

Form 56-2

Annual Report

Year Ending 31 December 2013

Food and Drinks Public Company Limited



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➤ Summary of Financial Information

Financial Information

	Unit: Baht		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Current Assets	200,980,563	147,661,082	151,512,955
Investment accounted for under equity method	139,765,415	157,628,046	164,239,971
Property, plant and equipment	440,884,253	424,512,535	405,797,459
Cost of rubber plantation	-	14,338,427	16,600,906
Other non - current assets	841,190	839,825	6,395,519
Total Assets	782,471,421	744,979,915	744,546,810
Current Liabilities	157,469,006	98,005,844	132,227,503
Long-term Liabilities	87,296,512	51,817,177	21,568,349
Provision for long-term employee benefits	13,811,161	16,076,087	17,131,161
Total Liabilities	258,576,679	165,899,108	170,927,013
Registered Capital	150,000,000	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	140,721,100	140,721,100
Legal Reserve	15,431,000	15,431,000	15,431,000
Unappropriated Retained Earnings	100,137,367	143,966,372	140,336,505
Total Shareholders' Equity	523,894,742	549,543,472	545,913,605
Net Sales	522,407,034	683,442,672	478,088,459
Other income	6,745,785	14,078,289	11,429,679
FX Gain/(Loss)	387,192	1,627,475	-2,817,385
Share of profit from investment accounted for under equity method	19,490,717	24,533,545	20,252,467
Earnings before Income Tax	28,243,621	52,824,603	10,418,884
Income tax	2,381,939	6,621,895	(1,701,249)
Net Earnings for the Year	25,861,682	46,202,708	12,120,133
Earnings per Share	1.72	3.08	0.81

Financial Ratio

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Gross Margin	11.1 %	10.5 %	14.6 %
Operating Profit	1.6 %	3.9 %	-2.1 %
Net Profit	4.9 %	6.6 %	2.5 %
Debt/Equity Ratio	0.5 times	0.3 times	0.4 times
Dividend/Earnings Ratio	60.0 %	45.0 %	*

* To be approved at the Annual General Shareholders Meeting 1/2014 on 28 April 2014

➤ Message from the Board of Directors

Dear Shareholders,

In 2013 Thailand's overall economy rather stagnated. Exports were somewhat affected by the slowdown in economic activities in all major zones including the U.S.A., Europe, Japan and China. Besides, the cost of production and exports rose as a result of the government's minimum wage (of Baht 300/day) policy. All combined, the company's sales and net profit declined by Baht 205 million and 22.9 million respectively.

However, in order to increase the portion of own-brand products and lessen our reliance on OEM products, we launched two new products under the "ZUMMER" brand, i.e., plum juice with plum meat and aloe vera juice with meat, honey and lime juice. The key selling points are the taste of the products as well as the usage of natural ingredients. The products, which were quite well received by consumers, are distributed through convenience stores, super stores, etc., and exported to AEC and Japan.

In regard of earnings, our net profit amounted to Baht 12.1 million or Baht 0.81 per share. Our book value per share stood at Baht 36.39.

As for 2014, it is expected that the world's economic activities will still be slow and hard to predict. The company will have to follow the situation very closely. Nonetheless, we will cautiously implement our strategies in marketing, production and overall management in order to remain competitive and will continue to concentrate on developing more products under our own brand.

The company has been able to overcome various obstacles and problems with sincere cooperation from the staff and support from the shareholders, customers, government agencies, financial institutions, suppliers, and other stakeholders. We will continue to pursue our growth path along our vision, and deliver more quality products to the marketplace.

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



Phirasilp Subhapholsiri
Chairman



Kasem Deemaitree
Chief Executive Officer

➤ Policy and Overview of the Business

Food and Drinks Public Co., Ltd. was established in 1985. The company's main business is manufacturing food and beverage according to customers' requirement under customer's brand name including company's own brand product. The company's business involved selling to both domestic market and export to more than 13 countries such as Australia, Japan, United Kingdom, the Netherlands, and USA; including indirect export through companies in Thailand. The export ratio to domestic market is equal to 50.3/49.7 in 2013.

The company's vision is to become one of the most recognized food manufacturers characterized by modern technology, high productivity, quality, safety, competitive pricing and timely delivery. ROE target is 12%, provide good working environment, appropriate return, working efficiently and proud in company's success.

The company continuously develops both new products and extension to existing product line to fulfill customers' requirements by developing product together with existing customers.

In 1993, became public company and listed in the Stock Exchange of Thailand in 1994 with the registered capital of Baht125 million.

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.

In 2009, the company has increased its registered capital to Baht 150 million with 15,000,000 shares and the paid up capital was Baht 150 million. This step has strengthened the company's financial position.

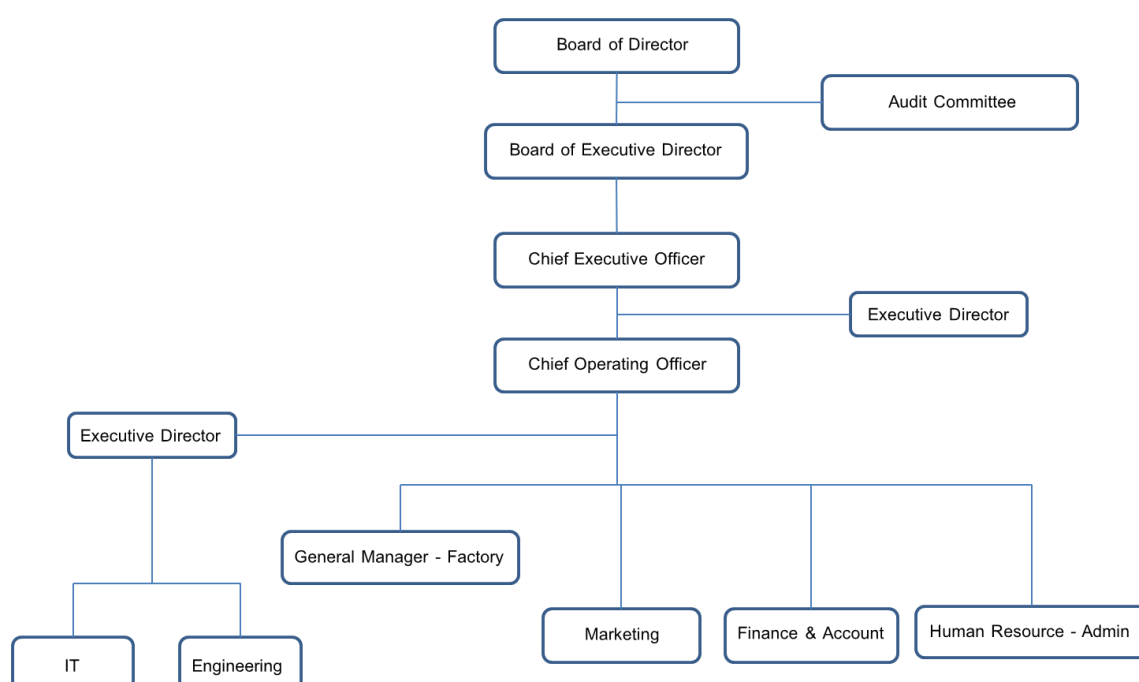
In 2011, the company has invested in bean sprouting factory for the purpose of producing its own raw materials for export, and sale in the domestic market. In addition, the company has renovated its fruit and vegetable production line in order to keep up with the international standard requirement.

In 2012, the company invested in rubber plantation in the unused land, which was classified as land awaiting for development in order to utilize company's asset to provide return by invested more than Baht 14 million in the first year with additional investment of about Baht 4 million every year until it can start to generate income in the next 5-6 years.

In 2013, the company developed new beverage products under brand “ZUMMER”. There are 2 types of beverage i.e. plum juice with plum and aloe vera juice with aloe vera bits with honey and lime.

The company's operating result in 2013 has net profit of Baht 12.1 million including profit sharing from joint venture company in Baht 20.2 million which make net profit per share equal to 0.81 Baht and book value per share as at December 31, 2013 is 36.39 Baht.

Moreover, in 2013, the company has revised company's organization for appropriate operating and support the business expanding in the future as follow



➤ Business Activities

Important change and improvement

In 2013, there is no major change in company's main business but concentrate in create company's own brand product such that company's product and reputation will be better known, and to create sustainable long term income and profit in the company. As a result, this will also create employee's pride in their company.

Business activities

Food and Drinks Public Co., Ltd. is in the main business of manufacture and sales of food and beverage products according to customer's order and requirement 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 product types vary without any specific. The company will consider the capacity of the machineries available, ability to source raw materials, and the regulations required by exporting countries. The company uses the same standard for the production and sales for both export and local markets.

Company's business policy is to concentrate mainly in product quality. Most of the company's product is Premium Grade made from natural raw material. Therefore most of our export customer is high ended – medium customer. Most of customer has long term relationship more than decade and have a good relationship with the company because they are confident in product quality.

Company's main products are fruit, vegetable, curry paste, curry sauce, spices, cooking sauce, fruit and vegetable beverages. This includes mixing many of above ingredients to make a new product which is company's strategy to reduce the risk on marketing and raw material. The direct export ratio is 50.4 % and domestic sales is 49.6 % which including indirect export 32.8%

The detail of company's products for both export and local markets are as follows

1. Fruits/vegetables/spices and food in sealed containers.

Products are aloe vera, bamboo shoot, mango, and mixed fruits and vegetables. Spices are lemon grass, chilli, coriander and curry pastes packed in glass jar, retort pouch or can. Media for fruit and vegetable is brine, vinegar, syrup or water.

2. Ready to eat products with meat packed in sealed container.

Products are sauces with meat such as pasta sauce with meat, or chicken curries. For export products, the company has been approved for producing the products for export to Japan. Products are formulated according to each customer's recipe.

3. Frozen vegetables/fruit and ready to eat

Products are aloe vera, mango, and others. This will also include prepared pork, spices, curry sauce, and frozen food. Raw material are washed, cut, trimmed, seasoned, then frozen.

4. Juices and Beverage

Products are fruit and vegetable juices, and ready-to-drink tea packed in can or PET bottle. Some raw materials are from fresh fruits and vegetables used in above products.

Overview of the Joint Venture Business

In 2004 Food and Drinks Public Co., Ltd. has set up joint venture with Hon Chuan (Thailand) Co., Ltd. to set up 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.

Hon Chuan FD Packaging Co., Ltd has responsibility in production and marketing because Hon Chuan (Thailand) Co., Ltd. is the subsidiary company of Hon Chuan Co., Ltd which is the leading company in Taiwan that have expertise in production and selling plastic packaging for a long time.

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%.

Revenue Structure

	2011		2012		2013	
	million Baht	%	million Baht	%	million Baht	%
Export sales	169	32.3%	152	22.2 %	241	50.4 %
Domestic sales	354	67.7 %	532	77.8 %	237	49.6 %
Total Sales	<u>523</u>	<u>100.0%</u>	<u>684</u>	<u>100.0 %</u>	<u>478</u>	<u>100.0 %</u>
Share of profit (loss) from Investment						
Accounted for under equity	19		24		20	

Future Business

The company has the objective to expand the market for both export and local markets, and market its own brand product by using the existing building, machine and equipment. Nevertheless, 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 Global Standard for Food Safety (BRC) from NSF Certification 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 Baht 40 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 part of the company's business operation. The company has set up and appointed the Organizational Development Committee. One of its main roles is to work closely with the management in assessing 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 Risk

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.

The company has also started to invest in marketing its own brand. This will reduce the risk of relying on contract manufacturing only.

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 2013, the company was able to increase the ratio of domestic sales in comparison to export to 50.3/49.7.

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 but inferior in quality. The company has operated under the internationally recognized food manufacturing standards including GMP from Thai Ministry of Health, and HACCP and Global Standard for Food Safety (BRC) from NSF from United Kingdom. This is part of the strength of the company.

3. Raw material risk

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 reduce the risks of raw materials by:

- Production of many product lines.

- Marketing Plans by selling according to the seasonality of various raw materials.
- Cooperation with farmers and state agencies to achieve the satisfactory quality and productivity.
- Development programs for sustainability farming, providing knowledge to farmers. The programs will not only provide products with good quality but also quantity for the long term period.

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

4. Natural Disasters Risk

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.

➤ General Information

Company's Name	Food and Drinks Public Company Limited
Registration Number	0107536001192 (Public Company 193)
Head Office	695/1 Banbung-Bankai Rd. Klongkew, Banbung Chonburi 20220 Tel.: 0-3820-1219-21 Fax.: 0-3820-1020
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 Export and Local
Registered shares	15,000,000 ordinary shares Par value = Baht 10.00 Total registered capital is Baht 150 million
Paid-up Shares	15,000,000 ordinary shares Par value = Baht 10.00 Baht 150 million Paid-up Capital
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

Auditor

Mr. Termphong Opanaphan (CPA #4501) or

Ms. Siraporn Ouaanunkun (CPA # 3844), or

Mrs. Thipawan Nananuwat (CPA # 3459)

Ernst & Young Office Limited

33F Lake Ratchada Bldg.

193/136-137 New Ratchadapisek Road

Klongtoey, Bangkok 10110

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Legal Advisor

Legal Advisory Council Co., Ltd.

16 F Olympia Thai Tower

444 Ratchdapisek Road

Huay Kwang, Bangkok 10310

Tel : 0-2512-5938-40

Investor Relation

Miss Huai Hui Lee

4F B.B. Building, 54 Sukhumvit 21 Rd.,

Klongtoey-nua, Wattana

Bangkok 10110

Tel.: 0-2664-1501 Fax.: 0-2664-1500

Email : info@foodanddrinks.co.th

➤ Shareholding Structures

Company's Shares

As of 31 December 2013, the company has capital registered in the amount of Baht 150 million, and paid up capital of Baht 150 million for total of 15 million shares at Baht 10 per share.

Major Shareholders

The company's shareholder structure as of 5 March 2014 is as follows:

Description	Number of shares	Value (Baht)	Percentage
Registered capital	15,000,000	150,000,000	-
Paid up capital as of 5 March 2014	15,000,000	150,000,000	100.00
- top 10 major shareholders	11,241,055	112,410,550	74.94
- other shareholders	3,758,945	37,589,450	25.06

List of top 10 major Shareholders as of March 5, 2014

No.	Name of Shareholder	Shares	%	Director
1	Mr. Kasem Deemaitree	2,302,400	15.35	*
2	Mr. Yanyong Intharasongkorhk	1,490,200	9.93	
3	JW International Worldwide Group Ltd	1,457,600	9.72	Represent by Mr. Wong Chun Num
4	Ms. Huai Hui Lee	1,335,340	8.90	*
5	Mr. Huai Hsin Lee	1,285,375	8.57	*
6	Kawasho Food Corporation	1,142,700	7.62	Represent by Mr. Aditep Nontratip
7	Mrs. Chintana Asdornnithee	625,000	4.17	*
8	Iamsakulrat Co., Ltd.	581,000	3.87	
9	Mr. Voravich Deemaitree	510,720	3.40	
10	Mrs. Rungrak Deemaitree	510,720	3.40	

➤ Dividend Payment Policy

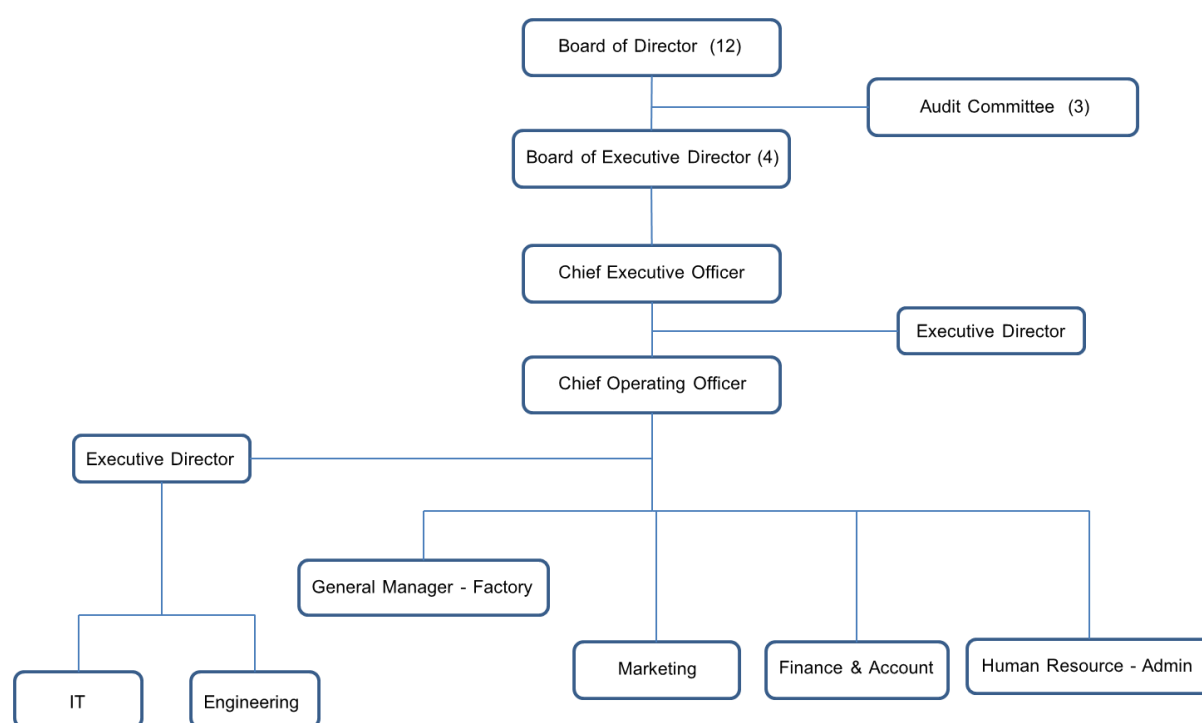
The company has the policy of paying dividend annually for the amount of not less than 60% of net profit after tax and statutory reserve, and reserve for future investments. When the Board of Directors has the suggestion to pay the annual dividend, the matter will be presented to the Shareholders for 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.

YEAR	2011	2012	2013
Net Profit per share	4.37	1.72	3.06
Dividend per share	1.11	0.53	1.05
Dividend / Net Profit (%)	50%	60%	45%

➤ Management Structure

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 4 committees to oversee various areas. They are Board of Director, Audit Committee, Executive committee and the Organizational Development committee. Their names and responsibilities are as follows:

(1) Board of Directors

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 | Director, Chief Executive Officer |
| 3. Mrs. Chintana Asdornnithee | Executive Director |
| 4. Ms. Huai Hui Lee | Director, Chief Operating Officer |
| 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. Ms. Chaovana Vivatpanachati | Independent Director and Audit Committee Chairman |
| 11. Mrs. Vilai Kiatsrichart | Independent Director and Audit Committee |
| 12. Mr. Sumet Chey-O-nanund | Independent Director and Audit Committee |

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

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.

(2) 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 Chief Executive Officer.

The executive directors are:

- | | |
|-------------------------------|-----------------------------------|
| 1. Mr. Kasem Deemaitree | Director, Chief Executive Officer |
| 2. Mrs. Chintana Asdornnithee | Executive Director |
| 3. Ms. Huai Hui Lee | Director, Chief Operating Officer |
| 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. Conduct financial transactions with financial institutions according to the authorization chart for the short term loans, withdraw and opening accounts.
5. Represent the company and operate on behalf of the company to the public.
6. Set up standard operating procedures, and internal control.
7. 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.
8. Ensure that the management and all employees follow the business ethics and integrity.

The Executive Directors has scheduled 6 meetings in a year or when appropriate. In 2013, there are 6 meetings.

(3) 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 2013.

(4) 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 2013, the attendance record is as follow:

The attendance records of Directors

Name of Director	Directors Meeting (12 members)	Audit Committee Meeting (3 members)	Shareholders' Meeting 1/2013 (12 members)
Mr. Phirasilp Subhapholsiri	6/6		1/1
Mr. Kasem Deemaitree	6/6		1/1
Mrs. Chintana Asdornnithee	5/6		1/1
Mr. Udom Karoonkornsakul	6/6		1/1
Mrs. Vilai Kiatsrichart	6/6	3/4	1/1
Ms. Chaovana Vivatpanachati	6/6	4/4	1/1
Mr. Sumet Chey-O-nanund	6/6	4/4	1/1
Mr. Sansern Nilrat	6/6		1/1
Mr. Aditep Nontratip	6/6		1/1
Mr. Chun Nam Wong	4/6		1/1
Mr. Huai Hsin Lee	6/6		1/1
Miss Huai Hui Lee	6/6		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.

(1) Financial Remuneration**(A) Remuneration for each director**

The financial remuneration for 12 directors in 2013 equaled to Baht 1,308,000.00 fixed remuneration.

Name of Director		Annual	Meeting*
Mr. Phirasilp Subhapholsiri	Chairman	40,000	72,000
Mr. Kasem Deemaitree	Director, Chief Executive Officer	40,000	72,000
Mrs. Chintana Asdornnithee	Executive Director	40,000	60,000
Miss Huai Hui Lee	Director, Chief Operating Officer	40,000	72,000
Mr. Huai Hsin Lee	Executive Director	40,000	72,000
Mr. Udom Karoonkornsakul	Director	40,000	72,000
Mr. Aditep Nontratip	Director	40,000	72,000
Mr. Chun Nam Wong	Director	40,000	48,000
Mr. Sansern Nilrat	Director	40,000	72,000
Mrs. Vilai Kiatsrichart	Independent Director	40,000	72,000
Ms. Chaovana Vivatpanachati	Independent Director	40,000	72,000
Mr. Sumet Chey-Onanund	Independent Director	40,000	72,000

* Per attendance to the meeting.

The fix remuneration for three Audit Committee members is Baht 200,000 for 2013.

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

(B) Total remuneration and number of Board of Director and company's executive.

Salary and bonus for 15 executive directors and managers are Baht 20 million for 2013.

(2) Other Remuneration

None.

➤ Detail of Directors and Management

Independent Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Phirasilp Subhapholsiri Chairman Independent Director	61	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	69	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	53	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 Director 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	71	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	Experience		
					Period	Position	Organization
Mr. Kasem Deemaitree Managing Director Authorized Director	80	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	76	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	51	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	47	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	Experience		
					Period	Position	Organization
Mr. Aditep Nontratip Director Authorized Director	50	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	79	High School DAP	2.50	-	1979 – present 1994 – present	Chairman Director	Sahamitree Fish Meal Co., Ltd. Food and Drinks PLC.
Mr. Chun-Nam Wong Director	67	High School Diploma Hong Kong	-	-	1990 – present Present	Director Chairman	Food and Drinks PLC. J. Wong & Co., Ltd.
Mr. Sansern Nilrat Director	60	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	Experience		
					Period	Position	Organization
Mr. Nakhon Mahakhun, Ph.D.	66	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	52	MBA Kasetsart University	-	-	2002 – present	Accounting/Finance Mgr	Food and Drinks PLC.
Mr. Suwisid Kroeckchawalitkun	43	MBA/MPA Ramkamhaeng University	-	-	2013 – present	Human Resource/Administration Manager	Food and Drinks PLC.

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 2013, there was only one shareholders' meeting. The meeting was held on 29 April 2013 at company's office in Bangkok. In 2013, 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, and 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 2013 the company did customer satisfaction survey to our product and services with the result of more than 85% 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 2013, the company had training session for the employees about safety working environment, rule and regulation of our customer totally 592 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. Other programs including converting wastes into use, Food and Drinks Public Co., Ltd. taking care of brothers, knowing trees gives dharma,

5. 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 oversea 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. 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 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.

➤ Corporate Social Responsibility

Overall Policy

The company has corporate social responsibility policy to run business with responsible to social, environment and stakeholder as follow

Food and Drinks Public Company Limited has determination to operate with corporate social responsible that effect to many things from operating the business by stick to ethical, transparent business operating, proper labor practice, equal by not choosing practice, can be examined, ethical behavior, respect to human right, create political neutrality, fairness operating, anti corruption including support and participate by communication and concern about stakeholder benefit and affect to community and environment. Determine to produce quality food and services for safely to the consumer by practice according to international standard, law and other related regulations including improve, develop to build continuous and sustainable corporate social responsibility.

Operating

The company is operated according to the policy that mention above such as fairness treat to employee. The company is operated according main policy trading ethical to business partner including financial institute, customer and suppliers.

Moreover, about anti corruption, the company operated according to anti corruption policy and bribery as follow:

- Employee must not take or promise to take bribery from outsider or other employee by using position or company's duty to get benefit improperly to themselves or others
- Employee must working in good faith not defraud to their own position or working duty
- Employee must not cheating, corruption to their own duty and job.
- Employee must not give or promise to offer a bribe to make them get benefit or relieved from being an offender or the mistake they did.
- Employee must report the clue or any incident that expecting cheating or any action that will harm the company by report to personnel department immediately and that information is consider confidential and will not effect to the reporter.

About responsible to consumer, the company determined to produce quality food and services for safety to consumer is important by stick to international standard, law and other related regulation which made the company get certified on Good Manufacturing Practices: GMP) and Hazard Analysis and Critical Control Point (HACCP) and British Retailer Consortium (BRC) by NSF from United Kingdom which made company product's has reliable quality

About the environment, the company has improve the waste water treatment system to be efficiency and start operated since 2006 by 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. In order that the company has waste water treatment with the approval of the water after treatment in compliance with the requirement of Department of Industrial Works, Ministry of Industry.

The business operating that affect to corporate social responsibility.

- None -

Activity that make benefit to social and environment

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

In 2013, the company gave scholarship to the children of company employees and schools in Banbung area, Chonburi Province 290 scholarships in the amount of Baht 262,350

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

Participated and supported plant the tree activity with the community at reservoir in Chonburi

Participated and supported conserve water resource and environment in Chonburi

➤ Internal Control and Risk Management

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 2013. 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 has a good internal control system and supervisory to operate following the system. The company already informed internal control assessment information as at March 28, 2013 to auditor and audit committee which cover the weakness and important changing of internal control system including look after asset, prevent corruption and improperly action or mistake and damage which affect to financial report and company's operating and subsidiary company.

The company's independent auditor from EY Office Limited did not have any comments in the company's internal control in accounting which including risks assessment that would affect the financial statements as of 31 December 2013.

Moreover, The Board of Directors approved to hire Auditor Office of DiA Audit Company Limited to be our Internal Auditor as suggested by the Audit Committee since 2002. In 2013, internal audit team leader is Mr. Apinan Sripramoch (CPA# 5092) has been auditing various systems in accordance with the internal control requirement that the company has set up and to advise any improvements.

➤ 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 8.67% 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.

Relation with the related companies

Kawasho Corporation Co., Ltd. held F&D shares	1,200,000 shares or 8%
Kawasho (Thailand) Co., Ltd. held F&D shares	<u>100,000</u> shares or 0.67%
Kawasho Group held total	<u>1,300,000</u> shares or 8.67%

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.

Relation with joint-venture company

Company	Type of Business	Country	Investment Ratio	
			2013	2012
			%	%
Hon Chuan FD Packaging Co.,Ltd.	Produce and sell Plastic Bottle, shrink film and label	Thai	35	35

(Unit: Thousand Baht)					
Company	Type of Business	Cost Price		Book Value with equity method	
		2013	2012	2013	2012
Hon Chuan FD Packaging Co., Ltd.	Produce and sell Plastic Bottle, shrink film and label	68,203	68,203	164,240	157,628

During the year, the company record sharing profit from investment from joint venture company in financial report with equity method and record dividend from joint venture company in separate financial statement as follow

(Unit: Thousand Baht)			
Company	Financial Statement equity method		
	Profit sharing from investment in joint venture during the year		
	2013	2012	
Hon Chuan FD Packaging Co., Ltd.	20,252	24,534	

(Unit: Thousand Baht)			
Company	Separate Financial Statement		
	Dividend received during the year		
	2013	2012	
Hon Chuan FD Packaging Co., Ltd.	13,641	6,820	

Related transaction with related parties and joint-venture company according to disclosed in the note to financial statement for 2013. Such transactions are arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the company and those related parties. The significant transactions are as follow:

	<u>2013</u>	<u>2012</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	6	8	Market price
<u>Transactions with related company</u>			
Sales of goods	31	29	Cost plus margin
Purchases of raw materials	1	1	Market price

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

	<u>2013</u>	<u>2012</u>
<u>Trade receivables - related parties</u>		
Related Company (related by director)	9	-
Total trade receivables - related parties	9	-
<u>Other receivables - related parties</u>		
Associate	330	366
Total other receivables - related parties	330	366

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
<u>Trade payables - related parties</u>		
Associate	2,417	58
Related company (related by director)	<u>240</u>	<u>226</u>
Total trade payables - related parties	<u>2,657</u>	<u>284</u>

The company expect the current related parties transaction are expected to continue and because of OEM product is the normal business therefore there is the approval process the same as other transactions. The related parties are Trading Company and doing the business with the company before held company's share.

For other related-party transactions which not count as a usual business transaction will have to get the approval from the Board of Directors by related director with that transaction has no right to vote on that transaction and disclosed type and value of related-party transaction including disclosed in the Annual Report.

The above transactions are reviewed by the Audit Committee and presented to the Board of Directors. There was no question in the transactions.

➤ Important Financial Ratio

Summary of Major Financial Ratios 2011 – 2013

	<u>2011</u>	<u>2012</u>	<u>2013</u>	
<u>Liquidity Ratio</u>				
Current ratio	1.3	1.5	1.1	times
Quick ratio	0.6	0.6	0.3	times
Cash ratio	0.4	0.4	0.2	times
Accounts Receivable turnover	9.8	11.8	11.6	times
Days sales outstanding	36.7	30.5	31.0	day
Inventory turnover	8.7	12.2	8.5	times
Days inventory outstanding	41.4	29.5	42.4	day
Accounts Payable turnover	9.8	12.9	22.8	times
Days Accounts Payable outstanding	36.7	28.0	15.8	day
<u>Profitability Ratio</u>				
Gross Margin	11.1	10.5	14.6	%
Operating Profit	1.6	3.9	-2.1	%
Profit Margin on Sales	4.9	6.6	2.5	%
Return on Equity -ROE	4.9	8.3	2.3	%
<u>Efficiency Ratio</u>				
Return on Total Assets -ROA	4.1	6.8	2.2	%
Return on Fixed Assets -ROFA	15.4	20.4	12.5	%
Assets turnover	0.7	0.9	0.7	times
<u>Financial Policy Ratio</u>				
Debt to Equity	0.5	0.3	0.4	times
Cash / Interest payment	7.9	8.5	7.6	times
Cash / Liabilities payment	1.8	1.4	0.8	times
Dividend payout	60.0	45.0	*	%

* To be approved at the Annual General Shareholders Meeting 1/2014 on 28 April 2014.

➤ Management Discussion and Analysis

Food and Drinks Public Company Limited operating result in 2013 compare to 2012 and Financial Statement as at 31 December 2013 compare to 2012 which has been audited and approved by Certified Auditor and has been approved by the Board of Director can be summarized the important essence as follows :

Operating Result

Company's Financial Statement in 2013 has net profit amount to Baht 12.12 million or Baht 0.81 per share compared to last year financial statement which had net profit of Baht 46.20 million. Our book value per share as at 31 December 2013 stood at 36.39 Baht

Significant changing is as follows:

- 1) Revenue from sale in Baht 478.09 million decreased by Baht 205.35 million or 30% from last year because of world economic is slow down. Economic crisis in USA is not improved yet. Public liability in European country is not stable. Politic stability problem in and outside country, exchange rate fluctuation that very strong in Baht in the first half of the year in 2013 affect to sale amount when convert to Baht has less value but the company still increase export the product in US Dollar 60.0% of total export.
- 2) Cost of sales decreased by Baht 203.48 million or 33.2% by cost of sales/sales ratio decreased 4.1% because the company has improved the efficiency of production process. However the company still affected from the minimum wage 300 Baht/day and the increasing of fuel, electricity, energy cost, transportation cost which effect to cost of the company directly.
- 3) Sell and Administration expenses increased by Baht 31.30 million because the company had advertising and domestic sell promotion for ZUMMER product (our own brand) in Baht 24.23 million.
- 4) Financial cost decreased from last year by Baht 2.14 million because loan and interest paid decreased
- 5) Company record profit sharing in joint-venture by equity method of Baht 20.25 million decreased from last year by Baht 4.28 million (in 2012 was in Baht 24.53

million) which the joint-venture company has a good continuously operation result but affect from wage rate increase and increase expenses that made less profit.

- 6) The company acknowledged obligation staff benefit to be expenses of Baht 2.65 million
- 7) The company has corporate income tax income in 2013 of Baht 1.7 million

Statement of Financial Position

Statement of Financial Position as at 31 December 2013, the company has total asset of Baht 744.55 million decreased from last year by Baht 0.43 million, total liabilities in Baht 198.63 million increased from last year by Baht 3.19 million or 1.6% and shareholders' equity of Baht 545.91 million decreased from last year by Baht 3.63 million or 0.7%. The important essence detail of changing in asset, liabilities and shareholders' equity are as follows:

Asset

Trade receivable decreased by Baht 9.59 million
Inventory increased by Baht 12.40 million
Investment in associate increased by Baht 6.61 million
Property, Plant and Equipment decreased by Baht 18.71 million
Cost of rubber plantation increased by Baht 2.26 million

Liabilities

Short-term loans from financial institutions increased by Baht 24.00 million
Trade and other payables increased by Baht 7.13 million
Long-term loan decreased by Baht 35.16 million
Deferred tax liability decreased by Baht 1.83 million

Shareholders' Equity

Paid dividend in May 2013 of Baht 15.75 million
Profit from company's operating result in 2013 of Baht 12.12 million

Cash Flow Statement

Cash Flow Statement for year ended as at 31 December 2013, the company has cash and cash equivalent transaction net decrease, decreased from 31 December 2012 in Baht 0.33 million by separate cash flow to each activity as follow :

1. Cash flow from operating activity has net cash in Baht 28.16 million has essence transaction as follows:

- Profit from operating before changing	
in operating asset and liability of Baht	41.03 million
- Trade and other receivables decreased by Baht	9.20 million
- Inventory increased by Baht	-15.29 million
- Trade and other payable increased by Baht	7.75 million
- Provision for long-term employee benefits decrease by Baht	-1.51 million
- Paid for interest of Baht	-5.90 million
- Paid for income tax of Baht	-5.91 million

2. Cash flow from investing activity, net cash used in Baht 3.83 million has essence transaction as follows:

- Received dividend from associated company of Baht	13.64 million
- Buy building and equipment of Baht	-15.86 million
- Paid payable for buying building and equipment of Baht	-0.77 million
- Cost of rubber plantation increased by Baht	-2.26 million
- Intangible asset increased by Baht	-1.35 million
- Cash received from selling equipment of Baht	2.73 million

3. Cash flow from financing activity, net cash used in Baht 24.66 million has essence transaction as follows:

- Bank overdraft and short-term loan from	
Financial institution increased by Baht	27.84 million
- Paid dividend of Baht	-15.75 million
- Paid of liability under finance lease agreements of Baht	-1.60 million
- Repayment long term loan of Baht	35.15 million

➤ **Financial Statement**

Food and Drinks Public Co., Ltd.

Report and financial statements

31 December 2013 and 2012



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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 2013, 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.



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 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the financial statements in which the equity method is applied and the separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented the statement of financial position in which the equity method is applied and the separate statement of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income tax. My opinion is not qualified in respect of this matter.

Thipawan Nananuwat
Certified Public Accountant (Thailand) No. 3459

EY Office Limited
(Formerly known as "Ernst & Young Office Limited")
Bangkok: 26 February 2014

Food and Drinks Public Company Limited

Statement of financial position

As at 31 December 2013

(Unit: Baht)

		Financial statements			Separate financial statements		
		in which equity method is applied					
		As at	As at	As at	As at	As at	As at
Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012	
		(restated)			(restated)		
Assets							
Current assets							
Cash and cash equivalents	8	8,181,083	8,512,251	17,381,467	8,181,083	8,512,251	17,381,467
Current investment		1,068,842	1,040,012	1,012,375	1,068,842	1,040,012	1,012,375
Trade and other receivables	9	37,892,719	46,757,665	71,172,153	37,892,719	46,757,665	71,172,153
Inventories	10	95,435,708	83,034,173	102,461,134	95,435,708	83,034,173	102,461,134
Advance payment for import duties		2,889,882	4,373,401	4,515,885	2,889,882	4,373,401	4,515,885
Other current assets		6,044,721	3,943,580	4,457,549	6,044,721	3,943,580	4,457,549
Total current assets		151,512,955	147,661,082	200,980,583	151,512,955	147,661,082	200,980,583
Non-current assets							
Investment in associate	11	68,202,710	68,202,710	68,202,710	68,202,710	68,202,710	68,202,710
Property, plant and equipment	12	405,797,459	424,512,535	440,884,253	405,797,459	424,512,535	440,884,253
Cost of rubber plantation	13	16,600,906	14,338,427	-	16,600,906	14,338,427	-
Other non-current assets		6,395,519	839,825	841,190	6,395,519	839,825	841,190
Total non-current assets		593,033,855	597,318,833	581,640,215	593,033,855	597,318,833	581,640,215
Total assets		744,546,810	744,979,915	782,620,778	744,546,810	744,979,915	782,620,778

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 2013

(Unit: Baht)

		Financial statements						
		in which equity method is applied			Separate financial statements			
		As at	As at	As at	As at	As at	As at	
Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012		
		(restated)			(restated)			
Liabilities and shareholders' equity								
Current liabilities								
Bank overdrafts and short-term loans								
	from financial institutions	14	54,554,213	26,715,506	25,893,799	54,554,213	26,715,506	25,893,799
	Trade and other payables	15	40,603,358	33,470,786	93,115,313	40,603,358	33,470,786	93,115,313
Current portion of liabilities under								
	finance lease agreements	16	1,089,214	324,747	469,556	1,089,214	324,747	469,556
	Current portion of long-term loans	17	33,624,588	35,154,588	35,154,588	33,624,588	35,154,588	35,154,588
	Income tax payable		-	1,451,124	1,474,523	-	1,451,124	1,474,523
	Other current liabilities		2,356,130	889,093	1,361,227	2,356,130	889,093	1,361,227
	Total current liabilities		132,227,503	98,005,844	157,469,006	132,227,503	98,005,844	157,469,006
Non-current liabilities								
Liabilities under finance lease agreements,								
	net of current portion	16	3,375,760	-	324,747	3,375,760	-	324,747
	Long-term loans, net of current portion	17	18,192,589	51,817,177	88,971,765	18,192,589	51,817,177	88,971,765
	Provision for long-term employee benefits	18	17,131,161	16,076,087	13,811,161	17,131,161	16,076,087	13,811,161
	Deferred tax liabilities	22	27,706,192	29,537,335	26,353,335	27,706,192	29,537,335	26,353,335
	Total non-current liabilities		66,405,702	97,430,599	127,461,008	66,405,702	97,430,599	127,461,008
	Total liabilities		198,633,205	195,436,443	284,930,014	198,633,205	195,436,443	284,930,014

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 2013

(Unit: Baht)

	Financial statements			Separate financial statements		
	In which equity method is applied					
	As at	As at	As at	As at	As at	As at
Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
		(restated)			(restated)	
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	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	150,000,000	150,000,000
Share premium	99,425,000	99,425,000	99,425,000	99,425,000	99,425,000	99,425,000
Retained earnings						
Appropriated-statutory reserve	20 15,431,000	15,431,000	15,431,000	15,431,000	15,431,000	15,431,000
Unappropriated	140,338,505	143,986,372	105,713,884	44,299,244	54,541,038	34,001,802
Other component of shareholders' equity	140,721,100	140,721,100	127,121,100	140,721,100	140,721,100	127,121,100
Total shareholders' equity	545,913,605	549,543,472	497,890,784	449,878,344	480,118,138	425,978,702
Total liabilities and shareholders' equity	744,548,810	744,979,915	782,820,778	848,509,549	855,554,579	710,908,718
	-	-	-	-	-	-

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

.....
Directors

Food and Drinks Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2013	2012	2013	2012
			(restated)		(restated)
Profit or loss:					
Revenues					
Sales		478,088,459	683,442,672	478,088,459	683,442,672
Dividend income from associate	11	-	-	13,840,542	6,820,271
Exchange gains		-	1,627,475	-	1,627,475
Other income		11,429,879	14,078,289	11,429,879	14,078,289
Total revenues		489,518,138	699,148,436	503,158,880	705,968,707
Expenses					
Cost of sales		408,512,013	611,994,783	408,512,013	611,994,783
Selling expenses		39,850,075	11,709,511	39,850,075	11,709,511
Administrative expenses		42,323,711	38,965,039	42,323,711	38,965,039
Exchange losses		2,817,385	-	2,817,385	-
Total expenses		493,303,184	662,669,333	493,303,184	662,669,333
Profit (loss) before share of profit from investment in associate,					
finance cost and income tax income (expenses)		(3,785,046)	36,479,103	9,855,496	43,299,374
Share of profit from investment in associate	11	20,252,467	24,533,545	-	-
Profit before finance cost and income tax income (expenses)		16,467,421	61,012,648	9,855,496	43,299,374
Finance cost		(6,048,537)	(8,188,045)	(6,048,537)	(8,188,045)
Profit before income tax income (expenses)		10,418,884	52,824,603	3,806,959	35,111,329
Income tax income (expenses)	22	1,701,249	(6,621,895)	1,701,249	(6,621,895)
Profit for the year		12,120,133	46,202,708	5,508,208	28,489,434
Other comprehensive income:					
Gain on revaluation of land		-	17,000,000	-	17,000,000
Income tax effect	22	-	(3,400,000)	-	(3,400,000)
Other comprehensive income for the year		-	13,600,000	-	13,600,000
Total comprehensive income for the year		12,120,133	59,802,708	5,508,208	42,089,434
Earnings per share	24				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.81	3.08	0.37	1.90

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 2013

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which equity method is applied			
	2013	2012 (restated)	2013	2012
Cash flows from operating activities				
Profit before tax	10,418,884	52,824,803	3,808,959	35,111,329
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	40,054,411	42,373,462	40,054,411	42,373,462
Reducing cost of inventory to net realisable value (reversal)	181,108	(887,223)	181,108	(887,223)
Write-off stock obsolescences	2,710,317	8,247,023	2,710,317	8,247,023
Gain on sales of equipment	(2,354,092)	-	(2,354,092)	-
Share of profit from investment in associate	(20,252,487)	(24,533,545)	-	-
Dividend income from associate	-	-	(13,840,542)	(8,820,271)
Provision for long-term employee benefits	2,584,554	2,284,928	2,584,554	2,284,928
Unrealised exchange losses (gains)	1,728,833	(51,742)	1,728,833	(51,742)
Interest income	(71,578)	(81,642)	(71,578)	(81,642)
Interest expenses	8,048,537	7,475,532	8,048,537	7,475,532
Profit from operating activities before changes in operating assets and liabilities	41,028,507	85,851,394	41,028,507	85,851,394
Operating assets (increase) decrease				
Trade and other receivables	9,202,875	24,397,713	9,202,875	24,397,713
Inventories	(15,292,958)	13,847,181	(15,292,958)	13,847,181
Other current assets	(817,822)	858,453	(817,822)	858,453
Other non-current assets	(150,245)	1,385	(150,245)	1,385
Operating liabilities increase (decrease)				
Trade and other payables	7,754,147	(81,045,720)	7,754,147	(81,045,720)
Other current liabilities	(440,114)	(471,488)	(440,114)	(471,488)
Provision for long-term employee benefits	(1,509,480)	-	(1,509,480)	-
Cash from operating activities	39,974,910	63,238,898	39,974,910	63,238,898
Cash paid for interest expenses	(5,908,115)	(7,451,321)	(5,908,115)	(7,451,321)
Cash paid for corporate income tax	(5,908,487)	(8,881,294)	(5,908,487)	(8,881,294)
Net cash flows from operating activities	28,162,328	48,924,283	28,162,328	48,924,283

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 2013

(Unit: Baht)

	Financial statements			
	in which equity method is applied		Separate financial statements	
	2013	2012 (restated)	2013	2012
Cash flows from investing activities				
Dividend income from associate	13,640,542	6,820,271	13,640,542	6,820,271
Acquisition of plant and equipment	(15,861,212)	(6,914,582)	(15,861,212)	(6,914,582)
Cash paid for account payable from purchase of plant and equipment	(770,848)	(687,082)	(770,848)	(687,082)
Increase in cost of rubber plantation	(2,262,479)	(14,338,427)	(2,262,479)	(14,338,427)
Increase in intangible asset	(1,350,000)	-	(1,350,000)	-
Proceeds from sales of equipment	2,729,530	-	2,729,530	-
Interest income	42,746	54,005	42,746	54,005
Net cash flows used in investing activities	(3,831,721)	(15,065,815)	(3,831,721)	(15,065,815)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	27,838,707	892,801	27,838,707	892,801
Dividend paid	(15,748,936)	(7,950,666)	(15,748,936)	(7,950,666)
Repayment of liabilities under finance lease agreements	(1,596,958)	(495,231)	(1,596,958)	(495,231)
Repayment of long-term loans	(35,154,588)	(35,154,588)	(35,154,588)	(35,154,588)
Net cash flows used in financing activities	(24,661,775)	(42,707,684)	(24,661,775)	(42,707,684)
Net decrease in cash and cash equivalents	(331,168)	(8,849,216)	(331,168)	(8,849,216)
Cash and cash equivalents at beginning of year	8,512,251	17,361,467	8,512,251	17,361,467
Cash and cash equivalents at end of year	8,181,083	8,512,251	8,181,083	8,512,251
	-	-	-	-
Supplemental cash flows information:				
Non-cash items				
Acquisition of plant and equipment for which no cash had been paid	-	2,087,162	-	2,087,162
Purchases of equipment under finance lease agreements	5,583,561	-	5,583,561	-

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 2013

(Unit: Baht)

	Financial statements in which equity method is applied					Total
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity	
			Appropriated		Other comprehensive	
			- statutory reserve	Unappropriated	income Revaluation surplus on land (Note 19)	
Balance as at 31 December 2011 - as previously reported	150,000,000	99,425,000	15,431,000	100,137,387	158,901,375	523,894,742
Cumulative effect of the change in accounting policy for deferred tax (Note 4)	-	-	-	5,578,297	(31,760,275)	(26,203,978)
Balance as at 31 December 2011 - as restated	150,000,000	99,425,000	15,431,000	105,715,684	127,121,100	497,690,784
Dividend paid (Note 28)	-	-	-	(7,950,000)	-	(7,950,000)
Total comprehensive income for the year (restated)	-	-	-	48,202,706	13,800,000	69,802,706
Balance as at 31 December 2012 - as restated	150,000,000	99,425,000	15,431,000	143,968,372	140,721,100	549,543,472
Balance as at 31 December 2012 - as previously reported	150,000,000	99,425,000	15,431,000	138,151,255	175,901,375	578,908,630
Cumulative effect of the change in accounting policy for deferred tax (Note 4)	-	-	-	5,815,117	(35,180,275)	(29,365,158)
Balance as at 31 December 2012 - as restated	150,000,000	99,425,000	15,431,000	143,968,372	140,721,100	549,543,472
Dividend paid (Note 28)	-	-	-	(15,750,000)	-	(15,750,000)
Total comprehensive income for the year	-	-	-	12,120,133	-	12,120,133
Balance as at 31 December 2013	150,000,000	99,425,000	15,431,000	140,338,505	140,721,100	545,913,605

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 2013

(Unit Baht)

	Separate financial statements					Total
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity	
			Appropriated		Other comprehensive	
			- statutory reserve	Unappropriated	Revaluation surplus on land (Note 19)	
Balance as at 31 December 2011 - as previously reported	150,000,000	99,425,000	15,431,000	28,574,662	158,901,375	452,332,037
Cumulative effect of the change in accounting policy for deferred tax (Note 4)	-	-	-	5,426,940	(31,780,275)	(26,353,335)
Balance as at 31 December 2011 - as restated	150,000,000	99,425,000	15,431,000	34,001,602	127,121,100	425,978,702
Dividend paid (Note 26)	-	-	-	(7,950,000)	-	(7,950,000)
Total comprehensive income for the year (restated)	-	-	-	28,489,434	13,600,000	42,089,434
Balance as at 31 December 2012 - as restated	150,000,000	99,425,000	15,431,000	54,541,036	140,721,100	460,118,136
Balance as at 31 December 2012 - as previously reported	150,000,000	99,425,000	15,431,000	48,898,096	175,901,375	489,655,471
Cumulative effect of the change in accounting policy for deferred tax (Note 4)	-	-	-	5,642,940	(35,180,275)	(29,537,335)
Balance as at 31 December 2012 - as restated	150,000,000	99,425,000	15,431,000	54,541,036	140,721,100	460,118,136
Dividend paid (Note 26)	-	-	-	(15,750,000)	-	(15,750,000)
Total comprehensive income for the year	-	-	-	5,508,208	-	5,508,208
Balance as at 31 December 2013	150,000,000	99,425,000	15,431,000	44,299,244	140,721,100	449,876,344

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 2013****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 foods products, 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 Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

- 2.2 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

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

(a) Accounting standards that became effective in the current accounting year

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:

TSIC 10 Government Assistance - No Specific Relation to Operating Activities

TSIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014

		<u>Effective date</u>
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to	1 January 2014

Effective date

Owners

TFRIC 18

Transfers of Assets from Customers

1 January 2014

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

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Financial statements in which equity method is applied			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Statements of financial position						
Increase in investment in associate	318	172	149	-	-	-
Increase in deferred tax liabilities	27,706	29,537	26,353	27,706	29,537	26,353
Increase in unappropriated retained earnings	7,792	5,815	5,576	7,474	5,643	5,427
Decrease in other component of shareholders' equity	35,180	35,180	31,780	35,180	35,180	31,780

(Unit: Thousand Baht)

	For the year ended 31 December			
	Financial statements in which		Separate	
	equity method is applied		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Statements of comprehensive income				
Profit or loss:				
Increase in share of profit from investment in associate	146	23	-	-
Decrease in income tax	(1,831)	(216)	(1,831)	(216)
Increase in profit attributable to equity holders of the Company	1,977	239	1,831	216
Increase in basic earnings per share (Baht)	0.132	0.016	0.122	0.014

5. Significant accounting policies

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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 amount 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 amount of land 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	-	3 - 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.

5.7 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 consists of 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.

5.8 Intangible asset

Intangible assets acquired are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and allowance for impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the

intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Computer software	5 years

5.9 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.

5.10 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 asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of plant and 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.

5.11 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency. 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.

5.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible asset whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in 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.

5.13 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.

5.14 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.

5.15 Income tax

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

Current tax

Current 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.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

6. 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.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

7. 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.

	<u>2013</u>	<u>2012</u>	(Unit: Million Baht) <u>Pricing policy</u>
<u>Transactions with associate</u>			
Rental income and other service charges	3	3	Contract price
Purchases of packaging and supplies	6	8	Market price
<u>Transactions with related company</u>			
Sales of goods	31	29	Cost plus margin
Purchases of raw materials	1	1	Market price

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
<u>Trade receivable - related party (Note 9)</u>		
Related Company (related by common director)	9	-
Total trade receivable - related party	<u>9</u>	<u>-</u>
<u>Other receivable - related party (Note 9)</u>		
Associate	330	366
Total other receivable - related party	<u>330</u>	<u>366</u>

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
<u>Trade payables - related parties (Note 15)</u>		
Associate	2,417	58
Related company (related by common director)	240	226
Total trade payables - related parties	<u>2,657</u>	<u>284</u>

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	<u>2013</u>	<u>2012</u>
Short-term employee benefits	19	18
Post-employment benefits	1	1
Total	<u>20</u>	<u>19</u>

8. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
Cash	40	40
Bank deposits	8,141	8,472
Total	<u>8,181</u>	<u>8,512</u>

As at 31 December 2013, bank deposits in saving accounts carried interests between 0.13 and 2.70 percent per annum (2012: between 0.13 and 2.25 percent per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
<u>Trade receivable - related party</u>		
Aged on the basis of due dates		
Past due		
Up to 3 months	9	-
Total trade receivable - related party	<u>9</u>	<u>-</u>

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	27,404	25,050
Past due		
Up to 3 months	8,257	19,294
3 - 6 months	555	309
6 - 12 months	82	1,239
Over 12 months	-	11
Total trade receivables - unrelated parties	36,298	45,903
Total trade receivable	36,307	45,903
<u>Other receivables</u>		
Advances	260	478
Other receivable - related party	330	366
Other receivables - unrelated parties	996	11
Total other receivables	1,586	855
Total trade and other receivables	37,893	46,758

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	51,412	45,078	(12,837)	(12,656)	38,575	32,422
Raw materials	26,764	24,274	-	-	26,764	24,274
Packaging and supplies	28,023	26,112	-	-	28,023	26,112
Goods in transit	2,074	226	-	-	2,074	226
Total	108,273	95,690	(12,837)	(12,656)	95,436	83,034

11. Investment in associate

11.1 Details of associate:

Company's name	Nature of business	Country of incorporation	(Unit: Thousand Baht)	
			Shareholding percentage	
			<u>2013</u>	<u>2012</u>
			(%)	(%)
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	Thailand	35	35
Total				

Company's name	Nature of business			(Unit: Thousand Baht)	
		Cost		Carrying amounts based on equity method	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
					(restated)
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	<u>68,203</u>	<u>68,203</u>	<u>164,240</u>	<u>157,628</u>
Total		<u>68,203</u>	<u>68,203</u>	<u>164,240</u>	<u>157,628</u>

11.2 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:

Company's name	(Unit: Thousand Baht)	
	Financial statement	
	in which equity method is applied	
	Share of profit from investment in associate during the year	
	<u>2013</u>	<u>2012</u>
		(restated)
Hon Chuan FD Packaging Company Limited	<u>20,252</u>	<u>24,534</u>
Total	<u>20,252</u>	<u>24,534</u>

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	Dividend received during the year	
	2013	2012
Hon Chuan FD Packaging Company Limited	13,641	6,820
Total	13,641	6,820

11.3 Summarised financial information of associate

Financial information of the associate is summarised below:

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit	
	as at		as at		as at		for the year		for the year	
	31	31	31	31	31	31	31	31	31	31
	December	December	December	December	31 December	31 December	December	December	December	December
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Hon Chuan FD Packaging Company Limited	195	195	524	536	56	87	587	666	58	69

12. Property, plant and equipment

(Unit: Thousand Baht)

	Revaluation basis		Cost basis						Total
	Land	Land awaiting for development	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets	
								under installation and under construction	
Cost / Revalued amount:									
As at 1 January 2012	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
Additions	-	-	-	-	2,988	1,783	4,647	12,026	21,444
Disposals	-	-	-	(736)	(7,231)	(1,524)	(8,493)	-	(17,984)
Transfers	-	-	-	2,550	7,674	-	-	(10,224)	-
As at 31 December 2013	195,000	-	169,481	191,369	481,223	24,770	15,752	2,371	1,079,966

(Unit: Thousand Baht)

	Revaluation basis		Cost basis						
	Land	Land awaiting for development	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Accumulated depreciation:									
As at 1 January 2012	-	-	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
Depreciation for the year	-	-	8,121	10,831	19,261	581	990	-	39,784
Depreciation on disposals	-	-	-	(736)	(6,965)	(1,415)	(8,493)	-	(17,609)
As at 31 December 2013	-	-	110,410	145,159	383,994	23,035	11,571	-	674,169
Net book value:									
As at 31 December 2012	195,000	-	67,192	54,491	106,094	642	524	569	424,512
As at 31 December 2013	195,000	-	59,071	46,210	97,229	1,735	4,181	2,371	405,797
Depreciation for the year									
2012 (Baht 41 million included in manufacturing cost, and the balance in administrative expenses)									42,374
2013 (Baht 38 million included in manufacturing cost, and the balance in administrative expenses)									39,784

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, its net book values as of 31 December 2013 would have been approximately Baht 19 million (2012: Baht 19 million).

As at 31 December 2013, the Company had vehicles and equipment under finance lease agreements with net book values amounting to Baht 1.9 million (2012: Baht 0.3 million).

As at 31 December 2013, 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 367 million (2012: Baht 364 million).

The Company has mortgaged certain pieces of its land with constructions thereon and certain machinery, with book values as at 31 December 2013 amounting to approximately Baht 261 million (2012: Baht 278 million), as collateral against credit facilities received from financial institutions.

13. Cost of rubber plantation

(Unit: Thousand Baht)

Net book value as at 1 January 2013	14,338
Additions	2,263
Net book value as at 31 December 2013	16,601

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	2013	2012
Bank overdrafts	MOR	4,554	710
Promissory notes	3.71 - 6.02	50,000	25,000
Trust Receipts	3.40 - 4.26	-	1,006
Total		54,554	26,716

Banks overdrafts and short-term loans from financial institutions are secured by mortgage the certain plots of its land with constructions thereon and certain machinery as described in Note 12 to the financial statements.

15. Trade and other payables

(Unit: Thousand Baht)

	2013	2012
Trade payables - related parties	2,657	284
Trade payables - unrelated parties	12,538	20,287
Accrued expenses	10,416	9,821
Other payables	14,757	2,579
Advance received	235	500
Total trade and other payables	40,603	33,471

16. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Liabilities under finance lease agreements	4,898	330
Less: Deferred interest expenses	<u>(433)</u>	<u>(5)</u>
Total	4,465	325
Less: Portion due within one year	<u>(1,089)</u>	<u>(325)</u>
Liabilities under finance lease agreements - net of current portion	<u>3,376</u>	<u>-</u>

The Company has entered into the finance lease agreements with leasing companies for rental of vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreement are generally between 3 and 5 years.

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

	(Unit: Thousand Baht)		
	As at 31 December 2013		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	1,270	3,628	4,898
Deferred interest expenses	<u>(181)</u>	<u>(252)</u>	<u>(433)</u>
Present value of future minimum lease payments	<u>1,089</u>	<u>3,376</u>	<u>4,465</u>

	(Unit: Thousand Baht)		
	As at 31 December 2012		
	Less than		
	1 year	1-5 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>

17. Long-term loans

			(Unit: Thousand Baht)	
Loan	Interest rate	Repayment	2013	2012
1	BIBOR plus a certain percentage	Payable on a quarterly basis. Starting from December 2011.	32,941	49,412
2	MLR minus a certain percentage	Payable on a monthly basis, starting from March 2010.	13,420	28,180
3	MLR minus a certain percentage	Payable on a monthly basis. Starting from March 2011	1,190	2,570
4	MLR minus a certain percentage	Payable on a monthly basis, starting from January 2012	3,680	5,840
5	MLR minus a certain percentage	Payable on a monthly basis. Starting from January 2012	586	970
Total			51,817	86,972
Less: Current portion			(33,625)	(35,155)
Long-term loans, net of current portion			18,192	51,817

Long-term loans are secured by mortgage of the certain plots of its land with constructions thereon and certain machinery as described in Note 12 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 ratio, current ratio, funded debt to EBITDA, debt service coverage ratios and creation of additional liabilities according to the agreements.

18. Provision for long-term employee benefits

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

			(Unit: Thousand Baht)	
			2013	2012
Defined benefit obligation at beginning of year			16,076	13,811
Current service cost			2,002	1,766
Interest cost			562	499
Benefits paid during the year			(1,509)	-
Defined benefit obligation at end of year			17,131	16,076

Line items under which such expenses are included in profit or loss.

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
Cost of sales	1,425	1,257
Selling and administrative expenses	1,139	1,008

Principal actuarial assumptions at the valuation date were as follows:

	<u>2013</u>	<u>2012</u>
	(% per annum)	(% per annum)
Discount rate	3.6	3.6
Future salary increase rate	3.4 - 6.0	3.4 - 6.0
Staff turnover rate (depending on age)	3.0 - 83.0	3.0 - 83.0

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

	(Unit: Thousand Baht)
	Defined benefit obligation
Year 2013	17,131
Year 2012	16,076
Year 2011	13,811
Year 2010	12,050

19. Revaluation surplus on land

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

20. 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.

21. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	117,122	102,377
Depreciation	39,784	42,374
Advertising and promotion expenses	24,373	145
Rental expenses from operating lease agreements	4,744	5,058
Raw materials and consumables used	205,836	387,451
Changes in inventories of finished goods	(6,334)	9,829

22. Income tax

Income tax expenses (income) for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Financial statements in which equity method is applied		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(restated)		(restated)
Current income tax:				
Current income tax charge	-	6,838	-	6,838
Adjustment in respect of current income tax of previous year	130	-	130	-
Deferred tax:				
Relating to origination of temporary differences	(1,831)	(248)	(1,831)	(248)
Effects of changes in the applicable tax rates	-	32	-	32
Income tax expense (income) reported in the statement of comprehensive income	<u>(1,701)</u>	<u>6,622</u>	<u>(1,701)</u>	<u>6,622</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	<u>2013</u>	<u>2012</u> (restated)	<u>2013</u>	<u>2012</u> (restated)
Deferred tax relating to gain on revaluation of land	-	3,400	-	3,400
	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>3,400</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

(Unit: Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	<u>2013</u>	<u>2012</u> (restated)	<u>2013</u>	<u>2012</u> (restated)
Accounting profit before tax	10,419	52,825	3,807	35,111
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	2,084	12,150	761	8,076
Adjustment in respect of current income tax of previous year	130	-	130	-
Effects of changes in the applicable tax rates	-	32	-	32
Effects of:				
Share of profit from investment in associate	(4,051)	(5,643)	-	-
Exemption of income	-	-	(2,728)	(1,569)
Others	136	83	136	83
Total	<u>(3,915)</u>	<u>(5,560)</u>	<u>(2,592)</u>	<u>(1,486)</u>
Income tax expenses (income) reported in the statement of comprehensive income	<u>(1,701)</u>	<u>6,622</u>	<u>(1,701)</u>	<u>6,622</u>

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

(Unit: Thousand Baht)

	Statements of financial position					
	Financial statements in which equity method			Separate financial statements		
	is applied					
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(restated)			(restated)	
Deferred tax assets						
Allowance for diminution in value of inventories	2,568	2,531	2,665	2,568	2,531	2,665
Provision for long-term employee benefits	3,426	3,112	2,762	3,426	3,112	2,762
Provision for loss of forward contract	381	-	-	381	-	-
Unused tax loss	1,099	-	-	1,099	-	-
Total	7,474	5,643	5,427	7,474	5,643	5,427
Deferred tax liability						
Revaluation surplus on land	35,180	35,180	31,780	35,180	35,180	31,780
Total	35,180	35,180	31,780	35,180	35,180	31,780
Deferred tax liabilities - net	27,706	29,537	26,353	27,706	29,537	26,353

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

23. 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Sales						
Domestic sales	21,827	373,879	215,599	157,687	237,426	531,566
Export sales	9,228	36,019	231,434	115,858	240,662	151,877
Total sales	<u>31,055</u>	<u>409,898</u>	<u>447,033</u>	<u>273,545</u>	<u>478,088</u>	<u>683,443</u>

24. Earnings per share

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

25. Segment information

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

The Company is principally engaged in the manufacture of food and beverage. Its operation is carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area. Export sales during the year ended 31 December 2013 represented approximately 50 percent (2012: 22 percent) of total sales.

For the year 2013, the Company has revenue from two major customers in amount of Baht 157 million and Baht 79 million (2012: Baht 138 million derived from one major customer).

26. Dividends

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2011	Annual General Meeting of the shareholders on 27 April 2012	7,950,000	0.53
Total for 2012		7,950,000	0.53
Final dividends for 2012	Annual General Meeting of the shareholders on 29 April 2013	15,750,000	1.05
Total for 2013		15,750,000	1.05

27. Commitments and contingent liabilities

27.1 Long-term service commitments

The Company has entered into an agreement hiring a company to plant and tend rubber trees. Under the condition of the agreement, the Company is to pay an annual fee at the rate stipulated in the agreement, which has a term of 3 years, that can be extended for another 3-years.

Future minimum payments required under this agreement were as follows.

		(Unit: Million Baht)	
		As at 31 December	
		<u>2013</u>	<u>2012</u>
Payable within:			
Less than 1 year		3	2
1 to 3 years		1	5

27.2 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 agreements are generally between 1 and 3 years.

Future minimum payments required under these agreements were as follows.

(Unit: Million Baht)		
As at 31 December		
	<u>2013</u>	<u>2012</u>
Payable within:		
Less than 1 year	4	4
1 to 3 years	4	7

27.4 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of Baht 7 million (2012: Baht 8 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 (2012: Baht 5 million) to guarantee electricity and Baht 2 million (2012: Baht 3 million) to guarantee to The Customs Department and others.

28. Financial instruments

28.1 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, current investment, bank overdrafts and short-term loans from financial institutions, trade and other payables, liabilities under finance lease agreements 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 2013					
	Fixed interest rates		Floating	Non-interest		Effective
	Within 1 year	1 - 5 years	interest rate	bearing	Total	interest rate
						(% per annum)
Financial Assets						
Cash and cash equivalent	-	-	7	1	8	0.13 - 2.70
Current investment	1	-	-	-	1	2.30
Trade and other receivables	-	-	-	42	42	-
	1	-	7	43	51	
Financial liabilities						
Bank overdrafts and short-term						
loans from financial institutions	50	-	5	-	55	Note 14
Trade and other payables	-	-	-	41	41	-
Liabilities under finance lease						
agreements	1	3	-	-	4	3.90 - 5.55
Long-term loans	-	-	52	-	52	Note 17
	51	3	57	41	152	

(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	4	9	0.13 - 2.25
Current investment	1	-	-	1	2.80
Trade and other receivables	-	-	49	49	-
	<u>1</u>	<u>5</u>	<u>53</u>	<u>59</u>	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	26	1	-	27	Note 14
Trade and other payables	-	-	33	33	-
Long-term loans	-	87	-	87	Note 17
	<u>26</u>	<u>88</u>	<u>33</u>	<u>147</u>	

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.

Foreign currency	Financial assets		Average exchange rate	
	as at 31 December		as at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1	1	32.81	30.63

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2013		
Foreign currency	Sold amount	Contractual exchange rate
	(Million)	(Baht per 1 foreign currency unit)
US dollar	2	31.12 - 33.04

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

28.2 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.

29. 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 2013, according to the capital position in which equity method is applied, the Company's debt-to-equity ratio was 0.36:1 (2012: 0.36:1) and

according to the separate financial statements, the Company's debt-to-equity ratio was 0.44:1 (2012: 0.42:1).

30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2014.

➤ 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 2013, the Audit Committee has 4 meetings, and considered the following matters:

1. The Audit Committee has reviewed the quarterly and year-end 2013 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 2013, 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, DiA Audit Co.,Ltd. to determine the sufficient internal control in the company. In 2013, the payroll system and raw material purchase control 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

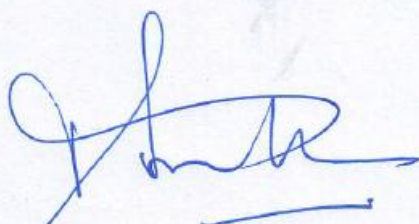
March 27, 2014

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

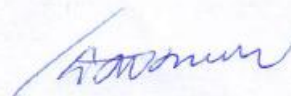
The Board of Directors is aware of the duties and responsibilities in performing as the directors of a listed firm in ensuring that the financial reports are accurate, complete and transparent. This is for the benefit of the shareholders and general investors who are entitled to acknowledge the complete 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 2013 annual financial statements ended 31 December 2013, 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
Chief Executive Officer