

Annual Report
Year Ending 31 December 2012
Food and Drinks Public Company Limited

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■ General Information

Company's Name	Food and Drinks Public Company Limited
Registration Number	Public Company 193
Head Office	695/1 Banbung-Bankai Rd. Klongkew, Banbung Chonburi 20220 Tel.: 0-3820-1219-21
Bangkok Office	4F B.B. Building 54 Sukhumvit 21 Rd. Klongtoey-nua, Wattana Bangkok 10110 Tel.: 0-2664-1501 Fax: 0-2664-1500
Homepage	www.foodanddrinks.co.th
Type of Business	Food and drinks Processing
Registered shares	15,000,000 ordinary shares Par value = Baht 10.00 Total registered capital is Baht150 million
Paid-up Shares	15,000,000 ordinary shares Par value = Baht 10.00 Baht 150 million Paid-up Capital
Auditor	Mr.Narong Puntawong (CPA # 3315), or Ms. Siraporn Ouannunkun (CPA # 3844), or Mr. Termphong Opanaphan (CPA #4501) Ernst & Young Office Limited 33F Lake Ratchada Bldg. 193/136-137 New Ratchadapisek Road Klongtoey, Bangkok 10110 Tel.: 0-2264-0777
Legal Advisor	Legal Advisory Council Co., Ltd. 16 F Olympia Thai Tower 444 Ratchdapisek Road Huay Kwang, Bangkok 10310 Tel : 0-2512-5938-40
Share Registration	Thailand Securities Depository Company Limited 4 th , 6 th and 7 th Floor Stock Exchange of Thailand 62 Ratchadapisek Road Klongtoey, Klongtoey, Bangkok 10110 Tel.: 0-2359-1200-01 Fax: 0-2359-1259

■ Summary of Financial Information

Financial Information

Unit: Baht

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Current Assets	147,186,875	200,980,563	147,661,082
Investment accounted for under equity method	129,141,050	139,765,415	157,455,869
Property, plant and equipment	456,467,948	440,884,253	424,512,535
Cost of rubber plantation	-	-	14,338,427
Other non - current assets	850,520	841,190	839,825
Total Assets	733,647,393	782,471,421	744,807,738
Current Liabilities	123,249,038	157,469,006	98,005,844
Long-term Liabilities	83,665,786	87,296,512	51,817,177
Provision for long-term employee benefits	-	13,811,161	16,076,087
Total Liabilities	206,914,824	258,576,679	165,899,108
Registered Capital	162,500,000	150,000,000	150,000,000
Paid-up Capital	150,000,000	150,000,000	150,000,000
Share Premium	99,425,000	99,425,000	99,425,000
Revaluation Surplus	158,901,375	158,901,375	175,901,375
Legal Reserve	15,431,000	15,431,000	15,431,000
Unappropriated Retained Earnings	102,975,194	100,137,367	138,151,255
Total Shareholders' Equity	526,732,569	523,894,742	578,908,630
Net Sales	655,740,744	522,407,034	683,442,672
Other income	8,370,956	6,745,785	14,078,289
FX Gain/(Loss)	2,277,227	387,192	1,627,475
Share of profit from investment accounted for under equity method	30,512,445	19,490,717	24,510,725
Earnings before Income Tax	66,378,748	28,243,621	52,801,783
Income tax	851,272	2,381,939	6,837,895
Net Earnings for the Year	65,527,476	25,861,682	45,963,888
Earnings per Share	4.37	1.72	3.06

Financial Ratio

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Gross Margin	13.0 %	11.1 %	10.5 %
Operating Profit	3.8 %	1.6 %	3.9 %
Net Profit	9.8 %	4.9 %	6.6 %
Debt/Equity Ratio	0.4 times	0.5 times	0.3 times
Dividend/Earnings Ratio	50.0 %	60.0 %	*

* To be approved at the Annual General Shareholders Meeting 1/2013 on 29 April 2013

■ Message from the Board of Directors

Dear Shareholders,

The year 2012 was considered a good year for company's performance. Sales has increased by more than Baht 160 million or 30%, and net income has increased by more than Baht 13 million or 85% from the company's own financial statements. The effect from earthquake in Japan, and flood in Thailand were minimal to the company's operation.

In 2012, the company has invested Baht 14 million in planting rubber trees in the unutilized property in order to generate added value to the property. There will be additional investment in the amount of about Baht 4 million per year until income will be realized in 5-6 years.

The company's operation in year 2012 resulted in the net profit of Baht 28.3 million, and received shares of profit from investment in the amount of Baht 24.5 million. The total net profit for year 2012 is equal to Baht 45.9 million. This is equal to Baht 3.06 per share. The book value as of 31 December 2012 is equal to Baht 38.59 per share.

As for 2013, it is expected that the world economy will be better, although it might not get back to the normal condition. The company will have to follow the situation very closely. The strategies in marketing, production, and management will be planned carefully in order to keep the company's competitiveness.

The company was able to overcome various obstacles and problems with sincere cooperation from the staffs and support from the shareholders, customers, government agencies, financial institutions, suppliers, and other supportive organizations.

The Board of Directors would like to take this opportunity to express our sincere appreciation to all.

Phirasilp Subhapholsiri
Chairman

Kasem Deemaitree
Managing Director

■ Business Activities

1) History

Food and Drinks Public Co., Ltd. was established in 1985. The company became public company in 1993 and list in the Stock Exchange of Thailand in 1994 with the registered capital of Baht125 million.

The company has started the agricultural food processing by starting with export of processed fruits and vegetables. The company has started doing business in the domestic market in 1997 with the same products as for export. In 2004, the company has expanded the production line to include beverage in plastic bottles; and have a joint venture with Hon Chuan (Thailand) Company Limited to set up Hon Chuan FD Packaging Company Limited in which Food and Drinks Public Company Limited hold 35% for the production of plastic bottles, caps and shrink films. The bottle factory was opened for operation in June 2005; and caps factory was opened for operation in October 2005; and shrink film factory was opened for operation in January 2006.

At the same time, Food and Drinks Public Co., Ltd. has expanded its capacity for PET beverage bottling line in May 2005.

In September 2009, the company has increased its registered capital to Baht162.5 million in 16,250,000 ordinary shares with par value of Baht10. The paid up capital was Baht150 million with 15,000,000 shares. This step has strengthened the company's financial position.

In 2011, the company has invested in bean sprouting factory for the purpose of producing its own raw materials for export, and sale in the domestic market. In addition, the company has renovated its fruit and vegetable production line in order to keep the international standard requirement.

On 27 April 2011 at the company's annual shareholders' meeting, the company has the resolution to reduced its unpaid registered capital from Baht 162,500,000 (16,250,000 ordinary shares at Baht 10 per share) to Baht 150,000,000 (15,000,000 ordinary shares at Baht 10 per share) by cancelling the registered ordinary shares that have not been paid up of 1,250,000 shares at Baht 10 per share. The company has registered the capital reduction with the Ministry of Commerce on 11 May 2011.

The company's main business is co-packing food and beverages according to customers' requirement, including its own brand "Zummer" for domestic market. The company's business involved selling to both domestic market and export to over 11 countries such as Australia, Japan, United Kingdom, United States of America, Germany, etc. This includes indirect export via local marketing companies. The export ratio to domestic market is equal to 44% to 56% in 2012.

The company's production facility is located in Banbung, Chonburi. The facility includes the production of products in hermetically sealed containers such as cans and pouches. The Bangkok office is located at 54 B.B. Building, Sukhumvit 21 Road, Bangkok.

For over 25 years, the company has increased its ability to compete continuously in all areas including the expansion of production line, improvement of the production facility to meet the international standards, and invest in plastic packaging, which supplement the base of the company's operation.

Not only the expansion is in the development of the production capability, the company also has interests in the environment. In 2006, the company has signed a cooperation agreement with Benears Inc. for waste water study. At present, the company has an area of 13,000 square meters for waste water treatment. The quality of the waste water dispatch by the factory is according to the standard set by the Department of Industrial Work, Ministry of Industry.

Furthermore, in 2008, the company has changed the boilers from bunker oil fuel to NGV. The change not only save the cost of operation, but also reduce the pollution dispatched to the environment and the community.

Realizing the importance of cooperation with the community, the company has continuously support the community service such as scholarship to students, forest planting program. The company is under the management of the major shareholders, Deemaitree family and Iamsakulrat family, since the company was established.

2) Overview of the Business

Food and Drinks Public Co., Ltd. is in the main business of manufacture and sales of food products both for export and local markets. The food products include processed fruits, vegetables, and meat products. The type of products depends on customers' requirement. The company will consider the capacity of the machineries available, and ability to source raw materials, and the regulations required by exporting countries. The company uses the same measures for the production and sales for both export and local markets. For products sell under the company's brand name, "Zummer", the company will conduct a consumer research before launching the products.

Currently, the products of the company include:

1. Fruits/vegetables/spices and food in sealed containers such as baby corn, aloe vera, nata de coco, bamboo shoot, mango, and mixed fruits and vegetables. Spices are lemon grass, chilli, and coriander. Others include curry pastes, and ready-to-eat products.
2. Meat products include beef sauce, and chicken curries for export. The curries are from the existing products for adding value to the products.

3. Frozen fruits and vegetables are aloe vera, baby corn, mango, and others. This will also include spices, and curry sauce, and frozen food.
4. Juices and drinks include fruit and vegetable juices, and ready-to-drink tea.

3) Overview of the Joint Venture Business

Food and Drinks Public Co., Ltd. has a joint venture with Hon Chuan (Thailand) Co., Ltd. in Hon Chuan FD Packaging Co., Ltd for production of plastic PET bottles, and shrink film labels. Hon Chuan (Thailand) Co., Ltd. will be responsible for the production and distribution of the packaging materials of bottles, caps and shrink films. The company has 35% shares.

In 2008, Hon Chuan FD Packaging Co., Ltd. has the resolution to increase the capital by Baht 20 million by issuing 2 million shares at Baht 10 per share. The company has invested in the additional amount of Baht 7 million in order to maintain the shareholding of 35%.

4) Revenue Structure

	2010		2011		2012	
	million Baht	%	million Baht	%	million Baht	%
Export sales	239	36.4%	169	32.3 %	152	22.2 %
Domestic sales	417	63.6 %	354	67.7 %	532	77.8 %
Total Sales	<u>656</u>	<u>100.0%</u>	<u>523</u>	<u>100.0 %</u>	<u>684</u>	<u>100.0 %</u>
Share of loss from Investment accounted for under equity	31		19		24	

5) Future Business

The company has the objective to expand the market for both export and local. The company has the target of expanding the market by utilizing fully the new capacity that has expanded. However, the company has the investment plan that requires additional capital to increase the types of products. The investment will include purchase of new machines for improve and expand the production to meet the customers' requirements.

Other Information

Factory Standard

The company has received GMP certification from the Ministry of Health, HACCP certification and BRC standard from CMI in U.K.

Board of Investment

The company received BOI Promotion number 2099(2)/2547 on 30th December 2004 for production of drinks. The privileges include

- Exemption of corporate tax from profits for the amount of not exceeding 100% of investment amount, excluding the cost of land and working capital, for a period of 8 years starting from the first sales.
- Exemption of personal tax from dividend payment
- Exemption of import tax for machineries.

Community Service

The company has the policy to support the community for better development by giving cooperation and other private sectors. Some activities are

1. Scholarship
The program was started in 2003 by giving scholarship to children of company staff and workers. From 2004, the program will be extended to schools in Banbung City.
2. Student Training
The company has started hire students to work in the factory in 2003 to support the government's initiative to train students to working environment and gaining working experience and responsibilities.
3. Blood Donation
The company has cooperated with the municipal health service in Banbung to join the blood donation scheme 4 times a year.

Environment

The company has the waste water treatment area of about 13,000 square meters with the approval of the water after treatment in compliance with the requirement of Department of Industrial Works, Ministry of Industry. In 2006, the company has signed an agreement with Benears Inc for setting a waste water treatment by using new technology from Japan for the period of 2 years i.e. 2006-2007.

As for the waste of raw materials from the production, the company is in the process of studying in using the material for organic fertilizer, while others are being sold to other companies as materials.

The company has invested about Baht40 million in 2008 to change the boiler, which used to use bunker oil and saw dust as fuel to natural gas. This is not only for cost saving but also for the pollution released to the environment.

In 2011, the company has joined the project of studying the Carbon Footprint for food and agricultural products under the supervision of Agricultural Commodity and Food Standard Office. In 2012, the company has joined the follow up project of Developing the Method of Calculating the Carbon Foodprint for agricultural and food products under the supervision of University of Kasetsart and Federation of Industries.

Corporate Social Responsibilities (CSR)

The company sees the importance of Corporate Social Responsibility. Thus, the company has entered the program organized by the Department of Industrial Work, Ministry of Industry.

The company was able to fulfill the requirements, and standards required for CSR-DIW, and received the award and certification together with the community on 25 January 2011.

■ Risk Factors

Risk management is an important of the company's business operation. The company has set up and appointed the Organizational Development Committee. One of its main role is to work closely with the management in assess risks that will affect the company in all operations, and review risk management policy to be adequate. Furthermore, it has communicated the risks to the management and staff in all levels for their understanding and practice. The organizational development committee and the management have together assess the risk factors and able to classify them into the following areas.

1. Financial Risk

a) Currency Risk

Due to the company sources its raw materials mainly from the locals in order to support the farmers in every part of the country to have income to support themselves, the main cost and expense are in the Thai Baht currency.

The fluctuations of Thai Baht vs US Dollar do affect the company for the business transactions for export. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. The forward contracts cover sales for 1-3 months with the contract period of not more than 6 months.

In addition, the company has changed the trade currencies with some customers in Europe and United Kingdom to Euro and British Pound in order to distribute the risk. The exchange rates are being monitored very closely by the organizational development committee and the management in order to handle the currency risk promptly, and able to reduce this risk accordingly.

b) Interest rate

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates, the interest rate risk is expected to be minimal.

c) Credit Risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base.

2. Market/Competition

The company's main business is contract manufacturing. Sales will depend on the orders from customers and their success. Therefore, the company will assist customers in arranging trade promotions and product development in order to continue the growth of the market. The product development is the major role to create the product differentiation. Although the

process will take time and resource, but the customers will have a different product from their competitors.

As the company sees the uncertainty in export market, it decided to invest in the production line of ready-to-drink line for expanding the domestic sales. In 2012, the company was able to increase the ratio of domestic sales in comparison to export to 56/44.

The company has improved its efficiency in the production in order to reduce the cost of production while maintaining the quality of the products. This included the quality inspection system to be in line with the international standards in order to be ahead of the competition such as China, which has cheaper products by inferior in quality. The company has operated under the internationally recognized food manufacturing standards including GMP from Thai Ministry of Health, and HACCP and BRC from CMI from United Kingdom. This is part of the strength of the company.

3. Raw material

Most of the raw materials used in the production are sourced locally. The company has selected various produces from different parts of the country. There are risks in differences in quality, prices, and volume, depending on the weather situation. This is the risks that are unavoidable. The company tries to alleviate the risks of raw materials by the following methods:

- a. Produces many product lines.
- b. Plans its sales according to the seasonality of the raw materials.
- c. Cooperate with the farmers and state agencies to achieve the satisfactory quality and productivity.
- d. Develop programs for sustainability farming, provide knowledge to farmers. The programs will not only provide products with good quality but also quantity for the long term period.

From the continuous risk management of raw material, the company is able to manage the impact that it has upon the company's operation.

4. Nature

With the nature disasters occurred in 2011 such as earthquake in Japan, or flood in Thailand, many companies do have to consider such risks in their operations.

Company's factory is located in Banbung, Chonburi, and thus was not affected by the flood. However, some of company's suppliers were affected and causing some disruptions to company's operation. Thus, the company is forced to look at some of the measures for future occurrences.

Company has prepared some measures to counteract with such problem in the future. Anyhow, the company has also bought the insurance to cover such nature disasters if it would occur.

Shareholding Structure

Company's Shares

As of 31 December 2012, the company has capital registered in the amount of Baht 150 million, and paid up Baht 150 million for total of 15 million shares at Baht 10 per share.

Major Shareholders

The company's shareholder structure as of 31 December 2012 is as follows:

Description	Number of shares	Value (Baht)	Percentage
Registered capital	15,000,000	150,000,000	-
Paid up capital as of 31 December 2012	15,000,000	150,000,000	100.00
- top 10 major shareholders	11,686,655	116,866,550	77.91
- other shareholders	3,313,345	33,133,450	22.09

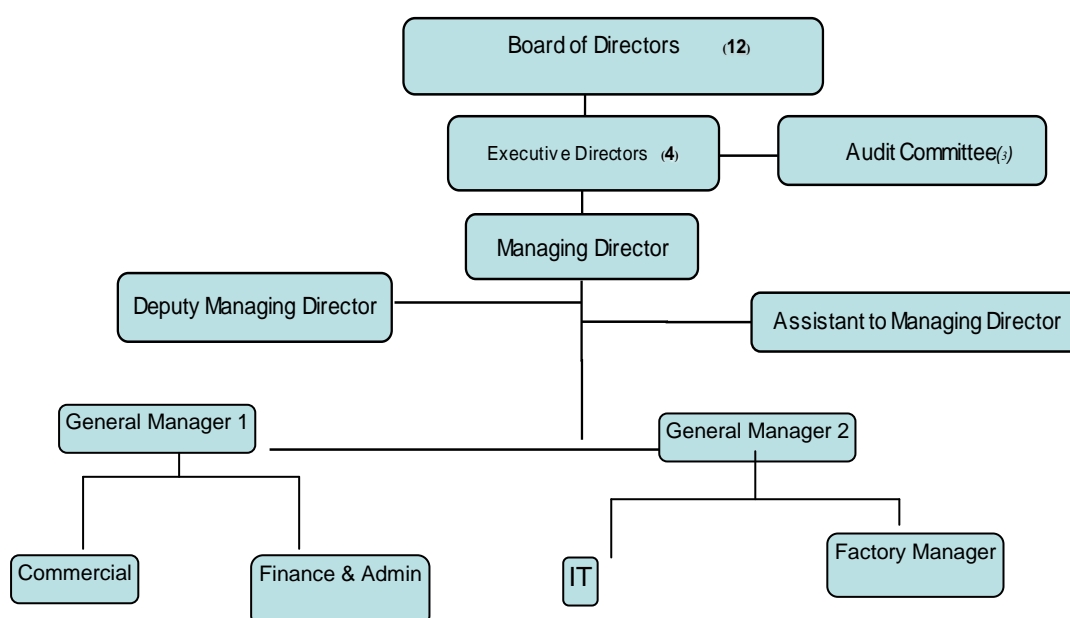
List of Shareholders groups as of December 31, 2012

Group	Name of Shareholder	Shares	%	Director
1	Mr. Kasem Deemaitree	2,302,400	15.35	*
	Ms. Huai Hui Lee	1,335,340	8.90	*
	Mr. Huai Hsin Lee	1,285,375	8.57	*
	Mr. Voravich Deemaitree	510,720	3.40	
	Mrs. Rungrak Deemaitree	510,720	3.40	
	Total Deemaitree Group Holding	<u>5,944,555</u>	<u>39.63</u>	
2	Iamsakulrat Co., Ltd.	581,000	3.87	
	Mrs. Chintana Asdornnithee	625,000	4.17	*
	Mr. Somsit Asdornnithee	12,500	0.08	
	Mr. Voravat Asdornnithee	62,500	0.42	
	Mr. Kamol Iamsakulrat	174,000	1.16	
	Total Iamsakulrat Group Holding	<u>1,455,000</u>	<u>9.70</u>	
3	Kawasho Corp.	1,200,000	8.00	
	Kawasho Food (Thailand) Co., Ltd.	100,000	0.67	
	Total Kawasho Group Holding	<u>1,300,000</u>	<u>8.67</u>	Represent by Mr. Aditep Nontratip
4	Mr. Udom Karoonkornsakul	391,625	2.60	*
	Mrs. Panee Karoonkornsakul	242,500	1.61	
	Mr. Apichart Karoonkornsakul	202,625	1.35	
	Ms. Chittima Karoonkornsakul	125,000	0.83	
	Ms. Anchalee Karoonkornsakul	192,750	1.29	
	Ms. Orawan Karoonkornsakul	187,500	1.25	
	Ms. Benjaporn Karoonkornsakul	187,500	1.25	
	Total Karoonkornsakul Group Holding	<u>1,529,500</u>	<u>10.19</u>	
5	JW International Worldwide Group Ltd	1,457,600	7.72	Represent by Mr. Wong Chun Num

Management

In order to manage the company efficiently and achieving its goals to be the manufacturer and distributing quality food products according to the international standards with good governance, the company has organized the company's structure as follow:

Organization Structure



Management Structure

Food and Drinks Public Company Limited's management structure that is under the supervision of the Board of Directors, has appointed another 3 committees to oversee various areas. They are Audit Committee, Executive committee and the Organizational Development committee. Managing Director is top management of the operation, and manages through the executive directors.

Board of Directors

The Board of Directors has the responsibility to the shareholders of the company. As the representative of the shareholders, and has part in the operation of the company, it has to operate freely and just for the best benefit to the shareholders, and other stakeholders. In addition to the intrigue part in overseeing the operation of the company, the operational units have to concern with the highest benefit to the company and other stakeholders, increase the value to the company's business with consideration of risks in various areas.

The Board of Directors is comprised of 12 members with 4 independent directors, 4 executive directors, and 4 non-executive directors.

1. Mr. Phirasilp Subhapholsiri	Chairman, Independent Director
2. Mr. Kasem Deemaitree	Managing Director, Executive Director
3. Mrs. Chintana Asdornnithee	Deputy Managing Director, Executive Director
4. Ms. Huai Hui Lee	Executive Director
5. Mr. Huai Hsin Lee	Executive Director
6. Mr. Udom Karoonkornsakul	Director
7. Mr. Aditep Nontratip	Director
8. Mr. Chun Nam Wong	Director
9. Mr. Sansern Nilrat	Director
10. Mrs. Vilai Kiatsrichart	Independent Director
11. Ms. Chaovana Vivatpanachati	Independent Director
12. Mr. Sumet Chey-O-nanund	Independent Director

* Miss Huai Hui Lee is the company secretary and secretary to the board.

The Board of Director has scheduled to meet 4 times per year or as see appropriate.

Authorized Directors

The directors who are authorized to sign to represent the company are Mrs. Chintana Assadornnithee or Mr. Aditep Nontratip co-sign with Mr. Kasem Deemaitree or Miss Huai Hui Lee or Mr. Huai Hsin Lee with company stamp.

The Responsibility Scope of the Board of Directors

1. Monitor and manage the operation of the company on the basis of good corporate governance
2. Set company's vision and mission for management and employee to have the same goal and consider to review the company's vision and mission every 5 years
3. Manage and discuss the business strategy as proposed by the executive directors and ensure that the executive directors and management carry out the plans as approved efficiently, added value to the company's business, and give good operational results.
4. Follow the regulatory requirement, articles of associations, and shareholder's resolutions.
5. Set up shareholders' annual meeting within 4 months from the year-end closing date and any other meetings necessary.
6. Set up board of directors meeting at least four times per year, which change to 7 times per year starting from year 2011. In each meeting, there will be at least 60% of all directors are present. The resolution is based on the majority vote. If equal, the chairman of the meeting will have one additional vote.
7. Consider and approve annual business plan, including budget for investment, and goals.

8. Report financial data and other information important to shareholders. Ensure that the information is correct, complete and sufficient.
9. Set up and follow up on internal control, internal audit and risks management to ensure the efficiency in the system.
10. Appoint and clarify the differences in responsibility among directors, various sub-committees, management and employee.
11. Oversea the executive directors and management to follow the policies and requirements that were approved or specified from the shareholders according to the requirement of SEC and Stock Exchange of Thailand.

The company's directors are comprised of those who have experiences in various fields, and have independence in making decisions freely, and knowledgeably. Upon the appointment to the directorship, each director will be briefed with the company's information and explanations about the binding by the laws, rules, and regulations required by SEC and Stock Exchange of Thailand as a director.

Directors may request consult from independent expert as deem appropriate. Each director can receive advice and service from company secretary who is responsible for the guidelines in the rules and regulations related to the requirement of being a director.

Each director is entitled to receive information in advance with enough time before each directors' meeting such that the directors can act fully and efficiently in governing the strategies in finance, operation, rules, regulations, and corporate governance. Other additional information will be given as requested by the directors. The Board of Directors will be evaluated.

Executive Committee

The executive committee was appointed by the Board of Directors to specify the strategy, business plans, control the daily operation to achieve the highest efficiency. The company has set up the Executive Committee with 4 members to work together under the policy of honesty, consider the best benefits to the company and to the shareholders, including participation in social responsibilities and environment. The operation is under the supervision of the managing director.

The executive directors are:

- | | |
|-------------------------------|--------------------------|
| 1. Mr. Kasem Deemaitree | Managing Director |
| 2. Mrs. Chintana Asdornnithee | Deputy Managing Director |
| 3. Ms. Huai Hui Lee | Executive Director |
| 4. Mr. Huai Hsin Lee | Executive Director |

The Responsibility Scope of Executive Directors

1. Set plans, direction, strategy and budget in company's operations to achieve the target specified by the Board of Directors while operate under the requirement of the laws.
2. Review the company's operations from time to time to achieve the business projections.
3. Evaluate any major investments and budgets before presenting to the Board of Directors for consideration.
4. Report the quarterly operation at the Board of Directors' meeting.
5. Conduct financial transactions with financial institutions according to the authorization chart for the short term loans, withdraw and opening accounts.
6. Represent the company and operate on behalf of the company to the public.
7. Set up standard operating procedures, and internal control.
8. Govern the operation according to the risk assessment and policy as review by the organizational development committee, which include risks of finance (currency risk,

interest rate, and credit risk), market/competition, and raw materials including the risk in the rules and regulations and the reputation of the company.

9. Ensure that the management and all employees follow the business ethics and integrity.

The Executive Directors has scheduled 6 meetings in a year or if see appropriate. In 2012, there are 7 meetings.

Audit Committee

The audit committee comprised of 3 knowledgeable directors who have the qualification as required by the Stock Exchange of Thailand meaning the knowledge in accounting.

- | | |
|--------------------------------|-----------------------------|
| 1. Ms. Chaovana Vivatpanachati | Chairman of Audit committee |
| 2. Mrs. Vilai Kiatsrichart, | Audit committee |
| 3. Mr. Sumet Chey-O-Nanund | Audit committee |

The qualifications set out by the Stock Exchange of Thailand for audit committee to have knowledge in accounting are as follows:

1. Miss Chaovana Vivatpanachati –Master Degree from Chulalongkorn University in Accounting, Certified Public Accountant, and have experience in accounting/finance, which is in line with SET's requirement.
2. Mrs. Vilai Kiatsrichart – Master Degree from Ramkhamhaeng University in Political Science, Major in Arts; and High Level of Accounting Certificate from Belmonte College in the U.S.A.
3. Mr. Sumet Chey-O-Nanand –Accounting degree from Thammasart University.

The Audit Committee will report directly to the Board of Directors, while the Board of Directors is still responsible to the company's operation to the public.

The Responsibility Scope of Audit Committee

1. Ensure the accuracy, completeness and reliability of financial statements and that sufficient information is disclosed.
2. Ensure that the Company has sufficient, appropriate and effective internal controls, risk management, and internal audit systems.
3. Have the authority to review, and investigate related to concern matters, under the scope of responsibility and authorization, by inviting directors, or management, or staff to attend the meeting and provide relevant information.
4. Select and propose the Company's auditors and determine their compensation, including meeting the auditor without the presence of the management at least once a year.
5. Ensure that the Company abides by all rules and regulations, and other regulations and laws related to the Company's business.
6. Ensure that there will be sufficient disclosure of company information, especially related parties transactions or those that might have conflicts of interests. Ensure that the transactions follow the requirement of SEC and Stock Exchange of Thailand, and ensure that they are reasonable and to the company's best interest.
7. Prepare an Audit Committee's Report according to the Scope of Responsibilities assigned by the Board of Directors and report in the Company's annual report, signed by the Chairman of the Audit Committee.

8. Report to the Board of Directors for corrections if the Audit Committee find appropriate in the case that there is suspicions of conflict of interests, fault, or corruptions or mistake in internal control or violation of business ethics.

The Audit Committee meets every 3 months or as appropriate and report to the Board of Directors. There were four (4) meetings in 2012.

Organizational Development Committee

The committee comprised of 3 members:

1. Mr. Phirasilp Subhapholsiri Chairman
2. Miss Huai Hui Lee Director
3. Mr. Huai Hsin Lee Director

The committee will meet once a week or monthly when appropriate.

The Responsibility Scope of Organizational Development Committee

1. Arrange and consider the Organizational structure to present to the executive directors.
2. Arrange and present Company's Vision and Procedures to develop the organization to the Board of Directors.
3. Analyze risks in various areas of the Company to present to the executive directors.
4. Follow up on various projects.
5. Consider Company's strategy

The company has set the meeting schedule to be not less than 4 times per year or as see appropriate. In 2012, the attendance record is as follow:

The attendance records of Directors for year 2012

Name of Director	Directors Meeting (12)	Audit Committee Meeting (3)	Shareholders' Meeting 1/2012 (12)
Mr. Phirasilp Subhapholsiri	7/7		1/1
Mr. Kasem Deemaitree	7/7		1/1
Mrs. Chintana Asdornnithee	7/7		1/1
Mr. Udom Karoonkornsakul	7/7		1/1
Mrs. Vilai Kiatsrichart	6/7	3/4	0/1
Ms. Chaovana Vivatpanachati	5/7	4/4	1/1
Mr. Sumet Chey-O-nanund	7/7	4/4	1/1
Mr. Sansern Nilrat	6/7		0/1
Mr. Aditep Nontratip	7/7		1/1
Mr. Chun Nam Wong	3/7		1/1
Mr. Huai Hsin Lee	6/7		1/1
Miss Huai Hui Lee	7/7		1/1

Company Secretary

The company has appointed Miss Huai Hui Lee as the company secretary with the responsibility specified in the Securities and Exchange Act Amended that company secretary will file and take care of all important documents used in the Board of Directors' meeting, sub-committee meetings such as audit committee, and selection committee, and corporate governance committee, and remuneration committee, and shareholders' meetings. In addition, the company secretary will also be the contact person and coordinate between the company and shareholders, government agencies, and other organizations such Stock Exchange Commission (SEC) and Stock Exchange of Thailand (SET) or other related organizations.

Nomination of Directors and Administrators

Currently, the company does not have the Nomination Committees or the Compensation Committee because the company size is rather small and the top management does not have many turnovers. However, the company sees the importance in the roles of the committee that required person with knowledge and capability and vast experiences in order to command the operation of the company to be successful. In the process of selecting directors, including independent directors, must be approved by the General Shareholders Meeting. The current directors will nominate candidates without scrutiny by the selection committee to the Shareholders' Meeting. The top executives will be selected by the Executive directors, except managing directors.

Directors Selection Procedures at Shareholders' Meeting

The General Shareholders Meeting elects and removes directors according to the following rules and procedures:

1. The number of votes equal to the number of shares held by each shareholder.
2. During the election process, directors can be elected individually, several persons, or as a group, whichever deems appropriate by the Meeting. To pass a resolution, the shareholders shall cast all of their votes according to (1). No splitting of votes allowed.
3. A simple majority is applied to the election of directors. In the event of a tie, the Chairman of the Meeting has the deciding vote.
4. The Shareholders Meeting may pass a resolution to remove any director prior to the end of that director's term. Such resolution requires no less than three-fourths of shareholders present at the meeting with voting rights, and the total shares should not be less than half of those held by the attending shareholders with voting rights.

Directors Remuneration

The company's director remuneration is that it will be required approval from the Shareholders' Meeting.

Financial Remuneration

The financial remuneration for 12 directors in 2012 equaled to Baht 1,380,000.00

Name of Director	Annual	Meeting*
Mr. Phirasilp Subhapholsiri	40,000	84,000

Mr. Kasem Deemaitree	40,000	84,000
Mrs. Chintana Asdornnithee	40,000	84,000
Miss Huai Hui Lee	40,000	84,000
Mr. Huai Hsin Lee	40,000	72,000
Mr. Udom Karoonkornsakul	40,000	84,000
Mr. Aditep Nontratip	40,000	84,000
Mr. Chun Nam Wong	40,000	36,000
Mr. Sansern Nilrat	40,000	72,000
Mrs. Vilai Kiatsrichart	40,000	72,000
Ms. Chaovana Vivatpanachati	40,000	60,000
Mr. Sumet Chey-O-nanund	40,000	84,000

* Per attendance to the meeting.

The fix remuneration for three Audit Committee members is Baht 200,000 for 2012.

Name of Director	Annual
Ms. Chaovana Vivatpanachati	80,000
Mrs. Vilai Kiatsrichart	60,000
Mr. Sumet Chey-O-nanund	60,000

Salary and bonus for 15 executive directors and managers are Baht 18,399,414 for 2012.

Other Remuneration

None.

Details of Directors and Management

Independent Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Period	Experience Position	Organization
Mr. Phirasilp Subhapholsiri Chairman Independent Director	60	Business Management Yokohama National University DAP 40/2005	-	-	2009 - Present 1998 - 2008	Chairman President	Food and Drinks PLC. Bank Thai Public Co., Ltd.
Mrs. Vilai Kiatsrichart Independent Director Audit Committee	68	Master of Arts in Political Science Ramkamhaeng University Accounting Certificate Belmonte College, U.S.A. DAP DCP 38/2003	-	-	1981 - Present 1996 - Present Present Present Present	Managing Director Independent Director/ Audit Committee Director and member of Executive Board Honorary President Advisory Director	Pan Asia (1981) Co., Ltd. Food and Drinks PLC. Thai Chambers of Commerce/ Board of Trade of Thailand Thai Food Processors' Association Thai National Shippers' Council of Thailand
Ms. Chaovana Vivatpanachati Independent Director Chairman Audit Committee Certified Public Accountant	52	Master of Management University of Wollongong Australia Master of Accounting Chulalongkorn University Certified Public Accountant Certificate in Accounting Audit Thammasart University DAP, DCP 58/2003 ACP	-	-	1994 - Present 2002 - Present 2001- Present 1999 - Present	Managing Partner Independent Director/ Audit Committee Independent Director/ Audit Committee Director	Pitisevi & Co., Ltd. Food and Drinks PLC. Inoue Rubber (Thailand) PLC. Moore Stephens DIA Sevi Ltd.
Mr. Sumet Chey-O-Nanund Independent Director Audit Committee	70	B. Business Administration Thammasart University DAP 2/2003	-	-	1996 - present 2002 - present	- Audit Committee Independent Director/	Personal business Food and Drinks PLC.

Executive Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Period	Experience Position	Organization
Mr. Kasem Deemaitree Managing Director Authorized Director	79	B.S. Agricultural Chemistry Chung Hsin University Taiwan, R.O.C.	14.79	Father of Mr. Huai Hsin Lee, Ms. Huai Hui Lee	1986 - Present	Managing Director	Food and Drinks PLC.
Mrs. Chintana Asdornnithee Deputy Managing Director Authorized Director	75	High School St. Joseph Convent DAP	4.00	Daughter of Mr. Kamol Iamsakulrat	1985 - Present 1990 - Present	Deputy Managing Director Deputy Managing Director	Food and Drinks PLC. Lampang Food Products
Ms. Huai Hui Lee Executive Director Authorized Director	50	MBA George Washington University DCP 19/2002	8.55	Daughter of Mr. Kasem Deemaitree; Sister of Mr. Huai Hsin Lee	1987 – present 2006 – present	General Manager/ Director Director	Food and Drinks PLC. Food Processing Industry Club – Federation of Thai Industries
Mr. Huai Hsin Lee Executive Director Authorized Director	46	B.S. Mechanical Engineering University of Maryland U.S.A.	8.23	Son of Mr. Kasem Deemaitree; Brother of Ms. Huai Hui Lee	1994 – present	General Manager Engineering & Information Systems Director	Food and Drinks PLC.

Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Period	Experience Position	Organization
Mr. Aditep Nontratip Director Authorized Director	49	Ph.D. Food Science Tokyo University of Fisheries MBA Chulalongkorn University DAP 80/2009	-	-	2007 – present 2002 – 2007 2009 – present	Managing Director General Manager Director	Kawasho Foods (Thailand) Co., Ltd. Kawasho Foods (Thailand) Co., Ltd. Food and Drinks Public Co., Ltd.
Mr. Udom Karoonkornsakul Director Authorized Director	78	High School DAP	2.50	-	1979 – present 1994 – present	Chairman Director	Sahamitre Fish Meal Co., Ltd. Food and Drinks PLC.
Mr. Chun-Nam Wong Director	66	High School Diploma Hong Kong	-	-	1990 – present Present	Director Chairman	Food and Drinks PLC. J. Wong & Co., Ltd.
Mr. Sansern Nilrat Director	59	MBA Kasetsart University DCP 4/2000, 5/2007 ACP 21/2008	-	-	2009 – present 2012 – present 2009 – 2012 2002 – 2009	Director Head of Proprietary Trading Head of Compliance and Legal Deputy Managing Director	Food and Drinks Public Co., Ltd. CIMB Securities Co., Ltd. CIMB Securities Co., Ltd. BT Securities Co., Ltd.

Management (Non Directors)

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Period	Experience Position	Organization
Mr. Nakhon Mahakhun, Ph.D.	65	Ph.D. Food Science & Technology Texas A&M University, U.S.A.	-	-	2004 – present	Assistant to Managing Director	Food and Drinks PLC.
Mr. Theerapat Supanit	51	MBA Kasetsart University	-	-	2002 – present	Accounting/Finance Mgr	Food and Drinks PLC.

Mr. Prasit Jaturaspansaeng	50	Bachelor of Law Ramkamhaeng University	-	-	1992 – present	Personnel/Administration Manager	Food and Drinks PLC.
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All the directors and the management team do not have any criminal records, or in the process of being suit for criminal charges, or being bankrupt in the last 10 years.

Details of Directors for the Subsidiaries

None.

Corporate Governance

The company recognizes the importance of good corporate governance for transparency in operation, and the responsibilities of the Board of Directors to enhance the shareholders' trust and value. The company has committed to comply with corporate governance guidelines issued by the regulatory bodies that govern its operations as a public company, and to the implementation and compliance with such other standards as are appropriate to the conduct of its business.

(1) Shareholders' Rights

The company recognizes the rights of shareholders to cover the basic rights as investors in the listed firm and as owners such as the rights to buy, sell, and transfer the shares; rights to receive the share of dividends equally, rights to sell the shares back to the company equally, and other rights equally; rights to the shareholders' meeting; rights to express opinions; rights to make the major decision such as electing the directors, and approve major decisions as to the directions of the company; and rights to amend the Article of Associations.

Thus, the company has the policy that all shareholders are eligible for information that are correct, complete, sufficient, and on time. In every shareholders' meeting, invitation letter with agendas and directors' recommendation are sent to shareholders 10 days before the meeting.

If any shareholders cannot attend the meeting personally, they can give proxy to anyone or recommended audit committee member or managing director to attend and vote on behalf.

For shareholders' meeting, the company will choose the location and time that are convenient to the shareholders to attend as much as possible.

In the meeting, the chairman will provide enough time for every shareholder to ask questions and express any opinions.

In 2012, there was only one shareholders' meeting. The meeting was held on 27 April 2012 at company's office in Bangkok. In 2012, three independent directors attended the meeting.

(2) The Equitable Treatment of Shareholders

The company has the policy to create the equal treatment to all groups of shareholders regardless of major shareholders, minor shareholders, institutional shareholders of foreign shareholders especially the minor shareholders. Therefore, details are set as follows:

1. The votes in the meeting are equal to the number of shares hold. One share is equal to one vote.
2. Prohibit company directors and employees who can benefit from inside information to disclose any inside information to outsiders within 30 days before disclose the financial information to the Stock Exchange of Thailand. In addition, the directors and management are required to report the change of shareholding to the Securities Exchange Commission within 3 days for disclosure purpose.

(3) The Rights of Stakeholders

The company recognizes the importance of every group of stakeholders including the company staff, management, customers, suppliers, competitors, and government agencies. The company realizes the importance of cooperation with all groups of stakeholders enhances the value and the stability of the company.

- Shareholders: Other than the basic rights and legal rights and Article of Association such as rights to attend the meeting, rights to vote, rights to express opinions in the meeting, and rights to dividend, shareholders also entitle to the rights of suggestion and opinions for the business operation. Every comment will be taken into consideration by the Board of Directors.

- Customers: The company determined to ensure that the customers are satisfied with the quality and price through continuous development, and maintaining the standards determined by the customers, and regulations set by the government. In 2012 the company did customer satisfaction survey to our product and services with the result of more than 80% satisfactory score.
- Competitors: The company considered the competitors to be a major factor to drive the company to improve its operation in order to satisfy the customers under the requirement of the law. During the past year, the company does not have any legal issues with its competitors for unfair business.
- Creditors: the company realizes that setting good and trusting relationship with its creditors to ensure the payment is an important part of the operations.
- Employees: The company considered its employee as one of the most important assets. The company has the policy to treat all employees equally and fairly with reasonable pay. Therefore, the company has the policy and procedure about safety and hygiene in working environment, there are programs set to develop the skills constantly for personally and for the expansion of the business. In 2012, the company had training session for the employees about safety working environment, rule and regulation of our customer totally 404 hours and the company has established the provident fund for employee to take care our employee in the long term.
- Community: the company realizes the importance of the community and the environment. The company has a clear policy in helping the community to develop and grow. The company has cooperate with the government agencies and other private sectors to join some community services such as:
 1. Scholarship – the company has started this program since 2003 to the children of the company employees and schools in Banbung areas for good grade students with financial needs.
 2. Student summer working program and training program – the company has started the program since 2003 in order to give training to students who need experience, and extra income during summer vacation.
 3. Blood donation – the company has joined the Health Office in Banbung to donate blood 4 times a year.
 4. Sufficient water, planting lemongrass, care for community project – the company joined the dam project to hold water in Ban Nong Kong Sao. To make use of the land above the dam, the company supports the farmers in the community to plant lemon grass by giving training for GAP standards and guarantee purchase as supplementing income.
 5. Other programs including converting wastes into use, Food and Drinks Public Co., Ltd. taking care of brothers, knowing trees gives dhamma, join the Banbung Hospital to provide information to the public about dangerous diseases, how to avoid, and protect to the local community.
 6. Environment – the company has waste water treatment area of 13,000 square meters. The quality of the water after treatment was qualified according to the Ministry of Industry's standard. In 2006, the company has signed the agreement with Benears Inc. to study the waste water treatment, which is a new technology from Japan. The project was conducted during 2006 – 2007.

In addition, the company is in the process of studying converting vegetable waste from the production for fertilizers. At present, the company sells the vegetables to the companies who can make benefits.

(4) Information Disclosure and Transparency

In addition to the disclosure of financial information and other information to the public according to the requirement of Securities Exchange Commission and Securities Exchange of Thailand, the company also discloses the following:

1. Disclose the duty and responsibilities of each sub committees including the attendance statistics
2. Disclose the remuneration in monetary and non-monetary (if any)
3. Give opportunities to questions and comments through public relations or secretary.

(5) The Directors' Responsibilities

The Board of Directors includes people with knowledge, vision, capability and experiences in different areas that will benefit the most to the company. The board determines and agrees in the vision, mission, target and business plans and oversee the management to follow in order to create the shareholders' wealth.

The Board of Directors' responsibilities include:

1. Monitor and manage the operation of the company on the basis of good corporate governance
2. Manage and discuss the business strategy as proposed by the executive directors and ensure that the executive directors and management carry out the plans as approved efficiently, added value to the company's business, and give good operational results.
3. Follow the regulatory requirement, articles of associations, and shareholder's resolutions.
4. Set up shareholders' annual meeting within 4 months from the year-end closing date and any other meetings necessary.
5. Set up board of directors meeting at least four times per year, which change to 6 times per year starting from year 2011. In each meeting, there will be at least 60% of all directors are present. The resolution is based on the majority vote. If equal, the chairman of the meeting will have one additional vote.
6. Consider and approve annual business plan, including budget for investment, and goals.
7. Report financial data and other information important to shareholders. Ensure that the information is correct, complete and sufficient.
8. Set up and follow up on internal control, internal audit and risks management to ensure the efficiency in the system.
9. Appoint and clarify the differences in responsibility among directors, various sub-committees, management and employee.
10. Oversee the executive directors and management to follow the policies and requirements that were approved or specified from the shareholders according to the requirement of SEC and Stock Exchange of Thailand.

The Board of Directors comprise of 12 directors with

- a) 4 executive directors
- b) 4 independent directors
- c) 4 non-executive directors, non-independent directors

At present, the ratio of independent director is according to the requirement by the Securities and Exchange Act i.e. not less than one-third of the board.

The Board of Directors holds regular meetings and extraordinary meetings if necessary. The documents need for the meetings are prepared and delivered to the directors at least 7 days in advance.

Normally, the meeting takes 2-4 hours. The minutes are recorded and kept and approved by the Board. Invitation letters with agendas, and any information to be included for the meeting, if any, are to be sent at least 7 days in advance. In 2012, there were 7 meetings.

The company has appointed 3 sub-committees i.e. Audit Committee, Executive Committee, and Organizational Development Committee. The company does not have the Compensation Committee but use other appropriate measures for determination. The considerations will be considered in line with the industry standard and the results of operation for determination. When sub-committee is not available, the Board of Directors will be considering the matters.

Internal Control

The Board of Directors has the opinion that internal control, risk management, and governance are satisfactory. The company is able to give the confidence about the transparency in operation, financial statements in 2012. The Audit Committee has reviewed with the management and external auditors to show the company's financial reports are correct, complete, and sufficient according to the general accounting rules. The accounting principles are considered constantly and follow accordingly. The disclosure of information is sufficient as auditor has expressed in the financial statements.

The company's independent auditor from Ernst & Young Office Limited did not have any comments in the company's internal control that would affect the financial statements as of 31 December 2012.

The Board of Directors had agreed to hire Office of DiA International Auditing to be our Internal Auditor as suggested by the Audit Committee since 2002. DiA has been auditing various systems in accordance with the internal control requirement that the company has set up and to advise any improvements.

Dividend Payment Policy

The company has the policy of paying dividend annually for the amount of not less than 60% of net profit after tax and statutory reserve, and reserve for future investments. When the Board of Directors has the suggestion to pay the annual dividend, the matter will be presented to the Shareholders for approval unless it is interim dividend payment. Then, the Board of Directors can approve the payment and report to the shareholders at the next meeting.

■ Related-Party Transactions

Transactions occurred between the companies or persons who might have conflict of interest, or transactions occurred between the companies as normal business for the best interest of the company. The policy used in the transactions is based on the market price, or cost plus margin basis.

The company has purchase and sale transactions with Kawasho Corporation, which hold 8% shares. The type of products includes those that are same as other customers, and those that are different such as meat sauce. Because meat sauce has its own formulations, the price is calculated by using cost plus margin.

The company has purchase and rent and service charge from Hon Chuan FD Packaging Co., Ltd, which is a joint-venture company. The purchase price is according to the market price. The rent is based on the market price from the same area, and service fee is based on the ratio of service fee. The information is also disclosed in the financial statement as at 31 December 2011. The terms stated are per agreement of conditions stated in the contract between the companies, and according to the normal business practice.

	(Unit: Million Baht)		
	<u>2012</u>	<u>2011</u>	<u>Pricing Policy</u>
<u>Transactions with associate</u>			
Rental income and other service charges	3	3	Contract price
Purchases of packaging and supplies	8	13	Market price
<u>Transactions with related company</u>			
Sales of goods	29	23	Cost plus margin
Purchases of raw materials	1	1	Market price

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
<u>Trade and other receivables - related parties (Note 9)</u>		
Associate	366	377
Related Company (related by director)		2,708
Total trade and other receivables - related parties	<u>366</u>	<u>3,085</u>
<u>Trade and other payables - related parties (Note 14)</u>		
Associate	58	5,335
Related company (related by director)	<u>226</u>	<u>320</u>

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Total trade and other payables - related parties	<u>284</u>	<u>5,655</u>

All the transactions are the usual business terms and conditions as indicated in the contract or agreement. Approval procedure for related-party transactions is the same as that of normal business transactions. However, related shareholders and administrators do not have authority for approval. The above transactions are reviewed by the Audit Committee and presented to the Board of Directors. There was no questions in the transactions.

Future transactions are expected to continue. These transactions are normal business practice for all involved.

■ Management Analysis and Explanation

Please find the audited Financial Statement for fiscal year ending 31 December 2012 and had been approved by the Board of Directors.

The operation for fiscal year ending 31 December 2012 of financial statement, the company has a net profit of Baht 45.9 million, an increase by Baht 20.1 million from the previous year which financial statement has the net profit of Baht 25.8 million. The points of interest are as follows:

1) Sales amount of Baht 683.4 million, an increase by Baht 161.0 million or 30.8% from the previous year.

2) Cost of goods sold increased by Baht 147.6 million or 31.8% due to the increasing of volume of products. Ratio of Cost of sales compared to Sales same as the year 2011.

3) Selling and administrative expenses increased by Baht 2.5 million or 5.3% from the previous year.

4) Gain on Exchange rate-net amount of Baht 1.6 million while the previous year had gain on exchange Baht 0.4 million.

5) Share of profit from associated company by equity method was Baht 24.5 million, an increase by Baht 5.0 million from the previous year.

6) Finance cost was Baht 8.2 million, same as the year 2011.

7) Employee benefits which were the company have recognized the employee benefit obligation amounted to Baht 2.2 million.

8) The corporate income tax of Baht 6.8 million, an increase by Baht 4.5 million from the previous year.

Summary of Major Financial Ratios 2010 – 2012

	<u>2010</u>	<u>2011</u>	<u>2012</u>	
<u>Liquidity Ratio</u>				
Current ratio	1.2	1.3	1.5	times
Quick ratio	0.4	0.6	0.6	times
Cash ratio	0.5	0.4	0.4	times
Accounts Receivable turnover	17.5	9.8	11.8	times
Days sales outstanding	20.6	36.7	30.5	day
Inventory turnover	9.7	8.7	12.2	times
Days inventory outstanding	37.1	41.4	29.5	day
Accounts Payable turnover	19.5	9.8	12.9	times
Days Accounts Payable outstanding	18.4	36.7	28.0	day
<u>Profitability Ratio</u>				
Gross Margin	13.0	11.1	10.5	%
Operating Profit	3.8	1.6	3.9	%
Profit Margin on Sales	9.8	4.9	6.6	%
Return on Equity -ROE	13.1	4.9	8.3	%
<u>Efficiency Ratio</u>				
Return on Total Assets -ROA	7.0	4.1	6.8	%
Return on Fixed Assets -ROFA	17.8	15.4	20.4	%
Assets turnover	0.9	0.7	0.9	times
<u>Financial Policy Ratio</u>				
Debt to Equity	0.4	0.5	0.3	times
Cash / Interest payment	11.7	7.9	8.5	times
Cash / Liabilities payment	0.9	1.8	1.4	times
Dividend payout	50.0	60.0	*	%

* To be approved at the Annual General Shareholders Meeting 1/2013 on 29 April 2013.

■ Financial Statement

Food and Drinks Public Co., Ltd.

Report and financial statements

31 December 2012 and 2011



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Independent Auditor's Report

To the Shareholders of Food and Drinks Public Company Limited

I have audited the accompanying financial statements in which the equity method is applied of Food and Drinks Public Company Limited, which comprise the statement of financial position as at 31 December 2012, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Food and Drinks Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food and Drinks Public Company Limited as at 31 December 2012, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read "Termphong Opanaphan".

Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited

Bangkok: 27 February 2013

Food and Drinks Public Company Limited

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	8,512,251	17,361,467	8,512,251	17,361,467
Current investment		1,040,012	1,012,375	1,040,012	1,012,375
Trade and other receivables	8	48,780,819	73,195,307	48,780,819	73,195,307
Inventories	9	83,034,173	102,461,134	83,034,173	102,461,134
Advance payment for import duties		4,373,401	4,515,885	4,373,401	4,515,885
Other current assets		1,920,426	2,434,395	1,920,426	2,434,395
Total current assets		147,661,082	200,980,563	147,661,082	200,980,563
Non-current assets					
Investment in associate	10	157,455,869	139,765,415	68,202,710	68,202,710
Property, plant and equipment	11	424,512,535	440,884,253	424,512,535	440,884,253
Cost of rubber plantation	12	14,338,427	-	14,338,427	-
Other non-current assets		839,825	841,190	839,825	841,190
Total non-current assets		597,146,656	581,490,858	507,893,497	509,928,153
Total assets		744,807,738	782,471,421	655,554,579	710,908,716

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

Food and Drinks Public Company Limited
Statement of financial position (continued)
As at 31 December 2012

(Unit: Baht)

	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	13	26,715,506	25,893,799	26,715,506	25,893,799
Trade and other payables	14	33,470,786	93,115,313	33,470,786	93,115,313
Current portion of liability under					
finance lease agreement	15	324,747	469,556	324,747	469,556
Current portion of long-term loans	16	35,154,588	35,154,588	35,154,588	35,154,588
Income tax payable		1,451,124	1,474,523	1,451,124	1,474,523
Other current liabilities		889,093	1,361,227	889,093	1,361,227
Total current liabilities		<u>98,005,844</u>	<u>157,469,006</u>	<u>98,005,844</u>	<u>157,469,006</u>
Non-current liabilities					
Liability under finance lease agreement, net					
of current portion	15	-	324,747	-	324,747
Long-term loans, net of current portion	16	51,817,177	86,971,765	51,817,177	86,971,765
Provision for long-term employee benefits	17	16,076,087	13,811,161	16,076,087	13,811,161
Total non-current liabilities		<u>67,893,264</u>	<u>101,107,673</u>	<u>67,893,264</u>	<u>101,107,673</u>
Total liabilities		<u>165,899,108</u>	<u>258,576,679</u>	<u>165,899,108</u>	<u>258,576,679</u>

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

Food and Drinks Public Company Limited**Statement of financial position (continued)****As at 31 December 2012**

(Unit: Baht)

	<u>Note</u>	Financial statements			
		in which equity method is applied		Separate financial statements	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Shareholders' equity					
Share capital					
Registered					
15,000,000 ordinary shares of Baht 10 each		150,000,000	150,000,000	150,000,000	150,000,000
Issued and fully paid					
15,000,000 ordinary shares of Baht 10 each		150,000,000	150,000,000	150,000,000	150,000,000
Share premium		99,425,000	99,425,000	99,425,000	99,425,000
Retained earnings					
Appropriated-statutory reserve	19	15,431,000	15,431,000	15,431,000	15,431,000
Unappropriated		138,151,255	100,137,367	48,898,096	28,574,662
Other component of shareholders' equity		175,901,375	158,901,375	175,901,375	158,901,375
Total shareholders' equity		578,908,630	523,894,742	489,655,471	452,332,037
Total liabilities and shareholders' equity		744,807,738	782,471,421	655,554,579	710,908,716

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

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Directors

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Food and Drinks Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2012

(Unit: Baht)

		Financial statements			
		in which equity method is applied		Separate financial statements	
	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit or loss:					
Revenues					
Sales		683,442,672	522,407,034	683,442,672	522,407,034
Dividend income from associate	10	-	-	6,820,271	8,866,352
Exchange gains		1,627,475	387,192	1,627,475	387,192
Other income		14,078,289	6,745,785	14,078,289	6,745,785
Total revenues		699,148,436	529,540,011	705,968,707	538,406,363
Expenses					
Cost of sales		611,994,783	464,390,551	611,994,783	464,390,551
Selling expenses		11,709,511	11,576,778	11,709,511	11,576,778
Administrative expenses		38,965,039	36,519,446	38,965,039	36,519,446
Total expenses		662,669,333	512,486,775	662,669,333	512,486,775
Profit before share of profit from investment in associate, finance cost and income tax expenses					
Share of profit from investment in associate	10	24,510,725	19,490,717	-	-
Profit before finance cost and income tax expenses		60,989,828	36,543,953	43,299,374	25,919,588
Finance cost		(8,188,045)	(8,300,332)	(8,188,045)	(8,300,332)
Profit before income tax expenses		52,801,783	28,243,621	35,111,329	17,619,256
Income tax expenses	21	(6,837,895)	(2,381,939)	(6,837,895)	(2,381,939)
Profit for the year		45,963,888	25,861,682	28,273,434	15,237,317
Other comprehensive income:					
Gain on revaluation of land	11	17,000,000	-	17,000,000	-
Other comprehensive income for the year		17,000,000	-	17,000,000	-
Total comprehensive income for the year		62,963,888	25,861,682	45,273,434	15,237,317
Basic earnings per share					
Profit for the year	23	3.06	1.72	1.88	1.02

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

Food and Drinks Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2012

(Unit: Baht)

	Financial statements in which equity method is applied					Total
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
					Revaluation surplus on land (Note 18)	
Balance as at 1 January 2011	150,000,000	99,425,000	15,431,000	90,925,685	158,901,375	514,683,060
Dividend paid (Note 25)	-	-	-	(16,650,000)	-	(16,650,000)
Total comprehensive income for the year	-	-	-	25,861,682	-	25,861,682
Balance as at 31 December 2011	<u>150,000,000</u>	<u>99,425,000</u>	<u>15,431,000</u>	<u>100,137,367</u>	<u>158,901,375</u>	<u>523,894,742</u>
						-
Balance as at 1 January 2012	150,000,000	99,425,000	15,431,000	100,137,367	158,901,375	523,894,742
Dividend paid (Note 25)	-	-	-	(7,950,000)	-	(7,950,000)
Total comprehensive income for the year	-	-	-	45,963,888	17,000,000	62,963,888
Balance as at 31 December 2012	<u>150,000,000</u>	<u>99,425,000</u>	<u>15,431,000</u>	<u>138,151,255</u>	<u>175,901,375</u>	<u>578,908,630</u>

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

Food and Drinks Public Company Limited

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Separate financial statements					Total
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	
			- statutory reserve	Unappropriated	Other comprehensive income	
					Revaluation surplus on land (Note 18)	
Balance as at 1 January 2011	150,000,000	99,425,000	15,431,000	29,987,345	158,901,375	453,744,720
Dividend paid (Note 25)	-	-	-	(16,650,000)	-	(16,650,000)
Total comprehensive income for the year	-	-	-	15,237,317	-	15,237,317
Balance as at 31 December 2011	<u>150,000,000</u>	<u>99,425,000</u>	<u>15,431,000</u>	<u>28,574,662</u>	<u>158,901,375</u>	<u>452,332,037</u>
						-
Balance as at 1 January 2012	150,000,000	99,425,000	15,431,000	28,574,662	158,901,375	452,332,037
Dividend paid (Note 25)	-	-	-	(7,950,000)	-	(7,950,000)
Total comprehensive income for the year	-	-	-	28,273,434	17,000,000	45,273,434
Balance as at 31 December 2012	<u>150,000,000</u>	<u>99,425,000</u>	<u>15,431,000</u>	<u>48,898,096</u>	<u>175,901,375</u>	<u>489,655,471</u>

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

Food and Drinks Public Company Limited**Cash flow statement****For the year ended 31 December 2012**

(Unit: Baht)

	Financial statements			
	in which equity method is applied		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities				
Profit before tax	52,801,783	28,243,621	35,111,329	17,619,256
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	42,373,462	43,051,768	42,373,462	43,051,768
Reversal of reducing cost of inventory to net realisable value	(667,223)	(3,328,295)	(667,223)	(3,328,295)
Written-off obsolete stocks	6,247,023	4,398,810	6,247,023	4,398,810
Gain on sales of equipment	-	(192,170)	-	(192,170)
Share of profit from investment in associate	(24,510,725)	(19,490,717)	-	-
Dividend income from associate	-	-	(6,820,271)	(8,866,352)
Provision for long-term employee benefits	2,264,926	2,011,108	2,264,926	2,011,108
Unrealised exchange losses (gains)	(51,742)	411,363	(51,742)	411,363
Interest income	(81,642)	(105,185)	(81,642)	(105,185)
Interest expenses	7,475,532	7,561,148	7,475,532	7,561,148
Profit from operating activities before changes in operating assets and liabilities	85,851,394	62,561,451	85,851,394	62,561,451
Operating assets (increase) decrease				
Trade and other receivables	24,397,713	(35,650,791)	24,397,713	(35,650,791)
Inventories	13,847,161	(14,810,265)	13,847,161	(14,810,265)
Other current assets	656,453	(1,032,953)	656,453	(1,032,953)
Other non-current assets	1,365	(221,508)	1,365	(221,508)
Operating liabilities increase (decrease)				
Trade and other payables	(61,045,720)	49,335,453	(61,045,720)	49,335,453
Other current liabilities	(471,468)	(428,516)	(471,468)	(428,516)
Provision for long-term employee benefits	-	(249,456)	-	(249,456)
Cash from operating activities	63,236,898	59,503,415	63,236,898	59,503,415
Cash paid for interest expenses	(7,451,321)	(7,498,848)	(7,451,321)	(7,498,848)
Cash receive from withholding tax refundable	-	438,372	-	438,372
Cash paid for corporate income tax	(6,861,294)	(1,642,708)	(6,861,294)	(1,642,708)
Net cash flows from operating activities	48,924,283	50,800,231	48,924,283	50,800,231

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

Food and Drinks Public Company Limited**Cash flow statement (continued)****For the year ended 31 December 2012**

(Unit: Baht)

	Financial statements			
	in which equity method is applied		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Dividend income from associate	6,820,271	8,866,352	6,820,271	8,866,352
Acquisition of plant and equipment	(6,914,582)	(26,782,373)	(6,914,582)	(26,782,373)
Cash paid for account payable from purchase of plant and equipment	(687,082)	(104,829)	(687,082)	(104,829)
Increase in cost of rubber plantation	(14,338,427)	-	(14,338,427)	-
Proceeds from sales of equipment	-	193,552	-	193,552
Interest income	54,005	92,810	54,005	92,810
Net cash flows used in investing activities	<u>(15,065,815)</u>	<u>(17,734,488)</u>	<u>(15,065,815)</u>	<u>(17,734,488)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	892,801	(32,671,740)	892,801	(32,671,740)
Repayment of liabilities under finance lease agreement	(495,231)	(495,229)	(495,231)	(495,229)
Cash receipt from long-term loans	-	41,134,575	-	41,134,575
Repayment of long-term loans	(35,154,588)	(21,138,758)	(35,154,588)	(21,138,758)
Dividends paid	(7,950,666)	(16,649,529)	(7,950,666)	(16,649,529)
Net cash flows used in financing activities	<u>(42,707,684)</u>	<u>(29,820,681)</u>	<u>(42,707,684)</u>	<u>(29,820,681)</u>
Net increase (decrease) in cash and cash equivalents	<u>(8,849,216)</u>	<u>3,245,062</u>	<u>(8,849,216)</u>	<u>3,245,062</u>
Cash and cash equivalents at beginning of year	17,361,467	14,116,405	17,361,467	14,116,405
Cash and cash equivalents at end of year	<u>8,512,251</u>	<u>17,361,467</u>	<u>8,512,251</u>	<u>17,361,467</u>

Supplemental cash flows information:

Non-cash items

Acquisition of plant and equipment for which no cash

had been paid

2,087,162	687,082	2,087,162	687,082
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The accompanying notes are an integral part of the financial statements.

Food and Drinks Public Company Limited

Notes to financial statements

For the year ended 31 December 2012

1. General information

Food and Drinks Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of canned foods, beverages, frozen foods and products of rubber trees. The registered office of the Company is at 695/1 Moo 1 Banbung - Bankai Road, Klongkaew, Banbung, Chonburi.

Production of rubber tree products - currently in the process of planting rubber trees.

2. Basis of preparation

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

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

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

- 2.2 The separate financial statements, which present investment in associate under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8

Operating Segments

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing brought-forward retained earnings and decreasing other component of shareholders' equity of the year 2013 by approximately Baht 6 million and Baht 35 million, respectively.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods are valued at the lower of average cost and net realisable value. The cost includes all production costs and attributable factory overheads.

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

4.5 Investments

- a) Investment in associate is accounted for in the financial statements in which equity method is applied using the equity method.
- b) Investment in associate is accounted for in the separate financial statements using the cost method.

4.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount.

Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When the carrying amounts of land is increased as a result of a revaluation of the Company's land, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on land". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When the carrying amounts of is decreased as a result of a revaluation of the Company's land, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on land" in respect of the same asset.

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

Buildings	-	20 years
Building improvement	-	10 - 20 years
Machinery and equipment	-	10 - 15 years
Furniture, fixtures and office equipment	-	5 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

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

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

4.7 Cost of rubber plantation/Amortisation

Cost of rubber plantation is stated at cost less accumulated amortisation and allowance for impairment losses (if any). The cost includes development costs and expenses which are directly related to rubber tree seeding and plantation activities before the production period.

Amortisation is calculated based on cost of plantation of rubber trees that are ready for tapping on a straight-line basis over the estimated productive life of rubber trees (20 years).

Amortisation is included in determining income.

No amortisation is provided on cost of plantation of rubber trees that are not ready for tapping.

All costs of replantation are included in expense in profit or loss.

4.8 Related party transactions

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

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

4.9 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the

interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

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

4.10 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the profit and loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

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

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability through an adjustment to the beginning balance of retained earnings in 2011.

4.13 Provisions

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

4.14 Income tax

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

5. Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

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

Reduce cost of inventory to net realisable value

In determining a reduce cost of inventory to net realisable value, the management makes judgment and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgment and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property plant and equipment/Depreciation

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

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

	(Unit: Million Baht)		
	<u>2012</u>	<u>2011</u>	<u>Pricing policy</u>
<u>Transactions with associate</u>			
Rental income and other service charges	3	3	Contract price
Purchases of packaging and supplies	8	13	Market price
<u>Transactions with related company</u>			
Sales of goods	29	23	Cost plus margin
Purchases of raw materials	1	1	Market price

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
<u>Trade and other receivables - related parties (Note 8)</u>		
Associate	366	377
Related Company (related by director)	-	2,708
Total trade and other receivables - related parties	<u>366</u>	<u>3,085</u>
<u>Trade and other payables - related parties (Note 14)</u>		
Associate	58	5,335
Related company (related by director)	226	320
Total trade and other payables - related parties	<u>284</u>	<u>5,655</u>

Directors and management's benefits

During the years ended 31 December 2012 and 2011, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)	
	<u>2012</u>	<u>2011</u>

	(Unit: Million Baht)	
	<u>2012</u>	<u>2011</u>
Short-term employee benefits	18	18
Post-employment benefits	1	1
Total	<u>19</u>	<u>19</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Cash	40	40
Bank deposits	8,472	17,321
Total	<u>8,512</u>	<u>17,361</u>

As at 31 December 2012, bank deposits in saving accounts carried interests between 0.13 and 2.25 percent per annum (2011: between 0.50 and 2.35 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
<u>Trade receivable - related party</u>		
Aged on the basis of due dates		
Not yet due	-	1,633
Past due		
Up to 3 months	-	1,059
3 - 6 months	-	16
Total trade receivable - related party	<u>-</u>	<u>2,708</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	25,050	58,803
Past due		
Up to 3 months	19,294	6,497
3 - 6 months	309	730
6 - 12 months	1,239	1,101
Over 12 months	11	65
Total trade receivables - unrelated parties	<u>45,903</u>	<u>67,196</u>
Total trade receivable	<u>45,903</u>	<u>69,904</u>
<u>Other receivables</u>		

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Advances	478	359
Other receivable - related party	366	377
Other receivables - unrelated parties	2,034	2,555
Total other receivables	2,878	3,291
Total trade and other receivables	48,781	73,195

9. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	45,078	54,907	(12,656)	(13,323)	32,422	41,584
Raw materials	24,274	28,031	-	-	24,274	28,031
Packaging and supplies	26,112	32,846	-	-	26,112	32,846
Goods in transit	226	-	-	-	226	-
Total	95,690	115,784	(12,656)	(13,323)	83,034	102,461

10. Investment in associate

10.1 Details of associate:

		(Unit: Thousand Baht)			
Company's name	Nature of business	Country of incorporation	Shareholding percentage		
			<u>2012</u>	<u>2011</u>	
			(%)	(%)	
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	Thailand	35	35	
Total					

		(Unit: Thousand Baht)			
Company's name	Nature of business	Cost		Carrying amounts based on equity method	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	68,203	68,203	157,456	139,765

Total	68,203	68,203	157,456	139,765
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10.2 Share of profit and dividend received

During the year, the Company has recognised its share of profit from investment in associate in the financial statements in which equity method is applied and dividend income in the separate financial statements as follows:

		(Unit: Thousand Baht)	
		Financial statement	
		in which equity method is applied	
		Share of profit from investment	
		in associate during the year	
Company's name		2012	2011
Hon Chuan FD Packaging Company Limited		24,511	19,491
Total		24,511	19,491

		(Unit: Thousand Baht)	
		Separate financial statements	
		Dividend received during the year	
Company's name		2012	2011
Hon Chuan FD Packaging Company Limited		6,820	8,866
Total		6,820	8,866

10.3 Summarised financial information of associate

Financial information of the associate is summarised below:

		(Unit: Million Baht)							
		Paid-up capital		Total assets		Total liabilities		Total revenues	
		as at		as at		as at		for the year ended	
Company's name		31 December		31 December		31 December		31 December	
		2012	2011	2012	2011	2012	2011	2012	2011
Hon Chuan FD Packaging									
Company Limited		195	195	536	532	87	133	666	579
								69	57

11. Property, plant and equipment

(Unit: Thousand Baht)

	Revaluation basis		Cost basis						
								Assets	
		Land				Furniture,		under	
		awaiting for		Building	Machinery	fixtures and	Motor	installation	
	Land	development	Buildings	improvement	and equipment	office equipment	vehicles	and under construction	Total
Cost / Revalued amount:									
As at 1 January 2011	60,000	118,000	169,481	181,878	448,597	24,652	19,656	2,539	1,024,803
Additions	-	-	-	-	4,748	57	-	22,665	27,470
Disposals	-	-	-	-	(1,381)	(330)	(58)	-	(1,769)
Transfers	-	-	-	3,120	19,229	-	-	(22,349)	-
As at 31 December 2011	60,000	118,000	169,481	184,998	471,193	24,379	19,598	2,855	1,050,504
Additions	-	-	-	-	3,210	132	-	5,660	9,002
Transfers	118,000	(118,000)	-	4,557	3,389	-	-	(7,946)	-
Revaluations	17,000	-	-	-	-	-	-	-	17,000
As at 31 December 2012	195,000	-	169,481	189,555	477,792	24,511	19,598	569	1,076,506
Accumulated depreciation:									
As at 1 January 2011	-	-	86,025	112,191	329,831	22,673	17,615	-	568,335
Depreciation for the year	-	-	8,121	11,524	21,760	771	876	-	43,052
Depreciation on disposals	-	-	-	-	(1,379)	(330)	(58)	-	(1,767)
As at 31 December 2011	-	-	94,146	123,715	350,212	23,114	18,433	-	609,620
Depreciation for the year	-	-	8,143	11,349	21,486	755	641	-	42,374
As at 31 December 2012	-	-	102,289	135,064	371,698	23,869	19,074	-	651,994
Net book value:									
As at 31 December 2011	60,000	118,000	75,335	61,283	120,981	1,265	1,165	2,855	440,884
As at 31 December 2012	195,000	-	67,192	54,491	106,094	642	524	569	424,512
Depreciation for the year									
2011 (Baht 42 million included in manufacturing cost, and the balance in administrative expenses)									43,052
2012 (Baht 41 million included in manufacturing cost, and the balance in administrative expenses)									42,374

The Company arranged for an independent professional valuer using the market approach to appraise the value of land in 2012.

Had the land been carried in the financial statements based on historical cost, their total net book values as of 31 December 2012 would have been approximately Baht 19 million (2011: Baht 19 million).

As at 31 December 2012, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 364 million (2011: Baht 330 million).

The Company has mortgaged certain pieces of its land with constructions thereon and certain machinery, with book values as at 31 December 2012 amounting to approximately Baht 278 million (2011: Baht 281 million), as collateral against credit facilities received from financial institutions.

12. Cost of rubber plantation

(Unit: Thousand Baht)

Net book value as at 1 January 2012	-
Additions	14,338
Net book value as at 31 December 2012	14,338

13. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	2012	2011
Bank overdrafts	MOR	710	2,094
Promissory notes	5.33 - 6.02	25,000	20,000
Trust Receipts	3.40 - 4.26	1,006	3,800
Total		26,716	25,894

Banks overdrafts and short-term loans from financial institutions are secured mortgage the fixed assets as described in Note 11 to the financial statements.

14. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Trade payables - related parties	284	5,655
Trade payables - unrelated parties	20,287	68,879
Accrued expenses	9,821	8,266
Other payables	2,579	3,506
Advance received	500	6,809
Total trade and other payables	<u>33,471</u>	<u>93,115</u>

15. Liability under finance lease agreement

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Liability under finance lease agreement	330	825
Less: Deferred interest expenses	<u>(5)</u>	<u>(31)</u>
Total	325	794
Less: Portion due within one year	<u>(325)</u>	<u>(469)</u>
Liability under finance lease agreement - net of current portion	<u>-</u>	<u>325</u>

The Company has entered into the finance lease agreement with a leasing company a monthly basis. The term of the agreement is 3 years.

Future minimum lease payments required under the finance lease agreement was as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2012		
	Less than		
	1 year	1-3 years	Total
Future minimum lease payments	330	-	330
Deferred interest expenses	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Present value of future minimum lease payments	<u>325</u>	<u>-</u>	<u>325</u>

(Unit: Thousand Baht)

	As at 31 December 2011		
	Less than 1 year	1-3 years	Total
Future minimum lease payments	495	330	825
Deferred interest expenses	(26)	(5)	(31)
Present value of future minimum lease payments	469	325	794

16. Long-term loans

(Unit: Thousand Baht)				
Loan	Interest rate	Repayment	2012	2011
1	BIBOR plus a certain percentage	Payable on a quarterly basis. Starting from December 2011.	49,412	65,882
2	MLR minus a certain percentage	Payable on a monthly basis, starting from March 2010.	28,180	42,940
3	MLR minus a certain percentage	Payable on a monthly basis. Starting from March 2011	2,570	3,950
4	MLR minus a certain percentage	Payable on a monthly basis, starting from January 2012	5,840	8,000
5	MLR minus a certain percentage	Payable on a monthly basis. Starting from January 2012	970	1,354
Total			86,972	122,126
Less: Current portion			(35,155)	(35,155)
Long-term loans, net of current portion			51,817	86,971

Long-term loans are secured by mortgage of the fixed assets as described in Note 11 to the financial statements.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity, current ratio, funded debt to EBITDA, debt service coverage ratios and creation of additional liabilities according to the agreements.

17. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Defined benefit obligation at beginning of year	13,811	12,050
Current service cost	1,766	1,576
Interest cost	499	435
Benefits paid during the year	-	(250)
Defined benefit obligation at end of year	<u>16,076</u>	<u>13,811</u>

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2012 amounted to Baht 2 million (2011: Baht 2 million).

Principal actuarial assumptions at the valuation date were as follows:

	<u>2012</u>	<u>2011</u>
	(% per annum)	(% per annum)
Discount rate	3.6	3.6
Future salary increase rate (depending on age)	3.4 - 6.0	3.4 - 6.0
Staff turnover rate	3.0 - 83.0	3.0 - 83.0

Amounts of defined benefit obligation for the current and previous two periods are as follows:

	(Unit: Thousand Baht)
	<u>Defined benefit obligation</u>
Year 2012	16,076
Year 2011	13,811
Year 2010	12,050

18. Revaluation surplus on land

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after

deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>
Salary and wages and other employee benefits	102,377	89,729
Depreciation	42,374	43,052
Rental expenses from operating lease agreements	5,058	4,970
Raw materials and consumables used	387,451	285,672
Changes in inventories of finished goods	9,829	(3,103)

21 Corporate income tax

Corporate income tax of the Company has been calculated on profit from the non-promoted operations after adding back certain expenses and deducting income which disallowable for tax computation purposes.

22. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of packaged vegetable and fruit juices, pursuant to the promotion certificate No. 2099(2)/2547 issued on 30 December 2004. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on income derived from the promoted operations for a period of eight years from the date the promoted operations commenced generating revenues (4 May 2005).

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales						
Domestic sales	373,879	196,939	157,687	156,870	531,566	353,809
Export sales	36,019	30,437	115,858	138,161	151,877	168,598
Total sales	<u>409,898</u>	<u>227,376</u>	<u>273,545</u>	<u>295,031</u>	<u>683,443</u>	<u>522,407</u>

23. Basic earnings per share

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

24. Segment information

The Company's operations involve single industrial segment i.e. manufacture and distribution of food and beverage for export and domestic markets. Financial information of the Company for years ended 31 December 2012 and 2011, broken down by geographic segments, are as follows:

(Unit: Million Baht)

	Financial statements in which equity method is applied					
	Export sales		Domestic sales		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales	152	169	532	354	684	523
Segment operating profit	12	2	60	56	72	58
Unallocated income and expenses:						
Other income					16	7
Selling expenses					(12)	(12)
Administrative expenses					(39)	(37)
Share of profit from investment in associate					24	20
Finance cost					(8)	(8)
Income tax expenses					(7)	(2)
Profit for the year					46	26

(Unit: Million Baht)

	Separate financial statements					
	Export sales		Domestic sales		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales	152	169	532	354	684	523
Segment operating profit	12	2	60	56	72	58
Unallocated income and expenses:						
Dividend income from associate					6	9
Other income					16	7
Selling expenses					(12)	(12)
Administrative expenses					(39)	(37)
Finance cost					(8)	(8)
Income tax expenses					(7)	(2)

(Unit: Million Baht)

	Separate financial statements					
	Export sales		Domestic sales		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit for the year					<u>28</u>	<u>15</u>

25. Dividends

(Unit: Baht)

Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2010	Annual General Meeting of the Shareholders on 27 April 2011	16,650,000	1.11
Total for 2011		<u>16,650,000</u>	<u>1.11</u>
Final dividends for 2011	Annual General Meeting of the Shareholders on 27 April 2012	7,950,000	0.53
Total for 2012		<u>7,950,000</u>	<u>0.53</u>

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2012, the Company had capital commitments of Baht 1 million, relating to the factory building improvement (2011: Baht 1 million).

26.2 Long-term service commitments

The Company has entered into rubber plantation and maintenance agreement. The term of the agreement is 3 years, which is extendable for another 3-years term under the conditions stipulated therein.

Future minimum payments required under these agreement were as follows.

(Unit: Million Baht)

	As at 31 December	
	<u>2012</u>	<u>2011</u>
Payable within:		
Less than 1 year	2	-
1 to 3 years	5	-

26.3 Operating lease commitments

The Company has entered into several service agreements and lease agreement in respect of the lease of office space. The terms of the agreement are generally between 1 and 3 years.

Future minimum payments required under these agreement were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	<u>2012</u>	<u>2011</u>
Payable within:		
Less than 1 year	4	4
1 to 3 years	7	-

26.4 Guarantees

As at 31 December 2012, there were outstanding bank guarantees of Baht 8 million (2011: Baht 7 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 5 million (2011: Baht 4 million) to guarantee electricity, Baht 2 million (2011: Baht 2 million) to guarantee to custom and Baht 1 million (2011: Baht 1 million) to other guarantees.

27. Financial instruments

27.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2012					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets					
Cash and cash equivalent	-	5	3	8	Note 7
Current investment	1	-	-	1	2.80
Trade and other receivables	-	-	49	49	-
	<u>1</u>	<u>5</u>	<u>52</u>	<u>58</u>	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	26	1	-	27	Note 13
Trade and other payables	-	-	33	33	-
Long-term loans	-	87	-	87	Note 16
	<u>26</u>	<u>88</u>	<u>33</u>	<u>147</u>	

(Unit: Million Baht)

As at 31 December 2011					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets					
Cash and cash equivalent	-	16	1	17	Note 7
Current investment	1	-	-	1	2.75
Trade and other receivables	-	-	73	73	-
	<u>1</u>	<u>16</u>	<u>74</u>	<u>91</u>	

(Unit: Million Baht)

As at 31 December 2011

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial liabilities					
Bank overdrafts and short-term					
loans from financial institutions	24	2	-	26	Note 13
Trade and other payables	-	-	93	93	-
Liability under finance lease					
agreement	1	-	-	1	4.42
Long-term loans	-	122	-	122	Note 16
	25	124	93	242	

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currency are summarised below.

<i>Foreign currency</i>	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1	1	-	-	30.63	31.69
Japanese Yen	-	-	1	-	0.35	0.41

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2012

Foreign currency	Sold amount	Contractual exchange rate
	(Million)	(Baht per 1 foreign currency unit)
US dollar	1	30.73 - 31.49

As at 31 December 2011		
Foreign currency	Sold amount	Contractual exchange rate
	(Million)	(Baht per 1 foreign currency unit)
US dollar	1	30.05 - 31.80

27.2 Fair values of financial instruments

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

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

28. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, according to the capital position in which equity method is applied, the Company's debt-to-equity ratio was 0.29:1 (2011: 0.49:1) and according to the separate financial statements, the Company's debt-to-equity ratio was 0.34:1 (2011: 0.57:1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2013.

■ Audit Fees

1. Audit Fee
Audit fee of the company for the financial statements ending 31 December 2012 is equal to Baht 1,160,000.-
2. Non Audit Fee
- None -

■ Report of the Audit Committee

The Audit Committee of Food and Drinks Public Co., Ltd. was appointed by the Board of Directors of the company, and has the term of 2 years. The Audit Committee is comprised of 3 independent directors. They are Miss Chaovana Vivatpanachati served as Chairman of the Committee; Mrs. Vilai Kiatsrichart and Mr. Sumet Chey-O-Nanand served as members of the committee. The Committee has performed its duty and responsibilities according to the requirement set by Stock Exchange of Thailand, and report to the Board of Directors of the company.

The Audit Committee has performed the duty of review the appropriateness of the financial statement reports, review the internal control, and internal audit and other duties appointed by the board of directors. This is according to the requirement of Stock Exchange of Thailand to the audit committee.

In 2012, the Audit Committee has 4 meetings, and considered the following matters:

1. The Audit Committee has reviewed the quarterly and year-end 2012 financial statements to ensure the accuracy, completeness and reliability according to the generally accepted accounting standards, and that sufficient information is disclosed to report to the Board of Directors for approval. In 2012, the Audit committee has hold 1 meeting with the auditor without the presence of the management.
2. The Audit Committee has ensured that the Company hired an outside Internal Auditor to determine the sufficient internal control in the company. In 2012, the inventory management system was evaluated for is sufficiency. The report sent by the internal auditor to the Audit Committee stated that there is sufficient evidence to show that different departments have followed the procedures. However, there are suggestions for improvements. The management will follow up on the matters consequently and ensure that corrections are made on time.
3. Review to ensure that the Company abides by all rules and regulations, and other regulations and laws related to the Company's business
4. Select and propose the Company's auditors and consider their fees. Then, the Audit Committee will present to the Board of Directors to present to the Shareholders for approval.
5. Review the related transactions or any other possible conflicts of interests in compliance with the rules set by Stock Exchange of Thailand to ensure that the Company will receive the utmost benefits.
6. Coordinate understandings among Audit Committee, Management, Internal Audits, and Auditors.
7. Prepare an Audit Committee's Report.
8. Review and consider the results of Internal Audit with the auditors regarding the results, observations, and suggestions.
9. Abide by any other rules and regulations or tasks assigned by the Board of Directors in the scope responsible by the Audit Committee.

In summary, the Audit Committee has considered that the Management of the Company has performed with the intention to comply with the good management system and according to the good governance expected.



Ms. Chaovana Vivatpanachati
Chairman, Audit Committee

■ Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is aware of the duties and responsibilities in performing as the directors of a listed firm in ensuring that the financial reports are accurate, complete and transparent. This is for the benefit of the shareholders and general investors who are entitled to acknowledge the complete and accurate financial information.

The financial statements of Food and Drinks Public Co., Ltd. are in line with the generally accepted accounting standards, using appropriate and consistent accounting policy, disclosing adequate information by external auditor in Notes to financial statement. The correctness and adequacy in financial statements reviewed by external auditors are ensured to protect the Company's assets against fraud, or abnormalities.

The Board of Directors has the opinion that the Company's 2012 annual financial statements ended 31 December 2012, which has been reviewed by external auditor, audit committee, are prepared in line with the generally accepted accounting standards, using appropriate and consistent account policy, disclosing adequate information and complying with the related rules and regulations.

(Phirasilp Subhapholsiri)
Chairman

(Kasem Deemaitree)
Managing Director