and sources of information of the whistleblower to the fullest extent.

The whistleblower shall be protected in an appropriate manner, and shall not be demoted, put on probation, threatened, interrupted while performing his/her task, laid off, or imposed with any other actions deemed unfair. The information on complaints shall be kept in utmost confidentiality. For those who have been victimized, damaged or affected, rest assured that the methods or procedure for alleviation of such damage shall be appropriate and fair.

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; 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 employee; 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 Happy Workplace, by The Federation of Thai Industries in Songkhla.

3. Responsibility to Consumers

The Company is committed to fair business practice and a business operation that creates benefits for the 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 proceed 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 208 (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 Service 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. There is no marketing activities conducted with youth under 12 years of age in whatever communication channels.
- 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.
- The company has appointed IMCI (Incident Management and Crisis Resolution) from the managerial members to analyses, make decisions and notify related parties so as to reduce effect upon the products or the company.

4. 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 Haad 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 system). 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)
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 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; The woodland ordination, forestation and check dam construction project, had been implemented to aid the lives of the people along the Pak Phanang River, Nakhon Si Thammarat; Vetiver Grass Cultivation Project according to the Royal initiative, at Poonpin plant and Pee Nam Nong Rak Nam Project under the Royal Initiative of His Majesty the King.

4. The Company has created a Recycle Bank Project with the following objectives:

1. 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.
2. To use the by-product from the creation of Recycle Bank to further enhance environmental knowledge among the employees.
3. To design a garbage management format; with the employees taking part in this operation

5. Energy Saving Project

1. The Company has applied the Energy Saving Project by setting the time to switch on and off the light and air conditioners

2. The Company has adjusted the energy consumption level, from the use of 36-watt to the more energy –efficient watt light bulbs for office use; and from 250-watt lamps 24-to 50 watt LED bulbs for the lighting system used in the production lines.

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 2016, the Company had organized training courses and sent out employees to participate in environmental seminars altogether 28 courses with a total of 844 employees participating in the events, and the total budget for the year was approximately Baht 453,000

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

The Company has a policy to support the development of innovation while being responsible to the society and environment. For example, to reduce energy consumption and the quantity of raw materials in the production process; to focus on manufacturing environmental-friendly products; to revise the operating procedure to ensure higher efficiency; and to maximize usefulness of products and by products from the production process; and to reduce the amount of waste released into the environment.

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 on 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, the 1.25liter

Coca-Cola PET bottles, and the 325ml Coca-Cola CAN products. 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 it bottles and cans can be recycled.

5.4 The Company has developed the type of products that will help to conserve nature resources and environment. For example, Coca-Cola is the first manufacture 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 packing type. As a result, it will also help to reduce energy consumption in the production process.

6. Community and Social Development

The Company operates its business by following the policy set by Sec. Lt. Phairoch Rattakul that says “Haadthip shall operate its business with moral principle and business ethics, and shall always be right by the side of the southern folks. HaadThip shall cooperate with other agencies in order to take part in improving the living quality of the southern community.” Haad Thip provides supports to various types of activities via the following concepts and categories:

Youth Development

Youth development by Haadthip’s standard is not only to emphasize provision of academic opportunities but also cultivating good qualities in our young population. For examples, to instill conscience in performing good deeds for the society; to regard common interest as priority over personal interest; to have a voluntary mind in helping and doing good for others; to prepare for and adapt oneself to changes or new environment in a creative manner; to be knowledgeable and become a “clever person” as well as a “good person” of the society; and to make use of the knowledge and capability together with good moral principle for the development and prosperity of the society, community and, ultimately, the country.

Education:

Education is fundamental to development, and the examples of educational supports are as follows:
Provision of scholarships to the following institutions:

- Prince of Songkla University “Ton Kla” Scholarships
- Ruamchit Normkiao Foundation Scholarships
- Scholarships granted to the children of civil servants of the navy, air force, etc.
- Scholarships granted to nursing students at Hatyai Hospital
- Scholarships granted to Faculty of Law, Prince of Songkla University
- Sponsorship of the 40th ACM International Collegiate Programming Contest (AMC-ICPC World Final 2016) in Phuket



Arts:

The Company promotes and supports youngsters in expressing their artistic talents and abilities as well as the creation of emotional and social aesthetics in the thought system of youngsters, so that they would be physically, intellectually and emotionally prepared and ready to make use

of their free time wisely and beneficially. A good example of this is the 3rd “Mother of the Nation” Drawing Contest.

Music:

The Company continues to provide support and opportunities for children to express their singing ability and musical talent, through such project as Sprite Music Contest (which has already been organized for 12 consecutive years).

Plant Tour:

The Company has provided the opportunity for public and private agencies as well as academic institutions of all levels to visit the plant, to open up their scope of learning and knowledge acquisition. Plant tours have been arranged for visitors to learn about the production process and the Company’s management system, in order to promote out-of-class learning activities.

Sports

Sporting activities are certainly an important factor in the lives of the people and the nation, since they help to improve the quality of life, promote good health, instill sportsmanship and create harmony. This is the reason why Haadthip has always been an avid supporter and promoter of sporting activities of all levels, from the local level of sporting competition to provincial, national and international levels as follows:

- Sponsored Amateur Boxing Association of Thailand in the Olympic Games 2016 in Brazil
- Sponsored a Thai Tae Kwan Do athlete from Thailand National Tae Kwan Do Team (“Nong Tennis”- Panipak Wongpattankit, a daughter of fellow southerners from the province of Surat Thani), in the Olympic Games 2016



- Sponsored Copa Coca-Cola International Camp 2016, an international youth football tournament in Paris, France. This youth football camp provided an opportunity for teens to pursue their football dream by getting to practice and perfect their techniques and skills through close encounter with a world-class team of professionals. “Nong Bright” from Ranong United Football Club was a young representative from the south of Thailand, who had been selected for the program.
- Sponsored Thailand National Games
- Sponsored Thailand National Youth Games
- Sponsored marathon events, for examples, Prince of Chumphon Run, Songkhla International Marathon, Walk-Run for the King, Phuket Triathlon and the 3rd International Run for Peace in Southern Thailand to win the Royal Trophy from H.R.H. Princess Maha Chakri Sirindhorn
- Sponsored bicycling events such as Hatyai Car Free Day, 2 Cities 3 Bridges Songkhla bicycling event, 2 Legs 2 Countries Ranong bicycling event, A Day Active Campus Network Cycling Event by Faculty of Law, Prince of Songkla University and so on.
- Organized “Haadthip Youth Cup” football tournaments
- Organized “Haadthip Cup” senior Petanque tournaments
- Sponsored Thailand’s Youth Pencak Silat Championship events

Public Charity / Benefit:

To improve the quality of lives in several communities of the south by the following means of support:

- A scholarship program for translators and temporary staffs with outstanding service in the provincial areas of at Songkhla, Pattani, Yala and Narathiwat
- Contributed to the fundraising program for the establishment of Faculty of Veterinary Science, Prince of Songkhla University
- Organized the “Haadthip Alongside Southern Folks” Project to provide assistance and support to the victims of natural disasters, such as flood victims, in the 14 southern provinces as well as other regions of the country



- Sponsored the “Namthip Gives Back” Project, a project by The Coca-Cola Foundation Thailand for the Thai Red Cross Society, with the aim to upgrade, in a sustainable manner, the quality of life and living condition of Thai people victimized by any catastrophic incidents
- Sponsored the “Namthip Gives Back” project for the Thai Red Cross Society, for volunteers of the first aid and resuscitation training program, to learn and prepare themselves in the event of a disaster
- “A home for happiness” house-giving project in Krabi Province
- “Ror Jor Ror Yor” Day is a day that the employees of Haadthip PCL join forces to perform charitable deeds together, for example, blood donation, school improvements, lending helping hands for the benefits of the community, tree planting, etc.
- The “5 by 20” Project has been introduced to promote sustainable female entrepreneurship, with an objective to reach a total of 5 million women around the world by the year 2020 with a goal set for 45,000 females from Thailand.
- Contributed to the “nanny fund” for the hiring of nannies at Songkhla Orphanage
- Donation of medical equipment and commodities for the patients and their relatives to Yensira Building, Songklanagarind Hospital
- Donated to the “1 coin a day from piggy bank for Cleft Lip and Cleft Palate patients”, Princess Mother’s 100th Year Honored Fund, Faculty of Dentistry, Prince of Songkhla University
- Sponsored the Sugai Golok Bike Week event to help promoting tourism
- Sponsored the Bike week Phuket event to help promoting tourism

- Provided a set of essentials for the performance of religious activities that comprises a picture of Baitullah (House of Allah) together with the Muslim prayer clock to the Chief of the Muslim in Thailand. This set of essentials is very important to the Thai Muslim community, since it is used to indicate the times for Muslim daily prayer.
- Produced Islamic calendars for distribution to the Thai Muslim community

Culture and Tradition:

To support and promote the preservation of local cultural and traditional heritage and sustain the way of life of the local community through the following locally organized festivals:

- Festival of the Tenth Lunar Month, Nakhon Si Thammarat province
- Tak Bat Devo and Traditional Chak Phra Festival, Songkhla province
- Vegetarian Festival in 14 southern provinces
- Traditional Chak Phra and Boat Race Festival, Surat Thani province
- A festival held in Chumphon province to honor the Prince of Chumphon
- City Pillar Ceremony, Yala province
- A religious ceremony at Chao Mae Lim Ko Niao Chinese Shrine in Pattani province

Conservation of Natural Resources and Environment

Examples are:

Raknam Project is a project aimed to manage water resources by means of conservation of water resources: The objective of the water conservation program is to try and return an equivalent amount of

water used in the Company's production process to the community and nature in a safe and sustainable manner. In doing so, the Company helped to support various projects as follows:

- Check Dam Construction Project to preserve water resources in Ban Khlong Yan, Amphoe Vibhavadi, Surat Thani
- Check Dam Construction Project in Ban Gao Rang, Amphoe Khlong Hoi Khong, Songkhla province
- Check Dam Construction Project in Ban Tha Mo Chai, Tambon Chalung, Amphoe Hatyai, Songkhla province
- Vetiver Grass Cultivation Project according to the Royal Initiative, at Phunphin plant
- His Excellency Privy Councilor Ampol Senanarong, Chairman of the Development and Promotion of the Utilization of Vetiver Grass Committee according to the Royal Initiative, welcomed by Col. Patchara Rattakul, Chief Operating Officer of Haadthip PCL, had paid a visit to the province of Surat Thani to inspect the operation of the Vetiver Grass Conservation Network of the south at the second plant of Haadthip PCL in Amphoe Phunphin, Surat Thani.
- The woodland ordination, forestation and check dam construction project in Amphoe Chauad, Nakhon Si Thammarat province, had been implemented to aid the lives of the people along the Pak Phanang River; and for the good deeds and merits wholeheartedly made in honor of the Father and Mother of the Nation.
- "Give Back Happiness, Give Back the Woodlands" project, a Green Country Project in honor of the King, in the vicinity of a Kaem

Ling water reservoir in Khlong Rian; and the forestation project by means of hand pulling slingshot to shoot tree seeds into the forest at the top of Khao Kho Hong, Amphoe Hatyai, Songkhla province

- Forestation In Remembrance of the Divine Grace of His Majesty the Father of the Nation Project (we will continue to perform good deeds, the way the Father of the Nation had always taught us), at Queen Sirikit Forest Park, a forest of the south that bears the name of Her Majesty the Queen in Amphoe Khlong Hoi Khong, Songkhla province.
- Coastal Conservation Project
- Junior Water Challenge (JWC) Project according to the Royal Initiative
- Rice Cultivation on Mother's Day and Harvesting on Father's Day Project, for the activities of Jasmine Rice harvesting from the experimental rice paddy field at Phunphin plant, Surat Thani province.



Awards and Honorary Mention for the Company

AMCHAM CSR Excellence Recognition Award is an award event organized by American Chamber of Thailand. The award was granted to a member of AMCHAM who had performed the activities that created social and environmental benefits to the communities. This year, the Gold Award was granted to the Company in acknowledgement of its CSR excellence for the year 2016. Creative Designation Award is an award granted to an organization that had fulfilled the criteria of performing CSR activities for 8 consecutive years. For 2016, the award had been granted to the Company in recognition of the "Sustainable Business With Coca-Cola" (5by20) Project, that had been introduced for the purpose of improving business potential for and upgrading the quality of life of 5 million women entrepreneurs across the Coca-Cola value chain by the year 2020 (2563).

Anti-Corruption Policy

Haad Thip Public Company Limited together with the subsidiary places significant importance on the subject of anti-corruption, and hence, has issued a related policy and guidelines for business operation. The Company shall operate with earnest commitment to honesty, transparency, fairness, the principle of good corporate governance, business ethic and anti-fraud and corruption of all facades, both directly and indirectly, be it a request for, acceptance or provision of bribery.

The Company stipulates that the Board of Directors, management and staff of all levels must strictly follow the anti-corruption policy and guidelines, and always carry out their tasks and transactions with other staffs or business units with honesty, in order to avoid and prevent any actions that may result in inappropriate behavior, misconduct or in contradiction to the principle of good corporate governance. Moreover, every staff and employee must refrain from engagement in the act of bribery with any agents or officers for convenience or benefits of the Company in terms of business transactions. The Company has also established the highest level of disciplinary measure, to be applied to employees who commit such wrongdoing.

In 2016, the Company had encouraged all of the employees of the Company to adhere to and perform

their duties according to the Company's Anti-Corruption Policy, as a way to create morality and integrity among the Company's personnel, and in line with the principle of good corporate governance. The Company has, therefore, developed training and knowledge provision courses to employees and staffs as follows:

- Training and revision on the subject of Anti-Corruption Policy as well as disciplinary action and penalty for the culprits of both civil and criminal cases;
- Arrangement of new employee orientation for all new employees with an emphasis on corporate culture, good behavior as an employee as well as ethical principle of business operation and the code of conduct;
- A workshop with department manager level and higher, under the course titled "risk assessment methods and how to develop a plan to lower operational risk," in order for the employees to practice and develop a procedural plan that can actually be applied. By doing so, this group of management can adapt and apply the developed risk management plan in conjunction with any other action plans.

In addition, the Company has improved the Whistle Blowing Process, by providing a more explicit and efficient procedure for any staff or employee to

notify the Company of a suspicious behavior or submit a complaint via several channels of internal communication system or intranet. The system has been designed especially to support notification of complaints; to ensure safety, security and the highest level of confidentiality; and on the other hand, the provider of complaints shall be notified of the results as well.

The Company has been certified as a member of Private Sector Collective Action Coalition Against Corruption (CAC), with the Anti-Corruption Index at a level 4 (Certified), since 3rd April 2015; and accepted as a member of Partnership Against Corruption for Thailand (PACT) Network established by Thaipat Institute.

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	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	206/1 Moo 3, Tha Rong Chang, Poonpin, Surat Thani 84130 Tel : (077) 357-270 Fax : (077) 357-274
Bangkok Office	36 Soi Ekamai 10 Yak 2, Sukhumvit 63, North Klongton, Wattana, Bangkok 10110, Thailand Tel. : 0-2391-4488, 0-2391-0169-70 Fax : 0-2381-2257
Website	www.haadthip.com
Facebook	Haad Thip Thailand : https://www.facebook.com/haadthip Coke Haad Thip : https://www.facebook.com/chaadthip
Twistter	https://twitter.com/haadthip
Accounting Period	1 January – 31 December
Anti-Corruption progress indicator	Level 4
The Company's Subsidiary	Southern Rocks Company Limited, Registration Number: 0905555000776
Haad Yai Plant	87/1 Karnchanavanich Road, Baan Pru, Haad Yai, SongKhla 90250 Tel. : (074) 210-008-18 Fax : (074) 210-006-7
Poonpin Plant	206/2 Moo 3, Tha Rong Chang, Poonpin, Surat Thani 84130 Tel. : (077) 357-270 Fax : (077) 357-274
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:

Share Registrar	Thailand Securities Depository Company Limited 93 Rachadapisek Road, Dindaeng, Bangkok 10400, Thailand Tel. : 0-2009-9000 Fax : 0-2009 9991 SET Contact Center : 0-2009-9999
Website	http://www.set.or.th/tsd
E-mail	SETContractCenter@set.or.th
Auditor	Miss Orawan Sirirattanawong, CPA license No. 3757 Miss Marisa Tharathonbunpakul, CPA license No. 5752 Miss Patamavan Vadhanakul, CPA license No. 9832 KPMG Phoomchai Audit Ltd. Empire Tower, 50th - 51st Floors Yannawa, Sathorn , Bangkok 10120, Thailand Tel. : 0-2677-2000 Fax : 0-2677-2222
Website	www.kpmg.co.th
Registrar	Bank of Ayudhya Public Company Limited 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120, Thailand Tel. : 0-2296-2000 Fax : 0-2683-1304
Website	www.krungsri.com

Nature of Business

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, Aquarius 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, Yala, Krabi, 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:

- Sparkling beverages that include Coke, Fanta and Sprite
- Non-carbonated/ Still beverages that comprise of Minute Maid, Aquarius and Nam Thip 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	2016		2015		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Revenue from Sales	5,394.58	95.58	5,061.71	95.21	5,001.76	96.01
Non- carbonated products	309.42	5.42	254.63	4.79	202.87	3.90
Total Revenue from Sales	5,704.00	100.00	5,316.34	100.00	5,204.63	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, that has been divided in to 595,000 ordinary shares.

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; Pepsi-Cola (Thai) Trading Company Limited, a manufacturer and distributor of "Pepsi"; Serm Suk Public Company Limited, a manufacturer and distributor of "Est Cola"; Aje Thai Co., Ltd., a manufacturer and distributor of Big Cola, 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 manufacturing plants, stock warehouses, in addition to sales and distribution vehicles. The characters of the products in the market also 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 advertising and sales promotions throughout the

year, in order to maintain exposure and brand recognition; create faith and trust in the products; and prevent consumers from losing interest in 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 maintain and acquire more 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 2016, the Total Sales increased by 5.9%, led by the "Coke" brand, the Company remained the market leader in the south while the market shares of all

soft drink products by the end of the 2016 totaled to 84.2% (Source: AC Nielsen), increase from 83.4% of the previous year.

It has been forecasted that, for the overall picture of sparkling beverage in the year 2017, 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. To achieve the objective, the company will develop a procedure to systematically collect accurate and updated customers’ data, and set up EDS (Every Dealer Survey) Team to survey all shops including those unrelated to the company in order to search for potential customers.

The company will develop a new sales management system call “Pre-sell” to serve customers” and consumers” needs so that they receive service and product according to their needs in all target areas, to increase effectiveness of customer service, to improve marketing activities, not mentioning cost reduction of sales in the long time.

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 2017 to rise by approximately 5% from the year 2016. 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

A risk is an uncertainty of an event that, when incurred, will present a negative impact upon the Company's accomplishment of its objective or target. A risk may be induced by both internal and external factors. Risk factors associated with the Company can be summarized as follows:

1. Production Risk:

1.1 Shortage of Raw Material: Refined sugar and/or liquid sucrose are major raw materials used in the production of sparkling beverages. However, both refined sugar and liquid sucrose are the products of sugarcane, and sugarcane is an agricultural produce with its yield depending upon the climate condition and changes in the environmental conditions. As such, one possible risk faced by the Company is shortage of major raw material such as refined sugar and/or liquid sucrose. Another possible risk is that, the price of these major raw materials may become higher as a result of disequilibrium in demand and supply, in the event that the cultivated areas are affected by natural disasters namely flood or drought. The Company has already proceeded with an act to mitigate the risk to some extent, by means

of entering an agreement for the purchase of its raw materials in advance, in the amount according to the estimated production volume. The Company has already entered into an agreement for the purchase of refined sugar 5 years in advance (2016-2020). In the year 2016, the total amount of refined sugar ordered by the Company accounted for 3.1% of total value of all raw materials purchased. As for the case of liquid sucrose, the Company had entered into an agreement for the purchase of liquid sucrose 3 years in advance (2015-2017); with the total amount of liquid sucrose ordered by the Company in 2016 accounting for 31.6% of the total value of all raw materials purchased.

1.2 Machineries: Machineries in some of the production lines at Haad Yai plant had been utilized for so many years. Therefore, some of the machines may be at risk of having a glitch that may lead to an interruption or a halt in the production process, and eventually, product stock outs. The repair and maintenance process for these machineries will also be time-consuming and require high expenses, and unnecessary waste of energy in the production process may result.

2. Price Risk:

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:

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 on 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 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. Workforce Risk:

The risk that may incur from the problem of labor shortage, especially technicians with expertise to work at the second plant in Amphoe Poonpin, Surat Thani province. In the past several years, popularity in entering a technical school or becoming a technician has dwindled, which has resulted in lessened number of technicians produced by academic institutions. Manufacturers scrambled for workers as a result, and the Company had to hire workers from other provincial areas to work at the plant. Moreover, the policy issued by the government to raise minimum wage in several provinces has resulted in higher cost of labor for the Company.

5. Market Risk:

5.1 Sparkling beverages are seasonal products, with higher demand during the summer season. The Company is, therefore, likely to encounter the risk of shortage in production during the summer and excess capacity during other seasons. However, the management has already drawn up a production plan and a plan for machinery investment in the most cautious manner.

5.2 Fierce competition is inevitable between the Company and its competitors, which seems to occur in the modern trade channel in particular. The Company also encounters the risk where imitated products come in larger size but sell at a lower price.

5.3 Limitation in market expansion because of the Company's distribution territory is limited only to 14 southern provinces, while its major competitor is 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.

6. Financial Risk :

6.1 Interest rate risk is the risk that future movements in market interest rates will affect the results of 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.

6.2 The Group is exposed to foreign currency risk relating to periodically imports certain raw materials and machineries which are denominated in foreign currencies. The Group primarily utilized forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchasing machinery, denominated in foreign currencies, for the subsequent period.

6.3 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 all customers requiring credit over a certain amount.

6.4 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 flow.

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

The Company's major shareholders were Ruttakul family (35.31% shareholding), and Gutsche Family Investments (Proprietary) Limited (24.12% shareholding) which was incorporated in South Africa and the Company's business ally. 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.

8. Other Risk Factors :

8.1 There is a risk that may incur as a result of the issuance of government policy regarding excise tax collection. The revision of and

an increase in the tax rate, tax base or tax collecting method would certainly present a material impact upon the Company's cost of production. For example, the Ministry of Finance is currently under preparation for an increase in the rate of taxation on sugary drinks, and therefore, sparkling beverages will certainly be affected.

- 8.2 Natural disasters, unfortunately, seem to occur in the southern part of Thailand on a yearly basis and with no way to predict the level of severity. Such disasters include storms, heavy rain that leads to floods, and mudslide in several areas of the south. These types of disaster inevitably cause life-threatening damage as well as damage on the assets of the community, which eventually produce an impact upon the overall economy of the south.
- 8.3 Ongoing unrest in the 3 southernmost provinces and a few Amphoes in Songkhla, which has continued on ever since January 2004 until today.

Guidelines to dealing with risk factors that may impact the Company's operating results

1. Invest in new machineries in order to increase production efficiency; reduce wastage from the production process; and control the cost of production and operating expense.
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 improved its product distribution technique in order to increase efficiency in customer service, by developing a way to promptly distribute products to customers at lower transportation cost. The distribution technique has been altered from the previous 100% sales truck technique to the technique that combines the following 4 methods together:
 1. The traditional sales truck method;
 2. Manual Distribution Center (MDC) system in the 3 southernmost provinces namely Pattani, Yala, Narathiwat (Su-gnai Kolok area) and some areas in Haad Yai such as Sadao, Dannok and Nathawee;
 3. Presell system, which is a technique that requires advance order of products for delivery on a set date and time; and
 4. Direct delivery of products to customers' stores / retail stores (for modern trade or National Account (NA) customers, or wholesalers with high-volume order at a time).
4. Introduce non-carbonated beverages to provide alternatives to health-conscious consumers, by launching products such as Minute Maid in the fruit drink category; Aquarius, a new kind of refreshing drink for people with active lifestyle; Namthip Drinking Water; as well as "Coke Zero" and "Coke Light" for the new generation of sparkling beverage consumers who prefer to control their calorie intake while still wanting to enjoy the refreshingly sparkling taste that is the signature of everyone's favorite drink.
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 that maintains a longstanding 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 (as of the closing date 28 March 2017)

	Name – Surname 6	Number of shares	% of paid-up shares capital
1.	GUTSCHE FAMILY INVESTMENTS (PROPRIETARY) LIMITED	48,040,726	24.115
2.	Sec. Lt. Phairoch Rattakul's group		
	2.1 Sec. Lt. Phairoch Rattakul	24,439,839	12.268
	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	8,656,275	4.345
	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.	ABERNDEEN SMALL CAP FUND	9,739,123	4.889
5.	BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	7,409,693	3.719
6.	NORTHTRUST NOMINEES LTD - CL AC	4,351,100	2.184
7.	Thai NVDR Company Limited	3,428,545	1.721
8.	Mrs. Chira Sritavaj na Ayudhya	3,183,807	1.506
9.	BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	2,507,600	1.259
10	Miss Sirincha Sitichaivises	2,488,426	1.249
	Others	33,295.778	16.713
	Grand Total	199,218,000	100.000

The Company has fixed the Record Date on which shareholders have the right to attend the 2017 AGM on March 27, 2017 and fixed the share registration book closing date on March 28, 2017 for gathering shareholders' names 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 has a policy to pay out dividend at the rate of no less than 50% to 80% of the remaining Net Profits after deduction of all types of reserves required by the law and set forth by the Company. Dividend shall be paid out accounting to the appropriation of Net Profits from the Company's Consolidated Financial Statements. However, dividend payments shall be based upon the Company's cash flow, investment plan, other necessities and circumstances deemed appropriate in the future.

Dividend payments for prior years are shown below for reference:

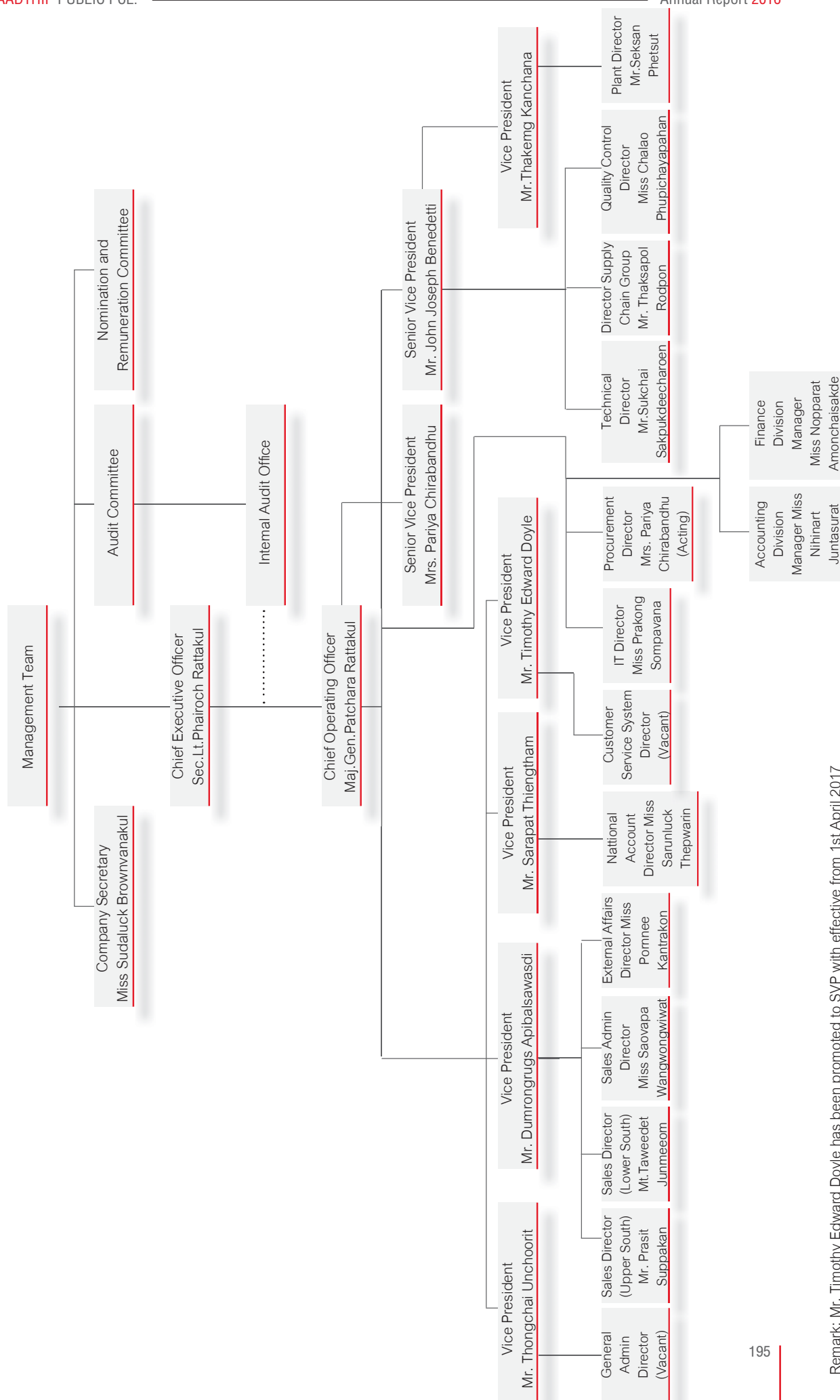
Details of Dividend Payment	2016	2015	2014
Number of paid - Up capital (shares)	199,218,000	199,218,000	199,218,000
Profit for the year (million Baht)	241.09	100.88	115.23
Basic earnings per share (Baht)	1.21	0.51	0.58
Dividend per share (Baht/share)	0.65 ^{1/}	0.25	0.30
Total dividend payment (million Baht)	129.49	49.80	59.77
Dividend as % of profit for the year (%)	53.71	49.37	51.86

^{1/} The Board of Directors on 10 March 2017, approved the rate of dividend paid to the shareholders, which will be tabled for the 2017 AGM's approval on 26 April 2017

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.

1. Management Structure



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:

2.1 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.

The Board of Directors comprised of 12 individuals, out of which 8 or 66.67% 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: 3 persons
- Executive Directors: 4 persons

Name	Position	Number Of Board of Directors' Meetings	
		2016	2015
Gen. Charan Kullavanijaya	Chairman / Independent Director	4/5	4/4
Sec. Lt. Phairoch Rattakul	Chief Executive Officer	3/5	3/4
Mr. Prakrit Pradipasen	Independent Director	5/5	4/4
Ms. Smornluk Mahasmiti	Independent Director	5/5	3/4
Mr. Yanyong Maethapanich	Independent Director	5/5	4/4
Mr. Martin Jansen	Independent Director	2/5	1/4
Mr. Philipp Hugo Gutsche	Director	4/5	2/4
Mrs. Yupares Thiengtham	Director	5/5	4/4
Mrs. Pariya Chirabandhu	Director	4/5	4/4
Maj. Gen. Patchara Rattakul	Director	4/5	4/4
M.L. Dhisana Sritavaj	Director	4/5	3/4
Mr. Dumrongrugs Apibalsawasdi	Director	5/5	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 set a guideline for transactions that may have conflict of interest or may be considered connected transactions
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 might 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 meeting and take minutes of the Shareholders' Meeting and Board of Directors' Meeting, to oversee that the disclosure of information are conducted in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission.

2.2 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 5 Audit Committee Meetings in 2016 as follows:

Name	Position	Number of Audit Committee Meetings	
		2016	2015
1. Mr. Prakit Pradipasen	Chairman of the Audit Committee	5/5	4/4
2. Mr. Yanyong Maethapanich	Audit Committee Member	5/5	4/4
3. Ms. Smornluk Mahasmiti	Audit Committee Member	5/5	4/4

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.

2.3 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. 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 Nomination and Remuneration Committee consisted of the following 5 members

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

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

Name	Position	Number of Nomination and Remuneration Committee Meetings	
		2016	2015
1. Sec. Lt. Phairoch Rattakul	Chairman of the Nomination and Remuneration Committee	1/1	1/1
2. Ms. Smomluk Mahasmiti	Nomination and Remuneration Committee member	1/1	1/1
3. Mr. Yanyong Maethapanich	Nomination and Remuneration Committee member	1/1	1/1
4. Maj. Gen. Patchara Rattakul	Nomination and Remuneration Committee member	1/1	1/1
5. Mrs. Pariya Chirabandhu	Nomination and Remuneration Committee member	1/1	1/1

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 - committee 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

2.4 Independent Directors

As at 31st December 2015, the Board of Directors comprised of 12 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 stricter than those defined by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and the Capital Market Supervisory Board, the detail of which as in Article 1 the shareholding, as follows:

1. Shareholders who are holding no more than 0.05% 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 persons¹ to each Independent Director.
2. Neither having a position nor had been the Executive Director², 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 level³, 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.

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

² 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.

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

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 2016	31 Dec 2015	
1	Gen. Charan Kullavanijaya	-	-	-
2	Sec. Lt. Phairoch Rattakul ^{1/}	44,576,120	44,062,720	513,400
3	Mr. Prakit Pradipasen	-	-	-
4	Mr. Philipp Hugo Gutsche	266,058	266,058	-
5	Mr. Martin Jansen	-	-	-
6	Mrs. Yupares Thiengtham	30,120	30,120	-
7	Ms. Smornluk Mahasmiti	-	-	-
8	Mrs. Pariya Chirabandhu ^{2/}	10,917,847	10,912,747	5,100
9	Maj. Gen. Patchara Rattakul	10,381,044	10,381,044	-
10	Mr. Yanyong Maethapanich	-	-	-
11	M.L. Dhisana Sritavaj	3,183,807	3,183,807	-
12	Mr. Dumrongrugs Apibalsawasdi	-	-	-

Notes: ^{1/} Inclusive of shares held by spouses

^{2/} Inclusive of shares held by spouses and children under legal age

2.5 Management Executives

As at 31st December 2016, the Company's Management Executives 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. John Joseph Benedetti	Senior Vice President
5.	Mr. Dumrongrugs Apibalsawasdi	Vice President
6.	Mr. Takerng Kanchana	Vice President
7.	Mr. Thongchai Unchurit	Vice President
8.	Mr. Sarapat Thiengtham	Vice President
9.	Mr. Tim Mothy Edward Doyle	Vice President
10.	Mr. Sukchai Sukpukdeechaoen	Technical Director

Name - Lastname		Position
11.	Ms. Sovapha Wangwongwiwat	Sales Administration Director
12.	Ms. Prakong Sompavana	IT Director
13.	Mr. Taweelat Chanme - on	Sales Director (Lower South)
14.	Mr. Prasit Suppakan	Sales Director (Upper South)
15.	Mr. Seksan Phetsut	Plant Director
16.	Miss Sarunluck Thewarin	National Account Director
17.	Mr. Thaksapol Rordpon	Supply Chain
18.	Mrs. Chalao Phupichyaphan	Quality Control Director
19.	Miss Pornnee Kantrakorn	External Affairs Director
20.	Ms. Nopparat Amornchaisakda	Financial Manager
21.	Ms. Nithinart Juntasurat	Accounting Manager

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 2016	31 Dec 2015	
1	Sec.Lt. Phairoch Rattakul ¹	44,576,120	44,062,720	513,400
2	May. Gen. Patchara Rattakul	10,381,044	10,381,044	-
3	Mrs. Pariya Chirabandhu ²	10,917,847	10,912,747	5,100
4	Mr. John Joseph Benedetti	-	-	-
5	Mr. Dumrongrugs Apibalsawasdi	-	-	-
6	Mr. Takerng Kanchana ¹	34,998	34,998	-
7	Mr. Thongchai Unchurit	9,580	9,580	-
8	Mr. Sarapat Thiengtham	7,253	7,253	-
9	Mr. Tim Mothy Edward Doyle	-	-	-
10	Mr. Sukchai Sukpukdeecharoen	-	-	-
11	Ms. Sovapha Wangwongwiwat	5,000	5,000	-
12	Ms. Prakong Sompavana	-	-	-
13	Mr. Taweedat Chanme - on	7,800	7,800	-
14	Mr. Prasit Suppakan	-	-	-
15	Mr. Seksan Phetsut	-	-	-
16	Miss Sarunluck Thepwarin	-	-	-
17	Mr. Thakpol Rordpon	-	-	-
18	Mrs. Chalao Phupichayaphan	-	-	-
19	Miss Pornnee Kantrakorn	-	-	-
20	Ms. Nopparat Amornchaisakda	-	-	-
21	Ms. Nithinart Juntasurat	-	-	-

Notes: ¹ Inclusive of shares held by spouses

² 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 2016, held on Tuesday 25th April 2016, has approved the directors' remuneration as of 2016 to be the same rate as 2015, is as follows:

Unit: Baht

Committees	Position	2516		2515	
		Remuneration (Person/Year)	Meeting Allowance (Person/ Meeting)	Remuneration (Person/Year)	Meeting Allowance (Person/ Meeting)
Board of Director	Chairman	210,000.00	10,000.00	210,000.00	10,000.00
	Directors	150,000.00	10,000.00	150,000.00	10,000.00
Audit Committee	Chairman	210,000.00	4,000.00	210,000.00	4,000.00
	Directors	150,000.00	4,000.00	150,000.00	4,000.00
Nomination and Remuneration	Chairman	15,000.00	3,000.00	15,000.00	3,000.00
	Directors	10,000.00	3,000.00	10,000.00	3,000.00

1. Summary of Monetary Remuneration per Director for the year ending 31st December 2016

Name-Lastname Position	Remuneration (Baht/Person/Year)			Meeting Allowance (Baht/Person/meeting)			Total (Baht)
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Board of Directors	Audit Committee	Nomination and Remuneration Committee	
1. Gen. Charan Kullavanijaya Chairman / Independent Director	210,000	-	-	40,000	-	-	250,000
2. Sec. Lt. Phairoch Rattakul CEO/ Chairman of Nomination and Remuneration Committee	150,000	-	15,000	30,000	-	3,000	198,000
3. Mr. Prakrit Pradipasen Independent Director /Chairman of Audit Committee	150,000	210,000	-	50,000	20,000	-	430,000
4. Mr. Yanyong Maethapanich Independent Director / Audit Committee Member/ Nomination and Remuneration Committee Member	150,000	150,000	10,000	50,000	20,000	3,000	383,000
5. Ms. Smornluk Mahasmitimittee Member/ Nomination and Remuneration Committee Member	150,000	150,000	10,000	50,000	20,000	3,000	383,000
6. Mr. Martin Jansen Independent Director	150,000	-	-	20,000	-	-	170,000
7. Mr. Philipp Hugo Gutsche Director	150,000	-	-	40,000	-	-	190,000
8. Mrs. Yupares Thiengtham Director	150,000	-	-	50,000	-	-	200,000
10. Mrs. Pariya Chirabandhu Director/ Nomination and Remuneration Committee Member	150,000	-	10,000	40,000	-	3,000	203,000
11. Maj.Gen. Patchara Rattakul Director /Nomination and Remuneration Committee Member	150,000	-	10,000	40,000	-	3,000	203,000
12. M.L. Dhisana Sritavaj Director	150,000	-	-	40,000	-	-	190,000
13. Mr. Dumrongrugs Apibalsawasdi Director	150,000	-	-	50,000	-	-	200,000

2. Non- Monetary compensation: The company has purchased Director Liabilities for every Board Members to protect them from prosecutor's sue in case of misconduct.

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 2015 is as follows:

	No. of Persons	Amount (Baht)
Monthly Salary	8	47,056,046.00
Bonus	8	4,388,163.00
Other Compensation	- none-	- none-
Total	8	51,444,209.00

2. Non - Monetary compensation:

2.1 Company's car

2.2 Group Accident Insurance

Company's Personnel

As of 31st December 2016, the company employed 2,240 staff whereas its subsidiary had 23 staff, are as follows:

The Figures of Employees Classified by Levels	Number of Person	
	Company	Company's Subsidiary
Operation Worker Level	1,601	18
First - Line Manager Level	412	3
Middle Manager Level	131	2
Top Manager Level	96	-
Total	2,240	23

Total expenses for the Company's employees' benefits in 2016 and 2015 are of Baht 670.19 million and Baht 576.76 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.

Human Resources Development Policy

The Human Resources Development Policy of the company is concise when it comes to giving support to continuous and appropriate staff development in every group and at every level. The objectives are to increase staff competencies, create awareness and attitude in order for them to be able to adapt themselves in a beneficial way for themselves, families, society and the nation. It is also to cultivate right moral, ethics and attitudes so that staff becomes knowledgeable, capable, skillful with abilities to perform assigned tasks and adapt to future changes.

Over the year 2016, the companies conducted a total of 198 of training courses both internally and externally for staff from executive to operational levels so as to comply with the company's vision and to increase competency levels. The training courses were as follows:

1.	Quality, Safety and Environment	73 courses
2.	Corporate Culture	22 courses
3.	Skill Development	71 courses
4.	Supervisory Skill Development	23 courses
5.	Corporate Social Responsibility (CSR)	9 courses

Moreover, the company also gave educational scholarship to every level of staff, namely 3 MBAs and 3 BAs, a total of 6 scholarships

In 2016, the company spent approximately BHT 5.7 million training and development.

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 (SET) and the Securities and Exchange Commission (SEC). Accordingly the company was rated in the Corporate Governance Scoring for 2016 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 (SET) 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. As the owners, the shareholders are entitled to attend shareholders' meeting, take adequate deliberation time, and acknowledge meeting minutes.

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 2016, the Annual General Shareholders' Meeting fell on 25th April 2016 hosted at S31 Sukhumvit Hotel, Ballroom 2, 5th floor, 545 Sukhumvit 31, Wattana, Bangkok. There was no Extraordinary General Shareholders' Meeting was held this year.

2. Advance distribution of the Letter of Invitation

The Company has appointed Thailand Securities Depository Co., Ltd. (TSD), its securities registrar, to send out invitation letters to the shareholders. Each Letter of Invitation shall contain the meeting agendas in detail, supporting documents, 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 at least 30 days 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 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 2016, 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 2016 commenced at 14.30 hrs, with registration beginning at 13.00 hrs. and the Meeting adjourned at 15.54 hrs.

At the meeting's opening a total of 96 shareholders registered, of whom 54 were shareholders and 42 were proxy holders, holding a total of 101,389,738 shares, or 50.89% of the total shares sold, which exceeded one-third of all sold shares of 199,218,000. The following attendees are as detailed below:

Board of Directors

Gen. Charan Kullavanijaya	Chairman/ Independent Director
Sec. Lt. Phairoch Rattakul	Chief Executive Officer/ Chairman of Nomination and Remuneration Committee
Mr. Prakit Pradipasen	Independent Director/ Chairman of Audit Committee
Mr. Yanyong Maethapanich	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee
Maj. Gen. Patchara Rattakul	Director/ Member of Nomination and Remuneration Committee
Mrs. Pariya Chirabandhu	Director/ Member of Nomination and Remuneration Committee
Mrs. Yupares Thiengtham	Director
M.L. Dhisana Sritavaj	Director
Mr. Dumrongrugs Apibalsawasdi	Director

Remark: 1. Miss Smornluk Mahasmiti has prior engagement
 2. Mr. Philipp Hugo Gusche and Mr. Martin Jansen live aboard
 3. Mr. Douglas Andrew Jackson has rejected to resume to the board members

Executive

Miss Plernpun Rutchakitprakarn	Assistant Manager to Chief Operating Officer
Mrs. Chalao Phupichayapan	Director Quality Control
Miss Nithinart Juntasurat	Manager Accounting Department

External Auditor

Miss Orawan Sirirattanawong	KPMG Phoomchai Audit Ltd.
Mr. Treerawat Witthayaphalert	KPMG Phoomchai Audit Ltd.
Miss Praneet Phak-anant	KPMG Phoomchai Audit Ltd.

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 within 14 days

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

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 2016, the Company had disclosed the regulations for the rights to minority shareholders via the website at www.haadthip.com from 10 November 2015 to 31 December 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's 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 at least 30 days prior to the Meeting. Shareholders might make further inquiries about this by phone or other channels such as HTC's website or e-mail.

4. Use of Voting Ballots

The Company supports use of voting ballots in important events, e.g. consideration and election of 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.

3. 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 FSSC 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 or telephone number 074210008-18 extension 124 or 307.

4. 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 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 services fees of the auditor be disclosed with in the Annual Redistration 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' Responsibilities 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, therefore, the Company had assigned Miss Plernpun Ratchakitprakarn, Assistant Manager to COO, coordinator with institutional investors, shareholders, and analysts, via the telephone number 074 210 008-18, extension 298 or e-mail address: plernpun@haadthip.com

In 2016, the Company met the following institutional investors and analysts.

1. Aberdeen Asset Management
2. Krung Thai Asset Management
3. Consumer Party Day with Krungsri Securities Public Company Limited
4. Tisco Securities Company Limited, KGI Securities (Thailand) PCL,
5. Country Group Securities PCL, AIRA Capital PCL and APPLE WEALTH Securities Public Company Limited
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).

5. 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 12 Directors, which is considered appropriate. There are 8 Non-Executive Directors or 66.67% 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. Prakit Pradipasen, Mr. Yanyong Maethapanich, Ms. Smornluk Mahasmiti and Mr. Martin Jansen. (Details are shown under Management Structure No. 2.1 : The Board of Directors)

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, 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, with complete detail presented under the "Management Structure" topic

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, with complete detail presented under the "Management Structure" topic

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 2016, a total of 5 Board of Directors' Meetings were held, all of which had been set in advance. Letters of Invitation along with the agendas and supporting materials were sent to all of the Directors at least 7 days prior to the Meeting, 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 Chief Executive Officer.

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) register of directors;
 - b) notice calling a director meeting, minute of the meeting of the board of directors and an annual report of the company;
 - c) 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.

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

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

The Company has continued to give precedence to the subjects of internal control, risk management and monitoring of performance, and placed great emphasis on the implementation of internal control procedures that cover all of the activities of the Company in all dimensions. The reason for this is to ensure sufficiency and suitability of the internal control system for the Company's business operation. The Company believes that the actions taken shall increase operational efficiency and effectiveness to the level established by the Board of Directors, as can be summarized as follows:

1. Internal Control

The Company has a good and suitable organizational structure and environment that helps to support the internal control activities to proceed in the direction of a policy set by the Company. The Company has an Internal Audit Office that serves to problem operation audit on each unit of the Company, as well as provide advice on how to create effective internal control system. Internal Audit Office also serves to evaluate efficiency and sufficiency of the internal control system as well as monitor closely on the improvement of the internal control system on behalf of the Management, according to the concept of International Standards for the Professional Practice of the Internal Auditing by the Institute of Internal Auditor (IIA). All of the outcomes are

reported directly to the Audit Committee; and the Audit Committee must give consent to and approve every activity to be executed by the Internal Audit Office, in order for the internal control system to be more efficient and effective.

2. Risk Management

The Company has implemented a risk management measure that covers all of the risk-related subject matters namely type of risk, risk assessment, risk management plan, review and follow-up of risk assessments and revision of plan, in order to reduce the level of risk to an acceptable level.

In performing the above-mentioned task, the Company has established an "Operational Team for Risk Assessment of the Work Process" to evaluate the risk that may incur from actual work process. This operational team comprises a representative from each department, with each member having thorough understanding and specialization on operational risk assessment. This particular team shall perform the task in conjunction with the head of each department, in evaluating the operational risk in the work process and reporting the outcome from risk assessment to the Risk Management Subcommittee appointed by the Company. As for the operation plan for the year 2017, the team shall draw up a format for a Risk Report, a report on the information of risks;

and a Risk Management Plan, to deal with levels of risk perceived as significant, namely high risk level and critical risk level. The report on the outcome shall be presented to the Company's Management and Board of Directors on a quarterly basis.

3. Operational Control

The Company has explicitly established measures and operational guidelines in the form of orders, rules and regulations, approval authority and operational procedures, in order for the executives and staff of all levels to proceed in the same direction and follow the same set of rules and regulations.

In addition, the Audit Committee had considered and reviewed the Internal Reports on a regular basis, to learn about and acknowledge the important issues and problems found from audit process. The Audit Committee had also made a recommendation to the Management to rectify the problems and prevent the same problems from reoccurrence.

4. Information Technology and Communication System

The Company has an adequate data and information storage system that can be used for the benefit of the Company. It has also improved the information technology system in order to develop and improve the working system to a more efficient level. The Company has been using the Enterprise Resources Planning (ERP) software by SAP ECC 6.0 since June 2011

In 2016, the Company information technology system was audit by an External Auditor (KPMG), but it has not been notified by the Auditor of any flaws or errors that deemed material.

5. Monitoring System

The Company has been monitoring its performance on a regular basis. It has established a policy and operational procedures, and appointed the Internal Audit Office to perform audit activities on the operational procedures of unit, and to produce the Monitoring Report, to be presented and proposed to the Management and the Audit Committee, for consideration and rectification.

Summary Profile of the Directors and Management

Gen. Charan Kullavanijaya

Independent Director / Chairman of the Board

Age (years)	: 81
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
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: - None -
2. None – Listed Company	: - None –

Sec. Lt. Phairoch RattakulChief Executive Officer / Authorize Directors / Chairman of Nomination and Remuneration Committee

Age (years)	:	84
Education	:	Bachelor of Economics, Bristol University, England
% of shareholding	:	22.376 % or 44,576,120 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. 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
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	Managing Director : 1. Southern Rocks Co., Ltd 2. Rich Enough Co., Ltd

Mr. Prakit Pradipasen

Independent Director / Chairman of the Audit Committee

Age (years)	: 75
Education	: MBA. Wayne State University, Detroit, Michigan, U.S.A.
% of shareholding	: - None -
Family Relationship of management	: - None -
Team	
Thai Institute of Director Association (IOD)	: 1. Director Accreditation Program (DAP) class 1/2003 2. Role of Chairman Program (RCP) class 15/2007 3. Thailand's 4 th National Conference on Collective Action Against Corruption class 1/2013
Date of Appointment	: 17 March 1989
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: Chairman 2003 – present : Diamond Building Products Plc. : Chairman/ Independent Directors/ Chairman of Nominating and Corporate Governance Committee 2000- present : The ERAWAN Group Public Company Limited. 2000- present : Asian Marine Service Public Company Limited. : Independent Director/ Chairman of Audit Committee/ Member of Nomination and Remuneration Committee 2000-present : SUPALAI Public Company Limited : Independent Directors/ Member of Audit Committee 2000-present : SUSCO Public Company Limited
2. None – Listed Company	: Chairman 1986-present :, Aug Thong Sugar Terminal Co., Ltd. : Director 2002-present : Myriad Material Co., Ltd.

Mr. Philip Hugo Gutsche**Director**

Age (years)	:	79
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 of the Board Coca-Cola SABCO (Pty) Ltd. South Africa
Thai Institute of Director Association (IOD)	:	- None -
Date of Appointment	:	30 November 2005
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	- None -

Mr. Johan Willem Maarten Jansen (Mr. Martin Jensen)**Independent Director**

Age (years)	:	59
Education	:	Marketing Degree, HEAO - GRONINGEN (Higher studies economic and administration) NIMA – C Certificate, NIMA (Highest marketing diploma in the Netherlands)
% of shareholding	:	- None -
Family Relationship of management Team	:	- None -
Experience	:	Chief & Executive Officer January 2007 – present Coca-Cola China Industries Ltd. , China Managing Director and CEO October 2001 – December 2006 Coca-Cola SABCO, South Africa
Thai Institute of Director Association (IOD)	:	- None -
Date of Appointment	:	30 November 2006
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	- None -

Mrs. Yupares Thiengtham**Director**

Age (years)	: 80
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. Phairoch 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 st December 2003
Thai Institute of Director Association (IOD)	: - None -
Date of Appointment	: 24 August 1978
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: - None -
2. None – Listed Company	: - None -

Miss Smornluk Mahasmiti**Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee**

Age (years)	: 73
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 st December 2004
Thai Institute of Director Association (IOD)	: - None -
Date of Appointment	: 21 March 2006
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: - None -
2. None – Listed Company	: Director : Southern Rocks Co., Ltd

Mr. Yanyong Maethapanich**Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee**

Age (years)	: 51
Education	: Master of Business Administration, Prince of Songkhla University
% of shareholding	: - None -
Family Relationship of management Team	: - None -
Experience	: Present : Managing Director INTADIT C.P.A. Office Co., Ltd.
Thai Institute of Director Association (IOD)	: 1. Director Accreditation Program (DAP), Year 2005 2. Role of the Compensation Committee – RCC (15/2012)
Date of Appointment	: 5 November 1999
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: - None -
2. None – Listed Company	: Managing Director : INTADIT C.P.A. Office Co., Ltd.

Mrs. Pariya Chirabandhu**Authorize Director / Member of Nomination and Remuneration Committee**

Age (years)	: 56
Education	: Bachelor of Arts, Boston University, USA
% of shareholding	: 5.480 % or 10,912,747 shares
Family Relationship of management Team	: 1. Sec.Lt.Phairoch Rattakul's daughter 2. Maj. Gen. Patchara Rattakul's sister 3. Mrs. Yupares Thiengtham's niece
Experience	: 2005- present : Senior Executive Vice President HAAD THIP Public Company Limited.
Thai Institute of Director Association (IOD)	: 1. Director Accreditation Program (DAP), Year 2006 2. Role of the Compensation Committee – RCC (15/2012)
Date of Appointment	: 29 March 1993
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: - None -
2. None – Listed Company	: Director 1. Southern Rocks Co., Ltd 2. Rich Enough Co., Ltd

Maj. Gen. Patchara Rattakul**Authorize Director / Member of Nomination and Remuneration Committee**

Age (years)	:	55
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	:	HAAD THIP Public Company Limited 2003 - 2009 Advisor 2009 - present Chief Operating Officer
Thai Institute of Director Association (IOD)	:	Director Accreditation Program (DAP), Year 2005
Date of Appointment	:	17 March 2004
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	Director 1. Southern Rocks Co., Ltd 2. Rich Enough Co., Ltd

M.L. Dhisana Sritavaj**Director**

Age (years)	:	54
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	:	SUVARNABHUMI Marketing Co., Ltd. Feb. 2010 - present General Manager ISEPA Asia (Thailand) Co., Ltd. 2009 - 2010 General Manager TON-YA-TAI Co., LTD. 2002 - 2008 Marketing Director
Thai Institute of Director Association (IOD)	:	- None -
Date of Appointment	:	30 November 2005
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	General Manager: SUVARNABHUMI Marketing Co., Ltd.

Mr. Dumrongrugs Apibalsawasdi**Authorize Director**

Age (years)	:	55
Education	:	Bachelor of Politics, CHULALONGKORN University
% of shareholding	:	- None -
Family Relationship of management Team	:	- None -
Experience	:	HAAD THIP Public Company Limited
		2012 – present Vice President
		2007-2012 Sales and Marketing Director
		2004-2007 Marketing Director
Thai Institute of Director Association (IOD)	:	- None -
Date of Appointment	:	20 May 2009
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	- None -

Mr. John Joseph Benedetti**Senior Vice President**

Age (years)	:	52
Education	:	St. Josephs College of Further Education, Glasgow, Scotland, U.K.
% of shareholding	:	- None -
Family Relationship of management Team	:	- None -
Experience	:	HAAD THIP Public Company Limited
		2015 - present Senior Vice President
		2014 - 2015 Vice President
		2006 -2014 Operation Director
	:	Operations Manager - Highveld Bottling Scarlet Ibis Investments Coca-Cola Southern Africa
	:	Operations Manager – Highveld Bottling, TJC Holding (PTY) Ltd. Production Manager - Highveld Bottling, TJC Holding (PTY) Ltd.
		Bottling Managing – Coca-Cola SABCO
		Installation Technician – Bass Clarington Breweries London, UK
Thai Institute of Director Association (IOD)	:	- None -
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	- None -

Mr. Timothy Edward Doyle**Vice President (Customer Service System)**

Age (years)	:	56
Education	:	Bachelor of Arts- Speech Communication & Business Marketing San Jose State University, San Jose California U.S.A.
% of shareholding	:	- None -
Family Relationship of management Team	:	- None -
Experience	:	HAAD THIP Public Company Limited 1 Apr. 2017 – present Vice President 2014 – 31 Mar. 2016 Customer Service System Director ; Coca-Cola Southeast Asia Service Company (Coca-Cola Company Asia) 2011 - 2013 Lao Project Manager- Franchise Director Southern Thailand: TCCC 2002 - 2010 Country Manager PNG & Pacific Island
Thai Institute of Director Association (IOD)	:	- None -
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	- None -

Mr. Takerng Kanchana**Vice President**

Age (years)	:	61
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	:	HAAD THIP Public Company Limited 2015 - present Vice President 2004 – 2015 Plant Director 1995 -2004 Plant Division Manager
Thai Institute of Director Association (IOD)	:	- None -
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	- None -

Mr. Thongchai Unchurit**Vice President**

Age (years)	: 63
Education	: Bachelor of Economics, 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	: HAAD THIP Public Company Limited 1 Jul. 2016 - present Vice President 2007 – 30 Jun. 2016 General Administration Director 2004- 2006 General Administration Manager 2002- 2003 Asst. Marketing Manager
Thai Institute of Director Association (IOD)	: - None -
Date of Appointment	:
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: - None -
2. None – Listed Company	: Director : Southern Rocks Co., Ltd

Mr. Sarapat Thiengtham**Vice President**

Age (years)	: 52
Education	: MBA International management University of DALLAS, U.S.A.
% of shareholding	: 0.0036% or 7,253 shares
Family Relationship of management Team	: 1. Mrs. Yupares Thiengtham' s son 2. Sec. Lt. Phairoch Rattakul' s nephew 3. Relative of Mrs. Pariya Chirabandhu and Maj. Gen. Patchara Rattakul
Experience	: HAAD THIP Public Company Limited 1 Jul. 2016 - present Vice President 28 May 2015 – 30 Jun. 2016 National Account Director 27 Aug. 2014 – 27 May 2015 Senior Manager – National Account
Thai Institute of Director Association (IOD)	: - None -
Holding a position of Director / Executive in other organizations:	
1. Listed Company	: - None -
2. None – Listed Company	: - None -

Miss Nopparat Amornchaisakda**Financial Division Manager**

Age (years)	:	48
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	:	HAAD THIP Public Company Limited
	:	2008 - present Financial Division Manager
	:	2007 -2008 Accounting Division Manager
Thai Institute of Director Association (IOD)	:	- None -
Date of Appointment	:	
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	- None -

Miss Nithinart Juntasurat**Accounting Division Manager**

Age (years)	:	45
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	:	HAAD THIP Public Company Limited
	:	2010 - present Accounting Division Manager
	:	2006 - 2010 Asst. Accounting Division Manager
Thai Institute of Director Association (IOD)	:	- None -
Holding a position of Director / Executive in other organizations:		
1. Listed Company	:	- None -
2. None – Listed Company	:	Director : Southern Rocks Co., Ltd

SUMMARY PROFILE OF COMPANY SECRETARY, HEAD OF INTERNAL AUDIT

Miss Sudaluck Brownvanakul

Company' Secretary

Age (years)	:	68
		Bachelor of Commerce and Accountancy
Education	:	(Finance and Banking), THAMMASAT University
% of shareholding	:	0.001% or 1,515 shares
Family Relationship of management Team	:	None -
Experience	:	Haad Thip Public Company Limited
		2011 - present Securities Division Manager
		2004 - 2011 Security Deputy Manager
Date of Appointment	:	14 August 2008
Thai Institute of Director Association (IOD)	:	Company Secretary Program (CSP) class 32/2009

Mr. Atipat Punvanich

Internal Audit Department Manager

Age (years)	:	32
		Saint John's University
		Master Degree (Master of Business Administration)
Education	:	Bachelor Degree (Business Administration)
% of shareholding	:	None -
Family Relationship of management Team	:	None -
		6 years of work experience in Internal Auditing
		BETAGRO Public Company Limited
		SEAFRESH Industry Public Company limited
		Yum Restaurants International (Thailand) Co., Ltd
Experience	:	Central Food Retail Co., Ltd
		Training:
		The Institute of Internal Auditors of Thailand (IIA)
		FRAUD Audit
		Risk and Control Assessment
Date of Appointment	:	26 February 2014
Thai Institute of Director Association (IOD)	:	None -

Note: Resigned on 1st December 2016

Mrs. Arunee PraduppethInternal Audit Department Manager

Age (years)	:	45
		Bachelor Degree (Accounting)
Education	:	SUHHOTHAI THAMMATHIRAT Open University
% of shareholding	:	None -
Family Relationship of management Team	:	None -
		5 years of work experience in Internal Auditing
		HAAD THIP Public Company Limited
Experience	:	Ban Suzuki Group Co., Ltd.
		18 years of work experience in Accounting
		Ban Suzuki Group Co., Ltd.
		PHITHAN PHANICH Group Co., Ltd.
		A.P.K. FURNISHING PARAWOOD Co., Ltd.
	:	3KHomeBase Co., Ltd.
Date of Appointment	:	3 January 2017
		Private Sector Collective Action Coalition Against Corruption
Thai Institute of Director Association (IOD)	:	(CAC)

Note: was appointed on 3rd January 2017

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 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 2016, 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 473.66 million with the price policy of the cost plus margin, and blowing plastic bottles service of Baht 29.97 million with the price policy of contractually agree price, in accordance with the normal trade.

Management Discussion and Analysis (MD&A)

1. The overall picture of the operating results

The Company is an operator of a sparkling beverage business in the south of Thailand, with main income generated by sales and distribution of sparkling beverage products namely Coke, Fanta and Sprite as well as non-carbonated products such as Minute Maid, Aquarius and Namthip Drinking Water. In 2016, the Company's total sales increased by 5.9% from the year before, in line with the 5-6% increase in sales target previously set by the Company. However, the Company had been affected by the economy of the south as a result of an ongoing drop in the prices of economic crops such as rubber and oil palm and tourism sector that had experienced a decline, with damage caused by the Zero Dollar tours. On top of it all, the nation was hit hard with the saddest news in the history of the Thai nation during the last quarter of the year, with every Thai citizen in deep sorrow to learn of the passing of the most beloved King Bhumibol Adulyadej. During Thailand's period of national mourning, the entire nation put a halt on all types of entertainment, not only to conform to the policy issued by the government, but also by the sentiment of the Thai people themselves. Lastly, the end of the year had brought one of the most catastrophic flood incidents to many areas of the southern provinces of Thailand. As a result, the Company's operating results in Q4/2016 had shown

a sign of slowdown, compared to Q4/2015 as well as Q3/2016. For the overall picture, however, the operating results of the Company for the entire year indicated plausible growth in total sales, revenue and operating profit, as a result of the Company's marketing plan and the scorching climate condition that lasted for a long period of time.

2. The operating results of Haad Thip PCL and the Subsidiary

The Company's profit for the year, as stated in the Consolidated Financial Statement, was Baht 241.09 million, an increase of Baht 140.22 million or 138.99% from the same period last year. The reasons behind the changes in profits are as follows:

1. Revenue from sales of Baht 5,704.00 million showed an increase of Baht 387.66 million or 7.29% as a result of an increase in sales volume and a cut back in trade discounts.
2. Cost of sales was Baht 3,934.92 million, an increase of Baht 76.69 million or 1.99%, in line with an increase in sales volume. Cost of sales increased at a lower rate than revenue from sales as a result of an increase in production capacity of PET products at the second plant, which had led to a drop in the cost of sales per unit.
3. The Company was granted sales subsidy from its business partner abroad in the amount of

Baht 10.64 million, in addition to an ongoing support by means of a discount in the price of concentrate since the year 2014. The amount of sales subsidy granted in 2016 showed an increase of Baht 2.19 million or 25.92%.

4. Sales of land took place in 2015 but there was no sales of land in the year 2016. As a result, gain on sale of fixed assets, which was mainly gain on sale of land, had dropped by Baht 31.31 million or 96.13% from the same period last year.
5. Foreign exchange gain had dropped by Baht 2.99 million while there was an increase in foreign exchange loss of Baht 7.18 million.
6. Other income in the amount of Baht 16.17 million was an increase of Baht 2.47 million or 18.03%.
7. Selling and administrative expense in the total amount of Baht 1,501.56 million showed an increase of Baht 120.50 million or 8.73% as a result of an increase in compensation and benefits for the Company's staffs/employees, to be in line with labor market condition of the south of Thailand, as well as an increase in hiring and marketing expenses.
8. Finance cost was Baht 40.03 million, an increase of Baht 10.79 million or 36.89% as a result of bond issuance in Q3/2005 and an increase in the utilization of long-term loan for the purpose of expansion of the second plant.
9. Income tax had increased by Baht 2.65 million or 57.20% following an improvement in the operating results. However, with BOI tax privilege granted in 2016, the Company was able to save Baht 31.97 million in income tax, or Baht 24.42 million higher than the previous year.

In summary, the Company's net profit had risen by Baht 140.22 million from the previous year. Without gain on sale of land in 2015, the Company's net profit would have shown an increase of Baht 162.49 million or 206.70%.

Profitability and Operational Efficiency Ratios:

Ratios	2016	2015
Gross Profit Margin (%)	31.01	27.43
Operating Profit Margin (%)	4.20	1.45
Net Profit Margin (%)	4.23	1.90
Return on Equity (%)	10.00	5.20
Return on Assets (%)	6.29	3.44

- Gross profit margin increased by 3.58% as a result of a cut back in trade discounts and a drop in the cost of sales of some products and product sizes, following an increase in production by the second plant.
- Operating profit margin increased by 2.75% as a result of a cut back in trade discounts and a drop in the cost of sales of some products and product sizes, following an increase in production by the second plant.
- Net profit margin increased by 2.33% as a result of a cut back in trade discounts and a drop in the cost of sales of some products and product sizes, following an increase in production by the second plant.
- Return to equity increased by 4.80% as a result of an increase in net profit.
- Return to assets increased by 2.85% as a result of an increase in net profit.

3. Financial Status of Haad Thip Public Company Limited and the Subsidiary

(Unit: Million Baht)

Items	As at 31st Dec 2016	As at 31st Dec 2015	Increase (Decrease) by	
			Amount	%
Total Assets	4,708.32	4,465.69	242.63	5.43
Total Liabilities	2,235.10	2,115.70	119.40	5.64
Shareholders' Equity	2,473.22	2,349.99	123.23	5.24

1. As at 31st December 2016, the Company's total assets was Baht 4,708.32 million, an increase of 5.43%. The main reason for this increase was additional investment on assets during the year, especially the investment in the expansion of production line at the second plant.

- Cash and cash equivalents had risen by Baht 0.70 million or 0.52% as a result of the Company's ability to generate more inflow than outflow of cash from operating activities by the amount of Baht 540.44 million. Net cash used in investing activities was in the amount of Baht 558.66 million; and net cash used in financing activities was in the amount of Baht 18.92 million.
- There was an increase in temporary investment by the total amount of Baht 19.06 million, as a result of the Company's management of remaining cash balance, by opening a mutual fund account with Bank of Ayudhya PCL, for a higher return on the remaining cash than the rate of interest received from the savings account.
- There was a decline of Baht 61.52 million or 10.13% in account receivables, since credit sales were not yet due.
- Other receivables had decreased by Baht 13.29 million or 17.91%, mainly as a result of a decrease in advance payment of excise tax.
- There was a decrease of Baht 33.38 million or 10.76% in inventory, which was in line with the decline in the inventory volume of finished goods and raw materials.
- Other current assets increased by Baht 3.89 million or 21.03% as a result of an increase in sales promotion materials.
- Remaining balance of investment property equaled to last year's balance of Baht 206.39 million.
- Land, building and equipment increased by Baht 376.80 million or 12.43% as a result additional investment during the year, especially on the expansion of the production line at the second plant, in order to support future demand from the market. There was also depreciation expense during the year in the amount of Baht 230.57 million.
- Advance payment for machineries had decreased by the entire amount of Baht 52.04 million or 100% since there was an advance payment for machineries made in the year 2015 for the expansion of production line at the second plant.

- Intangible assets increased by Baht 3.23 million or 18.66% as a result of investment in software and licenses.
- Other non-current assets decreased by Baht 0.88 million or 6.85% since the number of sales promotion materials in the category of fixed assets such as refrigerators that had not been requested for utilization had decreased.

2. As at 31st December 2016, the Company's total liabilities was Baht 2,235.10 million, which could be divided into short-term liabilities in the amount of Baht 1,008.19 million and long-term liabilities in the amount of Baht 1,226.91 million. This showed an increase of total liabilities in the amount of Baht 119.40 million or 5.64% from the end of year 2015 with the main reason being an increase in the amount of loan from financial institution for the purpose of an investment in business expansion.

- Short-term loan from financial institution increased by Baht 120.00 million or 171.43%.
- Payables for finished products and the price of concentrate purchased from a business partner had led to a decrease in account payables by Baht 94.77 million or 27.30%.
- Other payables decreased by Baht 25.11 million or 5.15%, mainly as a result of a decrease in accrued expenses such as accrued sales subsidies.
- Income tax payable decreased by the entire amount of Baht 4.91 million from the fact that the Company had exercised the rights to corporate income tax exemption in 2016 from utilization of income for investment. Most of the investment as per the requirements set by the Revenue Department was made during the second half of the year, after the Company had made income tax payment for the first half of the year. As a result, there remained no income tax payables at the end of the year.
- Long-term loan increased by Baht 96.55 million or 18.36%. The loan was utilized for the purpose of additional investment on the expansion of the second plant.
- Financial lease liabilities, mainly used as investment in vehicles, increased by Baht 12.43 million or 10.81%.
- The total amount of Baht 150.00 million of bond was the same amount as last year. The Company had issued bond with 3 years and 3 days maturity in a total of 150,000 units with the value of Baht 1,000 per unit for the purpose of investment in the expansion of the second plant. The maturity date of the bond will be 12th September 2018.
- Customers' deposits on bottles and cases increased by Baht 0.44 million or 2.11%, resulting from the receipts of deposits on bottles and cases from customers.
- Deferred tax liability decreased by Baht 4.77 million or 1.72% following upward adjustment in the provision of employee benefit (retirement) in 2016.
- Employee benefit obligations increased by Baht 19.54 million or 16.74% as a result of a change in the assumption applied to the calculations and new estimation.

3. The Company's shareholders' equity of Baht 2,473.22 million as at 31st December 2016 showed an increase of Baht 123.23 million or 5.24% due to an increase of Baht 8.09 million in the net profit of the year less provision of employee benefit (net of income tax); dividend payout from the operating results of 2015 at the rate of Baht 0.25 per share in May 2016; and Interim dividend payout from the operating results of the year 2016 at the rate of Baht 0.30 per share in September 2016.

4. Cash Flow

Items (Unit : Million Baht)	2016	2015
Net cash from operating activities	540.44	510.26
Net cash used in investing activities	(558.66)	(331.25)
Net cash from (used in) financing activities	18.92	(134.30)
Net increase (decrease) in cash and cash equivalents	0.70	44.71

The Company's inflow of cash from operating activities was higher than outflow by Baht 540.44 million, an increase of Baht 30.18 million from the previous year. The Company's net cash used in investment activities in the amount of Baht 558.66 million showed an increase of Baht 227.41 million from the previous year, resulting mainly from expansion of the production line at the second plant in 2016. The Company's net cash from financing activities was Baht 18.92 million as a result of the long-term loan for the purpose of additional investment in the second plant and dividend payout to the shareholders from the operating results of 2015 and Interim dividend payout from the operating results of 2016.

5. Liquidity

Important liquidity ratios:

Ratios	2016	2015
Liquidity Ratio (times)	1.05	1.14
Cash Ratio (times)	0.54	0.48
Average Debt Collection Period (day)	36.90	43.79
Average Inventory Turnover Period (day)	27.22	31.44
Average Debt Repayment Period (day)	27.81	32.66

- The Company's liquidity ratio of 1.05 times showed a decline by 0.09 times from the previous year. Cash ratio of 0.54 times showed an increase of 0.06 times from the previous year as a result of higher cash from operating activities.
- The Company's average debt collection period was 37 days, which was faster than the previous year.
- The average inventory turnover period was 27 days, which was faster than the previous year.
- Average debt repayment period was 28 days, which was faster than the previous year.

6. Financial Policy

Financial Analysis Ratios:

Ratios	2016	2015
Debt-to-Equity Ratio (times)	0.90	0.90
Interest Coverage Ratio (times)	7.20	4.61

- Debt-to-equity ratio of 0.90 times was the same as the previous year.
- Interest coverage ratio of 7.20 times showed an increase from the previous year.

4. Factors affecting future business operation

There was a catastrophic flood incident in several areas and almost all of the provinces in southern Thailand that started from the beginning of December of 2016 throughout the end of January of 2017. Some period of time will be needed for repair and restoration of the damage caused by this incident. Even though the factories, machineries and most of the assets that belong to the Company were not directly affected by the flood, but damage done to the economy of the south had certainly and inevitably presented an impact upon the Company's Q1/2017 results. However, the outlook on the economy of the south for the year 2017 has been estimated to be better than that of 2016, with the price of rubber soaring from last year's level as a result of higher demand and a rise in global price of rubber. As a result, farmers will be able to sell their rubber product at higher price. The southern part of the country and its economy will also benefit from a rise in the price of oil palm as well as the recovery of the tourism sector. As such, the economy of the south should recover from the flood situation this year and will most likely be an improvement from the year 2016. This sign of positivity will possibly start to show in the second half of the year, especially in Surat Thani, Songkhla, Nakhon Si Thammarat and Trang, the areas where rubber trees are abundant. This recovery of the southern economy will certainly help to increase the Company's sales. As such, the Company is confident of the growth in total sales, especially of the products from the PET production line, which are usually most popular in the market. In addition, the Company shall continue to adhere to the policy to create a sustainable relationship with its customers as well as any other related agencies.

NOMINATION AND REMUNERATION COMMITTEE REPORT

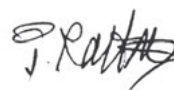
Nomination and Remuneration Committee comprises 5 directors of the Company

- | | |
|-------------------------------|---|
| 1. Sec. Lt. Phairoch Rattakul | Chairman of Nomination and Remuneration Committee |
| 2. Miss Smornluk Mahasmiti | Member of Nomination and Remuneration Committee |
| 3. Mr. Yanyong Maethapanich | Member of Nomination and Remuneration Committee |
| 4. Maj. Gen. Patcha Rattakul | Member of Nomination and Remuneration Committee |
| 5. Mrs. Pariya Chirabandhu | Member of Nomination and Remuneration Committee |

In 2016, Nomination and Remuneration Committee held 1 meeting, which had taken into considerations the issues that can be summarized as follows:

1. To consider and nominate directors to replace those retired by rotation;
2. To consider and establish remuneration rates for the Board of Directors and sub committees and propose to the Board of Directors for future proposal to and approval from the Annual General Shareholders' Meeting. The rates had been established according to the scope of duties and responsibilities of the directors as well as appropriately in line with other companies listed on the Stock Exchange of Thailand with similar operating results, and at a sufficient rate to attract and maintain highly qualified directors;
3. To consider and adjust the salary rate and payment of annual bonus to the Management and staff, in such a way that the rate was in line with and reflected actual performance, and appropriate for the current economic condition and industry trend.

Sec. Lt.



(Phairoch Rattakul)

Chairman of Nomination
and Remuneration Committee

Audit Committee Report

To Shareholders

The Audit Committee consists of 3 independent qualified directors

Mr. Prakit Pradipasen	Chairman of Audit Committee
Miss Smornluk Mahasmiti	Member of Audit Committee
Mr. Yanyong Maethapanich	Member of Audit Committee

Audit Committee has been performing in accordance with the scope of duties and responsibility assigned by the Board of Directors of the Company, the rules and regulations set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

In 2016, the Audit Committee held 4 formal external auditor and internal audit meetings plus another audit committee meeting, which all the Audit Committee Chairman and members had attended all the 5 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 2016 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 2016, 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 2017 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 2016, in order to propose to the Board of Directors for further consideration and proposal to the Annual General Shareholders' Meeting for approval.
5. Inter- transactions shall be considered and data on connected transactions disclosed in the Note to the Annual and Quarterly Financial Statements as well as expressing the independent opinions on the transactions on the acquisitions and disposal of the assets in the investments in various important projects of the Company and its subsidiaries.

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

Report of Board of Director's Responsibilities for the Financial Reporting

To Shareholders,

The board of Directors is responsible for the consolidated financial statements of Haad Thip Public Company Limited and its subsidiaries and the separate financial statements of Haad Thip Public Company Limited. The aforementioned financial statements are prepared in accordance with Thai Financial Standards. The financial statements are prepared under appropriated accounting policies and applied consistently by using careful judgment and the best estimation. Important information is adequately and transparently disclosed in the notes to financial statements for the company's shareholders and investors.


The Board of Directors provides good corporate governance and maintains the risk management system and internal controls to ensure that accounting records are accurate, reliable, free from material misstatement, timely and adequate to protect the company's assets as well as to prevent fraud and significant irregular operations.

The Board of Directors has appointed an Audit Committee comprising independent directors to be responsible for reviewing the reliability and correctness of financial reports as well as evaluating the effectiveness of internal control system and internal audit. The audit committee's comments on these issues are presented in the audit committee report included in this annual report.

The Board of Directors considers that the internal control system and the internal audit of the company provide credibility and reliabilities to the consolidated financial statements of Haad Thip public Company Limited and its subsidiaries and the separate financial statements of Haad Thip Public Company Limited for the year ended December 31 2016. The Board of Directors also believes that the financial position, financial results and cash flows, audited by the independent auditors, are fairly presented in all material respects with Thai Financial Reporting Standards. The auditors' opinion is presented in the auditors' report as part of this annual report.

Gen. 

(Charan Kullavanijaya)
Chairman of the Board

Sec.Lt. 

(Phairoch Rattakul)
Chief Executive Officer

Independent Auditor's Report

To the Shareholders of Haad Thip Public Company Limited

Opinion

I have audited the 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 2016, 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.

In my opinion, the accompanying 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 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Completeness of accrued sales promotion and marketing expenses

Refer to Notes 3 (o) and 16 to the financial statements

The key audit matter

In a highly competitive market, the Group has to incur more expenditures in relation to sales promotional and marketing activities with various campaigns to help maintain the Group's market shares. In addition, most of sales volumes went through major customers from modern trades. These key customers have significant bargaining power and this has led to lower selling prices in the form of sales discounts, rebates and incentives programs as part of sales promotion and marketing expenses. Due to the variety of contractual terms, the estimations of sales promotion and marketing expenses are complex in nature and are highly uncertain depending upon market conditions. As a result, the completeness on estimation of accrued sales promotion and marketing expenses is an area of focus for my audit.

How the matter was addressed in the audit

My principal audit procedures to address this matter included:

- Understanding the sales and estimation process relating to the accrual of sales promotion and marketing expenses and testing both key manual controls and systems-based controls of such processes with the assistance of KPMG's information technology specialists. This included, but was not limited to, accessing and maintaining customer master data and price list, credit limit approval and accrual rates of sales discounts, rebates, promotions and marketing campaigns.
- Selecting samples of agreements with modern trades and inspecting the data of sales discounts, rebates and incentives programs which were specified in those agreements to the data inputs in the system.
- Analysing product sales year on year, corroborating movements of sales with related discounts, rebates, promotional and marketing programs.
- Considering the reasonableness of the accrual calculation on a sample basis, by corroboration of samples of inputs and inspection of underlying contractual terms with modern trades, and considering the historical accuracy of the accrual with actual expenditures incurred. Also performing test of subsequent expenditures incurred with amounts invoiced on a sample basis.
- Considering whether the amounts have been recognised in the proper period through sampling tests of credit notes and invoices received during the period and post period.
- Evaluating the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standards.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, 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.

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

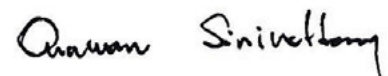
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated

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



(Orawan Sirirattanawong)

Certified Public Accountant

Registration No. 3757

KPMG Phoomchai Audit Ltd.

Bangkok

22 February 2017

Haad Thip Public Company Limited and its subsidiary

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	136,195,065	135,496,433	130,884,012	119,516,741
Current investments	6	19,063,014	-	6,787,544	-
Trade accounts receivable	7	545,955,394	607,474,745	545,955,394	607,474,745
Other receivables	8	60,896,814	74,183,585	62,673,241	74,574,645
Inventories	9	276,797,303	310,177,012	260,806,559	289,940,985
Other current assets		22,394,342	18,502,475	22,394,342	18,502,475
Total current assets		1,061,301,932	1,145,834,250	1,029,501,092	1,110,009,591
Non-current assets					
Investment in subsidiary	4,10	-	-	59,496,800	59,496,800
Investment properties	11	206,387,935	206,387,935	207,346,499	207,346,499
Property, plant and equipment	12	3,407,823,130	3,031,027,883	3,131,549,049	2,737,402,755
Advance payment for machinery purchased		-	52,037,654	-	52,037,654
Intangible assets		20,521,643	17,294,643	20,497,276	17,265,976
Deferred tax assets	13	311,201	257,692	-	-
Other non-current assets		11,972,005	12,851,915	11,970,505	12,659,915
Total non-current assets		3,647,015,914	3,319,857,722	3,430,860,129	3,086,209,599
Total assets		4,708,317,846	4,465,691,972	4,460,361,221	4,196,219,190

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

Haad Thip Public Company Limited and its subsidiary

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
		<i>(in Baht)</i>			
Current liabilities					
Short-term loans from financial institutions	14	190,000,000	70,000,000	190,000,000	70,000,000
Trade accounts payable	4, 15	252,386,891	347,156,493	322,609,219	382,286,858
Other payables	16	462,441,273	487,553,437	456,069,507	466,207,090
Current portion of long-term loans from financial institution	14	52,960,000	60,600,000	12,760,000	40,800,000
Current portion of finance lease liabilities	14	50,401,710	34,864,782	50,166,747	34,864,782
Income tax payable		-	4,917,425	-	4,917,425
Total current liabilities		1,008,189,874	1,005,092,137	1,031,605,473	999,076,155
Non-current liabilities					
Long-term loans from financial institution	14	569,590,000	465,400,000	435,840,000	256,260,000
Debenture	14	150,000,000	150,000,000	150,000,000	150,000,000
Finance lease liabilities	14	77,005,517	80,113,845	76,199,559	80,113,845
Customers' deposits on bottles and cases		21,255,348	20,815,377	21,255,348	20,815,377
Deferred tax liabilities	13	272,760,276	277,526,862	272,738,988	277,505,575
Employee benefit obligations	17	136,296,943	116,754,719	135,862,182	116,587,499
Total non-current liabilities		1,226,908,084	1,110,610,803	1,091,896,077	901,282,296
Total liabilities		2,235,097,958	2,115,702,940	2,123,501,550	1,900,358,451

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

Haad Thip Public Company Limited and its subsidiary

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2016	2015	2016	2015
<i>(in Baht)</i>					
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		637,071,060	513,844,661	500,806,345	459,807,413
Other component of equity	12	1,222,974,975	1,222,974,975	1,222,889,826	1,222,889,826
Equity attributable to owners of the Company		2,473,209,535	2,349,983,136	2,336,859,671	2,295,860,739
Non-controlling interests		10,353	5,896	-	-
Total equity		2,473,219,888	2,349,989,032	2,336,859,671	2,295,860,739
Total liabilities and equity		4,708,317,846	4,465,691,972	4,460,361,221	4,196,219,190

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

Haad Thip Public Company Limited and its subsidiary

Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Income					
Revenue from sale of goods		5,704,002,788	5,316,340,293	5,704,002,788	5,316,340,293
Income on marketing support		10,640,000	8,450,000	10,640,000	8,450,000
Gain on sale of investment properties and property, plant and equipment	11,12	1,260,542	32,566,607	1,260,542	32,566,607
Net foreign exchange gain		-	2,991,259	-	-
Dividend income	4,10	-	-	133,867,800	108,284,176
Other income		16,167,437	13,697,145	16,386,413	15,014,603
Total income		5,732,070,767	5,374,045,304	5,866,157,543	5,480,655,679
Expenses					
Cost of sales of goods		3,934,922,773	3,858,236,571	4,163,310,221	3,944,388,136
Selling expenses	21	1,045,279,610	984,367,744	1,045,265,880	984,300,707
Administrative expenses	22	456,279,083	396,687,587	452,300,800	392,923,630
Net foreign exchange loss		7,184,312	-	8,721,132	415,250
Finance costs	25	40,031,300	29,243,624	30,616,582	24,963,968
Total expenses		5,483,697,078	5,268,535,526	5,700,214,615	5,346,991,691
Profit before income tax expense		248,373,689	105,509,778	165,942,928	133,663,988
Income tax expense	26	(7,280,127)	(4,630,629)	(7,284,606)	(4,634,717)
Profit for the year		241,093,562	100,879,149	158,658,322	129,029,271
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gain on land revaluation, net of income tax	12,26	-	778,827,314	-	778,742,165
Defined benefit plan actuarial losses, net of income tax	17,26	(8,285,606)	-	(8,089,490)	-
Other comprehensive income for the year, net of income tax		(8,285,606)	778,827,314	(8,089,490)	778,742,165
Total comprehensive income for the year		232,807,956	879,706,463	150,568,832	907,771,436
Profit attributable to:					
Owners of the Company		241,081,905	100,875,051	158,658,322	129,029,271
Non-controlling interests		11,657	4,098	-	-
Profit for the year		241,093,562	100,879,149	158,658,322	129,029,271
Total comprehensive income attributable to:					
Owners of the Company		232,796,299	879,702,365	150,568,832	907,771,436
Non-controlling interests		11,657	4,098	-	-
Total comprehensive income for the year		232,807,956	879,706,463	150,568,832	907,771,436
Basic earnings per share	28	1.21	0.51	0.80	0.65

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

Haad Thip Public Company Limited and its subsidiary
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 reserve (in Baht)	Revaluation surplus	Equity attributable to owners of the Company	Non-controlling interests
		199,218,000	353,945,500	25,000,000	35,000,000	472,735,010	444,147,661	1,530,046,171	7,621

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

Haad Thip Public Company Limited and its subsidiary
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 (in Baht)	Revaluation surplus	Equity attributable to owners of the Company
		Note						Non-controlling interests
								Total equity
For the year ended 31 December 2016								
Balance at 1 January 2016			199,218,000	353,945,500	25,000,000	35,000,000	513,844,661	1,222,974,975
								2,349,983,136
								5,896
								2,349,989,032
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company		29	-	-	-	-	-	-
								(109,569,900)
<i>Total distributions to owners of the Company</i>			-	-	-	-	-	-
								(109,569,900)
<i>Change in ownership interests in subsidiary</i>								
Dividends to non-controlling interests			-	-	-	-	-	-
								(7,200)
<i>Total change in ownership interests in subsidiary</i>			-	-	-	-	-	-
								(7,200)
Total transactions with owners, recorded directly in equity			-	-	-	-	-	-
								(109,577,100)
Comprehensive income for the year								
Profit			-	-	-	-	-	-
								11,657
Other comprehensive income		17,26	-	-	-	-	-	-
								(8,285,606)
Total comprehensive income for the year			-	-	-	-	-	-
								11,657
								232,807,956
Balance at 31 December 2016			199,218,000	353,945,500	25,000,000	35,000,000	637,071,060	1,222,974,975
								2,473,209,535
								10,353
								2,473,219,888

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

Haad Thip Public Company Limited and its subsidiary

Statement of changes in equity

		Separate financial statements					Other component of equity	
		Retained earnings						
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve <i>(in Baht)</i>	Unappropriated	Revaluation surplus	Total equity
For the year ended 31 December 2015								
		199,218,000	353,945,500	25,000,000	35,000,000	390,543,542	444,147,661	1,447,854,703
Balance at 1 January 2015								
Transactions with owners, recorded directly in equity								

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

Haad Thip Public Company Limited and its subsidiary
Statement of changes in equity

		Separate financial statements					Other component of equity	
		Retained earnings						
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve (in Baht)	Unappropriated	Revaluation surplus	Total equity
For the year ended 31 December 2016								
		199,218,000	353,945,500	25,000,000	35,000,000	459,807,413	1,222,889,826	2,295,860,739
Balance at 1 January 2016								
Transactions with owners, recorded directly in equity								
Distributions to owners of the Company								
29		-	-	-	-	(109,569,900)	-	(109,569,900)
Total distributions to owners of the Company								
		-	-	-	-	(109,569,900)	-	(109,569,900)
Total transactions with owners, recorded directly in equity								
		-	-	-	-	(109,569,900)	-	(109,569,900)
Comprehensive income for the year								
		-	-	-	-	158,658,322	-	158,658,322
17,26		-	-	-	-	(8,089,490)	-	(8,089,490)
Total comprehensive income for the year								
		-	-	-	-	150,568,832	-	150,568,832
Balance at 31 December 2016								
		199,218,000	353,945,500	25,000,000	35,000,000	500,806,345	1,222,889,826	2,336,859,671

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

Haad Thip Public Company Limited and its subsidiary**Statement of cash flows**

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	241,093,562	100,879,149	158,658,322	129,029,271
<i>Adjustments for</i>				
Depreciation	230,565,468	194,900,867	200,117,051	180,383,625
Amortisation	5,678,424	5,220,760	5,674,124	5,216,460
Dividend income	-	-	(133,867,800)	(108,284,176)
Interest income	(538,074)	(444,585)	(521,111)	(417,768)
Finance costs	40,031,300	29,243,624	30,616,582	24,963,968
Employee benefit	10,789,156	10,185,875	10,766,761	10,165,435
Unrealised loss on foreign exchange	77,665	346,545	51,075	97,254
Bad and doubtful debt expenses for trade and other receivables	8,243,250	289,719	8,243,250	289,719
Provision for obsolete inventories	5,265,402	9,784,283	5,265,402	9,784,283
Gain on sale of investment properties and property, plant and equipment	(1,260,542)	(32,566,607)	(1,260,542)	(32,566,607)
Loss on property, plant and equipment written-off	15,567	3,126,588	15,567	3,124,285
Loss on containers written-off	3,021,416	657,383	3,021,416	657,383
Gain on sale of investment units	(241,032)	-	-	-
Gain on fair value adjustment of investment units	(38,240)	-	(3,802)	-
Revaluation of land that previously decreased in value	-	(572,447)	-	(572,447)
Income tax expense	7,280,127	4,630,629	7,284,606	4,634,717
	549,983,449	325,681,783	294,060,901	226,505,402
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	52,917,256	60,672,490	52,917,256	60,672,490
Other receivables	13,317,797	59,617,273	11,932,431	59,988,209
Inventories	28,114,308	5,738,778	23,869,024	5,369,557
Other current assets	(3,891,866)	18,663,059	(3,891,866)	18,663,059
Other non-current assets	2,209,906	609,343	2,019,406	801,345
Trade accounts payable	(94,795,069)	3,822,295	(59,703,107)	(23,071,499)
Other payables	8,361,797	41,106,351	7,011,978	41,372,683
Customers' deposits on bottles and cases	439,971	(2,368,795)	439,971	(2,368,795)
Employee benefit obligations paid	(1,603,940)	(928,130)	(1,603,940)	(928,130)
Cash generated from operating activities	555,053,609	512,614,447	327,052,054	387,004,321
Income tax paid	(14,618,428)	(2,357,381)	(14,618,428)	(2,357,381)
Net cash from operating activities	540,435,181	510,257,066	312,433,626	384,646,940

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

Haad Thip Public Company Limited and its subsidiary

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	538,074	445,369	521,111	418,552
Dividends received	-	-	133,867,800	108,284,176
Purchases of property, plant and equipment	(533,384,856)	(317,750,364)	(505,194,920)	(162,358,731)
Sales of investment properties and property, plant and equipment	1,875,082	40,675,670	1,875,082	41,063,789
Purchases of intangible assets	(8,905,425)	(2,582,300)	(8,905,425)	(2,582,300)
Advance payment for machinery purchased	-	(52,037,654)	-	(52,037,654)
Purchase of investment units	(141,783,742)	-	(6,783,742)	-
Proceeds from sale of investment units	123,000,000	-	-	-
Net cash used in investing activities	(558,660,867)	(331,249,279)	(384,620,094)	(67,212,168)
<i>Cash flows from financing activities</i>				
Finance costs paid	(41,725,875)	(31,161,543)	(32,282,733)	(25,109,159)
Dividends paid to owners of the Company	(109,569,900)	(59,765,400)	(109,569,900)	(59,765,400)
Dividends paid to non-controlling interests	(7,200)	(5,823)	-	-
Increase (decrease) in short-term loans from financial institutions	120,000,000	(140,000,000)	120,000,000	(140,000,000)
Finance lease payments	(46,322,707)	(30,865,010)	(46,133,628)	(30,865,010)
Proceeds from long-term loans from financial institution	404,100,000	216,200,000	388,600,000	64,700,000
Repayment of long-term loans from financial institution	(307,550,000)	(238,700,000)	(237,060,000)	(218,900,000)
Proceeds from issuance of debenture	-	150,000,000	-	150,000,000
Net cash from (used in) financing activities	18,924,318	(134,297,776)	83,553,739	(259,939,569)
Net increase in cash and cash equivalents	698,632	44,710,011	11,367,271	57,495,203
Cash and cash equivalents at 1 January	135,496,433	90,786,422	119,516,741	62,021,538
Cash and cash equivalents at 31 December	136,195,065	135,496,433	130,884,012	119,516,741

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

Haad Thip Public Company Limited and its subsidiary

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2016	2015	2016	2015
	(in Baht)			
Supplemental disclosure of cash flows information				
Non-cash transactions:				
Property, plant and equipment and intangible assets				
purchased during the years are detailed as follows:				
Property, plant and equipment purchased				
during the years	560,304,581	375,492,351	547,207,210	200,808,164
Intangible assets purchased during the years	8,905,425	11,532,300	8,905,425	11,532,300
Less : assets acquired by way of finance lease	(44,661,645)	(38,709,260)	(43,431,645)	(38,709,260)
Interest capitalised	(1,686,611)	(2,264,144)	(1,686,611)	(462,991)
(Increase) decrease in payables on purchases of				
property and equipment	19,428,531	(16,768,583)	3,105,966	722,818
Increase in payables on purchases of				
intangible assets	-	(8,950,000)	-	(8,950,000)
Net purchase of property, plant and equipment				
and intangible assets paid by cash	542,290,281	320,332,664	514,100,345	164,941,031

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

Note	Contents
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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 22 February 2017.

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 Gutsche Family Investments (Proprietary) 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 2016 and 2015 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); 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. 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 2017 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 34.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

<i>Items</i>	<i>Measurement basis</i>
Investment in investment units	Fair value
Land	Revaluation
Defined benefit liability	Present value of the defined benefit obligations as explained in Note 3 (m)

c) Functional and presentation currency

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

d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 prospectively.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 12	Valuation of land
Note 13	Recognition of deferred tax assets
Note 16	Recognition of accrued sales promotions and marketing expenses
Note 17	Measurement of defined benefit obligations: key actuarial assumptions: and
Note 30	Measurement of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 Investment properties
- Note 12 Measurement of land; and
- Note 30 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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary is included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

(b) 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) Investment

Investment in subsidiary

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

Investment in investment units

Investment in investment units held for trading are classified as current assets and are stated at fair value which is reference to the value from Asset Management Company at the reporting date, with any resultant gain or loss recognised in profit or loss.

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 is recognised in profit or loss.

If the Group 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.

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

Plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land which are stated at their 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.

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	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.

Calculation of recoverable amount

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

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 plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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 marketing support

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

Investments

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

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

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(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 judgements about future events. New information may become available that causes the Group to change its judgement 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 recognised 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 Company 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.

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 subsidiary, key management personnel and other 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>		
Gutsche Family Investments (Proprietary) 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 (whether executive or otherwise) of the Group.

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

Transactions	Pricing policies
Purchases of containers	Cost plus margin
Blowing plastic bottles service	Contractually agreed price
Service fee for area utilisation	Contractually agreed price
Rental income from land	Contractually agreed price
Dividend income	Declared rate
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:

For the year ended 31 December	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Subsidiary				
Purchases of containers	-	-	473,657	184,691
Blowing plastic bottles service	-	-	29,968	36,176
Service fee for area utilisation	-	-	2,640	2,640
Rental income from land	-	-	210	210
Dividend income	-	-	133,868	108,284
Key management personnel				
Key management personnel compensation				
Short-term benefits	54,239	47,966	54,239	47,966
Post-employment benefits	3,192	3,228	3,192	3,228
Total key management personnel compensation	<u>57,431</u>	<u>51,194</u>	<u>57,431</u>	<u>51,194</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Other receivable - related party				
Subsidiary				
Southern Rocks Co., Ltd.	<u>-</u>	<u>-</u>	<u>2,202</u>	<u>2,460</u>
Trade account payable - related party				
Subsidiary				
Southern Rocks Co., Ltd.	<u>-</u>	<u>-</u>	<u>85,359</u>	<u>43,845</u>

Significant agreements with related parties

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 7 years expired in December 2019 and 8 years expired in February 2021, 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 10 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.

Service agreement for blowing plastic bottles

In February 2015, the Company has entered into service agreement for blowing plastic bottles with a subsidiary. The Company has agreed to pay service fee at the amount as stipulated in the agreement. The subsidiary is able to change the price as appropriate without prior notice to the Company. The Company may terminate the agreement at any time.

5. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash and cheques received on hand	13,656	11,838	13,639	11,821
Cash at banks - current and savings accounts	122,539	123,486	117,245	107,524
Others	-	172	-	172
Total	136,195	135,496	130,884	119,517

Cash and cash equivalents of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

6. Current investments

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Investment units	30	19,063	-	6,788	-
Total		19,063	-	6,788	-

Movements during the years ended 31 December of investment units were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Current investments in investment units</i>				
At 1 January	-	-	-	-
Purchases during the period	141,784	-	6,784	-
Sales during the period	(123,000)	-	-	-
Gain on sales during the period	241	-	-	-
Valuation adjustment	38	-	4	-
At 31 December	19,063	-	6,788	-

7. Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other parties	555,156	608,074	555,156	608,074
Less allowance for doubtful accounts	(9,201)	(599)	(9,201)	(599)
Net	545,955	607,475	545,955	607,475
Bad and doubtful debts expenses for the year	8,602	41	8,602	41

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	536,644	592,569	536,644	592,569
Overdue:				
Less than 3 months	8,445	12,734	8,445	12,734
3 - 6 months	368	253	368	253
6 - 12 months	5,136	1,919	5,136	1,919
Over 12 months	4,563	599	4,563	599
	555,156	608,074	555,156	608,074
Less allowance for doubtful accounts	(9,201)	(599)	(9,201)	(599)
Net	545,955	607,475	545,955	607,475

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 2016 and 2015 were denominated entirely in Thai Baht.

8. Other receivables

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other accounts receivable	32,448	23,689	32,430	21,787
Less allowance for doubtful accounts	(6,831)	(8,377)	(6,831)	(8,377)
Net	25,617	15,312	25,599	13,410
Prepaid crown tax and lids taxes	11,057	28,387	11,057	28,387
Prepaid expenses	13,326	13,113	13,023	12,959
Others	10,897	17,372	12,994	19,819
Total	60,897	74,184	62,673	74,575

9. Inventories

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Finished goods	160,220	181,460	149,909	168,906
Less allowance for obsolescence	(5,060)	(7,538)	(5,060)	(7,538)
Finished goods, net	155,160	173,922	144,849	161,368
Raw materials and packing materials	98,147	94,499	94,088	87,641
Spare parts and factory supplies	22,482	27,714	20,862	26,890
Goods in transit	1,008	14,042	1,008	14,042
Total	276,797	310,177	260,807	289,941
Inventories recognised as an expense				
in cost of sales of goods:				
- Cost	3,929,658	3,848,453	4,158,045	3,934,604
- Write-down to net realisable value	5,265	9,784	5,265	9,784
Total	3,934,923	3,858,237	4,163,130	3,944,388

10. Investment in subsidiary

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 2016, 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 (2015: Baht 37.5 million).

Investment in subsidiary as at 31 December 2016 and 2015, and dividend income from the investment for the years then ended, were as follows:

Subsidiary

Separate financial statements

Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost- net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(in thousand Baht)											
Southern Rocks Co., Ltd.	99.99	99.99	59,500	59,500	59,497	59,497	-	-	59,497	59,497	133,868	108,284
				59,497	59,497	-	-	59,497	59,497	133,868	108,284	
					59,497	59,497	-	-	59,497	59,497	133,868	108,284
Total												

The subsidiary was incorporated in Thailand.

11. Investment properties

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Cost					
At 1 January		206,388	36,317	207,347	37,276
Transfers in	12	-	176,921	-	176,921
Disposals		-	(6,800)	-	(6,800)
Transfers out	12	-	(50)	-	(50)
At 31 December		<u>206,388</u>	<u>206,388</u>	<u>207,347</u>	<u>207,347</u>
Net book value					
At 1 January 2015			<u>36,317</u>		37,276
At 31 December 2015 and					
At 1 January 2016		<u>206,388</u>	<u>206,388</u>	<u>207,347</u>	<u>207,347</u>
At 31 December 2016		206,308		207,347	

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

On 24 February 2015, the Company entered into land purchase and sale agreement with a third party which has cost of Baht 6.8 million for sale price of approximately Baht 37.5 million. The land ownership had been transferred to the purchaser and the Company had received full price of land in May 2015. The Company recorded such gain net of expenses from sale of land of Baht 27.8 million in the statement of comprehensive income for the year ended 31 December 2015.

During the first quarter of year 2015, land held for which no specific intention to use in the future has been transferred from property, plant and equipment to investment properties at its book value of Baht 176.92 million. In addition, land at its book value of Baht 0.05 million, has been transferred from investment properties to property, plant and equipment, since such land is now to be used in the ordinary course of the Company's business.

Investment properties as at 31 December 2016, had an appraised value of Baht 577.7 million (31 December 2015: Baht 577.7 million) as shown in the appraiser's reports dated 9 January 2015 to 18 March 2015 by CPM Capital Co., Ltd., a firm of independent professional valuer, based on open market value and existing use.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for investment properties of the Group of Baht 577.7 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The external independent valuer applied the Market Comparison Approach to measure fair value of investment properties.

The significant unobservable inputs used in measuring the fair value of investment properties are the quoted price and the purchasing and selling price of comparable investment properties adjusted with other different factors.

12. Property, plant and equipment

Consolidated financial statements												
	Land		Land improvements	Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total	
	Cost	Revaluation surplus	Total									
<i>(in thousand Baht)</i>												
Cost / revaluation												
At 1 January 2015	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
Additions	-	974,107	974,107	-	5	2,557	25,053	21,249	13,201	28,122	295,641	1,359,935
Transfers from investment properties	50	-	50	-	-	-	-	-	-	-	-	50
Transfers to investment properties	(22,256)	(154,665)	(176,921)	-	-	-	-	-	-	-	-	(176,921)
Transfers	-	-	-	7,694	66,897	121,876	18,159	25,748	-	-	(240,487)	(113)
Disposals	-	-	-	-	(11,389)	-	(15,281)	(9,841)	(17,928)	(632)	-	(55,071)
At 31 December 2015												
and												
1 January 2016	146,136	1,374,627	1,520,763	17,073	680,480	1,099,069	666,816	455,000	53,541	411,190	69,074	4,973,006
Additions	-	-	-	-	1,414	-	11,711	75,530	9,342	12,745	510,381	621,123
Transfers	6,527	-	6,527	34,071	83,144	355,793	56,982	9,434	-	-	(556,061)	(10,110)
Disposals	-	-	-	-	-	-	(806)	-	(17,331)	(519)	-	(18,656)
At 31 December 2016	152,663	1,374,627	1,527,290	51,144	765,038	1,454,862	734,703	539,964	45,552	423,416	23,394	5,565,363
Accumulated depreciation												
At 1 January 2015	-	-	-	(6,782)	(211,704)	(458,868)	(506,353)	(298,523)	-	(314,550)	-	(1,796,780)
Depreciation charge for the year	-	-	-	(705)	(27,437)	(41,400)	(48,099)	(34,340)	-	(25,802)	-	(177,783)
Disposals	-	-	-	-	8,478	-	15,180	8,295	-	632	-	32,585
At 31 December 2015												
and												
1 January 2016	-	-	-	(7,487)	(230,663)	(500,268)	(539,272)	(324,568)	-	(339,720)	-	(1,941,978)
Depreciation charge for the year	-	-	-	(1,991)	(30,879)	(66,268)	(51,159)	(42,907)	-	(23,636)	-	(216,840)
Disposals	-	-	-	-	-	-	759	-	-	519	-	1,278
At 31 December 2016	-	-	-	(9,478)	(261,542)	(566,536)	(589,672)	(367,475)	-	(362,837)	-	(2,157,540)

Consolidated financial statements											
Cost	Land		Land improvements	Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
	Revaluation surplus	Total									
168,342	555,185	723,527	2,597	413,263	507,198	130,847	28,999	58,268	69,150	13,920	1,947,769
-	-	-	-	-	8,570	1,685	90,322	-	-	-	100,577
168,342	555,185	723,527	2,597	413,263	515,768	132,532	119,321	58,268	69,150	13,920	2,048,346
<i>(in thousand Baht)</i>											
146,136	1,374,627	1,520,763	9,586	449,817	590,984	124,903	35,282	53,541	71,470	69,074	2,925,420
-	-	-	-	-	7,817	2,641	95,150	-	-	-	105,608
146,136	1,374,627	1,520,763	9,586	449,817	598,801	127,544	130,432	53,541	71,470	69,074	3,031,028
152,663	1,374,627	1,527,290	41,666	503,496	881,369	139,049	71,751	45,552	60,579	23,394	3,294,146
-	-	-	-	-	6,957	5,982	100,738	-	-	-	113,677
152,663	1,374,627	1,527,290	41,666	503,496	888,326	145,031	172,489	45,552	60,579	23,394	3,407,823
<i>Finance costs capitalised</i>											
-	-	-	-	670	1,001	15	-	-	-	-	1,686
Rates of interest capitalised during 2016 (% per annum)				MLR -2.5	MLR -2.5	MLR -2.5					
-	-	-	-	-	1,801	2	-	-	-	461	2,264
Rates of interest capitalised during 2015 (% per annum)					MLR -2.5	MLR -2.5					

Net book value**At 1 January 2015**

Owned assets

Assets under finance leases

At 31 December 2015 and**1 January 2016**

Owned assets

Assets under finance leases

At 31 December 2016

Owned assets

Assets under finance leases

Finance costs capitalised

Finance costs capitalised

during 2016 (note 25)

Rates of interest capitalised

during 2016 (% per annum)

Finance costs capitalised

during 2015 (note 25)

Rates of interest capitalised

during 2015 (% per annum)

Separate financial statements

	Land	Land Revalua- tion surplus	Land improve- ments	Buildings, structures and leasehold improve- ments	Machin- ery and equip- ment	Furniture and office equip- ment	Vehi- cles	Contain- ers, net	Promo- tional equip- ment	Assets un- der construc- tion and installation	Total
	Cost	Total									
<i>(in thousand Baht)</i>											
Cost / revaluation											
At 1 January 2015	167,686	554,882	9,379	624,931	835,949	618,508	416,584	58,268	383,700	19,966	3,689,853
Additions	-	974,000	-	5	-	24,730	21,249	13,201	28,122	113,502	1,174,809
Transfers from investment properties	50	-	-	-	-	-	-	-	-	-	50
Transfers to investment properties	(22,256)	(154,665)	-	-	-	-	-	-	-	-	(176,921)
Transfers	-	-	4,612	8,052	15,238	12,084	24,524	-	-	(64,623)	(113)
Disposals	-	-	-	(11,389)	-	(15,276)	(9,841)	(17,928)	(632)	-	(55,066)
At 31 December 2015 and 1 January 2016	145,480	1,374,217	13,991	621,599	851,187	640,046	452,516	53,541	411,190	68,845	4,632,612
Additions	-	-	-	-	-	10,049	74,300	9,342	12,745	501,589	608,025
Transfers	6,527	-	34,071	82,318	347,907	56,982	9,434	-	-	(547,350)	(10,111)
Disposals	-	-	-	-	-	(806)	-	(17,331)	(519)	-	(18,656)
At 31 December 2016	152,007	1,374,217	48,062	703,917	1,199,094	706,271	536,250	45,552	423,416	23,084	5,211,870
Accumulated depreciation											
At 1 January 2015	-	-	(6,782)	(211,698)	(435,732)	(497,903)	(297,860)	-	(314,550)	-	(1,764,525)
Depreciation charge for the year	-	-	(697)	(27,264)	(30,996)	(44,379)	(34,128)	-	(25,802)	-	(163,266)
Disposals	-	-	-	8,478	-	15,177	8,295	-	632	-	32,582
At 31 December 2015 and 1 January 2016	-	-	(7,479)	(230,484)	(466,728)	(527,105)	(323,693)	-	(339,720)	-	(1,895,209)
Depreciation charge for the year	-	-	(1,836)	(27,840)	(44,775)	(46,041)	(42,262)	-	(23,636)	-	(186,390)
Disposals	-	-	-	-	-	759	-	-	519	-	1,278
At 31 December 2016	-	-	(9,315)	(258,324)	(511,503)	(572,387)	(365,955)	-	(362,837)	-	(2,080,321)

	Separate financial statements												Total
	Cost	Land Revalua- tion surplus	Land Total improve- ments	Land and leasehold	Build- ings, struc- tures improve- ments	Machinery and equipment	Furniture and office equip- ment	Vehicles	Contain- ers, net	Promo- tional equip- ment	Assets un- der construc- tion and installation		
<i>(in thousand Baht)</i>													
<i>Net book value</i>													
<i>At 1 January 2015</i>													
Owned assets	167,686	554,882	722,568	2,597	413,233	391,647	118,920	28,402	58,268	69,150	19,966	1,824,751	
Assets under finance leases	-	-	-	-	-	8,570	1,685	90,322	-	-	-	100,577	
	<u>167,686</u>	<u>554,882</u>	<u>722,568</u>	<u>2,597</u>	<u>413,233</u>	<u>400,217</u>	<u>120,605</u>	<u>118,724</u>	<u>58,268</u>	<u>69,150</u>	<u>19,966</u>	<u>1,925,328</u>	
<i>At 31 December 2015 and 1 January 2016</i>													
Owned assets	145,480	1,374,217	1,519,697	6,512	391,115	376,642	110,300	33,673	53,541	71,470	68,845	2,631,795	
Assets under finance leases	-	-	-	-	-	7,817	2,641	95,150	-	-	-	105,608	
	<u>145,480</u>	<u>1,374,217</u>	<u>1,519,697</u>	<u>6,512</u>	<u>391,115</u>	<u>384,459</u>	<u>112,941</u>	<u>128,823</u>	<u>53,541</u>	<u>71,470</u>	<u>68,845</u>	<u>2,737,403</u>	
<i>At 31 December 2016</i>													
Owned assets	152,007	1,374,217	1,526,224	38,747	445,593	680,634	127,902	70,766	45,552	60,579	23,084	3,019,081	
Assets under finance leases	-	-	-	-	-	6,957	5,982	99,529	-	-	-	112,468	
	<u>152,007</u>	<u>1,374,217</u>	<u>1,526,224</u>	<u>38,747</u>	<u>445,593</u>	<u>687,591</u>	<u>133,884</u>	<u>170,295</u>	<u>45,552</u>	<u>60,579</u>	<u>23,084</u>	<u>3,131,549</u>	
<i>Finance costs capitalised</i>													
Finance costs capitalised during 2016 (note 25)	-	-	-	-	670	1,001	15	-	-	-	-	1,686	
Rates of interest capitalised during 2016 (% per annum)					MLR -2.5	MLR -2.5	MLR -2.5						
<i>Finance costs capitalised</i>													
Finance costs capitalised during 2015 (note 25)	-	-	-	-	-	-	2	-	-	-	461	463	
Rates of interest capitalised during 2015 (% per annum)							MLR -2.5				MLR -2.5		

During the first quarter of year 2015, the value of the Company's land was reappraised by CPM Capital Co., Ltd., an independent professional valuer, by applying market value as shown in the appraiser's reports dated 9 January 2015 to 18 March 2015. The value of the Group's and the Company's land increased by Baht 973.5 million and Baht 973.4 million, respectively. The Group and the Company recorded income tax from land revaluation in the account "Deferred tax liabilities" amounting to Baht 194.7 million and recorded its land at the reappraised value, with a revaluation surplus of land net of income tax amounting to Baht 778.8 million and Baht 778.7 million, respectively, in the account "Revaluation surplus", under other component of equity under "Equity" in the statement of financial position.

As at 31 December 2016, the revaluation surplus net of income tax for the Group and the Company amounted to Baht 1,223.0 million and Baht 1,222.9 million, respectively (31 December 2015: for the Group and the Company amounted to Baht 1,223.0 million and Baht 1,222.9 million, respectively).

The gross amounts of fully depreciated buildings, machinery and equipment that were still in use as at 31 December 2016 amounted to approximately Baht 1,004.2 million for the Group and the Company (2015: Baht 927.6 million for the Group and the Company).

Security

As at 31 December 2016, a portion of the Group's and the Company's land, buildings, machinery and equipment with carrying value totaling approximately Baht 1,610.4 million and Baht 1,417.4 million, respectively (2015: Baht 1,425.7 million and Baht 1,210.0 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.

Measurement of fair value

Fair value hierarchy

The fair value of land was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for land of the Group of Baht 1,520.8 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The external independent valuer applied the Market Comparison Approach to measure fair value of land.

The significant unobservable inputs used in measuring the fair value of land are the quoted price and the purchasing and selling price of comparable land adjusted with other different factors.

13. Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	33,294	28,475	(305,744)	(305,744)
Set off of tax	(32,983)	(28,217)	32,983	28,217
Net deferred tax assets (liabilities)	<u>311</u>	<u>258</u>	<u>(272,761)</u>	<u>(277,527)</u>

	Separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	32,983	28,217	(305,722)	(305,722)
Set off of tax	(32,983)	(28,217)	32,983	28,217
Net deferred tax liabilities	<u>-</u>	<u>-</u>	<u>(272,739)</u>	<u>(277,505)</u>

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

	Consolidated financial statements (Charged) / credited to:				
	At		Other		At
	1 January	Profit or	comprehensive	Equity	31 December
	2016	loss	income		2016
			(in thousand Baht)		
Deferred tax assets					
Trade and other receivables (doubtful accounts)	1,795	1,411	-	-	3,206
Inventories (allowance for decline in value)	1,508	(496)	-	-	1,012
Other current assets (allowance for decline in value)	587	(576)	-	-	11
Property, plant and equipment (depreciation gap)	1,009	572	-	-	1,581
Employee benefit obligations	23,352	1,837	2,071	-	27,260
Tax loss carry forward	224	-	-	-	224
Total	28,475	2,748	2,071	-	33,294
Deferred tax liabilities					
Property, plant and equipment (revaluation)	(305,744)	-	-	-	(305,744)
Total	(305,744)	-	-	-	(305,744)
Net	(277,269)	2,748	2,071	-	(272,450)

	Consolidated financial statements (Charged) / credited to:				
	At	Profit or	Other		At
	1 January	loss	compre-		31 December
	2015		hensive	Equity	2015
			income		
			(in thousand Baht)		
Deferred tax assets					
Trade and other receivables (doubtful accounts)	1,864	(69)	-	-	1,795
Inventories (allowance for decline in value)	938	570	-	-	1,508
Other current assets (allowance for decline in value)	569	18	-	-	587
Property, plant and equipment (depreciation gap)	736	273	-	-	1,009
Employee benefit obligations	21,499	1,853	-	-	23,352
Tax loss carry forward	224	-	-	-	224
Total	25,830	2,645	-	-	28,475
Deferred tax liabilities					
Property, plant and equipment (revaluation)	(111,037)	-	(194,707)	-	(305,744)
Total	(111,037)	-	(194,707)	-	(305,744)
Net	(85,207)	2,645	(194,707)	-	(277,269)

	Separate financial statements (Charged) / credited to:				At
	At	Profit or	Other compre-	Equity	31 December
	1 January 2016	loss	hensive income		2016
		(in thousand Baht)			
Deferred tax assets					
Trade and other receivables (doubtful accounts)	1,795	1,411	-	-	3,206
Inventories (allowance for decline in value)	1,508	(496)	-	-	1,012
Other current assets (allowance for decline in value)	587	(576)	-	-	11
Property, plant and equipment (depreciation gap)	1,009	572	-	-	1,581
Employee benefit obligations	23,318	1,833	2,022	-	27,173
Total	28,217	2,744	2,022	-	32,983
Deferred tax liabilities					
Property, plant and equipment (revaluation)	(305,722)	-	-	-	(305,722)
Total	(305,722)	-	-	-	(305,722)
Net	(277,505)	2,744	2,022	-	(277,739)

	Separate financial statements				
	(Charged) / credited to:				
	At	Profit or	Other		At
	1 January 2015	loss	comprehensive	Equity	31 December 2015
			income		
			(in thousand Baht)		
Deferred tax assets					
Trade and other receivables (doubtful accounts)	1,864	(69)	-	-	1,795
Inventories (allowance for decline in value)	938	570	-	-	1,508
Other current assets (allowance for decline in value)	569	18	-	-	587
Property, plant and equipment (depreciation gap)	736	273	-	-	1,009
Employee benefit obligations	21,469	1,849	-	-	23,318
Total	25,576	2,641	-	-	28,217
Deferred tax liabilities					
Property, plant and equipment (revaluation)	(111,037)	-	(194,685)	-	(305,722)
Total	(111,037)	-	(194,685)	-	(305,722)
Net	(85,461)	2,641	(194,685)	-	(277,505)

14. Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current				
Short-term loans from financial institutions				
Secured	190,000	70,000	190,000	70,000
Current portion of long-term loans from financial institution				
Secured	52,960	60,600	12,760	40,800
Current portion of finance lease liabilities	<u>50,402</u>	<u>34,865</u>	<u>50,167</u>	<u>34,865</u>
Total current interest-bearing liabilities	<u>293,362</u>	<u>165,465</u>	<u>252,927</u>	<u>145,665</u>
Non-current				
Long-term loans from financial institution				
Secured	569,590	465,400	435,840	256,260
Debenture	150,000	150,000	150,000	150,000
Finance lease liabilities	<u>77,006</u>	<u>80,114</u>	<u>76,200</u>	<u>80,114</u>
Total non-current interest-bearing liabilities	<u>796,596</u>	<u>695,514</u>	<u>662,040</u>	<u>486,374</u>
Total	<u>1,089,958</u>	<u>860,979</u>	<u>914,967</u>	<u>632,039</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	242,960	130,600	202,760	110,800
After one year but within five years	563,110	575,700	429,360	366,560
After 5 years	156,480	39,700	156,480	39,700
Total	962,550	746,000	788,600	517,060

Short-term loans from financial institutions bear interest rates ranging from 1.75 % p.a. to 1.80% p.a. in 2016 (2015: ranging from 1.73% p.a. to 2.43% p.a.).

Long-term loans from financial institution

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Long-term loans	622,550	526,000	448,600	297,060
Less current portion	(52,960)	(60,600)	(12,760)	(40,800)
Net	569,590	465,400	435,840	256,260

Loans from the financial institution totaling 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 0.5 million, commencing in November 2013.

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. This loan was fully paid in 2016.

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 Baht 3.2 million, respectively. In September 2015, the Company fully repaid the remaining outstanding of the Baht 453.9 million principal. In September 2016, the Company fully repaid the remaining outstanding of the Baht 344.7 million principal.

On 27 November 2014, the Company entered into a loan agreement with the financial institution for loan facility of Baht 80 million for construction of warehouse. 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 2016, the Company had unutilised credit facility totaling Baht 13.1 million. (2015: Baht 72.1 million).

On 17 September 2015, the Company entered into a loan agreement with a financial institution for a loan facility of Baht 450 million for purchase of machinery, equipment and renovation of space for installing machinery. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years and at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third year onwards. The interest will be paid on monthly. The loan is repayable in monthly installments of Baht 4.7 million which will be fully paid in 10 years commencing from the first drawdown date. As at 31 December 2016, the Company had unutilised credit facility totaling Baht 68.3 million. (2015: Baht 397.9 million).

Subsidiary

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 2.50% 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 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. The Company has guaranteed the loan to the subsidiary. This loan was fully paid in 2016.

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 2016, the subsidiary had unutilised credit facility totaling Baht 62.7 million. (2015: Baht 78.2 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.

Debenture

On 9 September 2015, the Company issued unsubordinated and unsecured debenture in registered name form amounting to Baht 150 million. The term of debenture is 3 years 3 days and bearing interest at the fixed rate of 4.50% per annum. The interest will be paid on quarterly. The maturity date of aforesaid debenture is 12 September 2018. The Company has to comply with certain conditions, such as maintaining the debt to equity ratio, the debt service coverage ratio, etc.

Finance lease liabilities

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

	Consolidated financial statements					
	2016		2015			
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	<i>(in thousand Baht)</i>					
Within one year	56,795	6,393	50,402	40,007	5,142	34,865
After one year but within five years	93,639	16,633	77,006	86,894	6,780	80,114
Total	150,434	23,026	127,408	126,901	11,922	114,979

	Separate financial statements					
	2016		2015			
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	<i>(in thousand Baht)</i>					
Within one year	56,524	6,357	50,167	40,007	5,142	34,865
After one year but within five years	92,782	16,582	76,200	86,894	6,780	80,114
Total	149,306	22,939	126,367	126,901	11,922	114,979

In 2016 and 2015, the Company entered into finance lease agreements with local companies to purchase machinery and computer system with interest at the rates ranging from 3.07% per annum to 5.25% per annum in 2016 (2015: 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 1.79% per annum to 3.35% per annum in 2016 (2015: at the rates ranging from 1.99% per annum to 5.01% per annum). The lease agreements are repayable in monthly installments, expiring in various periods up to November 2020. 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. In 2016, the subsidiary entered into finance lease agreement to purchase vehicle with interest at the rate of 3% per annum and the lease agreement is repayable in monthly installments, expiring in February 2021. The ownership of the vehicle will be transferred to the subsidiary when the subsidiary 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 33 are secured by assets which had net book value as at 31 December as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Land	574,720	568,193	574,720	568,087
Buildings, structures and leasehold improvements	329,032	349,839	329,032	349,839
Machinery and equipment	<u>706,690</u>	<u>507,665</u>	<u>513,622</u>	<u>292,093</u>
Total	<u>1,610,442</u>	<u>1,425,697</u>	<u>1,417,374</u>	<u>1,210,019</u>

As at 31 December 2016, the Group and the Company had unutilised credit facilities totaling Baht 539.7 million and Baht 417.0 million, respectively (2015: Baht 1,108.6 million and Baht 970.4 million, respectively).

Interest-bearing liabilities for the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

15. Trade accounts payable

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related party	4	-	-	85,359	43,845
Other parties		<u>252,387</u>	<u>347,156</u>	<u>237,250</u>	<u>338,442</u>
Total		<u>252,387</u>	<u>347,156</u>	<u>322,609</u>	<u>382,287</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	250,959	345,745	321,181	380,876
United States Dollars (USD)	1,428	1,411	1,428	1,411
Total	252,387	347,156	322,609	382,287

16. Other payables

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Accrued sales promotion and marketing expenses	181,573	250,617	181,573	250,617
Accrued operating expenses	131,359	107,534	131,301	106,418
Other payables	105,053	80,224	100,707	59,994
Accrued transportation expenses	15,337	24,494	15,337	24,494
Value added tax payable	17,017	18,092	15,050	18,092
Others	12,102	6,592	12,102	6,592
Total	462,441	487,553	456,070	466,207

The currency denomination of other payables as at 31 December was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	454,528	467,801	448,964	463,585
United States Dollars (USD)	6,989	17,193	6,182	63
Euro (EUR)	924	2,559	924	2,559
Total	462,441	487,553	456,070	466,207

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.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk and interest rate risk.

Movement in the present value of the defined benefit obligations:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	116,755	107,497	116,587	107,350
Included in profit or loss:				
Current service cost	6,403	6,053	6,390	6,041
Interest on obligation	4,386	4,133	4,377	4,124
	<u>10,789</u>	<u>10,186</u>	<u>10,767</u>	<u>10,165</u>
Included in other comprehensive income				
Actuarial loss	10,357	-	10,112	-
Other				
Benefit paid	<u>(1,604)</u>	<u>(928)</u>	<u>(1,604)</u>	<u>(928)</u>
Defined benefit obligations at 31 December	<u>136,297</u>	<u>116,755</u>	<u>135,862</u>	<u>116,587</u>

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Demographic assumptions	45	-	44	-
Financial assumptions	4,054	-	3,958	-
Experience adjustment	6,258	-	6,110	-
Total	<u>10,357</u>	<u>-</u>	<u>10,112</u>	<u>-</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements		
	2016	2015	2016	2015	(%)
Discount rate	2.2	4.0	2.2		4.0
Future salary growth	5.0	5.5	5.0		5.5

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

At 31 December 2016, the weighted-average duration of the defined benefit obligations was 11 years (2015: 11 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	Consolidated financial statements (in thousand Baht)		Separate financial statements	
Defined benefit obligations as at 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(6,177)	6,628	(6,177)	6,628
Future salary growth (0.5% movement)	6,413	(6,046)	6,413	(6,046)

	Consolidated financial statements (in thousand Baht)		Separate financial statements	
Defined benefit obligations as at 31 December 2015	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(8,346)	9,576	(8,346)	9,576
Future salary growth (1% movement)	11,588	(10,212)	11,588	(10,212)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18. Share capital

	Par value per share (in Baht)	2016		2015	
		Number	Amount	Number	Amount
(thousand shares / thousand Baht)					
<i>Authorised</i>					
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
<i>Issued and paid-up</i>					
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

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 2016 amounted to Baht 35 million (2015: 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. 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.

21. Selling expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Sales promotion and				
marketing expenses	488,237	464,509	488,237	464,509
Employee benefit expenses	232,122	208,446	232,122	208,446
Transportation and fuel				
expenses	197,610	196,637	197,596	196,570
Depreciation and amortisation	37,969	40,697	37,969	40,697
Others	89,342	74,079	89,342	74,079
Total	1,045,280	984,368	1,045,266	984,301

22. Administrative expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Employee benefit expenses	301,339	250,909	298,400	248,873
Administration expenses	74,230	62,288	73,406	61,031
Depreciation and amortisation	47,249	46,427	47,134	46,376
Repair and maintenance				
expenses	20,263	19,376	20,261	19,376
Others	13,198	17,688	13,100	17,268
Total	456,279	396,688	452,301	392,924

23. Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Wages and salaries	590,662	499,851	584,946	496,311
Commission	29,815	32,523	29,815	32,523
Compulsory social security contribution	16,347	15,145	16,177	15,029
Others	33,361	29,238	33,251	29,161
Total	670,185	576,757	664,189	573,024

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

24. 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	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Included in cost of sales of goods:</i>				
Changes in inventories of finished-goods and work in process	21,240	(16,295)	18,998	(7,568)
Raw materials and consumables used	3,445,135	3,117,509	3,241,281	3,009,669
Depreciation	150,880	112,880	120,542	98,409
<i>Included in selling expenses:</i>				
Sales promotion and marketing expenses	488,237	464,509	488,237	464,509
Employee benefit expenses	232,122	208,446	232,122	208,446
Transportation and fuel expenses	197,610	196,637	197,596	196,570
Depreciation and amortisation	37,969	40,697	37,969	40,697
<i>Included in administrative expenses:</i>				
Employee benefit expenses	301,339	250,909	298,400	248,873
Depreciation and amortisation	47,249	46,427	47,134	46,376

25. Finance costs

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Interest expense to financial institutions		34,949	29,315	25,535	23,234
Interest expense of debenture		6,768	2,193	6,768	2,193
Less capitalised as cost of assets	12	(1,686)	(2,264)	(1,686)	(463)
Net		40,031	29,244	30,617	24,964

26. Income tax expense

Income tax recognised in profit or loss

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Current tax expense					
Current year		10,273	7,276	10,273	7,276
Over provided in prior year		<u>(245)</u>	<u>-</u>	<u>(245)</u>	<u>-</u>
		<u>10,028</u>	<u>7,276</u>	<u>10,028</u>	<u>7,276</u>
Deferred tax expense					
Movements in temporary differences	13	<u>(2,748)</u>	<u>(2,645)</u>	<u>(2,744)</u>	<u>(2,641)</u>
Total income tax expense		<u>7,280</u>	<u>4,631</u>	<u>7,284</u>	<u>4,635</u>

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2016 Income tax (expense) benefit	Net of tax	Before tax	2015 Income tax (expense) benefit	Net of tax

	Separate financial statements					
	2016			2015		
	Before tax	Income tax (expense) benefit	Net of tax	Before tax	Income tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Actuarial loss	(10,112)	2,022	(8,090)	-	-	-
Gain on revaluation of land	-	-	-	973,427	(194,685)	778,742
Total	(10,112)	2,022	(8,090)	973,427	(194,685)	778,742

Reconciliation of effective tax rate

	Consolidated financial statements			
	2016		2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		<u>248,374</u>		<u>105,510</u>
Income tax using the Thai corporation tax rate	20.00	49,675	20.00	21,102
Income tax reduction - granted privileges of the exclusive development zone		(2,712)		(1,458)
Net profit from promotional privileges		(43,264)		(16,030)
Additional deducted expense for tax purposes		(6,995)		(1,272)
Expenses not deductible for tax purposes		10,821		2,289
Over provided in prior year		(245)		-
Total income tax expense	2.93	7,280	4.39	4,631

	Separate financial statements			
	2016		2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		<u>165,943</u>		<u>133,664</u>
Income tax using the Thai corporation tax rate	20.00	33,189	20.00	26,733
Income tax reduction - granted privileges of the exclusive development zone		(2,712)		(1,458)
Dividend income exempted from income tax		(26,774)		(21,657)
Additional deducted expense for tax purposes		(6,995)		(1,272)
Expenses not deductible for tax purposes		10,821		2,289
Over provided in prior year		<u>(245)</u>		<u>-</u>
Total income tax expense	4.39	7,284	3.47	4,635

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

In addition, according to the Royal Decree No. 492 B.E. 2553 dated 16 January 2010, No. 566 B.E. 2556 dated 10 July 2013 and No. 584 B.E. 2558 dated 1 May 2015, 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 services occur 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 2017 ending on or after 31 December 2017.

27. 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:

- exemption from payment of import duty on machinery approved by the Board;
- exemption from payment of income tax 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 and service of promoted business of the subsidiary for the years ended 31 December 2016 and 2015 amounted to Baht 503.6 million and Baht 220.9 million, respectively.

28. Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders 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	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>241,082</u>	<u>100,875</u>	<u>158,658</u>	<u>129,029</u>
Weighted average number of ordinary shares outstanding (basic)	<u>199,218</u>	<u>199,218</u>	<u>199,218</u>	<u>199,218</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>1.21</u>	<u>0.51</u>	<u>0.80</u>	<u>0.65</u>

29. Dividends

At the meeting of the Board of Directors of the Company held on 18 August 2016, the Board of Directors approved the payment of interim dividend of Baht 0.30 per share, amounting to Baht 59.8 million. The dividend was paid to the shareholders in September 2016.

At the annual general meeting of the shareholders of the Company held on 25 April 2016, the shareholders approved the appropriation of dividend of Baht 0.25 per share, amounting to Baht 49.8 million. The dividend was paid to the shareholders in May 2016.

At the annual general meeting of the shareholders of the Company held on 21 April 2015, 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 2015.

30. 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 of Director'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 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 results of 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 interest rates of interest-bearing liabilities as at 31 December and the periods in which the interest-bearing liabilities mature were as follows:

	Interest rates (% <i>per</i> <i>annum</i>)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (<i>in million Baht</i>)	After 5 years	Total
2016					
Current					
Short-term loans					
from financial institutions	1.75-1.80	190	-	-	190
Non-current					
Loans from financial institution	4.10-4.60	53	413	157	623
Debenture	4.50	-	150	-	150
Finance lease liabilities	1.99-7.85	50	77	-	127
Total		293	640	157	1,090
2015					
Current					
Short-term loans					
from financial institutions	1.73-2.43	70	-	-	70
Non-current					
Loans from financial institution	4.35-5.35	61	425	40	526
Debenture	4.50	-	150	-	150
Finance lease liabilities	1.99-7.85	35	80	-	115
Total		166	655	40	861

	Interest rates (% <i>per annum</i>)	Separate financial statements After 1 year but within 5 years After 5 years (<i>in million Baht</i>)			Total
2016					
Current					
Short-term loans					
from financial institutions	1.75-1.80	190	-	-	190
Non-current					
Loans from financial institution	4.10-4.60	13	279	157	449
Debenture	4.50	-	150	-	150
Finance lease liabilities	1.99-7.85	<u>50</u>	<u>76</u>	<u>-</u>	<u>126</u>
Total		<u>253</u>	<u>505</u>	<u>157</u>	<u>915</u>
2015					
Current					
Short-term loans					
from financial institutions	1.73-2.43	70	-	-	70
Non-current					
Loans from financial institution	4.35-5.35	41	216	40	297
Debenture	4.50	-	150	-	150
Finance lease liabilities	1.99-7.85	<u>35</u>	<u>80</u>	<u>-</u>	<u>115</u>
Total		<u>146</u>	<u>446</u>	<u>40</u>	<u>632</u>

Foreign currency risk

The Group is exposed to foreign currency risk relating to periodically imports certain raw materials and machineries which are denominated in foreign currencies. The Group primarily utilised forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchasing machinery, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
United States Dollars (USD)					
Trade accounts payable	15	1,428	1,411	1,428	1,411
Other payables	16	6,989	17,193	6,182	63
		<u>8,417</u>	<u>18,604</u>	<u>7,610</u>	<u>1,474</u>
Euro (EUR)					
Other payables	16	924	2,559	924	2,559
Gross statement of financial position exposure					
		<u>9,341</u>	<u>21,163</u>	<u>8,534</u>	<u>4,033</u>
Estimated forecast machinery purchased					
Euro (EUR)		-	204,588	-	204,588
Gross exposure					
		<u>9,341</u>	<u>225,751</u>	<u>8,534</u>	<u>208,621</u>
Currency forwards					
United States Dollars (USD)		(833)	(17,077)	-	-
Euro (EUR)		-	(204,588)	-	(204,588)
		<u>(833)</u>	<u>(221,665)</u>	<u>-</u>	<u>(204,588)</u>
Net exposure					
		<u>8,508</u>	<u>4,086</u>	<u>8,534</u>	<u>4,033</u>

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 all 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.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2016					
Financial assets/Financial liabilities measured					
at fair value					
Investment units	19,063	-	19,063	-	19,063
Debenture	150,000	-	150,487	-	150,487
31 December 2015					
Financial liabilities measured at fair value					
Debenture	150,000	-	150,436	-	150,436
		Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2016					
Financial assets/Financial liabilities measured					
at fair value					
Investment units	6,788	-	6,788	-	6,788
Debenture	150,000	-	150,487	-	150,487
31 December 2015					
Financial liabilities measured at fair value					
Debenture	150,000	-	150,436	-	150,436

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets and liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair value for investment units by reference to the value from Asset Management Company at the reporting date.

The Group determines Level 2 fair value of debenture as at 31 December 2016 of Baht 150.49 million (2015: Baht 150.44 million), which have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business at the reporting date.

Fair values of current financial assets and liabilities are taken to approximate the carrying values because the relatively short-term maturity of these financial instruments.

Fair value of long-term loans which bear interest at floating market rate is taken to approximate the carrying value.

31. 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.

Commitments with non - related parties

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	13,517	8,128	13,517	8,128
After one year but within five years	14,473	4,851	14,473	4,851
Total	27,990	12,979	27,990	12,979
 Commitment for machinery purchased	 807	 214,992	 -	 214,992

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Commitment under land improvement agreements	3,500	-	3,500	-
Commitment for building system installment	11,895	14,848	11,895	14,848
Commitment for building improvement	-	15,829	-	15,829
Commitment for fence installment	-	547	-	-
Forward contracts	841	228,931	-	213,343
Other commitments	933	2,000	933	2,000

Operating lease commitments

- Lease agreements for advertising billboards, expiring in various periods up to February 2019.
- Lease agreements for restaurant business for a period of two years expiring in June 2018.
- Lease agreement for land and office building for a period of three years expiring in September 2017.
- Lease agreement for service of internet leased line for a period of two years expiring in June 2018.
- Lease agreements covering vehicles for periods from three to five years expiring in various periods up to December 2020.
- Lease agreements covering office equipment for a period of three years expiring in various periods up to June 2017.

Forward contracts

As at 31 December 2016, the Group had outstanding balance of forward contracts for a period not exceeding one year as follows:

	Consolidated financial statements		Separate financial statements	
	Foreign amount	Equivalent to Baht (in thousand)	Foreign amount	Equivalent to Baht
United States Dollars (USD)	23	<u>814</u>	-	<u>-</u>
Total		<u>814</u>		<u>-</u>

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. As at 31 December 2016, the aforesaid company had unbilled the second and third installments due to the aforesaid company had restructured company. Therefore, the Company had outstanding commitment amounting to Baht 2 million.

Syrup supply agreement

On 22 December 2015, the Company entered into a syrup supply agreement with a company. Under the term of the agreement, the Company agrees to purchase for syrup supply during 2016 – 2020 at the quantities required by the Company and at the prices specified in the agreement. The agreement may be terminated by mutual agreement or by either party by giving to the other advance written notice not less than 30 days.

Sugar supply agreements

The Company has sugar supply agreements with many companies. Under the terms of the agreements, the Company agrees to purchase sugar at the quantities required by the Company and at the prices specified in the agreements. These agreements are effective for a period of 1 year from the commencement date and is renewable when expire as agreed by both parties.

33. Contingent liability

As at 31 December 2016, 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 139.5 million (2015: Baht 164.7 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.

34. 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 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets

TFRS	Topic
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement Contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting Guidance for Derecognition of Financial Assets and Financial Liabilities

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.

35. Reclassification of accounts

Certain accounts in the 2015 financial statement have been reclassified to conform to the presentation in the 2016 financial statements.

	2015					
	Consolidated			Separate		
	financial statements			financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<i>(in thousand Baht)</i>						
Statement of financial position						
Inventories	338,995	(28,818)	310,177	318,759	(28,818)	289,941
Other current assets	-	18,502	18,502	-	18,502	18,502
Other non-current assets	2,536	<u>10,316</u>	12,852	2,344	<u>10,316</u>	12,660
		<u>-</u>			<u>-</u>	

	2015					
	Consolidated			Separate		
	financial statements			financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<i>(in thousand Baht)</i>						
Statement of comprehensive income						
Revenue from						
sale of goods	5,401,102	(84,762)	5,316,340	5,401,102	(84,762)	5,316,340
Selling expenses	(1,069,130)	<u>84,762</u>	(984,368)	(1,069,063)	<u>84,762</u>	(984,301)
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

AUDIT FEE OF THE COMPANY AND ITS SUBSIDIARY COMPANY

The appointed certified public accountant for HAAD THIP PUBLIC COMPANY LIMITED and its subsidiary of the year 2016 was Miss Orawan Sirirattanawong, certified public accountant register No. 3757 of KPMG Phoomchai Audit Ltd. The 2016 Auditor's Fee for the auditing services of the Company and its subsidiary are the amount of Baht 1,785,000, has increased by 3.96% compared to that of 2015, which can be summarized as follows:

(Unit: Baht)

Description	For the fiscal year ended 31 December		Increase (Decrease)	
	2016	2015	Amount	%
Audit Fee of the Company:				
Annual audit fee	780,000	763,000	17,000	2.23
Interim financial statements audit fee	495,000	480,000	15,000	3.13
Non- audit fee	-	-	-	-
Total	1,275,000	1,243,000	32,000	2.57
Audit Fee of the Subsidiary Company:				
Annual audit fee	300,000	270,000	30,000	11.11
Interim financial statements audit fee	90,000	84,000	6,000	7.14
Non- audit fee	120,000	120,000	-	-
(Fee for BOI Promotion Certificates)				
Total	510,000	474,000	36,000	7.59
GRAND TOTAL	1,785,000	1,717,000	68,000	3.96



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หาดทิพย์

บริษัท หาดทิพย์ จำกัด (มหาชน)

สำนักงานกรุงเทพฯ : 36 ซอยเอกมัย 10 แยก 2 ถนนสุขุมวิท 63
แขวงคลองตันเหนือ เขตวัฒนา กรุงเทพฯ 10110
โทรศัพท์ : 0-2391-4488 โทรสาร : 0-2381-2257

โรงงานหาดใหญ่ : 87/1 ถนนกาญจนวนิช ต. บ้านพรุ อ. หาดใหญ่ จ. สงขลา 90250
โทรศัพท์ : (074) 210-008-18, (074) 210-025-33
โทรสาร : (074) 210-006-7

โรงงานพุนพิน : 206/1 หมู่ที่ 3 ต. ท่าโรงช้าง อ. พุนพิน จ. สุราษฎร์ธานี 84130
โทรศัพท์ : (077) 357-270
โทรสาร : (077) 357-274

HAADTHIP

Haad Thip Public Company Limited

Bangkok Office : 36 Soi Ekamai 10 Yaek 2, Sukhumvit 63 Road,
North Klongton, Wattana, Bangkok 10110
Tel : 0-2391-4488 Fax : 0-2381-2257

First Plant : 87/1 Kamchanavanich Road, Baan Pru, Haad Yai, Songkhla 90250
Tel : (074) 210-008-18, (074) 210-025-33
Fax : (074) 210-006-7

Second Plant : 206/1 Moo 3, Tha Rong Chang, Poonpin, Suratthani 84130
Tel : (077) 357-270
Fax : (077) 357-274