

Form 56-2

Annual Report

Year Ending 31 December 2014

Food and Drinks Public Company Limited

เครื่องดื่ม ตรา ZUMMER



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➤ Summary of Financial Information

Financial Information

	Unit: Baht		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Current Assets	147,661,082	151,512,955	165,448,725
Investment accounted for under equity method	157,628,046	164,239,971	161,552,539
Property, plant and equipment	424,512,535	405,797,459	387,886,857
Cost of rubber plantation	14,338,427	16,600,906	20,136,698
Other non - current assets	839,825	6,395,519	12,858,548
Total Assets	744,979,915	744,546,810	747,883,367
Current Liabilities	98,005,844	132,227,503	185,293,666
Long-term Liabilities	51,817,177	21,568,349	5,016,241
Provision for long-term employee benefits	16,076,087	17,131,161	19,846,827
Total Liabilities	165,899,108	198,633,205	229,446,992
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	140,721,100	140,721,100	140,721,100
Legal Reserve	15,431,000	15,431,000	15,431,000
Unappropriated Retained Earnings	143,966,372	140,336,505	112,859,275
Total Shareholders' Equity	549,543,472	545,913,605	518,436,375
Net Sales	683,442,672	478,088,459	475,023,139
Other income	14,078,289	11,429,679	10,837,466
FX Gain/(Loss)	1,627,475	(2,817,385)	951,554
Share of profit from investment accounted for under equity method	24,533,545	20,252,467	10,953,110
Earnings / (Loss) before Income Tax	52,824,603	10,418,884	(32,776,320)
Income tax	6,621,895	(1,701,249)	(8,302,565)
Net Earnings / (Loss) for the Year	46,202,708	12,120,133	(24,473,755)
Earnings / (Loss) per Share	3.08	0.81	(1.63)

Financial Ratio

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Gross Margin	10.5 %	14.6 %	8.6 %
Operating Profit	3.9 %	-2.1 %	-9.4 %
Net Profit	6.6 %	2.5 %	-5.0 %
Debt/Equity Ratio	0.4 times	0.4 times	0.4 times
Dividend/Earnings Ratio	45.0 %	45.0 %	*

* To be approved at the Annual General Shareholders Meeting 1/2015 on 27 April 2015

 **Message from the Board of Directors**

Dear Shareholders,

In 2014 Thailand's overall economy rather stagnated. Exports were somewhat affected by the economic activities which did not improve in the U.S.A., Europe, and Australia including Japan whose currency weakened as a result of the government's policy. The political turmoil in the country during of 2014 and the slowdown in the economy eroded consumer's buying power. As sales declined while cost of production and exports rose, the company's operation results were lower than last year's. The Company's sales and net profit declined by Baht 3 million and 36.6 million respectively.

However, in 2014 the Company developed new product group -- "Ready-to-Eat" which are chilled and frozen food. Consumers can eat them right after heating them up in microwaves such as rice with chicken basil stir fried, mince chicken with hot yellow curry paste, steamed glutinous rice in banana leaves. We developed and sold more than 20 menus which were quite well received by consumers.

In regard of earnings in 2014, our net loss amounted to Baht 24.5 million or net loss of Baht 1.63 per share. Our book value per share stood at Baht 34.56.

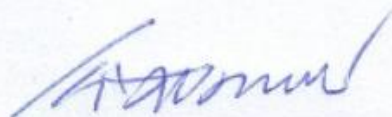
As for 2015, it is expected that the world's economic activities will still be slow and hard to predict when the economy will be back to normal. The Company will have to follow the situation very closely. Nonetheless, we will cautiously implement our strategies in marketing, production and overall management in order to remain competitive and will continue to concentrate on developing more products under our own brand "ZUMMER" and add more menus of "Ready-to-Eat" under the "Besto" brand as an alternative choice to consumers.

Regardless of our performance, the Company is thankful for the determination, intention and sincere cooperation from the staff, management team and Board of Directors with the same purpose -- which is to present the best products to customers in terms of international quality standards and delivery on time. In addition, we are truly appreciative of support and trust from business partners, government agencies, financial institutions, suppliers and, above of all trust from every shareholder who has consistently supported our Company's operation. 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 14 countries such as Australia, Japan, United Kingdom, the Netherlands, USA and New Zealand; including indirect export through companies in Thailand. The export ratio to domestic market is equal to 76.7 / 23.3 in 2014.

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 about Baht 4 million every year until it can start to generate income in the next 5-6 years. We intercropping banana in 2015.





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.

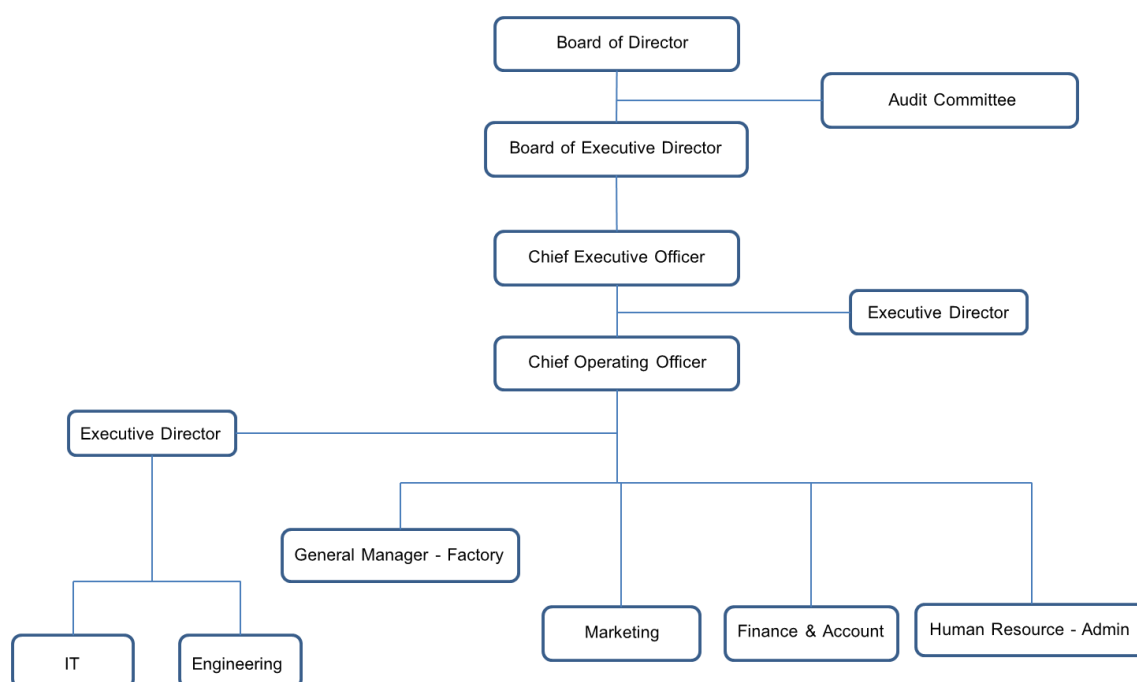


In 2014, the company developed new product group which is Ready-to-eat, it is chilled and frozen food by renovated existing production area but investment in more machine to suitable for this product group.



The company's operating result in 2014 has net loss of Baht 24.5 million including profit sharing from joint venture company in Baht 10.9 million which make net loss per share equal to 1.63 Baht and book value per share as at December 31, 2014 is 34.56 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 2014, we produced more type of food which is Ready-to-eat, chilled and frozen. By 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 46.4 % and domestic sales is 53.6 % which including indirect export 30.3%

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.

5. Ready-to-Eat

Products are food that the consumers can eat right after heating them up in the microwaves. There is chilled and frozen product such as rice with chicken basil stir fried, minced chicken with hot yellow curry paste, steamed glutinous rice in banana leaf, papaya salad. By developed and sold more than 20 menus in 2014 and will increase more than 40 menus in 2015 for an alternative choice to consumer.

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

	2012		2013		2014	
	million Baht	%	million Baht	%	million Baht	%
Export sales	152	22.2%	241	50.4 %	221	46.5 %
Domestic sales	532	77.8 %	237	49.6 %	254	53.5 %
Total Sales	<u>684</u>	<u>100.0%</u>	<u>478</u>	<u>100.0 %</u>	<u>475</u>	<u>100.0 %</u>
Share of profit (loss) from Investment						
Accounted for under equity	24		20		11	

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.

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.

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 - 2013, 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 import and export with foreign currency. The company considered that the value of Thai Baht mostly decreased in 2014 continue to 2015. Therefore the company is not doing forward exchange contracts.

In addition, the company has changed the trade currencies with some customers in United Kingdom and Japan to British Pound and Thai Baht 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, world economic crisis, and trade barrier in Europe including increasing market share in domestic sales it decided to expand production capacity which has an affected to the ratio of domestic sales continuing growth in the past 3 years. In 2014, the company was able to increase the ratio of domestic sales in comparison to export to 46.4 / 53.6.

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

Ms. Thipawan Nananuwat (CPA # 3459) or
Ms. Siraporn Ouaanunkun (CPA # 3844), or
Mr. Termphong Opanaphan (CPA #4501)

Ernst & Young Office Limited

33F Lake Ratchada Bldg.

193/136-137 New Ratchadapisek Road

Klongtoey, Bangkok 10110

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Legal Advisor

Legal Advisory Council Limited.

16 F Olympia Thai Tower

444 Ratchdapisek Road

Huay Kwang, Bangkok 10310

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Bangkok 10110

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Email : info@foodanddrinks.co.th

➤ Shareholding Structures

Company's Shares

As of 31 December 2014, 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 16 March 2015 is as follows:

Description	Number of shares	Value (Baht)	Percentage
Registered capital	15,000,000	150,000,000	-
Paid up capital as of 16 March 2015	15,000,000	150,000,000	100.00
- top 10 major shareholders	10,960,775	109,607,750	73.07
- other shareholders	4,039,225	40,392,250	26.93

List of top 10 major Shareholders as of March 16, 2015

No.	Name of Shareholder	Shares	%	Director
1	Mr. Kasem Deemaitree	2,302,400	15.35	*
2	JW International Worldwide Group Ltd	1,457,600	9.72	Represent by Mr. Wong Chun Num
3	Ms. Huai Hui Lee	1,335,340	8.90	*
4	Mr. Huai Hsin Lee	1,285,375	8.57	*
5	Kawasho Food Corporation	1,142,700	7.62	Represent by Mr. Aditep Nontratip
6	Mr. Jamrearn Rungwattanaset	666,800	4.45	
7	Mrs. Chintana Asdornnithee	625,000	4.17	*
8	Iamsakulrat Co., Ltd.	581,000	3.87	
9	Mr. Suthee Wangseangthong	543,120	3.62	
10	Mr. Woravich Deemaitree	510,720	3.40	
10	Mrs. Rungrak Deemaitree	510,720	3.40	

 **Dividend Payment Policy**

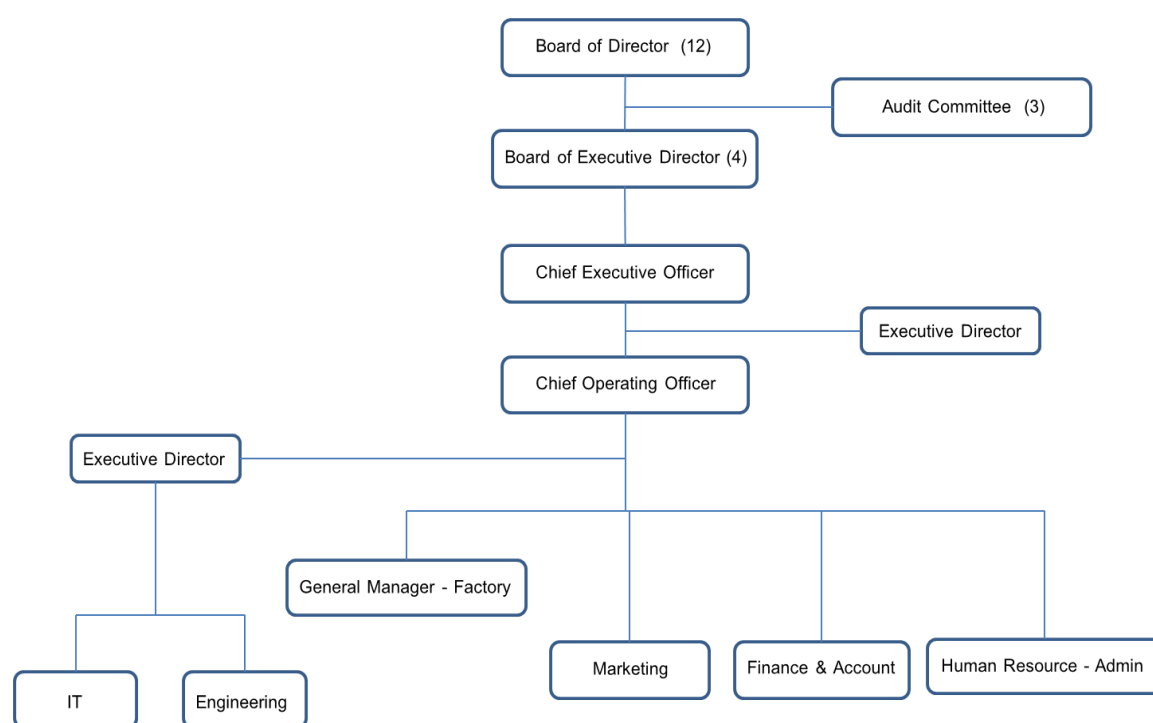
The company has the policy of paying dividend annually for the amount of not less than 60% of net profit after tax and statutory reserve, and reserve for future investments. When the Board of Directors has the suggestion to pay the annual dividend, the matter will be presented to the Shareholders for 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	1.72	1.90	0.37
Dividend per share	0.53	1.05	0.17
Dividend / Net Profit (%)	60%	45%	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 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 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.
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 2014, 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 2014.

(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 2014, 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 1/2014 (10 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	4/6		1/1
Mrs. Vilai Kiatsrichart	6/6	3/4	0/1
Ms. Chaovana Vivatpanachati	5/6	4/4	0/1
Mr. Sumet Chey-O-nanund	6/6	4/4	1/1
Mr. Sansern Nilrat	6/6		1/1
Mr. Aditep Nontratip	5/6		1/1
Mr. Chun Nam Wong	1/6		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 Paveena Yodbangtoey as the company secretary since January 2nd 2014 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**(1.1) Remuneration for each director**

The financial remuneration for 12 directors in 2014 equaled to Baht 1,236,000.00 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	72,000
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	48,000
Mr. Aditep Nontratip	Director	40,000	60,000
Mr. Chun Nam Wong	Director	40,000	12,000
Mr. Sansern Nilrat	Director	40,000	72,000
Mrs. Vilai Kiatsrichart	Independent Director	40,000	72,000
Ms. Chaovana Vivatpanachati	Independent Director	40,000	60,000
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 2014.

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

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

Salary and bonus for 14 executive directors and managers are Baht 20 million for 2014.

(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	62	Business Management Yokohama National University DAP 40/2005	-	-	2009 - Present 2013 - Present 1998 – 2008 Present Present Present	Chairman Independent Director President Independent Director Independent Director Independent Director	Food and Drinks PLC. Tipco Asphalt PLC. Bank Thai Public Co., Ltd. Subhadhana Co.,Ltd. Thai-Nichi Ventures Co.,Ltd. Kaizen Consulting Co.,Ltd.
Mrs. Vilai Kiatsrichart Independent Director Audit Committee	70	Master of Arts in Political Science Ramkamhaeng University Accounting Certificate Belmonte College, U.S.A. DAP DCP 38/2003	-	-	1996 – Present 1981 - Present Present Present	Independent Director/ Audit Committee Managing Director Director and member of Executive Board Honorary President Advisory Director	Food and Drinks PLC. Pan Asia (1981) Co., Ltd. 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	54	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	-	-	2002 – Present 2014 – Present 2001- Present 1999 – Present 1994 – Present	Independent Director/ Audit Committee Audit Committee Independent Director/ Audit Committee Director Managing Director	Food and Drinks PLC. S.C.I. Electric Manufacturing Co.,Ltd. Inoue Rubber (Thailand) PLC. Moore Stephens DIA Sevi Ltd. Pitisevi Co., Ltd.
Mr. Sumet Chey-O-Nanund Independent Director Audit Committee	72	B. Business Administration Thammasart University DAP 2/2003	-	-	2002 – Present 1996 - Present	Audit Committee Independent Director/ 	Food and Drinks PLC. Personal business

Executive Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Kasem Deemaitree Managing Director Authorized Director	81	B.S. Agricultural Chemistry Chung Hsin University Taiwan, R.O.C.	15.35	Father of Mr. Huai Hsin Lee, Ms. Huai Hui Lee	1986 - Present	Chief Executive Officer	Food and Drinks PLC.
Mrs. Chintana Asdornnithee Executive Director Authorized Director	77	High School St. Joseph Convent DAP	4.00	Daughter of Mr. Kamol Iamsakulrat	1985 - Present 1990 - Present	Executive Director Deputy Managing Director	Food and Drinks PLC. Lampang Food Products
Ms. Huai Hui Lee Executive Director Authorized Director	52	MBA George Washington University DCP 19/2002	8.55	Daughter of Mr. Kasem Deemaitree; Sister of Mr. Huai Hsin Lee	2013 – Present 2006 – Present	Chief Operating Officer Director	Food and Drinks PLC. Food Processing Industry Club – Federation of Thai Industries
Mr. Huai Hsin Lee Executive Director Authorized Director	48	B.S. Mechanical Engineering University of Maryland U.S.A.	8.23	Son of Mr. Kasem Deemaitree; Brother of Ms. Huai Hui Lee	2013 – Present	Executive Director Engineering & Information Technology	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	51	Ph.D. Food Science Tokyo University of Fisheries MBA Chulalongkorn University DAP 80/2009	-	-	2009 – Present	Director	Food and Drinks Public Co., Ltd.
					2007 – Present	Managing Director	Kawasho Foods (Thailand) Co., Ltd.
					2002 – 2007	General Manager	Kawasho Foods (Thailand) Co., Ltd.
Mr. Udom Karoonkornsakul Director	80	High School DAP	2.50	-	1994 – Present 1979 – Present	Director Chairman	Food and Drinks PLC. Sahamitree Fish Meal Co., Ltd.
Mr. Chun-Nam Wong Director	68	High School Diploma Hong Kong	-	-	1990 – Present Present	Director Investor	Food and Drinks PLC. JW International Worldwide Group Ltd
Mr. Sansern Nilrat Director	61	MBA Kasetsart University DCP 4/2000, 5/2007 ACP 21/2008	-	-	2009 – Present Present	Director Advisor	Food and Drinks Public Co., Ltd. Federation of Thai Capital Market Organizations
					2012 - 2014	Head of Proprietary Trading	CIMB Securities Co., Ltd.
					2009 - 2012	Head of Compliance and Legal	CIMB Securities Co., Ltd.
					2002 – 2009	Deputy Managing Director	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.	67	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	53	MBA Kasetsart University	-	-	2002 – Present	Accounting/Finance Mgr	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 2014, there was only one shareholders' meeting. The meeting was held on 28 April 2014 at company's office in Bangkok. In 2014, two 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 2014, the company had training session for the employees about safety working environment, rule and regulation of our customer totally 735 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. 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.

5. Thai Local safe green area Project. Join to plant the tree at reservoir and public used area.
6. 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. Oversee the executive directors and management to follow the policies and requirements that were approved or specified from the shareholders according to the requirement of SEC and Stock Exchange of Thailand.

The Board of Directors comprise of 12 directors with

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

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

The Board of Directors holds regular meetings and extraordinary meetings if necessary. The documents need for the meetings are prepared and delivered to the directors at least 7 days in advance. Normally, the meeting takes 2-4 hours. The minutes are recorded and kept and approved by the Board. Invitation letters with agendas, and any information to be included for the meeting, if any, are to be sent at least 7 days in advance. In 2014, there were 6 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, anticorruption 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. 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.

About waste from raw material, 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.

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 2014, the company gave scholarship to the children of company employees and schools in Banbung area, Chonburi Province 289 scholarships in the amount of Baht 266,150.



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 and public used area in Chonburi



Support beverage during Songkran festival at the police services area for the people 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 2014. 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 27, 2014 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 2014.

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 2014, internal audit team leader is Mr. Apinan Sripamoch (CPA# 5092) has been auditing domestic sales system, daily cash receiving control system and deposit to the bank 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 joint-venture's company which 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 8.3% 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	1,142,700 shares or 7.6%
Kawasho (Thailand) Co., Ltd. held F&D shares	<u>100,000</u> shares or 0.7%
Kawasho Group held total	<u>1,242,700</u> shares or 8.3%

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	
			2014	2013
			%	%
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	
		2014	2013	2014	2013
Hon Chuan FD Packaging Co., Ltd.	Produce and sell Plastic Bottle, shrink film and label	68,203	68,203	161,553	164,240

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		
	2014		2013
Hon Chuan FD Packaging Co., Ltd.	10,953		20,252

(Unit: Thousand Baht)			
Company	Separate Financial Statement		
	Dividend received during the year		
	2014		2013
Hon Chuan FD Packaging Co., Ltd.	13,641		13,641

Related transaction with related parties and joint-venture company according to disclosed in the note to financial statement for 2014. 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:

(Unit: Million Baht)

	<u>2014</u>	<u>2013</u>	<u>Pricing Policy</u>
<u>Transactions with associate</u>			
Rental income and other service charges	4	3	Contract price
Purchases of packaging and supplies	3	6	Market price
<u>Transactions with related company</u>			
Sales of goods	33	31	Cost plus margin
Purchases of raw materials	1	1	Market price

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties</u>		
Related Company (related by director)	<u>1,711</u>	<u>9</u>
Total trade receivables - related parties	<u>1,711</u>	<u>9</u>
<u>Other receivables - related parties</u>		
Associate	<u>384</u>	<u>330</u>
Total other receivables - related parties	<u>384</u>	<u>330</u>

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
<u>Trade payables - related parties</u>		
Associate	485	2,417
Related company (related by director)	<u>173</u>	<u>240</u>
Total trade payables - related parties	<u>658</u>	<u>2,657</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 2012 – 2014

	<u>2012</u>	<u>2013</u>	<u>2014</u>	
<u>Liquidity Ratio</u>				
Current ratio	1.5	1.1	0.9	times
Quick ratio	0.6	0.3	0.3	times
Accounts Receivable turnover	11.8	11.6	11.4	times
Days sales outstanding	30.5	31.0	31.6	day
Inventory turnover	12.2	8.5	8.3	times
Days inventory outstanding	29.5	42.4	43.4	day
Accounts Payable turnover	12.9	22.8	18.7	times
Days Accounts Payable outstanding	28.0	15.8	19.2	day
Cash Cycle	32.0	57.6	55.8	
<u>Profitability Ratio</u>				
Gross Margin	10.5	14.6	8.6	%
Operating Profit	3.9	-2.1	-9.4	%
Profit Margin on Sales	6.6	2.5	-5.0	%
Return on Equity -ROE	8.3	2.3	-4.6	%
<u>Efficiency Ratio</u>				
Return on Total Assets -ROA	7.9	2.2	-2.6	%
Return on Fixed Assets -ROFA	20.4	12.5	3.8	%
Assets turnover	0.9	0.7	0.7	times
<u>Financial Policy Ratio</u>				
Debt to Equity	0.4	0.4	0.4	times
Cash / Interest payment	8.5	7.6	0.2	times
Dividend payout	45.0	45.0	*	%

* To be approved at the Annual General Shareholders Meeting 1/2015 on 27 April 2015.

➤ **Management Discussion and Analysis**

Food and Drinks Public Company Limited operating result in 2014 compare to 2013 and Financial Statement as at 31 December 2014 compare to 2013 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 2014 has net loss amount to Baht 24.5 million compared to last year financial statement which had net profit of Baht 12.1 million. Net loss ratio in 2014 is 5.0% (in 2013 : Net Profit ratio was 2.5%) The company has loss per share at Baht 1.63 (in 2013 : Profit per share at Baht 0.81) and our book value per share as at 31 December 2014 stood at 34.56 Baht

Significant changing is as follows:

1. Revenue from sale in Baht 475.0 million decreased by Baht 3.1 million or 0.6% from last year. Export sales declined because of world economic is slow down, public liability problem in European country, political stability problem in some countries, exchange rate fluctuation. The company was pay attention in situation closely and did marketing strategic planning, production and management carefully to be able to compete in the market. In this year, the company developed and launched new product. Made advertising and sales promotion and maintain good relationship with customer that made domestic sales increased.

Total sales in 2014 in the amount of Baht 475 million came from selling many kind of product such as vegetable, fruit, spices, meat product and beverage (total sales in 2013 was in Baht 478.1 million)

Export sales revenue in the amount of Baht 220.5 million which is 46.4% (2013 in the amount of Baht 240.7 million which was 50.3%) of total sales.

Other income in 2014 is in the amount of Baht 11.8 million which is the normal transaction (2013 has other income in Baht 11.4 million)

2. Cost of sales increased in Baht 25.5 million or increased 6.3% by cost of sales/sales ratio increased 6.0% because sales proportion of each product type has been changed which effect to cost of sales / total sales.

3. Sell and Administration expenses increased by Baht 9.8 million because the company had advertising and domestic sell promotion for ZUMMER product to support continue sales volume.

4. Financial cost increased from last year by Baht 1.0 million because interest paid increased.

5. Company record profit sharing in joint-venture by equity method of Baht 10.9 million decreased from last year by Baht 9.3 million (in 2013 was in Baht 20.2 million) which the joint-venture company is Hon Chuan FD Packaging Co., Ltd., manufacturer of plastic bottle, cap and label which the company hold shares 35%.

6. Corporate income tax income in 2014 of Baht 8.3 million.

Statement of Financial Position

Statement of Financial Position as at 31 December 2014, the company has total asset of Baht 747.9 million increased from last year by Baht 3.3 million, total liabilities in Baht 229.4 million increased from last year by Baht 30.8 million and shareholders' equity of Baht 518.4 million decreased from last year by Baht 27.5 million or 5.0%. The important essence detail of changing in asset, liabilities and shareholders' equity are as follows:

Asset

Trade receivable increased by Baht 10.5 million. Due to domestic trade receivable increased according to sales amount. Inventory decreased by Baht 1.4 million which is finished product and raw material prepare for production to export. Company record profit sharing in joint-venture by equity method of Baht 10.9 million and received dividend from joint-venture in Baht 13.6 million. The company has investment in joint-venture of Baht 161.2 million.

Inventory as at December 31, 2014 had reduced cost to be net value by reduced cost by Baht 16.8 million due to the company has allowance of obsolete goods according to strictly accounting principle by inventory aged more than 1 year will set 50% allowance, for inventory aged more than 2 year will set allowance the whole amount. But normal inventory aging is 1 – 3 years and some of raw material are seasoning cannot procure for whole year that made us to produce and keep in stock and deliver in succession. If buy raw material out of season will make high cost.

Inventory as of December 31, 2014 and 2013 has almost the same balance. Because most of inventory is produced in 1 – 3 months by inventory outstanding ratio is 43 days.

The company bought machine, improve production line and vehicle for management efficiency in the amount of Baht 21.5 million and depreciated in 2014 by Baht 39.4 million made property plant and equipment net value decreased by Baht 17.9 million.

Details of associate:

Company's name	Nature of business	Country of incorporation	(Unit: Thousand Baht)	
			Shareholding percentage	
			<u>2014</u> (%)	<u>2013</u> (%)
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	Thailand	35	35

Company's name	Nature of business	Cost		(Unit: Thousand Baht)	
				Carrying amounts based on equity method	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	68,203	68,203	161,553	164,240
Total		<u>68,203</u>	<u>68,203</u>	<u>161,553</u>	<u>164,240</u>

Summarised financial information of associate

Financial information of the associate is summarised below:

Company's name	(Unit: Million Baht)									
	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit	
	as at		as at		as at		for the year		for the year	
	31 December		31 December		31 December		ended		ended	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Hon Chuan FD Packaging Company Limited	195	195	524	524	64	56	572	587	31	58

The company started rubber tree plantation in the empty company's land since 3rd quarter of 2012 by investment in Baht 14.34 million which including rubber tree and rubber tree plantation expenses. Rubber tree maintenance cost in 2014 increased by Baht 3.5 million. The company expect to tapping rubber tree when their aged 6 – 7 years and can be tapped until 25 years of rubber tree.

Liabilities

The company has total liability in Baht 229.4 million increased from last year by Baht 30.8 million or 15.5% came from the increasing of current liability which are short-term loans from financial institutions increased by Baht 60.5 million, trade and other payables increased by Baht 7.5 million by used in inventory and investment in machine and equipment.

The company paid long-term loan in the amount of Baht 33.7 million and has deferred tax liability in Baht 19.3 million decreased from last year by Baht 8.4 million

Shareholders' Equity

In 2014 in the amount of Baht 518.4 million decreased from last year by Baht 27.5 million or 5.0% from loss of company's operating result in 2014 in Baht 24.5 million and decreased from dividend paid in May 2014 of Baht 2.5 million

Company's capital management by provide suitable capital structure for supporting company business operating activity and strengthen share value to share holder by as at December 31, 2014 in Statement of Financial Position, the company has liability/capital ratio 0.4 : 1 (2013 : 0.4 : 1)

Cash Flow Statement

Cash Flow Statement for year ended as at 31 December 2014, the company has cash and cash equivalent transaction net increased from 31 December 2013 in Baht 4.5 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 9.7 million

- Trade and other receivables increased by Baht	-9.8 million
- Inventory increased by Baht	-4.0 million
- Other current asset increased by Baht	-1.0 million
- Trade and other payable increased by Baht	8.1 million
- Paid for interest of Baht	-6.2 million
- Paid for income tax of Baht	-1.2 million

2. Cash flow from investing activity, net cash used in Baht 11.3 million has essence transaction as follows:

- Received dividend from associated company of Baht	13.6 million
- Buy equipment of Baht	-21.6 million
- Cost of rubber plantation increased by Baht	-3.5 million

3. Cash flow from financing activity, net cash used in Baht 22.0 million has essence transaction as follows:

- Bank overdraft and short-term loan from Financial institution increased by Baht	60.4 million
- Paid dividend of Baht	-2.5 million
- Paid of liability under finance lease agreements of Baht	-2.2 million
- Paid long term loan of Baht	-33.6 million

Company's source of capital mainly came from revenue from company's operating and credit from local commercial bank for supporting current capital and investment project by the company is carefully in management capital structure to be suitable and according to the agreement with financial institute. As at December 31, 2014 the company used credit from local commercial bank which is current capital, used 51% (credit limit to be current capital was in Baht 253 million, as at 31/12/2014 has credit balance 49%). The company paid long term loan 88% therefore, considered that the liquidity and providing source of company's capital still have enough capital for company's operating.

In 2014, company has liquidity ratio 0.9 time (2013 : 1.1 time) and Debt/Equity Ratio as at December 31, 2014 at 0.4 time (2013: 0.4 time) which is in the average of the same industry.

Trend of future business operating, the company has goal to expand domestic and export market and make our own brand product by efficiency utilized plant, machine and equipment that we have. However, the company has investment plan to use capital in increase product type by invest in buying machine for improve and expand the production to meet customer's need.

The company started to expand the market to AEC countries by started expand the market to Cambodia and Myanmar which sales is not that much. Our main customer still in Australia, Japan, USA and European countries by maintain base customer with long term relationship and contact new customer and support research and development new product for compete in the market.

The company emphasize in create our own brand product to make company's product and reputation to be well known, for increase long-term revenue and profit to the company and make pride to the employee.



Financial Statement

Food and Drinks Public Co., Ltd.

Report and financial statements

31 December 2014 and 2013



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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 2014, 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 judgement, 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 2014, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Thipawan Nananuwat', is positioned above the printed name.

Thipawan Nananuwat
Certified Public Accountant (Thailand) No. 3459

EY Office Limited
Bangkok: 26 February 2015

Food and Drinks Public Company Limited

Statement of financial position

As at 31 December 2014

(Unit: Baht)

		Financial statements		Separate financial statements	
		in which equity method is applied			
		As at	As at	As at	As at
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Current assets					
Cash and cash equivalents	7	12,699,521	8,181,083	12,699,521	8,181,083
Current investment		1,093,179	1,068,842	1,093,179	1,068,842
Trade and other receivables	8	47,735,233	37,892,719	47,735,233	37,892,719
Inventories	9	93,994,609	95,435,708	93,994,609	95,435,708
Advance payment for import duties		1,230,938	2,889,882	1,230,938	2,889,882
Other current assets		8,695,245	6,044,721	8,695,245	6,044,721
Total current assets		165,448,725	151,512,955	165,448,725	151,512,955
Non-current assets					
Investment in associate	10	161,552,539	164,239,971	68,202,710	68,202,710
Property, plant and equipment	11	387,886,857	405,797,459	387,886,857	405,797,459
Cost of rubber plantation	12	20,136,698	16,600,906	20,136,698	16,600,906
Other intangible assets	13	6,349,663	1,080,000	6,349,663	1,080,000
Other non-current assets		6,508,885	5,315,519	6,508,885	5,315,519
Total non-current assets		582,434,642	593,033,855	489,084,813	496,996,594
Total assets		747,883,367	744,546,810	654,533,538	648,509,549

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 2014

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which equity method is applied			
		As at	As at	As at	As at
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	14	115,000,000	54,554,213	115,000,000	54,554,213
Trade and other payables	15	48,097,356	40,603,358	48,097,356	40,603,358
Current portion of liabilities under					
finance lease agreements	16	2,858,656	1,089,214	2,858,656	1,089,214
Current portion of long-term loans	17	18,192,589	33,624,588	18,192,589	33,624,588
Other current liabilities		1,145,065	2,356,130	1,145,065	2,356,130
Total current liabilities		185,293,666	132,227,503	185,293,666	132,227,503
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion	16	5,016,241	3,375,760	5,016,241	3,375,760
Long-term loans, net of current portion	17	-	18,192,589	-	18,192,589
Provision for long-term employee benefits	18	19,846,827	17,131,161	19,846,827	17,131,161
Deferred tax liabilities	22	19,290,258	27,706,192	19,290,258	27,706,192
Total non-current liabilities		44,153,326	66,405,702	44,153,326	66,405,702
Total liabilities		229,446,992	198,633,205	229,446,992	198,633,205

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 2014

(Unit: Baht)

	Financial statements				
	in which equity method is applied		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 December 2014</u>	<u>31 December 2013</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Shareholders' equity					
Share capital					
Registered					
15,000,000 ordinary shares of Baht 10 each		150,000,000	150,000,000	150,000,000	150,000,000
Issued and fully paid					
15,000,000 ordinary shares of Baht 10 each		150,000,000	150,000,000	150,000,000	150,000,000
Share premium		99,425,000	99,425,000	99,425,000	99,425,000
Retained earnings					
Appropriated-statutory reserve	20	15,431,000	15,431,000	15,431,000	15,431,000
Unappropriated		112,859,275	140,336,505	19,509,446	44,299,244
Other component of shareholders' equity		140,721,100	140,721,100	140,721,100	140,721,100
Total shareholders' equity		518,436,375	545,913,605	425,086,546	449,876,344
Total liabilities and shareholders' equity		747,883,367	744,546,810	654,533,538	648,509,549

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

Food and Drinks Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales		475,023,139	478,088,459	475,023,139	478,088,459
Dividend income from associate	10	-	-	13,640,542	13,640,542
Other income		11,789,020	11,429,679	11,789,020	11,429,679
Total revenues		<u>486,812,159</u>	<u>489,518,138</u>	<u>500,452,701</u>	<u>503,158,680</u>
Expenses					
Cost of sales		434,097,017	408,512,013	434,097,017	408,512,013
Selling expenses		49,478,589	39,650,075	49,478,589	39,650,075
Administrative expenses		39,869,341	42,323,711	39,869,341	42,323,711
Exchange losses		-	2,817,385	-	2,817,385
Total expenses		<u>523,444,947</u>	<u>493,303,184</u>	<u>523,444,947</u>	<u>493,303,184</u>
Profit (loss) before share of profit from investment in associate, finance cost and income tax income		(36,632,788)	(3,785,046)	(22,992,246)	9,855,496
Share of profit from investment in associate	10	10,953,110	20,252,467	-	-
Profit (loss) before finance cost and income tax income		<u>(25,679,678)</u>	<u>16,467,421</u>	<u>(22,992,246)</u>	<u>9,855,496</u>
Finance cost		(7,096,642)	(6,048,537)	(7,096,642)	(6,048,537)
Profit (loss) before income tax income		<u>(32,776,320)</u>	<u>10,418,884</u>	<u>(30,088,888)</u>	<u>3,806,959</u>
Income tax income	22	8,302,565	1,701,249	8,302,565	1,701,249
Profit (loss) for the year		<u>(24,473,755)</u>	<u>12,120,133</u>	<u>(21,786,323)</u>	<u>5,508,208</u>
Other comprehensive income:					
Actuarial losses	18	(566,844)	-	(566,844)	-
Income tax effect	22	113,369	-	113,369	-
Other comprehensive income for the year		<u>(453,475)</u>	<u>-</u>	<u>(453,475)</u>	<u>-</u>
Total comprehensive income for the year		<u>(24,927,230)</u>	<u>12,120,133</u>	<u>(22,239,798)</u>	<u>5,508,208</u>
Earnings per share	23				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		<u>(1.63)</u>	<u>0.81</u>	<u>(1.45)</u>	<u>0.37</u>

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

Food and Drinks Public Company Limited

Cash flow statement

For the year ended 31 December 2014

(Unit: Baht)

	Financial statements			
	in which equity method is applied		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit (loss) before tax	(32,776,320)	10,418,884	(30,088,888)	3,806,959
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	39,658,733	40,054,411	39,658,733	40,054,411
Reducing cost of inventory to net realisable value	4,029,236	181,106	4,029,236	181,106
Write-off stock obsolescences	1,464,692	2,710,317	1,464,692	2,710,317
Gain on sales of equipment	(903,858)	(2,354,092)	(903,858)	(2,354,092)
Share of profit from investment in associate	(10,953,110)	(20,252,467)	-	-
Dividend income from associate	-	-	(13,640,542)	(13,640,542)
Long-term employee benefits expenses	2,753,142	2,564,554	2,753,142	2,564,554
Unrealised exchange losses (gains)	(18,233)	1,728,833	(18,233)	1,728,833
Interest income	(46,125)	(71,576)	(46,125)	(71,576)
Interest expenses	6,516,150	6,048,537	6,516,150	6,048,537
Profit from operating activities before changes in operating assets and liabilities	9,724,307	41,028,507	9,724,307	41,028,507
Operating assets (increase) decrease				
Trade and other receivables	(9,782,217)	9,202,675	(9,782,217)	9,202,675
Inventories	(4,052,829)	(15,292,958)	(4,052,829)	(15,292,958)
Other current assets	(991,580)	(617,622)	(991,580)	(617,622)
Other non-current assets	38,815	(150,245)	38,815	(150,245)
Operating liabilities increase (decrease)				
Trade and other payables	8,156,076	7,754,147	8,156,076	7,754,147
Other current liabilities	(1,214,645)	(440,114)	(1,214,645)	(440,114)
Provision for long-term employee benefits	(604,320)	(1,509,480)	(604,320)	(1,509,480)
Cash from operating activities	1,273,607	39,974,910	1,273,607	39,974,910
Cash paid for interest expenses	(6,220,579)	(5,906,115)	(6,220,579)	(5,906,115)
Cash paid for corporate income tax	(1,232,181)	(5,906,467)	(1,232,181)	(5,906,467)
Net cash flows from (used in) operating activities	(6,179,153)	28,162,328	(6,179,153)	28,162,328

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 2014

(Unit: Baht)

	Financial statements			
	in which equity method is applied		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Dividend income from associate	13,640,542	13,640,542	13,640,542	13,640,542
Acquisition of equipment	(21,577,466)	(15,861,212)	(21,577,466)	(15,861,212)
Cash paid for payable from purchase of equipment	(667,876)	(770,848)	(667,876)	(770,848)
Increase in cost of rubber plantation	(3,535,792)	(2,262,479)	(3,535,792)	(2,262,479)
Increase in intangible asset	(224,000)	(1,350,000)	(224,000)	(1,350,000)
Proceeds from sales of equipment	1,003,193	2,729,530	1,003,193	2,729,530
Interest income	21,788	42,746	21,788	42,746
Net cash flows used in investing activities	(11,339,611)	(3,831,721)	(11,339,611)	(3,831,721)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans				
from financial institutions	60,445,787	27,838,707	60,445,787	27,838,707
Dividend paid	(2,546,420)	(15,748,936)	(2,546,420)	(15,748,936)
Repayment of liabilities under finance lease agreements	(2,237,577)	(1,596,958)	(2,237,577)	(1,596,958)
Repayment of long-term loans	(33,624,588)	(35,154,588)	(33,624,588)	(35,154,588)
Net cash flows from (used in) financing activities	22,037,202	(24,661,775)	22,037,202	(24,661,775)
Net decrease in cash and cash equivalents	4,518,438	(331,168)	4,518,438	(331,168)
Cash and cash equivalents at beginning of year	8,181,083	8,512,251	8,181,083	8,512,251
Cash and cash equivalents at end of year	12,699,521	8,181,083	12,699,521	8,181,083
	-	-	-	-
Supplemental cash flows information:				
Non-cash items				
Purchases of equipment under finance lease agreements	-	5,583,561	-	5,583,561
Purchases of intangible asset under finance lease agreement	5,315,663	-	5,315,663	-

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 2014

(Unit: Baht)

	Financial statements in which equity method is applied					
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity	Total
			Appropriated		Other comprehensive income	
			- statutory reserve	Unappropriated	Revaluation surplus on land (Note 19)	
Balance as at 1 January 2013	150,000,000	99,425,000	15,431,000	143,966,372	140,721,100	549,543,472
Profit for the year	-	-	-	12,120,133	-	12,120,133
Total comprehensive income for the year	-	-	-	12,120,133	-	12,120,133
Dividend paid (Note 25)	-	-	-	(15,750,000)	-	(15,750,000)
Balance as at 31 December 2013	150,000,000	99,425,000	15,431,000	140,336,505	140,721,100	545,913,605
Balance as at 1 January 2014	150,000,000	99,425,000	15,431,000	140,336,505	140,721,100	545,913,605
Loss for the year	-	-	-	(24,473,755)	-	(24,473,755)
Other comprehensive income for the year	-	-	-	(453,475)	-	(453,475)
Total comprehensive income for the year	-	-	-	(24,927,230)	-	(24,927,230)
Dividend paid (Note 25)	-	-	-	(2,550,000)	-	(2,550,000)
Balance as at 31 December 2014	150,000,000	99,425,000	15,431,000	112,859,275	140,721,100	518,436,375

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 2014

(Unit: Baht)

	Separate financial statements					Total
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity Other comprehensive income	
			Appropriated		Revaluation surplus	
			- statutory reserve	Unappropriated	on land (Note 19)	
Balance as at 1 January 2013	150,000,000	99,425,000	15,431,000	54,541,036	140,721,100	460,118,136
Profit for the year	-	-	-	5,508,208	-	5,508,208
Total comprehensive income for the year	-	-	-	5,508,208	-	5,508,208
Dividend paid (Note 25)	-	-	-	(15,750,000)	-	(15,750,000)
Balance as at 31 December 2013	<u>150,000,000</u>	<u>99,425,000</u>	<u>15,431,000</u>	<u>44,299,244</u>	<u>140,721,100</u>	<u>449,876,344</u>
Balance as at 1 January 2014	150,000,000	99,425,000	15,431,000	44,299,244	140,721,100	449,876,344
Loss for the year	-	-	-	(21,786,323)	-	(21,786,323)
Other comprehensive income for the year	-	-	-	(453,475)	-	(453,475)
Total comprehensive income for the year	-	-	-	(22,239,798)	-	(22,239,798)
Dividend paid (Note 25)	-	-	-	(2,550,000)	-	(2,550,000)
Balance as at 31 December 2014	<u>150,000,000</u>	<u>99,425,000</u>	<u>15,431,000</u>	<u>19,509,446</u>	<u>140,721,100</u>	<u>425,086,546</u>

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 2014****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 financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012) Presentation of Financial Statements

TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes

TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its

involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

4.5 Investments

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

4.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount.

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

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its 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.

4.7 Cost of rubber plantation/Amortisation

Cost of rubber plantation is stated at cost less accumulated amortisation and allowance for impairment losses (if any). The cost 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.

4.8 Intangible asset

Intangible assets acquired are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less 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

No amortisation is provided on computer software under development.

4.9 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.

4.10 Long-term leases

Leases of assets 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 useful life of the asset.

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.

4.11 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.

4.12 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.

4.13 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.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

4.14 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.

4.15 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.

5. Significant accounting judgements 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 judgement 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 judgement 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 judgements 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.

6. Related party transactions

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

	(Unit: Million Baht)		
	<u>2014</u>	<u>2013</u>	<u>Pricing policy</u>
<u>Transactions with associate</u>			
Rental income and other service charges	4	3	Contract price
Purchases of packaging and supplies	3	6	Market price

			(Unit: Million Baht)
	<u>2014</u>	<u>2013</u>	<u>Pricing policy</u>
<u>Transactions with related company</u>			
Sales of goods	33	31	Cost plus margin
Purchases of raw materials	1	1	Market price

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related parties are as follows:

	<u>2014</u>	<u>2013</u>
<u>Trade receivable - related party (Note 8)</u>		
Related Company (related by common director)	1,711	9
Total trade receivable - related party	<u>1,711</u>	<u>9</u>
<u>Other receivable - related party (Note 8)</u>		
Associate	384	330
Total other receivable - related party	<u>384</u>	<u>330</u>
<u>Trade payables - related parties (Note 15)</u>		
Associate	485	2,417
Related company (related by common director)	173	240
Total trade payables - related parties	<u>658</u>	<u>2,657</u>

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company had employee benefit expenses payable to its directors and management as below.

	<u>2014</u>	<u>2013</u>
(Unit: Million Baht)		
Short-term employee benefits	19	19
Post-employment benefits	1	1
Total	<u>20</u>	<u>20</u>

7. Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
(Unit: Thousand Baht)		
Cash	40	40
Bank deposits	<u>12,660</u>	<u>8,141</u>

Total	12,700	8,181
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As at 31 December 2014, bank deposits in saving accounts carried interests between 0.13 and 2.70 percent per annum (2013: between 0.13 and 2.70 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
<u>Trade receivable - related party</u>		
Aged on the basis of due dates		
Not yet due	1,711	-
Past due		
Up to 3 months	-	9
Total trade receivable - related party	1,711	9
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	30,999	27,404
Past due		
Up to 3 months	10,094	8,257
3 - 6 months	1,368	555
6 - 12 months	2,639	82
Total trade receivables - unrelated parties	45,100	36,298
Total trade receivable	46,811	36,307
<u>Other receivables</u>		
Advances	374	260
Other receivable - related party	384	330
Other receivables - unrelated parties	166	996
Total other receivables	924	1,586
Total trade and other receivables	47,735	37,893

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	53,195	51,412	(16,866)	(12,837)	36,329	38,575
Raw materials	26,733	26,764	-	-	26,733	26,764
Packaging and supplies	29,529	28,023	-	-	29,529	28,023
Goods in transit	1,404	2,074	-	-	1,404	2,074
Total	<u>110,861</u>	<u>108,273</u>	<u>(16,866)</u>	<u>(12,837)</u>	<u>93,995</u>	<u>95,436</u>

During the current year, the Company reduced cost of inventories by Baht 5.4 million (2013: Baht 2.2 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 1.4 million (2013: Baht 2.0 million), and reduced the amount of inventories recognised as expenses during the year.

10. Investment in associate

10.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage	
			<u>2014</u> (%)	<u>2013</u> (%)
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	Thailand	35	35

(Unit: Thousand Baht)

Company's name	Nature of business	Cost		Carrying amounts based on equity method	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Hon Chuan FD Packaging Company Limited	manufacture of plastic bottles and label	68,203	68,203	161,553	164,240
Total		<u>68,203</u>	<u>68,203</u>	<u>161,553</u>	<u>164,240</u>

10.2 Share of profit and dividend received

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

(Unit: Thousand Baht)

Company's name	Financial statement in which equity method is applied	
	Share of profit from investment in associate during the year	
	<u>2014</u>	<u>2013</u>
Hon Chuan FD Packaging Company Limited	10,953	20,252
Total	10,953	20,252

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	Dividend received during the year	
	<u>2014</u>	<u>2013</u>
Hon Chuan FD Packaging Company Limited	13,641	13,641
Total	13,641	13,641

10.3 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	
	ended		ended		ended		ended		ended	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Hon Chuan FD										
Packaging										
Company Limited	195	195	524	524	64	56	572	587	31	58

11. Property, plant and equipment

(Unit: Thousand Baht)

	Revaluation basis	Cost basis						
				Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
	Land	Buildings	Building improvement					
Cost / Revalued amount:								
As at 1 January 2013	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
Additions	-	-	195	3,706	492	-	17,185	21,578
Disposals	-	-	-	(7,158)	(437)	(405)	-	(8,000)
Transfers	-	-	9,227	7,813	156	-	(17,196)	-
As at 31 December 2014	195,000	169,481	200,791	485,584	24,981	15,347	2,360	1,093,544
Accumulated depreciation:								
As at 1 January 2013	-	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
Depreciation for the year	-	8,122	11,290	18,651	654	672	-	39,389
Depreciation on disposals	-	-	-	(7,062)	(438)	(401)	-	(7,901)
As at 31 December 2014	-	118,532	156,449	395,583	23,251	11,842	-	705,657
Net book value:								
As at 31 December 2013	195,000	59,071	46,210	97,229	1,735	4,181	2,371	405,797
As at 31 December 2014	195,000	50,949	44,342	90,001	1,730	3,505	2,360	387,887
Depreciation for the year								
2013 (Baht 38 million included in manufacturing cost, and the balance in administrative expenses)								39,784
2014 (Baht 38 million included in manufacturing cost, and the balance in administrative expenses)								39,389

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 2014 would have been approximately Baht 19 million (2013: Baht 19 million).

As at 31 December 2014, the Company had vehicles and equipment with net book values of Baht 3 million (2013: Baht 4 million) which were acquired under finance lease agreements.

As at 31 December 2014, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 394 million (2013: Baht 367 million).

The Company has mortgaged certain plots of its land with constructions thereon and certain machinery, with book values as at 31 December 2014 amounting to approximately Baht 246 million (2013: Baht 261 million), as collateral against credit facilities received from financial institutions.

12. Cost of rubber plantation

(Unit: Thousand Baht)

Net book value as at 1 January 2014	16,601
Additions	3,536
Net book value as at 31 December 2014	20,137

13. Intangible assets

The net book value of intangible assets as at 31 December 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Computer software	Computer software under development	Total
As at 31 December 2014			
Cost	1,350	5,540	6,890
<u>Less</u> Accumulated amortisation	(540)	-	(540)
Net book value	810	5,540	6,350
As at 31 December 2013			
Cost	1,350	-	1,350
<u>Less</u> Accumulated amortisation	(270)	-	(270)
Net book value	1,080	-	1,080

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Net book value at beginning of year	1,080	-
Acquisition of computer software	5,540	1,350
Amortisation	<u>(270)</u>	<u>(270)</u>
Net book value at end of year	<u>6,350</u>	<u>1,080</u>

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

		(Unit: Thousand Baht)	
	Interest rate (percent per annum)	<u>2014</u>	<u>2013</u>
Bank overdrafts	MOR	-	4,554
Promissory notes	3.72 - 5.46 and the rates based on BIBOR	<u>115,000</u>	<u>50,000</u>
Total		<u>115,000</u>	<u>54,554</u>

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 11 to the financial statements.

15. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Trade payables - related parties	658	2,657
Trade payables - unrelated parties	30,464	12,538
Accrued expenses	10,335	10,416
Other payables	6,404	14,757
Advance received	<u>236</u>	<u>235</u>
Total trade and other payables	<u>48,097</u>	<u>40,603</u>

16. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Liabilities under finance lease agreements	8,463	4,898
Less: Deferred interest expenses	<u>(588)</u>	<u>(433)</u>
Total	7,875	4,465
Less: Portion due within one year	<u>(2,859)</u>	<u>(1,089)</u>
Liabilities under finance lease agreements - net of current portion	<u>5,016</u>	<u>3,376</u>

The Company has entered into the finance lease agreements with leasing companies for rental of vehicles, equipment and intangible asset 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 2014		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	3,205	5,258	8,463
Deferred interest expenses	<u>(346)</u>	<u>(242)</u>	<u>(588)</u>
Present value of future minimum lease payments	<u>2,859</u>	<u>5,016</u>	<u>7,875</u>

	(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>

17. Long-term loans

			(Unit: Thousand Baht)	
Loan	Interest rate	Repayment	2014	2013
1	BIBOR plus a certain percentage	Payable on a quarterly basis. Starting from December 2011.	16,470	32,941
2	MLR minus a certain percentage	Payable on a monthly basis, starting from March 2010.	-	13,420
3	MLR minus a certain percentage	Payable on a monthly basis. Starting from March 2011	-	1,190
4	MLR minus a certain percentage	Payable on a monthly basis, starting from January 2012	1,520	3,680
5	MLR minus a certain percentage	Payable on a monthly basis. Starting from January 2012	202	586
Total			18,192	51,817
Less: Current portion			(18,192)	(33,625)
Long-term loans, net of current portion			-	18,192

Long-term loans are secured by mortgage of the certain plots of its land with constructions thereon and certain machinery as described in Note 11 to the financial statements.

Some 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 represent compensation payable to employees after they retire from the Company, was as follows:

			(Unit: Thousand Baht)	
			<u>2014</u>	<u>2013</u>
Defined benefit obligation at beginning of year			17,131	16,076
Current service cost			2,123	2,002
Interest cost			630	562
Benefits paid during the year			(604)	(1,509)
Actuarial loss			567	-
Defined benefit obligation at end of year			<u>19,847</u>	<u>17,131</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Current service cost	2,123	2,002
Interest cost	630	562
Total expenses recognised in profit or loss	<u>2,753</u>	<u>2,564</u>

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

Cost of sales	1,691	1,425
Selling and administrative expenses	1,062	1,139

As at 31 December 2014, cumulative actuarial losses, which were recognised in other comprehensive income amounted to Baht 1 million (2013: nil)

Key actuarial assumptions used for the valuation are as follows:

	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)
Discount rate	3.6	3.6
Future salary increase rate	3.5 - 5.0	3.4 - 6.0
Staff turnover rate (depending on age)	0 - 76.0	3.0 - 83.0

The amounts of defined benefit obligation and experience adjustments for the current year and the past four years are as follows:

	(Unit: Thousand Baht)	
	Defined benefit obligation	Experience adjustments on the obligations
Year 2014	19,847	1,470
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 classified by nature are as follow:

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Salaries and wages and other employee benefits	117,646	117,122
Depreciation	39,389	39,784
Advertising and promotion expenses	25,875	24,373
Rental expenses from operating lease agreements	3,631	4,744
Raw materials and consumables used	218,514	205,836
Changes in inventories of finished goods	(1,783)	(6,334)

22. Income tax

Income tax income for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Financial statements in which equity method is applied		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	-	-	-	-
Adjustment in respect of income tax of previous year	-	130	-	130
Deferred tax:				
Relating to origination of temporary differences	(855)	(732)	(855)	(732)
Relating to origination of tax losses carried forward	(7,448)	(1,099)	(7,448)	(1,099)
Income tax income reported in the statement of comprehensive income	<u>(8,303)</u>	<u>(1,701)</u>	<u>(8,303)</u>	<u>(1,701)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Deferred tax relating to Actuarial losses	(113)	-	(113)	-
	<u>(113)</u>	<u>-</u>	<u>(113)</u>	<u>-</u>

The reconciliation between accounting profit (loss) and income tax income is shown below.

(Unit: Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Accounting profit (loss) before tax	<u>(32,776)</u>	<u>10,419</u>	<u>(30,089)</u>	<u>3,807</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(6,555)	2,084	(6,018)	761
Adjustment in respect of income tax of previous year	-	130	-	130
Effects of:				
Share of profit from investment in associate	(2,191)	(4,051)	-	-
Exemption of income	-	-	(2,728)	(2,728)
Others	443	136	443	136
Total	<u>(1,748)</u>	<u>(3,915)</u>	<u>(2,285)</u>	<u>(2,592)</u>
Income tax income reported in the statement of comprehensive income	<u>(8,303)</u>	<u>(1,701)</u>	<u>(8,303)</u>	<u>(1,701)</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 is applied		Separate financial statements	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Deferred tax assets				
Allowance for diminution in value of inventories	3,373	2,568	3,373	2,568
Provision for long-term employee benefits	3,970	3,426	3,970	3,426
Provision for loss of forward contract	-	381	-	381
Unused tax loss	8,547	1,099	8,547	1,099
Total	15,890	7,474	15,890	7,474
Deferred tax liability				
Revaluation surplus on land	35,180	35,180	35,180	35,180
Total	35,180	35,180	35,180	35,180
Deferred tax liabilities - net	19,290	27,706	19,290	27,706

23. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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.

24. 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 2014 represented approximately 46 percent (2013: 50 percent) of total sales.

For the year 2014, the Company has revenue from one major customers in amount of Baht 123 million (2013: the Company has revenue from two major customers in amount of Baht 157 million and Baht 79 million).

25. Dividends

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
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
Final dividends for 2013	Annual General Meeting of the shareholders on 28 April 2014	2,550,000	0.17
Total for 2014		2,550,000	0.17

26. Commitments and contingent liabilities

26.1 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>2014</u>	<u>2013</u>
Payable within:			
Less than 1 year		1	3
1 to 3 years		-	1

26.2 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>2014</u>	<u>2013</u>
Payable within:		
Less than 1 year	4	4
1 to 3 years	-	4

26.3 Guarantees

As at 31 December 2014, there were outstanding bank guarantees of Baht 6 million (2013: Baht 7 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 4 million (2013: Baht 5 million) to guarantee electricity and Baht 2 million (2013: Baht 2 million) to guarantee to The Customs Department and others.

27. Financial instruments

27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, 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 2014					
	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	-	-	12	1	13	0.13 - 2.70
Current investment	1	-	-	-	1	2.00
Trade and other receivables	-	-	-	48	48	-
	1	-	12	49	62	
Financial liabilities						
Bank overdrafts and short-term						
loans from financial institutions	115	-	-	-	115	3.54 - 5.39
Trade and other payables	-	-	-	48	48	-
Liabilities under finance lease						
agreements	3	5	-	-	8	3.90 - 5.77
Long-term loans	18	-	-	-	18	Note 17
	136	5	-	48	189	

(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	-	-	-	38	38	-
	1	-	7	39	47	
Financial liabilities						
Bank overdrafts and short-term						
loans from financial institutions	50	-	5	-	55	3.72 - 7.38
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	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets denominated in foreign currency, which are unhedged against foreign exchange rate risk, summarised below.

Foreign currency	Financial assets as at 31 December		Exchange rate as at 31 December	
	<u>2014</u> (Million)	<u>2013</u> (Million)	<u>2014</u> (Baht per 1 foreign currency unit)	<u>2013</u>
US dollar	1	1	32.8128	32.6778

27.2 Fair values of financial instruments

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

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

28. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, according to the statement of financial position in which equity method is applied, the Company's debt-to-equity ratio was 0.44:1 (2013: 0.36:1) and according to the separate financial statements, the Company's debt-to-equity ratio was 0.54:1 (2013: 0.44:1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2015.



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 2014 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 2014, 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 2014, the domestic sale system and daily cash receiving control system and deposit to the bank 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 26, 2015

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

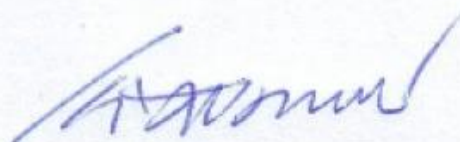
The Board of Directors is aware of the duties and responsibilities as directors of a listed firm in ensuring that the financial reports are accurate, complete and transparent. This is for the benefit of the shareholders and general investors who are entitled to receive the complete and accurate financial 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 as verified and noted by the external auditor in Notes to Financial Statements. 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 believes that the Company's 2014 annual financial statements ended 31 December 2014, which has been reviewed by the external auditor, were prepared in line with the generally accepted accounting standards, using appropriate and consistent account policy, while disclosing adequate information and complying with the related rules and regulations.



Phirasilp Subhapholsiri
Chairman



Kasem Deemaitree
Chief Executive Officer