



## **ANNUAL REPORT 2012**

**THAITHEPAROS PUBLIC COMPANY LIMITED**



ความอร่อยแบบดั้งเดิมของคนไทยมากกว่า 60 ปี



ซอสพริกศรีราชา  
ตรา ศรีราชาพานิช



อัดแน่นความเผ็ดเต็ม ๆ ขวด



[www.thaitheparos.com](http://www.thaitheparos.com)



thaitheparos

บอ. 2973/2555

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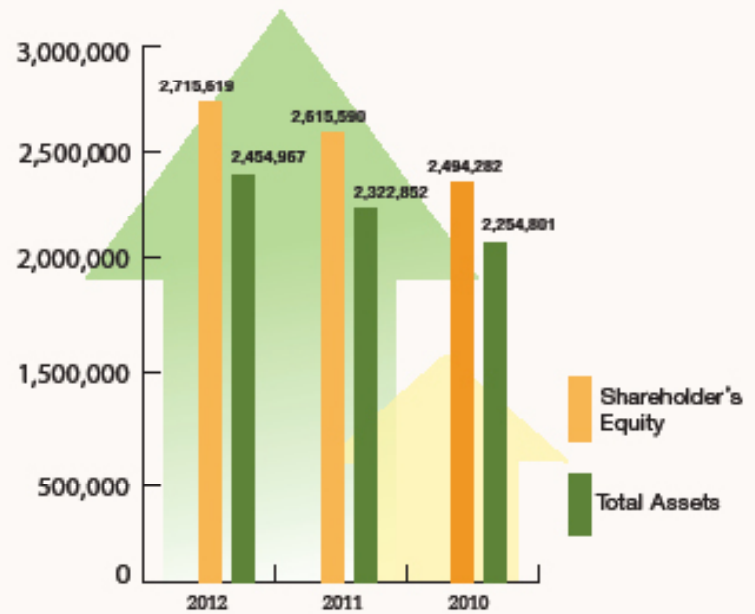
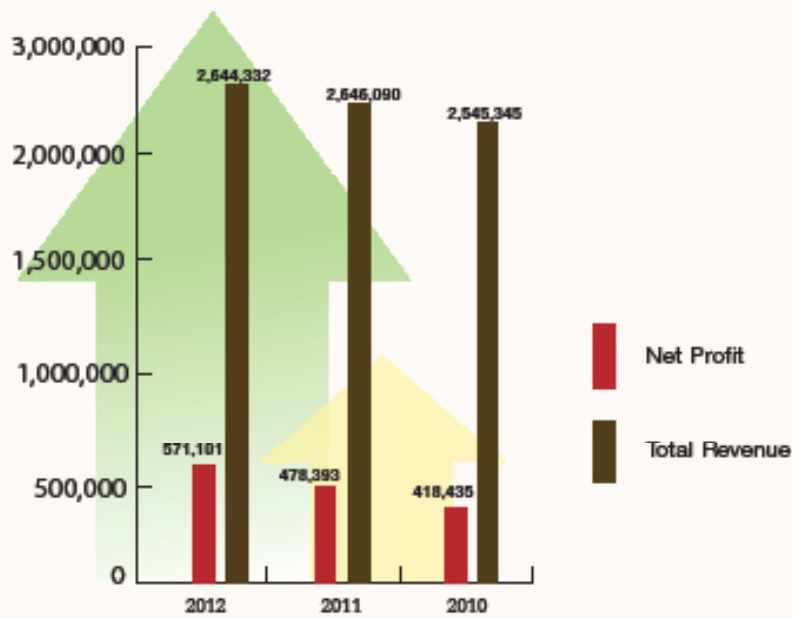
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## Summary of The Financial Position and Operation Result

Unit : Thousand Baht	2012	2011	2010
Sales	2,644,332	2,646,090	2,545,345
Cost of Sales	1,507,500	1,548,079	1,526,365
Net Profit	571,101	478,393	418,435
Total Assets	2,715,619	2,615,590	2,494,282
Total Liabilities	260,652	292,738	239,481
Shareholder's Equity	2,454,967	2,322,852	2,254,801
Earning Per Share (Baht)	1.59	1.33	1.16
Dividend Per Share (Baht)	1.33	1.22	1.05
Pay out Ratio (%)	83.65	91.81	90.34
Cost of Sales / Sales (%)	57.01	58.50	59.97
Sales Growth (%)	(0.07)	3.96	5.34
Net Profit Growth (%)	19.38	14.33	(2.69)
Net Profit Margin (%)	21.30	17.87	16.34
Return on Equity (%)	23.91	20.90	18.79
Return on Total Assets (%)	21.42	18.72	17.07
Book Value Per Share (Baht)	6.82	6.45	6.26





*Parinya Winyarat*  
*Chairman of the Board*



## Message from the Chairman

Economy as a whole in 2012 was slowly recovered. Some businesses grew much higher, especially the automotive industry. A huge numbers of vehicles have been produced to compensate during flooding. Besides, the government has launched economic stimulus measures continuously such as tax policy for the first car, first house, etc. Meanwhile some businesses were not able to grow as much as they should. In particular, the food industry need to depend on some agricultural crops such as soy bean, chili which faced the impact of severe floods last year and unpredictable climate change result the lower production and price increase. Thus, the production costs increased as well. Despite these challenges, our sales amount was in the same level as previous year.

The year 2012, SAUCE has pushed another forward with the aim of becoming one of ASEAN leaders in condiment industry and being the sustainable growth company. SAUCE has restructured its marketing and sales, especially export market. SAUCE has invaded the international market directly to open the new markets and make the products well-known and accepted. Direct marketing coupled with the use of trading companies allow SAUCE to grow and gain more access to our customers. SAUCE aims ASEAN markets as it will play a vital role in our exports and overall economic growth in the future since it is fully transformed in 2015 into the ASEAN Economic Community (AEC). The most important thing is to develop greater variety and packaging design of products to cater to varying customer demands. In Sales sector, our sales volume in each month was more stable than previous years since SAUCE has set the significant strategy in strengthening its brand loyalty as food safety and product quality more than doing promotions throughout the year. Emphasizing on high quality products, every process control has to be took care of carefully and continuously. This required the appropriate time for the unique tastes with delicious “Umami” and better smell as the unique product under brand “Golden Mountain” and “Sriraja Panich”. The considerate work process step by step for the good quality products will meet our customers and end users satisfactory and will enhance our brand loyalty firmly and sustainably. SAUCE has also focused our products on food service customers such as restaurants and hotels as they use a large number of seasoning products. SAUCE continually educates our people to fully understand products and work processes to improve and develop technology and innovation for the manufacturing process efficiency. In addition, Sauce has attained Kosher Certification from Thai Kashrut Services since July 1, 2012 for Seasoning Sauce category, Fermented Soya Sauce category and Distilled Vinegar category, coupled with packaging as gallon and PET bottle in different sizes. This successful achievement receives customers and consumers especially, Kosher consumers greater confidence and reliability which will play a very important role in increasing our sales and exports volume onwards.

To be continued...

SAUCE recognizes the importance of the good environment, energy conservation and the efficient use of resources accessible to our mankind for achieving better quality of life. The strategic policy this year is development of waste water treatment system by studying water usage of the whole production process in order to improve the nature of waste water efficiently and effectively. SAUCE aims to treat water reuse as a substitute for water supply in some areas such as planting, flushing and cleaning working areas. Bearing these responsibilities in mind, SAUCE continues to develop the creative things for the well-being of our society, community and nation.

On behalf of the Board of Directors, I would like to express sincere thanks to our customers, end users, stakeholders, shareholders, suppliers, business partners from all sectors and dedicated management team and all employees who have utmost contributed to SAUCE's continued sustainable growth. SAUCE is proud to operate business with transparency, honesty and fairness in order to step forwards for greater success together with you all.

## Corporate Information

Name of Company	Thai Theparos public company limited (former name Thai Theparos Food Products Public Company Limited)
Head office	208 Moo 6 Taiban Road, Taiban Sub-District, Muang District, Samutprakarn, Thailand 10280 Tel : +66-2703-4444 Fax : +66-2387-1163, +66-2703-4444 Ext 3000 www.gmsauce.com
Registration No.	0107536001265
Branch 1	162/1 Moo 2, Ban-Fon Mae Ta Road, Chompoo District, Muang District, Lampang Province 52000 Tel : (054) 251-149, 251-005 Fax : (054) 251-138
Established	1954
First Trade Date	20 January 1995
Symbol	SAUCE
Industry / Sector	Agro and Food Industry / Food and Beverage
Registered Share Capital	600 Million Baht (60,000,000 shares of Baht 100.00 par value)
Issued and paid up Capital	360 Million Baht (36,000,000 shares of Baht 100.00 par value)
Number of Staff	Head office 659 persons
Fiscal Year	1 January - 31 December
Other Reference	A. Register Stock Exchange of Thailand Capital Market Academy Building, The Stock Exchange of Thailand 2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road Km. 27, Tung Song Hong, Laksi, Bangkok 10210 Tel 0-2596-9000, 0-2596-9302-11 Fax 0-2832-4994 to 0-2832-4996 B. Auditors Mr. Sakda Kaothanthong CPA Registration Number 4628 or Mr. Bunyarit Thanormcharoen CPA Registration Number 7900 or Mr. Charoen Phosamritlert CPA Registration Number 4068 or Mrs. Wilai Buranakittisopon CPA Registration Number 3920 KPMG Phoomchai Audit Limited, 22 nd Floor Empire Tower 195 South Sathorn Road, Yannawa, Sathorn Bangkok 10120 Tel : 0-2677-2000 Fax : 0-2677-2222 C. Law Consultant Bunchong & Vidhya Law Office Ltd. Wall Street Tower Bldg., 9 Fl., 33/35 Suriwongse Rd. Bangkok 10500 Tel : 0-2236-2334 Fax : 0-2236-3916
Associate (1)	YAMASA (THAILAND) Co., Ltd. 208 Moo 6 Taiban Road, Taiban Sub-District, Muang District, Samutprakarn, Thailand 10280 Tel : +66-2703-5360 Fax : +66-2703-4956 www.yamasathailand.com
Core Business	Distributor japanese soy sauce under “ Yamasa ” brand in South East Asia.
Registered Share Capital	30 Million Baht (300,000 shares of Baht 100.00 par value)
Issued and paid up Capital	20 Million Baht ( 3 shares of Baht 100.00 par value) (146,998 shares of Baht 66.68 par value) (152,999 shares of Baht 66.66 par value)
Associate (2)	EXTER (THAILAND) LTD. 208 Moo 6 Taiban Road, Taiban Sub-District, Muang District, Samutprakarn, Thailand 10280 Tel : +66-2755-2888 Fax : +66-2755-2887
Core Business	Manufacturer and distributor of seasoning food products under “ Exter ” brand export to Europe and South East Asia.
Registered Share Capital	20 Million Baht (2,000,000 shares of Baht 10.00 par value)
Issued and paid up Capital	20 Million Baht (2,000,000 shares of Baht 10.00 par value)
Proportion holds shares	40%
Nature of Business	

Thai Theparos Food Products PLC. is the manufacturer and distributor of seasoning food products under “Golden Mountain” brand consisting of seasoning sauce, chilli sauce, distilled vinegar, tomato ketchup, chilli & tomato sauce, oyster sauce, fermented soy sauce and powdering sauce, fermented soy sauce powder, oyster sauce under “Tahai” brand as well as Sriraja chilli sauce under “Sriraja Panich” brand and naturally brewed Japanese soy sauce under “Kinzan Shoyu” brand including house brand.

## Golden Mountain History



In 1954 ,Mr. Chai Sae Kow established Thai Theparos Factory ROP to manufacture variety of food seasoning and distributed them under the “Golden Mountain” brand name.

Under the professional guidance of Mr. Chai Sae Kow and Mr. Krailas Winyarat. Golden Mountain met with marketing success and achieved remarkable production efficiency. Since then, the company's management has continually striven for excellence in the industry, and at present, under the leadership of Mr. Parinya Winyarat, “Golden Mountain” is the trademark of Thai Theparos Public Company Limited 59 years

Under thoroughly professional leadership, which has established firm confidence through operational efficiency and successful marketing strategies, Thai Theparos has experienced steady growth and on going development, as a set policy, the company has always devoted a good portion of its resources to research and development in order to secure continual product excellence.

Sauce continues to focus on providing customers satisfaction'



Thai Theparos received ISO 9002 certification from SGS Yarsley International Certification Services as of June 19, 2011



received GMP Certification from the Ministry of Public Health as of June 12, 2011



received HACCP Certification from SGS Yarsley International Certification Services as of June 29, 2011



received HAL-Q Certification from The Halal Science Center Chulalongkorn University as of April 29, 2012



Attained **Kosher** Certification from Thai Kashrut Services since July 1, 2012 for Seasoning sauce category, Fermented Soya Sauce category and Distilled Vinegar category, couple with packing as gallon and PET bottle in different sizes.



Received Halal from The Central Islamic council of Thailand .2530



## Nature of Business

Thai Theparos Food Products Public Company Limited is in the food and beverage industry as follows

We are the manufacturer and distributor of seasoning food products under “Golden Mountain” brand consisting of seasoning sauce, chilli sauce, distilled vinegar, tomato ketchup, chilli & tomato sauce, oyster sauce, fermented soy sauce and powdering sauce, fermented soy sauce powder, oyster sauce under “Tahai” brand as well as Sriraja chilli sauce under “Sriraja Panich” brand and naturally brewed Japanese soy sauce under “Kinzan Shoyu” brand including house brand.

In 2009, Company produces and sale Japanese Soysauce under Yamasa Brand to parter Yamasa (Thailand) Company Limited.

In 2011, Company product and sale Raw Sauce to associate “Exter (Thailand) company Limited.

### Structure of Sales Revenue

In 2012, the Company distributes all our products both domestic and export market. Domestic sales accounts for 91.25% of total sales, consists of wholesalers, discount stores, department stores, restaurants and food shops, retailers and industry, both in Bangkok and up-country. Export sales accounts for 8.75% of total sales, consists of exporters and distributors.

### Products Sales

(Unit : Thousand Baht)

Products	2012		2011	
	Amount	%	Amount	%
Domestic Sales	2,412,976	91.25	2,406,488	90.95
Export Sales	239,602	8.75	239,602	9.05
Total Sales	2,644,332	100.00	2,646,090	100.00
Increase (Decrease) of Total Sales	(0.07)%		3.96%	



## Significant Changes

In 2012, Sauce has run the business normally. However, there are some changes might be of significance to the operation as follow

1. In the first quarter of 2012, the company has cancelled the Glass bottle of Green Cap, Brown Cap, Red Cap Seasoning Sauce and Soy Sauce size 740 cc (1x12) for Modern Trade and replace them with the Pet Bottle size 980 cc (1x12)

(No change in the formulation, only packaging. Pet Bottle is more durable, easy to handle and suitable for transportation)



2. Kinzan Building and Machinery for manufacturing Seasoning Sauce with fully capacity of 12,000 tons per year, it has been started its construction since 2010. This project will require entire budget of approximately Baht 280 Million. Some Area has been already completed with the capacity of 6,000 tons per year and used the investment around Baht 197 million. The production has been commenced in June 2012 and the remaining areas which has still under the operations around Baht 83 million with the capacity 6000 tons, it is expected to be completed in 2013



## Significant Changes

### Associate Company

#### Yamasa (Thailand) Co.,Ltd

The company produces “Yamasa” Soy Sauce distributing to Yamasa (Thailand) Co.,Ltd., associates company, with total sales in third year amounting to Baht 15.47 million decreased by 1.07% or decreased Baht 6.47 compared to that of 2011 Baht 16.54 Million



#### Exter (Thailand) Limited.

The company produces “Rar Sauce” distributing to Exter (Thailand) Limited, associated company, since the third quarter of 2011 with total sales in the second year amounting to Baht 22.64 MB increased by 67.08% or increased Baht 9.09 million compared to that of 2011 Baht 13.55 Million



## Industry and Competition

### Competitive conditions of the industry.

Thai economy starts recovering from floods since 1st quarter of 2012. This came from the government's stimulus measures such as tax policy for the first vehicle and the state pledging scheme for paddy rice. Farmers enjoy this incentive with more income. However, the rice exporter seems to have problems from the higher price of rice from the state pledging scheme which cannot be competitive and this causes Thailand lose its world market leader of rice exporter. Market condition was also shaken by the impact of the U.S. financial condition called "fiscal cliff" which the U.S. government faced at the end of 2012.

As a result the Thai economics in 2012 reduced overall from 11.71 per cent to 3.38 per cent. The condiment industry in 2012 faced many difficulties from the higher price of the field crops which were lower production as the unpredictable climate change, including labor shortages. Many condiment products adjusted their prices up in 3rd quarter of the year. The condiment market competition grew more intense with serious promotions as the previous years. Most manufacturers launched the new products as seasoning powders represented by the two aggressive brands as Knorr and Aji. In seasoning liquid section, Maggi push its force continuously to marketing activities in modern trade channel with the sales promotions through the year.

In advertisement section, the significant growth of internet – based marketing media continues to expand our markets and stimulate our sales dramatically, especially the popular of social networks as Facebook which becomes the easiest and cheapest format to create on-to-one marketing with consumers. It has encouraged marketers to pay more attention to this channel. The traditional media such as television advertisement are increasingly spending on satellite, cable television and Free TV. Regarding to Thaitheparos's advertisement in 2012, we have create the media Ad of seasoning sauces in PET bottle named "Sumo" which presented on TV, Magazines, Billboard in the major towns. This "Sumo" Ad encourages customers and consumers realize the easily portable with the lightweight but strength and not easy to crack of PET bottle. Moreover, the Ad of oyster sauce and Sriracha Panich chili sauce, have strongly reminded our brand loyalty for the customers and consumers. In particularly, the original brand of Sriraja Panich product recognized customers and consumers the genuine product should have the word of "Panich" coupled with "Sriraja"

In quarter 4th, SAUCE has upgraded packaging of soy sauce for export sales more modern and attractive. SAUCE halted to produce the slow movable products to increase more production capacity and storage areas. SAUCE joined the marketing activity called "4th grocery market" at Makro, and participated in the Vegetarian Festival at the Mall Group. Moreover, we joined trade show as THAIFEX to make products application for consumers tasting and give product samples free in these activities.

In 2012 SAUCE has worked more with CSR (Corporate Social Responsibility: CSR) both in social enterprises and activities with our customers, consumers and business partners to build a good relationship and social responsibility.

### The Export Markets

In 2012, seasoning products of Thailand were exported more than 15,661 million baht that said more than 8.70% increase compared with 2011. The main products as soy sauce, fish sauce, instant curry paste and seasoning powder and other seasoning products. As for chili sauce (including sweet chili sauce), soy sauce, tomato ketchup were more than 2,219 million baht which is 14.17% of total value and said that increasing 4.02% from 2011.

The main importers of soy sauce are USA, Lao, Cambodia, Australia and Singapore which acquired more than 371 million baht or 57.1% of total value 649.08 million baht.

For chili Sauce, main importers are UK, Germany, S. Korea, USA and France which acquired more than 635.7 million baht or 45.5% of total value 1,397 million baht.

In 2012, SAUCE export seasoning products totaling 231.37 million baht decrease 3.82% or 8.84 million baht compared with 240.21 million baht in 2011. The reason is come from industrial customer.



## Marketing & Social Activities in 2012

Thaitheparos Public Company Limited has realized to the important of marketing activity that not only help increasing the sale target but also attract new target group and expand consumer base, including strengthening consumption continuously in long term. And the most important for this is marketing activity help company create a brand image and a positive attitude of consumer to company.



รายการ I AM BANKY

Facebook



CRM for making a good relationship between our partner

Besides, there are marketing activities for the social our company creates marketing activities and communicate to our consumer efficiently and continuously by advertising and suggesting new package Seasoning Soy Sauce Green Cap, "SUMO" on television and emphasize our brand by publishing in Thairath newspaper.

We still develop and search for new channels in marketing communications continuously. Thaitheparos website, Advertisement on the bus,

Our company channel "I am Banky" by Mr.Bancha Winyarat (Bank) program that broadcast every Saturday on channel 5 at 10:55 - 11:00,

we use social network such as facebook, instagram etc. Moreover, we are the sponsor supporting "Iron Chef Thailand" Program.

We set up CRM for making a good relationship between our partners and us. We take our partners to have a dinner and see "Green concert" and "Bird Bird 25 years Concert".

In this year our company has participated in Loy Kra Tong activity that the province set up for keeping on tradition at Samutprakarn city hall.

For social activity we are still doing it. We donate to the temple to spare the life of a Cattle and Buffalo, give our product to Thai red cross society and Royal Navy at Sattahip.

Soy sauce



# Corporate Social Responsibility : CSR



Donation cart for people



Air Products Foundation for Princess-Pa-Foundation



To help disadvantaged children.



Support Activity Loy Ka Thong festival

Do not let water into the community.



Awareness training for employee



Reduce energy consumption

Separate garbage



## Organization Chart







## Board of Directors

### 1. Mr. Parinya Winyarat

(Director / Chairman of the Board and Managing Director)

Date of Birth : 26-May-54

Age : 59

Education : Honorary Doctor of Home Economics (Food and Nutrition) Faculty of Home Economics Technology Rajamangala University of Technology, Thailand  
Bachelor Degree in Chemistry, National Taiwan University

#### Experience

2000 - Present : Managing Director, Thaiheparos public company limited  
1993 - Present : Director / Chairman of the Board and Managing Director Thaiheparos public company limited  
1987 - 1992 : Managing Director, Thaiheparos public company limited

No. of holding shares : 119,158,580 shares,

No. of share changed : -

Position in Other Listed Companies : None

Position in None listed companies

Position in Rival Companies/

Connected Business that May

Cause Conflict of Interest : None

Relation Among family with the Company : Mr. Bancha Winyarat's Father and Mr. Tanawat Winyarat's uncle.

Director remuneration : 1,100,000 baht

Attended Board of Directors Meeting in 2012 : Attended 5 out of 5 Board of Directors Meeting

1	2	3	4	5
6	7	8	9	

### 2. Ms. Pornnapa Winyarat

(Director)

Date of Birth : May 26, 1949

Age : 63

Education : -

Director Training Program : Director Accreditation Program (DAP) Class 37/2005 Thai Institute of Directors Association

#### Experience

1996 - Present : Deputy Managing Director, Thaiheparos public company limited.  
1993 - Present : Director, Thaiheparos public company limited.

No. of holding shares : 16,958,570 shares

No. of share changed : -

Position in Other Listed Companies : None

Position in None listed companies

Position in Rival Companies/

Connected Business

that May Cause Conflict of Interest : None

Relation Among family with the Company : Mr. Tanawat Winyarat's Mother and Mr. Parinya Winyarat's Elder

Director remuneration : 500,000 baht

Attended Board of Directors Meeting in 2010 : Attended 5 out of 5 Board of Directors Meeting



### 3. Miss Malee Winyarat (Director)

**Date of Birth** : February 14, 1954  
**Age** : 58  
**Education** : Bachelor Degree in Business Administration  
 (Money and Banking) Ramkhamhaeng University  
**Director Training Program** : Director Accreditation Program (DAP)  
 Class 37/2005  
 Thai Institute of Directors Association  
**Experience**  
 1993 - Present : Director  
 Thai theparos public company limited.  
 1993 - 2010 : Director and Deputy Managing Director  
 (Accounting and Finance)  
 Thai Theparos Food Product PLC.  
 1987 - 1993 : Accounting and Finance Manager,  
 Thai Theparos Food Product PLC.  
**No. of holding shares** : 14,004.52 shares  
**No. of share changed** : - shares  
**Relation Among family with the Company** : Mr.Parinya Winyarat's niece  
 and Mr. Bandit Winyarat's sister  
**Director remuneration** : 600,000 baht  
**No. of Board of Directors Meeting in 2012** : 5  
**Attended Board of Directors Meeting in 2012** : 6

### 4. Mr. Bandit Winyarat (Director)

**Date of Birth** : October 2, 1956  
**Age** : 56  
**Education** : Master of Arts , Major : Man and  
 Environment Management, Chiang Mai  
 University  
 : Bachelor Degree in Mechanical Engineering,  
 Adamson University, Philippines  
**Director Training Program** : Director Accreditation Program (DAP)  
 Class 37/2005  
 Thai Institute of Directors Association  
**Experience**  
 1993 - Present : Director  
 Thai theparos public company limited.  
 1993 - 2008 : Deputy Managing Director  
 Thai theparos public company limited.  
 1993 - 2007 : Branch Manager ( Lampang )  
 Thai theparos public company limited.  
**No. of holding shares** : 26,419,520 shares  
**Position in Other Listed Companies** : None  
**Position in None Listed Companies** : None  
**Position in Rival Companies/ Connected Business that May Cause Conflict of Interest** : None  
**Relation Among family with the Company** : Mr.Parinya Winyarat's niece  
 and Mr. Bandit Winyarat 's  
**Director remuneration** : 500,000 baht  
**Attended Board of Directors Meeting in 2012** : Attended 5 out of 5 Board of  
 Director.s Meeting

### 5. Mr. Phot Kongputhi (Independent Director )

**Date of Birth** : October 10, 1938  
**Age** : 74  
**Education** : Accounting,  
 A.B.I., Institute of Book - Keeper,London  
**Director Training Program** : -  
**Experience**  
 2002 - Present : Independent Director,  
 Thai theparos public company limited.  
 Audit Committee  
 Thai theparos public company limited.  
**No. of holding shares** : None  
**No. of share changed** : -  
**Position in Other Listed Companies** : None  
**Position in None Listed Companies** : 1 position  
 2008 - Present : Director and Managing Director  
 Promma Mining Co.,Ltd.  
**Position in Rival Companies/ Connected Business that May Cause Conflict of Interest** : None  
**Relation Among family with the Company** : -  
**Director remuneration** : 350,000 baht  
**Audit Committee Remuneration** : 120,000 Baht  
**Attended Board of Directors Meeting in 2012** : Attended 5 out of 5 Board  
 of Director.s Meeting  
**Attended Audit Committee's Meeting** : Attended 4 out of 4 Audit  
 Committee'sMeeting



**6. Asst. Prof. Raweewan Piyayopanakul**  
(Independent Director / Audit Committee Chairman)

**Date of Birth** : May 8, 1947  
**Age** : 65  
**Education** : Bachelor Degree in Accounting, Thammasat University  
 : MBA, Michigan State University  
**Director Training** : Director Accreditation Program (DAP)  
**Program** : Audit Committee Program (ACP)  
 : Thai Institute of Directors Association  
**Experience**  
 1999 - Present : Audit Committee Chairman, Thaiheparos public company limited.  
 1993 - Present : Independent Director, Thaiheparos public company limited.  
**No. of holding shares** : None  
**No. of share changed** : None  
**Position in None Listed Companies** : 3 position  
 2008 - Present : Audit Committee Chaitman, Sabina Public Company Limited  
 2002 - Present : Audit Committee, Tata Steel Public Company Limited  
 2008 - Present : Audit Committee, Thai Cane Paper Public Company Limited  
**Position in None Listed Companies** : None  
**Position in Rival Companies/Connected Business that May Cause Conflict of Interest** : None  
**Relation Among family with the Company** : -  
**Director Remuneration** : 400,000 baht  
**Audit Committee Remuneration** : 180,000 baht  
**Attended Board of Directors Meeting in 2012** : Attended 5 out of 5 Board of Director,s Meeting  
**Attended Board of Audit Committee Meeting in 2012** : Attended 4 out of 4 Audit Committee'sMeeting

**7. Vice Admiral Tanong Sirirangsri**  
(Independent Director / Audit Committee)

**Date of Birth** : January 7, 1932  
**Age** : 80  
**Education** : United States Naval War College , USA  
 : Royal Thai Navy College  
**Director Training** : Director Certification Program (DCP)  
**Program** : Class 65/2005  
 : Director Accreditation Program (DAP)  
 : Class 38/2005  
 : Audit Committee Program (ACP)  
 : Class 7/2005  
 : Thai Institute of Directors Association  
**Experience**  
 1999 - Present : Audit Committee, Thaiheparos public company limited.  
 1994 - Present : Independent Director, Thaiheparos public company limited.  
**No. of holding shares** : None  
**No. of share changed** : -  
**Position in None Listed Companies** : 1 position  
 1993 - Present : Managing Director & Port Director, Sriracha Harbour Public Company Limited  
**Position in None Listed Companies** : None  
**Position in Rival Companies/Connected Business- that May Cause Conflict of Interest** : None  
**Relation Among family with the Company** : -  
**Director remuneration** : 350,000 baht  
**Audit Committee remuneration** : 120,000 baht  
**Attended Board of Directors Meeting in 2010** : Attended 5 out of 5 Board of Director,s Meeting  
**Attended Board of Audit Committee Meeting in 2010** : Attended 4 out of 4 Audit Committee'sMeeting

### 8. Mr. Tanawat Winyarat (Director)

**Date of Birth** : November 13, 1974  
**Age** : 40  
**Education** : Master of Science in Finance,  
 Bentley College , Massachusetts, USA  
 : Master of Science in Manufacturing  
 System Engineering,  
 Rensselaer Polytechnic Institute, USA  
 : Bachelor of Science in  
 Management System  
 Rensselaer Polytechnic Institute, USA

**Experience**  
 2010 - Present : Director,  
 Thai theparos public company limited.  
 2004 - Present : Marketing Manager  
 Thai theparos public company limited.

**No. of holding shares** : 25,709,000 shares  
**No. of share changed** : -  
**Position in Other Listed Companies** : None  
**Position in none Listed Companies** : 3 Positions:-  
 2010 - Present : Director,  
 Exter (Thailand) Limited  
 2008 - Present : Director,  
 Yamasa Corporation (Thailand) Co.,Ltd  
 2005 - Present : Director,  
 Ratchatayothin Co.,Ltd

**Position in Rival Companies/  
 Connected Business**  
 that May Cause Conflict of Interest : None  
**Relation Among family  
 with the Company** : Mrs. Pornapa Winyarat's son  
 Mr. Parinya Winyarat 's nephew  
**Director remuneration** : 300,000 baht  
**Attended Board of Directors** : Attended 5 out of 5 Board of  
**Meeting in 2012** : Director.s Meeting

### 9. Mr. Bancha Winyarat (Director)

**Date of Birth** : 27-Apr-1985  
**Age** : 27  
**Education** : Bachelor of Engineering, Mechanical  
 Engineering with Business Finance with First  
 Class Honors, University College London ,U.K.  
 MSc&DIC in Environmental Engineering  
 Imperial College London, U.K.

**Director Training Program** : -  
**Experience**  
 2010 - Present : Director,  
 Thai theparos public company limited.

**No. of holding shares** : 24,632,000 shares  
**No. of share changed** : 9,032,000 shares  
**Position in Other Listed Companies** : None  
**Position in None Listed Companies** : 1 position :-  
 2010 - Present : Director  
 Exter (Thailand) Limit

**Position in None listed companies**  
**Position in Rival Companies/  
 Connected Business**  
 that May Cause Conflict of Interest : None  
**Relation Among family  
 with the Company** : Mr. Parinya Winyarat 's son  
**Director remuneration** : 300,000 baht  
**Attended Board of Directors** : Attended 5 out of 5 Board of  
**Meeting in 2012** : Director.s Meeting

Director	No.of share changed			
	Historical Forward January 1 2012	Buy	Sale	Carry Forward December 1
1.Mr. Parinya Winyarat	119,158,580	-	-	119,158,580
2.Ms. Pornnapa Winyarat	16,958,570	-	-	16,958,570
3.Miss Malee Winyarat	14,004,520	-	-	14,004,520
4.Mr. Bandit Winyarat	26,419,520	-	-	26,419,520
5.Mr. Phot Kongputhi	-	-	-	-
6.Asst. Prof. Raweevan Piyapopanakul	-	-	-	-
7. Vice Admiral Tanong Sirirangsri	-	-	-	-
8.Mr. Tanawat Winyarat	25,709,000	-	-	25,709,000
9.Mr. Bancha Winyarat	15,600,000	9,032,000	-	24,632,000
<b>Total</b>	<b>217,850,190</b>	<b>9,032,000</b>	<b>-</b>	<b>226,882,190</b>



## Management Team

### 1. Mr. Parinya Winyarat

Chairman of the Board and Managing Director

### 2. Mr. Wanchai Prasithvoranunta

Accounting Manager

### 3. Miss Sunee Winyarat

Finance Manager

### 4. Mr. Tanawat Winyarat

Marketing Manager

### 5. Mr. Anupong Surongsuvaphap

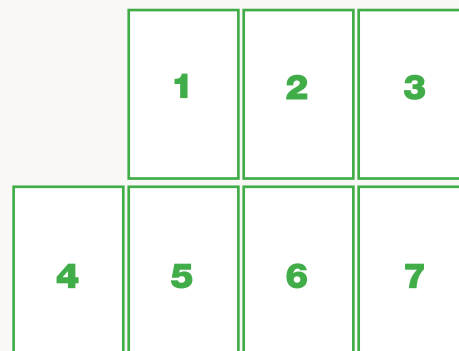
Domestic Sales Manager

### 6. Ms. Vilaiporn Pothiinta

Human Resource Manager

### 7. Mr. Anuwatr Aersitrakool

Production Manager



### 2.Mr. Wanchai Prasithvoranunta (Accounting Manager)

Age : 51

Education : Bachelor Degree in Business Administration (Second Class Honor), Sukhothai Thammathirat University

Experience : 1994 - Present : Accounting Manager Thai Thaitheparos PLC.

No. of holding shares : 5,000,000 shares

No. of shares changed : -



# Management Team

## 3.Miss Sunee Winyarat (Finance Manager)

Age : 53  
 Education : Bachelor Degree in Economics,  
 Ramkamhaeng University  
 Experience  
 1994 - Present : Finance Manager  
 Thai Theparos PLC.  
 Seminar : Corporate Secretary Development  
 Program, Chulalongkorn University  
 No. of holding share : 13,066,530 shares  
 No. of shares changed : -

## 4.Mr. Thanawat Winyarat (Marketing Manager)

Age : 40  
 Education : Master of Science in Finance,  
 Bentley College, Massachusetts, USA  
 : Master of Science in Manufacturing  
 System Engineering,  
 Rensselaer Polytechnic Institute  
 : Bachelor of Science in Management  
 System Rensselaer Polytechnic Institute  
 Experience  
 2010 - Present : Director  
 Thai Theparos Food Products PLC.  
 2010 - Present : Director  
 Exter (Thailand) Co.,Ltd  
 2008 - Present : Director  
 Yamasa (Thailand) Co.,Ltd  
 2003 - Present : Director, Ratchatayotin Co.,Ltd.  
 2004 - Present : Marketing Manager  
 Thai Theparos PLC.  
 No. of holding shares : 25,709,000  
 No. of shares changed : -

## 5.Mr. Anupong Surongsuvaphap (Domestic Sales Manager)

Age : 51  
 Education : Bachelor of Marketing  
 Krirk University  
 Experience  
 2004 - Present : Domestic Sales Manager  
 Thai Theparos PLC.  
 No. of holding shares : 10,000  
 No. of shares changed : -

## 6.Mrs. Vilaiporn Phothiinha (Human Resource Manager)

Age : 52  
 Education : Bachelor of Public Administration  
 Sukhothai Thammatthrat University  
 Experience  
 2004 - Present : Human Resource Manager  
 Thai Theparos PLC.  
 No. of holding shares : 5600,000 shares  
 No. of shares changed : 461,000 shares

## 7.Mr.Anuwatr Aersiritrakool (Production Manager)

Age : 46  
 Education : Bachelor of Agriculture Industry,  
 King Mongkut Institute of  
 Technology Ladkrabang  
 : Master of Business Administration  
 Ramkamheang University  
 Experience  
 2005 - Present : Production Manager  
 Thai Theparos Plc.  
 2001 - 2005 : Plant Manager  
 Wang Palm Oils Company Limited  
 (Wangkanai Group)  
 No. of holding shares : -  
 No. of shares changed : -

Director	No.of share changed			
	Historical Forward January 1 2012	Buy	Sale	Carry Forward December 1
2.Mr. Wanchai Prasithvoranunta	5,000,000	-	-	5,000,000
3.Miss Sunee Winyarat	13,066,530	-	-	13,066,530
5.Mr. Anupong Surongsuvaphap	10,000	-	-	10,000
6.Mrs. Vilaiporn Phothiinha	5,139,000	461,000	-	5,600,000
7.Mr.Anuwatr Aersiritrakool	-	-	-	-
Total	23,215,530	461,000	-	23,676,530

## Major Shareholders

As of the Annual General Meeting of Shareholders No. 2012 hold on April 25, 2012.

Major Shareholders		Shares	(%) of Total Share
1.	WINYARAT FAMILY	268,599,000	74.61
2.	TANGWICHACHAN FAMILY	12,832,000	3.56
3.	Bangkok Life Insurance Co, Ltd	11,771,600	3.27
4.	Ms. Vilaiporn Potiinta	5,139,000	1.43
5.	Mr. Wanchai Prasithvoranunta	5,000,000	1.39
6.	Bangkok Insurance PLC.	4,325,200	1.20
7.	Ms. Pattama Sethanukul	4,200,000	1.17
8.	Green Sport (Thailand) Co.Ltd.	3,861,100	1.07
9.	Miss Natechanok Suwanacheep	3,650,000	1.01
10.	Mr. Cherdchoo Soponpanich	<u>3,094,500</u>	<u>0.86</u>
<b>Total</b>		<u>323,472,390</u>	<u>89.58</u>

# Management Discussion and Analysis

## Management Discussion and Analysis

For the year ended December 31, 2012 and December 31, 2011

### Operating and Financial Status

#### Operating review

#### Profitability

Thai Theparos Plc earn net profit for year ended December 31, as follow:-

	Million Baht	(%) of total revenue
2012	571.10	21.30
2011	478.39	17.87

The factors that the Company earn net profit in 2012 increased by 19.38 % or Bt. 92.71 million compared to that of 2011 shown here under :-

(Million Baht)	2012	2011	Change	%
1. Domestic Sales	2,374.86	2,376.39	(1.53)	(0.06)
Sales to associate	38.11	30.10	8.01	26.61
Export Sales	231.36	239.60	(8.24)	(3.44)
Total revenue from sales of goods	2,644.33	2,646.09	(1.76)	(0.07)
2. % of cost of sales /sales	57.01%	58.50%	-1.49%	(2.55)
3. Selling expenses	293.65	304.68	(11.03)	(3.62)
% of total sales	11.10%	11.51%	-0.41%	(3.56)
4. Administrative expenses	131.30	135.02	(3.72)	(2.76)
% of total sales	4.97%	5.10%	-0.13%	(2.55)
5. Income Tax expense	176.17	208.54	-32.37	(15.52)
Income tax rate	23.00%	30.00%	- 7.00%	-23.33

Domestic sales decreased from Bt. 2,376.39 million in 2011 to Bt. 2,374.86 in 2012, decreased by 0.06% or Bt. 1.53 million from that of 2011 mostly from increased 3.26% in credit traditional trade channel, increased 15.59% in cash van channel and increased 10.22% in industrial channel but decreased 15.34% or Bt. 99.70 million in modern trade channel.

Export sales decreased from Bt. 239.60 million in 2011 to Bt. 231.36 in 2012, decreased by 3.44% or Bt. 8.24 million from that of 2011 mostly from decreased in trading firm channel.

Sales to associate increased from Bt. 30.10 million in 2011 to Bt. 38.11 million in 2012, increased by 26.61% or Bt. 8.01 million from that of 2011 due to the expansion sales of Yanmasa (Thailand) Co., Ltd and Exter (Thailand) Ltd. has started to manufacture its products on August 2011.

From the above reasons, the total sales increased from Bt. 2,646.09 million in 2011 to Bt. 2,644.33 in 2012, decreased by 1.07% or Bt. 1.76 million from that of 2011.

Cost of sales decreased from 57.01 % of total sales in 2010 to 58.50 % in 2011 resulting from the price increasing of chilli sauce in Q3/2011 compliance with its cost of manufacture. However, cost of sales increased from 56.73 % in Q4/2011 to 60.21 % in Q4/2012. It was because the price of ndefatted soy bean and corn gluten had been adjusted higher 39.86 % and 20.48% respectively.

The selling expense decreased from Bt. 304.68 million in 2011 to Bt. 293.65 in 2012 decreased by Bht 11.03 million or 3.62 % due to the increasing of advertising expense, the company has launched new advertising movie campaign in Q3/2011 to make advertising and public relation of seasoning sauce under the brand name of Golden Mountain and Sriraja Panich to be well known among the customers. Additionally, the company also decreased the sales promotion expense.

Other income sales increased from Bt. 31.28 million in 2011 to Bt. 36.96 in 2012, increased by 18.13% or Bt. 5.67 million from that of 2011.

#### Income tax reduction

The Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. It is understood that the

Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution.

The Company has accordingly, calculated income tax on taxable profit for the year ended December 31, 2012 at the 23% corporate income tax rate (2011: 30% ).

From the above reasons, the net profit for the year ended December 31, 2012 increased from Bt. 478.39 million in 2011 to Bt. 571.10 million in 2012, increased by 19.38% or Bt. 92.71 million from that of 2011.

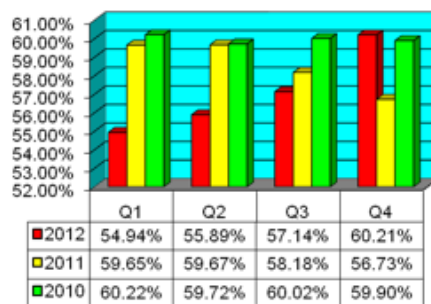
	Million Baht	(%) of total revenue
2012	747.27	27.93
2011	686.94	25.76

From the above data, the profit before income tax expenses in 2012 increased by 8.78% or Bt. 60.33 million from that of 2011.

#### Dividend Payment

At the annual general meeting of the shareholders of the Company held on 25 April 2012, the shareholders approved the appropriation of dividend for 2011 operation of Baht 1.22 per share, amounting to Baht 439.20 million (payout ratio 91.81 % ). The dividend was paid to shareholders on May 18, 2012.

Cost of sale (% of sales) by Quarterly



#### Factor affected to the Performance Results in the future

In 2012, Cost of sales equal to 57.01 %, however, in 2013 it will be higher than those of 2012 but it is similar to the cost of sales in the Q4/2012 that is 60.21% due to the price of defatted soy bean and corn gluten are still similar to its cost on December 2012.

The company's performance results in 2013, it was expected that its net profit will decreased by 8-10 % from the previous year resulting from the cost of sales/sales increase 3.20%-3.50% of 2012.



## Report and Analysis of Financial Position

## Financial Structure

## Debt Equity Ratios

In 2012 and 2011, the debt equity ratio were 0.11 and 0.13 respectively. The financial structure was suitable to the size of operations and business.

	2012		2011	
	Millon Bt.	%	Millon Bt.	%
Total Liabilities	260.65	9.60	292.74	11.19
Shareholder's Equity	2,454.97	90.40	2,322.85	88.81
Total Assets	2,715.62	100.00	2,615.59	100.00
Accrued income tax	78.56	30.14	118.20	40.38
Trade accounts payable	66.69	25.59	71.04	24.27
Accrued expenses	64.81	24.86	52.55	17.95
Other current liabilities	12.16	4.67	16.55	5.65
Non current liabilities	38.43	14.74	34.40	11.75
Total Liabilities	260.65	100.00	292.74	100.00
Paid-up Share	360.00	14.66	360.00	15.49
Premium on share capital	615.60	25.08	615.60	26.50
Fair value changes	0.26	0.01	0.04	0.00
Appropriated Retained earning	60.00	2.44	60.00	2.58
Unappropriated Retained earning	1,419.11	57.81	1,287.21	55.42
Total Shareholder's Equity	2,454.97	100.00	2,322.85	100.00

The company has no debt resulting from loan of any kind. Most of liabilities are current liabilities. Most of company's capital come from shareholders.

## Liquidity

## Cash flows

(Million Baht)	2012	2011	Change	%
Cash flows from operating activities	589.23	571.08	18.15	3.18
Net cash uses in investment activities	(46.41)	(227.05)	180.64	(79.56)
Net cash uses in financing activities	(439.20)	(378.00)	(61.20)	16.19
Net increase (decrease) in cash and cash equivalents	103.62	(33.97)	137.59	(405.03)

### Current ratio

Current ratio in 2012 was 6.42 times, increased from 5.54 times in 2011. This result from the decrease of current liabilities by Bt. 36.12 million, most of these were accrued income tax, and the decrease of current assets by Bt. 5.57 million, most of these were current investment.

Sauce still enjoys high current ratios with no shortage of cash flow. The collection period was 36 days equal to 2011. The inventories turnover period was 65 days which more than 2011 by 5 days. Cash cycle period was 85 days which more than 2011 by 5 days.

As at December 31, 2012, we have total cash and cash equivalents more than Bt. 411.56 million, in addition, have clear credit limit with the major banks more than Bt. 35.50 million, to support the Company for emergency.

### Quality of Assets

#### Change in Assets

As at December 31, 2012 Sauce has Bt. 2,715.62 million of total assets, the growth is 3.82 % compared to Bt. 2,615.59 million as at December 31, 2011.

#### Main Part of Assets

	December 31, 2012		December 31, 2011	
	Million Bt.	%	Million Bt.	%
Property, plant and equipment	1,133.41	41.74	1,037.80	39.68
Current Investments	432.71	15.93	567.32	21.68
Cash and cash equivalents	411.56	15.16	307.93	11.77
Accounts receivable	259.62	9.56	262.49	10.04
Inventories	272.34	10.03	259.60	9.93
Unused Land	94.95	3.50	94.95	3.63
Advance payment for raw materials purchased	33.19	1.22	21.74	0.83
Other current assets	15.28	0.56	12.40	0.47
Long-term investments	40.45	1.49	20.40	0.78
Investment in associate	6.31	0.23	7.88	0.30
Unused equipment	-	-	6.22	0.24
Loan to associate	4.80	0.18	6.00	0.23
Intangible assets	4.72	0.17	5.77	0.22
Bank deposits under commitments	4.59	0.17	4.59	0.18
Current of portion to associate	1.20	0.04	-	-
Other non current assets	0.49	0.02	0.50	0.02
<b>Total Assets</b>	<b>2,715.62</b>	<b>100.00</b>	<b>2,615.59</b>	<b>100.00</b>

As at December 31, 2012, Sauce has current assets as 52.51%, and non current assets as 47.49% of total assets compare to 54.73% and 45.27% as at December 31, 2011.

Concerning accounts receivable, the Company has set aside an adequate allowance for doubtful accounts. Long-term investment will be due in 2019 for the mount of Bt. 20 million and in 2022 for the amount of Bt. 20 million respectively.

# The Principles of Good Corporate Governance

The Board of Director realizes on the importance of good corporate governance which is for transparency, accountability, business competency and confidence to stakeholders ,investors as well as relevant persons and set the good corporate governance policy covering an important principle as follows

## 1. Right of Shareholders

SAUCE recognizes on the right of shareholders and gives the importance and facilities to all shareholders to get the basic shareholder's right both in the position of investor in the securities and the owner of the company. Shareholders have the right to purchase, sell or transfer their securities independently as well as the right to receive the appropriate net profit, to join the shareholders meeting, give their opinions in the meeting. All shareholders have the right to vote according to their holding shares .The vote is counted one vote per share. No shareholders have privilege to restrict the right of other shareholders

Besides the above mentioned Basic Shareholders' rights, sauce gives the importance on the information disclosure correctly, in time and transparently to shareholders by disclosing the important information via the company's website both Thai and English version. In 2010, the Board of Directors has principle the activity for the matter of promoting and giving the facilities in using the right of shareholders as follows:

1.1 Disclosure the Board of Directors' Meeting's resolution no.2/2012 which held on March 6/2012 providing to arrange the Annual General Meeting of Shareholders on April 25/2012 via the Stock Exchange of Thailand 's website since the had pass the resolution to fix the meeting date.

1.2 The company will send the Invitation Letter for attending the Annual General Meeting of Shareholders no less than 21 days prior to the meeting date which mention the time ,place to attend the meeting and the agenda completely in accordance with the articles of the Stock Exchange of Thailand and the company's Article of Association which has sufficient information regarding the issues to be decided at the meeting. Each agenda will be specified whether it is for approve, disapprove or for abstain.

Invitation letter for attending the annual general meeting of shareholders has been disclosed in advance one month prior to meeting date on company's website at "shareholder" menu. Shareholders will have opportunity to receive information before the meeting adequately. They can propose the additional agenda to the shareholders meeting according to the time provided by the company.

The company will notify the shareholders of such meeting through Thai newspaper 30 days which published from March 28-29, 2012, April 1 2012

In the attending the meeting, the company shall inform shareholders to bring the documents required prior to attending the meeting and attached the proxy and specify the name of Independent Director and Audit Committee Chairman or appoint any other person as a proxy to attend and vote on their behalf in meeting.

1.3 On the meeting date, the company give shareholders to register prior one hour before the meeting begin and printing the voting ticket for each agenda to all shareholders.

1.4 Before the meeting Begin, the Chairman will explain the voting procedure and vote-counting method which will be in an efficient and transparent (counting by staff of Audit Firm). One share will count as one Vote and the resolution is by the majority votes. In case the resolution which is provided the votes not less than two-third of all votes of shareholders who attend the meeting and have the right to vote or the resolution which provide the votes not less than three-fourth of all votes of Shareholders who attend the meeting and have the right to vote which shall be in accordance with the laws and the company article's of association.

1.5 During the meeting, Chairman of the Board gives the opportunity and be allowed sufficient time to give opinions, ask questions and propose the additional agenda for appropriate time. The director will inform and give the information to shareholders with completely.

Besides, shareholders who attend the meeting afterwards the meeting begin, have the right to vote in the agenda which is being considered and still not passing the resolution.

1.6 The company has set the policy to the Board of Directors attending the Annual General Meeting of Shareholders, shareholders can ask questions to them. Board of Directors who attend the Annual General Meeting of Shareholders no.1/2012 which was held on April 25, 2012 comprise of Board of executive director consisting of 3 persons : Chairman of the Board, and Deputy Managing Director 1 person and director/marketing manager 1 person and non executive director 3 persons, Audit Committee Chairman 1 person and audit committee member 2 person . The company, therefore, has a total of 9 directors attending the shareholders meeting.

## 2. Equitable treatment of shareholders

SAUCE gives precedence to equal treatment of shareholders. The Board of Directors has set up a supervision policy to take care of the company by paying attention to the right of shareholders, and to treat all shareholders fairly and equally. This is achieved as follows:

2.1 Managing the shareholder meetings effectively, and in line with the regulations of the company. Consideration and voting will take place in accordance with the agenda, including the consideration about committees to appoint, remuneration for committees, the auditor to appoint, approving the auditor's fees and other agenda items that are raised by the shareholders in the meeting.

2.2 Shareholders who are not comfortable to attend the meeting may authorize the independent committee/ chairman or any other person, to represent them to attend the meeting and vote.

2.3 In order to vote about any agenda item, ballot papers will be used in order to carry out counting of the votes effectively and fast. The company will only archive the ballots in case some shareholders object or abstain. The auditor will evaluate the votes and ensures the vote is executed correctly, including archiving the ballots to be able to check later.

2.4 During the general shareholders' meeting minutes will be drawn up completely and correctly. The following points shall be included: conclusion of the meeting and the result of voting, by showing clear details with the numbers of voters who agreed, disagreed and abstained, and the total number of the votes for each agenda item, including questions, explanation and the opinion of the meeting. The aforementioned minutes will be distributed to all concerned parties within 14 days after the general meeting. The aforementioned minutes will also be published on the company's website. The company has published the conclusion of the shareholders' meeting on the website of the Stock Exchange of Thailand, in order to inform all shareholders as soon as the meeting was finished.

2.5 SAUCE has a policy that confidential information shall not be disclosed. Confidential information will be taken out before disclosing information to the public. The executives have to report all changes in the situation of the assets of the company. Executives are prohibited to trade assets of the company, from one month before the disclosure to the public and 2 weeks after it. The company strictly follows the guidelines of good practice from the Security and Exchange Commission.

The Board of Directors and executive with the position of general manager or higher, and accounting manager and finance manager with a comparable level, have to report the shares that they hold in the company. This also applies to their spouses and underage children. They have to report any changes in their shareholdings, after buying, selling, transferring or accepting a transfer to the Security and Exchange Commission within 3 days, and also report to the secretary of the Board.

## 3. Role of stakeholders

SAUCE has given precedence to the rights of every group of stakeholders, both insider stakeholders e.g. shareholders, employees and executives, and outsider stakeholders, e.g. customers, rivals, trade partners, creditors, the government sector and other concerned parties including communities. Because the company realizes that support from stakeholders will enable the company to compete and generate profit, which is part of being successful in the long term.

3.1 Shareholders: the company is engrossed with operating the business in order to create a stable development and a competitive position, by considering the risks at present and in the future, in order to gain value for shareholders of the company in the long term. The company shall disclose clear, fair, fast, timely, correct and complete information, and seriously strive to protect the assets of the company, including paying dividend, in order to let shareholders have the topmost satisfaction.

3.2 The Board of Directors and executives are the people who have access to all information to be able to make the best assessment how to take care of every group of company stakeholders, both insider stakeholders and outsider stakeholders, in an equal and fair manner.

3.3 Employees: the company always realizes that the employees of the company are the most important resource, so the company is prepared to support the personnel continuously, by emphasizing development of knowledge, abilities, skills, and the quality of an employee. The Company provides continuous and regular management training, both inside and outside, like training-on-the-job for new employees, or for employees who change position, or move to another department, etc. Besides that, the company also takes care of employees' welfare, with providing facilities, such as association provident fund, scholarships for employee's children, tourist trips, the arrangement rehearsals for the fire prevention and hazard protection systems, etc. This is done to support a good quality of life, which is suitable to live in society and have a chance to grow with the development of the company.

3.4 Customers: the company is determined to give customers topmost satisfaction, both in quality and service, for the company's products, including timely delivery, fully meeting the requirements of customers by paying attention to and being responsible to a customer. The annual satisfaction survey gives the customers an opportunity to share their opinions. The Company also manages a program to continuously promote relationships between customers and the company. It organizes trips, both domestic and abroad, invites customers to visit factories etc.

3.5 Trade partners: the Company acknowledges the importance of treating trade partners in accordance with the commercial conditions and to treat them in accordance with contracts. The Company also has a Code of Conduct, which contains rules for fair and honest behavior.

3.6 Competitors: the Company follows the commercial competition rules, and does not use dishonest ways to destroy commercial rivals, but allows the market mechanism to work.

3.7 Creditor: the Company behaves in accordance with the conditions of business agreements, and maintains the duty to behave towards the creditor as a good debtor. The company also gives information in advance to creditors.

3.8 Government sector and other concerned parties: the Company always follows laws and regulations from the government and other concerned parties, and has no intention to disobey the aforementioned practices.

3.9 Communities, society and environment: the Company is concerned about communities, society and the environment, and manages these issues as follows;

- Waste water treatment system: the waste water treatment system of the company can process twice the amount of waste water as needed. At this moment BOD is not more than specified in the law. Over a period of 12 months, the average BOD for the company was 18.90 milligram per liter (the law requires that the BOD at a temperature 20 C during 5 days does not exceed 20 milligrams per liter).

- Environmental and safety arrangements in work places by considering safety, occupational health and environment, and offering conveniences to employees and customers.

- Supporting the conservation of the environment.

- Supporting activities of students from educational institutes regularly and continuously, including the annual activities on children's day.

- Supporting activities of the government sector, both inside Samutprakarn province and Bangkok.

- Supporting public charity activities with government and other parties from the private sector.

- Supporting activities to support the Buddhism.

- Running welfare stores where economically priced goods are sold, and discounts are given to employees and customers from nearby communities, including general customers, etc.

#### 4. Disclosure and Transparency

Board of Directors recognizes an importance of information disclosure with completeness, accountability both in financial and general including significant information effecting market of the share by issuing such information to the investors and stakeholders to all channels of the Stock Exchange of Thailand.

Regarding to the Investor Relation, the company has not yet set up an investor relation office since the Investor Relation activity is still small, but assigned Market Manager to communicate with the investors, institutes, shareholders as well as analysts and stakeholders. The investors can access the information through the company secretary at Tel no. 02-703-4444 or via website: [www.gmsauce.com](http://www.gmsauce.com)

In 2010, the company has disclosed sufficiently significant financial information in the financial statements in accordance with the Stock Exchange of Thailand and Office of Securities and Stock Exchange Commission and accounting standards by the information disclosure system of the Stock Exchange of Thailand. The financial statements has been audited and given opinions without any condition by Certified Public Accountant, Audit Committee Meeting and Board of Director before disclosing to shareholders. Board of Directors have disclosed the responsibilities of Board of Directors to the financial report in the annual report as well.

The company has disclosed the summary of its Performance Result, Reviewed Financial Statements and quarterly & yearly Management Discussion and Analysis, the Declaration of Dividend Payment, fixing the date of Annual General Meeting of Shareholders

For more convenience to shareholders, sauce has set up the "shareholders" menu on company website since 2007 (In 2011 change to "Investor Relation").

Invitation letter for attending the annual general meeting of shareholders has been disclosed in advance one month prior to meeting date on company's website at "shareholder" menu. Shareholders will have opportunity to receive information before the meeting adequately. They can propose the additional agenda to the shareholders meeting according to the time provided by the company.

Sauce has improved the aforesaid information by disclosing via company's website which is always up to date.

Sauce has disclosed the significant information and news regularly. Shareholders and stakeholders will receive the information with completely via channels as follows



1. The Stock Exchange of Thailand's website
- Quarterly and yearly financial statements
  - Annual report
  - Form 56-1
  - News (F45-1, MD &A, the declaration of dividend payment, Shareholder's resolution, Connected transaction, etc.)
2. Office of the Securities and Stock Exchange of Thailand Commission
3. Ministry of Commerce
4. Thai Newspaper (Invitation Letter to attend the Meeting, Balance sheet and loss and profit of account, the declaration of dividend payment etc.)
5. Company's website (www.gmsauce.com) Both Thai and English version.
6. Company Visit
7. Deliver the Invitation Letter to Shareholders by mail.

## 5. Responsibilities of the Board

### 5.1 Structure of the Board of Directors

The company's Board of Directors is comprised of qualified persons who possess knowledge, abilities and experience which are beneficial to the company. The election of Board members follows the resolutions of the Shareholder's Meetings, as well as the rules, regulations and the company's Articles of Association. The number of directors is appropriate to the company's business operations.

The Board of Directors has 9 members comprised of:

- 3 Executive Directors, equal to 33.33% of the Board member
- 3 Non-Executive Directors, equal to 33.33% of the Board member
- 3 Independent Directors, equal to 33.33% of the Board member

(Two Independent Directors have adequate expertise and experience to review creditability of the financial report)

The primary authorized directors with signatory authority on behalf of the company are Mr. Parinya Winyarat and Mr. Bandit Winyarat or Mr. Tanawat Winyarat must be signed by two authorized directors and affixed with the Company Seal.

### Qualifications of Independent Directors

1. An Independent Director must not hold more than 0.5 percent of the Company's shares with voting rights, or those of any affiliated or associated company.

2. An Independent Director must not take part in management and not be an employee, staff member, or adviser who receives a regular salary; nor be in a profession such as auditor, lawyer, etc., that might effect the giving of impartial opinions to the company. Furthermore, the Independent Director must not be someone who has control over the company, the affiliated or the associated company, nor be a person with a conflict of interest, except in cases where he or she has resigned from any such position at least one year previously.

3. An Independent Director must have no direct or indirect business relationship that would restrict the Directors' Independence and impartiality, in an amount or value significant to the company's income, nor benefit, either directly or indirectly from the finances or management of the company, the affiliated or associated company, nor be a person with a conflict of interest that could affect him or her from giving an unbiased opinion.

4. An Independent Director must not be a close relative of any senior executives or a major shareholder of the company, the affiliated or associated company. Neither shall he be a person with a conflict of interest, nor be a representative acting to safeguard the interests of any.

### Term of Office

As required by our Articles of Association, in the General Shareholders Meeting, 1/3 of the directors have to be retired by rotation. The Directors of the public company limited have to be retired in the first and second year by random procedure, and the coming years, the directors who are entitled for the longest period have retired by rotation. The retired directors can be re-elected for another period. The Shareholders Meeting may vote any of directors for retirement before their term ending by the votes not less than 3/4 of total shareholders attending in the meeting and have the right to vote of which the total shares not less than half of total shareholders.

Regarding the term of office of the Audit of Committee shall hold office for a term of 2 years.

#### **Directorship of the Board of Directors and Executives in other Companies**

At present, not Sauce director or executive holds a directorship in more than three other listed companies, nor are any in the position of chairman, executive director with signatory authority in excess of three companies.

#### **Separation of the Chairman of The Board and the Managing Director**

The Chairman of the Board, and the Managing Director is the same person because the Chairman is appointed to be in charge for the Managing Director.

#### **Corporate Secretary**

Sauce has appointed Miss Sunee Winyarat Finance Manager as Corporate Secretary. She has suitable knowledge and experience to perform this function and assumes the of the Secretary to the Board of Directors and the Audit Committee.

#### **Board of Director**

As of December 31,2012 Board of Directors of Thai Theparos Food Products Public Company Limited consists of 9 qualified persons as follows:

1. Mr. Parinya	Winyarat	Chairman of the Board and Managing Director
2. Mrs. Pornnapa	Winyarat	Deputy Managing Director
3. Mr. Tanawat	Winyarat	Director and Marketing Manager
4. Miss Malee	Winyarat	Director
5. Mr. Bandit	Winyarat	Director
6. Mr. Bancha	Winyarat	Director
7. Mr. Phot	Kongputhi	Independent Director
8. Asst. Prof.Raweeewan	Piyayopanakul	Independent Director and Audit Committee Chairman
9. Vice Admiral Tanong	Sirirangsri	Independent Director and Audit Committee Member

#### **Recruitment of The Board of Directors**

SAUCE do not have the nominating committee. The Board of Directors will propose the qualified person to the Shareholders Meeting for approval.

Independent Directors have adequate expertise and experience to creditability of the financial report at least 1 person.

Sauce has two independent directors namely ; Assistant Professor Raweeewan Piyayopanakul and Mr.Phot Kongputhi. They also have adequate expertise and experience to creditability of the financial report

There is no limit on percentage of the director's representatives in each of shareholders' groups.

As required by our regulation, Board of Directors consist of directors which not less than five persons and half of total directors have domicile in Thailand. The Board of Directors Election have been acted by the Shareholders Meeting. The shareholders has right to vote only one time (one share one vote). Every shareholder has to vote one person with all his votes, which can not separate any to other persons or other groups. In the General Shareholders Meeting, 1/3 of the directors have to be retired by rotation. The Directors of the public company limited have to be retired in the first and second year by random procedure, and the coming years, the directors who are entitled for the longest period have retired by rotation. The retired directors can be re-elected for another period. The Shareholders Meeting may vote any of directors for retirement before their term ending by the votes not less than 3/4 of total shareholders attending in the meeting and have the right to vote of which the total shares not less than half of total shareholders.

#### **5.2 Committees**

The Board has set up an Audit Committee to monitor the business operation.

The Company has no a remuneration committee, but uses a proper evaluation procedure; information from the same industry and size, also the Company operation result are considered.

**Audit Committee consist of 3 persons as follows:**

- |                                       |   |
|---------------------------------------|---|
| 1. Asst. Prof. Raweewan Piyayopanakul | Independent Director and Audit Committee Chairman |
| 2. Vice Admiral Tanong Sirirangsri    | Independent Director and Audit Committee Member   |
| 3. Mr. Phot Kongphuthi                | Independent Director and Audit Committee Member   |

The Audit Committee number 1 and 3 who have adequate expertise and experience to review creditability of the financial reports.

**Audit committee Duties and Responsibilities**

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, and to determine an independent of the internal audit unit, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on Securities and Exchange, the SET's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate independent persons to be the Company's auditors, and to propose such persons' remuneration, as well as to attend a non-management meeting with the auditors at least once a year;
5. To consider the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the SET's regulations, to be ensured that the said transactions are reasonable and made for the highest benefit of the Company;
6. To prepare the Audit Committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information to be disclosed in the Company's annual report:
  - the number of the Audit Committee meetings, and the attendance of such meetings by each member of the Audit Committee,
  - an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - an opinion on the adequacy of the Company's internal control system,
  - an opinion on the compliance with the law on Securities and Exchange, the SET's regulations, or the laws relating to the Company's business,
  - an opinion on the suitability of an auditor,
  - an opinion on the transactions that may lead to conflicts of interests,
  - an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
7. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

**Board of Executive Director consist of 2 persons as follows:**

- |                           |   |
|---------------------------|---|
| 1. Mr. Parinya Winyarat   | Chairman of the Board and Managing Director |
| 2. Mrs. Pornnapa Winyarat | Deputy Managing Director                    |
| 3. Mr. Tanawat Winyarat   | Director and marketing manager              |

**Board of Executive Director's Duties and Responsibilities**

To oversight company's efficiency Corporate Governance and business strength, the business expansion and investment in accordance with the Board of Directors policies. To look after financial management and screening other issues that will be proposed to the Board of Directors for determination and also operate other assignment from the Board of Directors.

**5.3 Board of Director's Duties and Responsibilities**

The Board of Directors is responsible to SAUCE's shareholders.

The Board has roles and responsibilities as follow:

1. Supervise and manage the company so that it complies with the law and the company objectives , the Articles of Association and the resolutions of Shareholder's meeting.
2. Approve the Vision, Mission, Values and Statement of Business Conduct.

4. Set up company's policies.
5. Ensure the existence of an effective internal control system and appropriate risk management framework.
6. Ensure effective audit system executed by both internal and external auditors.
7. Approve quarterly, and annual financial report; ensure that the reports are prepared under generally accepted accounting

standards.

8. Ensure the disclosure of information correctly, completely and transparently.
9. Ensure protect the conflict of interest.
10. Consider and screen the other issues which will propose to shareholder meeting for consideration.

#### **Policy on Corporate Governance**

The Board of Directors realize on the importance of good corporate governance, which is for accountability, business competency, and confidence of shareholders, investors and all related party. The Board has set the policy to cover all important aspect as follow :

Equally and fairly treat to shareholders and all stakeholders.

Focus in the additional long term value of the Company, carefully manage, be competence and efficient for maximum benefit of the shareholders. Precaution on any conflict of interests, and be responsible on own decisions and actions.

Do business with accountability, and auditable. Enough information should be accessible for all related party.

#### **Inside Information Rules and Practices**

Our inside information rules and practices are not disclosed inside information before the information to be disclosed to public which the management have to report the company securities movement in management accounts in every movement as well. The management are forbidden to trade all of their accounts 1 month before and 2 weeks after the information is disclosed and made to public. The company is strictly perform according to inside trading practices of the Securities and Stock Exchange Commission.

#### **Internal Control**

The company maintains an internal control structure and monitors that structure to ensure that the company's operations comply with established policies and procedures. The objectives of the internal control structure are to provide reasonable, but not absolute, assurance as to the integrity and reliability of financial statements, protect asset from unauthorized use of disposition, and ensure that transactions are executed in accordance with the authorization management.

#### **5.4 Board of Directors' Meetings**

The Board of Directors set periodical meetings in February, March, May, August, and November. Special meeting can be called as required. The agenda is clearly set in advance and including the review of operation.

The secretary issues invitation with agenda and information 7 days in advance. A regular meeting consumes 2.5-3 hours. In 2012, there are 5 regular meetings with all the directors attend.

#### **5.5 Remuneration for Directors and the Management**

Remuneration for Directors: On approval by the Annual General Meeting of the shareholders, the Company set the remuneration for Directors and additional salary for the Audit Committee.

Remuneration for the Management: The Board set the remuneration for the Management. The Executive Director will have salary and bonus in addition to the remuneration.

The Company has provided all remuneration for Directors and the Management for the year 2012 as follow:

	Person	2012		Total
		Remuneration for Directors	*Salary/Bonus & other	
Directors	9	4,300,000.00	11,214,074.00	15,514,074.00
Management	5	-	7,975,326.00	7,975,326.00
Directors and Management	14	300,000.00	19,189,400.00	23,489,400.00

## Risks Factors

### Operation Risk

#### - Customer Dependence

More than 1,000 wholesalers (Yi pua), retailers and end users are our valued customers very long time with a good business relationship. The company will not receive any affectation if we lost anyone of them except the major three discount stores.

In the past three years, sales revenue of the three major discount stores accounts to 20% of total sales as follows:

Thousand Baht	2012	2011	2010
Sales revenue of three major discount stores	<u>492,640</u>	<u>529,128</u>	<u>589,507</u>
% of total sales	<u>18.63</u>	<u>20.80</u>	<u>20.80</u>

Besides the discount stores, we employs all distribution channel covering wholesalers (yi pua), restaurants, food stores as well as industry and more than 7,000 retailers nationwide.

From the factors of various customers, high quality of products, and the trade mark "Golden Mountain" brand name which is well known among customers more than 49 years establishing a significant advantage over competitors.

### Production Risk

#### - Raw Material Lack

Although the company purchases raw material from a few manufacturers or suppliers, Most of them are major suppliers and they can supply raw material to the company throughout the year so we has never experience in lacking of raw materials. We can purchase its from another suppliers but the price will be higher than major suppliers slightly. Seasonal raw materials such as chili and garlic which have been processed for supporting the production throughout the year.

In the fourth quarter of 2011, we have affected by the lacking of seasonal raw materials and lost revenue accounts to Baht 23 million or equal to 1% of total sales. After that we has never experiences lacking of raw materials as the increasing of storage tank.

### Management Risks

As of the Annual General Meeting of Shareholders no.1/2012, Winyarat family holding share equal to 74.61 % of entire shares which can control the resolution of the meeting in the matter of the appointment director or other matters which shall propose to the meeting for consideration and approval. Except the matters stipulating that the majority vote must not be less than third - fourth of the shareholders who come to participate in the meeting. Therefore, the other shareholders could not collect votes in order to examine and balance the matters proposed by major shareholders.



## Related party transactions

The company has no related parties transaction with shareholders or by common shareholders or directors. Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company were as follows:

Name of entities	Yamasa (Thailand) Co., Ltd. (. Yamasa Corporation Limited Japan, 49% shareholding )		
Nature of relationships	Associate, 26% shareholding Mr. Tanawat Winyarat as co director		
	2012	2011	(in thousand Baht)
Transactions	Sales of goods	15,483	16,573
Pricing policies	Market price		
The necessary	The purpose of Foundation Yamasa (Thailand) Limited is to, distribute Japanese Soy Sauce in the South East Asia region and authorized Thai Theparos Food Products Public Company Limited to be the sole manufacturer in Thailand		
	2012	2011	(in thousand Baht)
Transactions	Rental income	138	123
Pricing policies	Contractually agreed price which compared to the lease of the company nearby.		
The necessary	The Company entered into a building granted - lease agreement for use as a office with Yamasa (Thailand) Limited which total area of 43 square metres. In order to save the transportation costs and it is convenient for management because they are in the same area.		
Name of entire	Exter ( Thailand) Ltd.Thailand 60% shareholding		
Nature of relationship	Associate, 40% shareholding Mr. Tanawat Winyarat as co director and Mr. Bancha Winyarat as co director		
	2012	2011	(in thousand Baht)
Transactions	Sales of goods	22,637	13,552
Pricing policies	Market price		
The necessary	The purpose of Foundation Exter (Thailand) Limited is to, export "EXTER" reaction flavour in European countries and South East Asia region and authorized Thai theparos Public Company Limited to be the sole manufacturer of the main raw material in Thailand.		
	2012	2011	(in thousand Baht)
Transactions	Rental income	950	554
	Other income	-	-
	Water utility charge	172	133
	Electricity charge	1,540	836
	steam charge	3,863	2,558



Pricing policies	Contractually agreed price which compared to the lease of the company nearby.
The necessary	Sauce entered into a building granted - lease agreement for use as an office and factory with Exter Thailand totally 880 square meters which it is benefits for mutual companies on transportation cost saving as well as management and utilities' convenience.

		2012	2011
Transactions	Loan to associated company	-	6,000
	interest	450	279
Pricing Policy	MLR (KBANK)+1.0%		
The necessary	Sauce provided loan to Exter Thailand for our mutual benefits on monetary liquidity of Exter Thailand with the reasonable loan interest.		

Audit Committee give an opinion relating to the related party transaction according to the Audit Committee's report dated February 19, 2012 as follows.

"Considering in conflicts of interest transaction for the year 2012, audit committee give an opinion that connected transaction of Thai Theparos Food Products PCL. is fairly transaction. It will not give any benefit to person with a conflict of interests. It is an appropriate transaction and utmost usefulness for the company."

#### Auditor's remuneration

##### 1. Audit fees

The Company paid for the audit fees as follows:

	2012	2011
Paid to the Company's auditor for the fiscal year in the amount of Baht	-	-
Paid to the Auditing firm for the fiscal year in the amount of Baht	690,000.-	660,000.-
<b>Total the audit fees</b>	<b>690,000.-</b>	<b>660,000.-</b>

##### 2. Non-audit fees

The Company has not paid for the non-audit fees to the Company's auditor or the Auditing firm, person, the related parties the Auditor and the Auditing firm for the fiscal year.



## **Thai Theparos Food Products PLC.**

### **Financial Statements**

<b>- Report of The Board of Directors for Financial Report</b>	<b>30</b>
<b>- Audit Committee Report</b>	<b>31</b>
<b>- Audit report of Certified Public Accountant</b>	<b>32</b>
<b>- Financial statements Thai Theparos Food PCL.</b>	<b>33</b>



## Report of The Board of Directors' Responsibilities For Financial Report

Financial Statements of Thai Theparos Food Products PCL. are prepared in accordance with generally accepted accounting principals under the Accounting Act B.E. 2543 which included Accounting Standards issued under the Accounting Professions Act B.E.2547 and the regulations of the Securities and Stock Exchange Committee related to the preparation and presentation of financial report under the Securities and Stock Exchange Act B.E. 2535 including the declaration of Trade Registered Department subject to “ Fixing the abbreviation transactions needed in the Financial Statements B.E. 2544” dated 14 February 2001 according to the act under section 11 paragraph 3 of the Accounting Act B.E. 2543

The Board of Directors is responsible for the Financial report of Thai Theparos Food Products PCL. to ensure that it is presented the financial position, revenues, expenses and cash flows with actual and reasonable by recording accounting data correctly, completely and sufficiently in order to maintain the assets and also protect fraud or irregularities. The preparation of Financial report, the Board of Directors has considered Accounting Policy with reasonable and generally accepted accounting principals including disclose important data in the Financial Statement Notes adequately which the auditor has provided the opinion of Thai Theparos Food Product PCL.’s Financial Statement in the Audit report of Certified Public Accountant.

On behalf of The Board of Directors



(Mr. Parinya Winyarat)  
Chairman of The Borad



(Mr.Tanawat Winyarat)  
Director

19 February 2013

## Audit Committee's Report

To : The Shareholders of Thai Theparos Food Products Public Company Limited

The Audit Committee of Thai Theparos Food Products Public Company Limited has been assigned by the Board of Director. During the accounting period for the year ended December 31, 2012, there are 4 audit committee meetings and all of them attend meeting.

Audit Committee Responsibilities are as follow :

1. To review the quarterly and the yearly financial statement of the company in 2012. In our opinion, Thai Theparos Food Products Public Company Limited 's financial statement is correct ,complete and credible. Also the company prepared financial statement under Accounting Standard as indicated in The Accounting Act B.E. 2543 ,the Declaration of the Securities and Stock Exchange Committee , the Declaration of the Stock Exchange of Thailand including disclose correctly and sufficiently detailed information of financial statement.

2. To ensure internal control system and internal audit program . In our opinion, internal control system of Thai Theparos Food Products Public Company Limited is adequate , appropriate and efficacious.

3. To ensure Good Corporate Governance, the Audit Committee ensure the company to follow the Good Corporate Governance Practice and give opinion that Thai Theparos Food Products Public Company Limited have follow the declaration of the Securities and Stock Exchange Committee including relevant law and disclose information adequately, correctly, completely as well as emphasizing to do business strictly and accountability.

Considering in conflicts of interest transaction for the year 2012, audit committee give an opinion that connected transaction of Thai Theparos Food Products PCL. is fairly transaction It will not give any benefit to person with a conflict of interests. It is an appropriate transaction and utmost usefulness for the company.

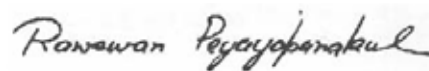
4. To Select Auditor for the year 2013. The Audit Committee select and offer to the Board of Director concerning auditor appointment including auditor's fee which is suitable for the company. In our opinion, the shareholders Meeting is hereby advised to elect Mr. Sakda Vairoj kaothanthong, CPA Registration No. 4628 or Mr. Bunyarit Thanormcharoen, CPA Registration No. 7900 or Mr. Charoen Phosamritlert, CPA Registration No. 4068 or Mrs. Wilai Buranakittisopon CPA Registration No. 3920 of KPMG Phoomchai Audit (Thailand) Co. Ltd. As the auditor of the company for the year 2013.

The above mentioned auditors are independent. They do not have any relevant to the company and do not give any services except audit of accounting.

During the year 2012, Audit Committee attended the meeting with Auditor of company independently in order to ask for their opinions for any matter 4 times.

5. In our opinion, audit committee operating are independent. The Board of Directors have reported the operating results to the audit committee continual. There are not any events which may cause important effects to the company's operating results.

On behalf of the Audit Committee



Asst. Prof. Raweewan Piyayopanakul

Chairman of Audit Committee

19 February 2013



# Audit report of Certified Public Accountant



**KPMG Phoomchai Audit Ltd.**  
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To the Shareholders of Thaiheparos Public Company Limited

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

Management's Responsibility for the Financial Statements in which the equity method is applied and separate financial statements

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

## Auditor's Responsibility

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

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

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

## Opinion

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



(Sakda Kaothanthong)  
 Certified Public Accountant  
 Registration No. 4628

KPMG Phoomchai Audit Ltd.  
 Bangkok  
 19 February 2013

**Thaiheparos Public Company Limited**  
**Statements of Financial position**

		Financial statements in which the equity method is applied		Separate financial statements	
		31 December		31 December	
Assets	Note	2012	2011	2012	2011
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	411,557,553	307,932,544	411,557,553	307,932,544
Current investments	6	432,705,903	567,322,634	432,705,903	567,322,634
Trade accounts receivable	7	259,621,088	262,485,877	259,621,088	262,485,877
Current portion of loan to associate	4	1,200,000	-	1,200,000	-
Inventories	8	272,336,460	259,601,930	272,336,460	259,601,930
Advance payment for raw materials purchased		33,188,728	21,736,621	33,188,728	21,736,621
Other current assets		15,279,478	12,405,699	15,279,478	12,405,699
<b>Total current assets</b>		<b><u>1,425,889,210</u></b>	<b><u>1,431,485,305</u></b>	<b><u>1,425,889,210</u></b>	<b><u>1,431,485,305</u></b>
<i>Non-current assets</i>					
Bank deposits under commitment	6	4,593,000	4,593,000	4,593,000	4,593,000
Investments in associates	9	6,309,039	7,880,467	13,199,393	13,199,393
Other long-term investments	6	40,453,320	20,395,036	40,453,320	20,395,036
Loan to associate	4	4,800,000	6,000,000	4,800,000	6,000,000
Unused land	10	94,952,000	94,952,000	94,952,000	94,952,000
Unused equipment		-	6,215,039	-	6,215,039
Property, plant and equipment	11	1,133,411,007	1,037,794,413	1,133,411,007	1,037,794,413
Intangible assets	12	4,722,861	5,773,311	4,722,861	5,773,311
Other non-current assets		488,620	501,572	488,620	501,572
<b>Total non-current assets</b>		<b><u>1,289,729,847</u></b>	<b><u>1,184,104,838</u></b>	<b><u>1,296,620,201</u></b>	<b><u>1,189,423,764</u></b>
<b>Total assets</b>		<b><u>2,715,619,057</u></b>	<b><u>2,615,590,143</u></b>	<b><u>2,722,509,411</u></b>	<b><u>2,620,909,069</u></b>

The accompanying notes are an integral part of these financial statements

**Thaiheparos Public Company Limited**  
**Statements of Financial position**

Liabilities and equity	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		(in Baht)			
Current liabilities					
Trade accounts payable		66,686,428	71,036,234	66,686,428	71,036,234
Income tax payable		78,557,023	118,197,771	78,557,023	118,197,771
Accrued expenses	13	64,810,730	52,553,489	64,810,730	52,553,489
Other current liabilities		<u>12,163,168</u>	<u>16,553,708</u>	<u>12,163,168</u>	<u>16,553,708</u>
Total current liabilities		<u>222,217,349</u>	<u>258,341,202</u>	<u>222,217,349</u>	<u>258,341,202</u>
Non-current liability					
Employee benefit obligations	14	<u>38,434,293</u>	<u>34,396,533</u>	<u>38,434,293</u>	<u>34,396,533</u>
Total non-current liability		<u>38,434,293</u>	<u>34,396,533</u>	<u>38,434,293</u>	<u>34,396,533</u>
Total liabilities		<u>260,651,642</u>	<u>292,737,735</u>	<u>260,651,642</u>	<u>292,737,735</u>
Equity					
Share capital	15				
Authorised share capital		<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
Issued and paid-up share capital		360,000,000	360,000,000	360,000,000	360,000,000
Additional paid in capital	15				
Premium on ordinary shares		615,600,000	615,600,000	615,600,000	615,600,000
Retained earnings					
Appropriated					
Legal reserve	16	60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		1,419,109,354	1,287,208,000	1,425,999,708	1,292,526,926
Other component of equity					
Fair value changes in available-for-sale investment		<u>258,061</u>	<u>44,408</u>	<u>258,061</u>	<u>44,408</u>
Total equity		<u>2,454,967,415</u>	<u>2,322,852,408</u>	<u>2,461,857,769</u>	<u>2,328,171,334</u>
Total liabilities and equity		<u>2,715,619,057</u>	<u>2,615,590,143</u>	<u>2,722,509,411</u>	<u>2,620,909,069</u>

# Statements of income

## Thaiheparos Public Company Limited

### Statements of comprehensive income

		Financial statements in which the equity method is applied		Separate financial statements	
		31 December		31 December	
	Note	2012	2011	2012	2011
		(in Baht)			
<i>Income</i>					
Revenue from sale of goods		2,644,332,124	2,646,089,487	2,644,332,124	2,646,089,487
Other income	18	36,955,573	31,284,491	36,955,573	31,284,491
<b>Total income</b>		<b><u>2,681,287,697</u></b>	<b><u>2,677,373,978</u></b>	<b><u>2,681,287,697</u></b>	<b><u>2,677,373,978</u></b>
<i>Expenses</i>					
	19, 20				
Cost of sales of goods		1,507,500,241	1,548,078,877	1,507,500,241	1,548,078,877
Selling expenses		293,645,862	304,684,206	293,645,862	304,684,206
Administrative expenses		131,299,806	135,023,454	131,299,806	135,023,454
<b>Total expenses</b>		<b><u>1,932,445,909</u></b>	<b><u>1,987,786,537</u></b>	<b><u>1,932,445,909</u></b>	<b><u>1,987,786,537</u></b>
Share of loss on investment in associates		(1,571,428)	(2,651,715)	-	-
<b>Profit before income tax expense</b>		<b>747,270,360</b>	<b>686,935,726</b>	<b>748,841,788</b>	<b>689,587,441</b>
Income tax expense	21	(176,169,006)	(208,542,385)	(176,169,006)	(208,542,385)
<b>Profit for the year</b>		<b><u>571,101,354</u></b>	<b><u>478,393,341</u></b>	<b><u>572,672,782</u></b>	<b><u>481,045,056</u></b>
<b>Other comprehensive income</b>					
Net change in fair value of available-for-sale investments		213,653	(51,240)	213,653	(51,240)
Other comprehensive income for the year		213,653	(51,240)	213,653	(51,240)
<b>Total comprehensive income for the year</b>		<b><u>571,315,007</u></b>	<b><u>478,342,101</u></b>	<b><u>572,886,435</u></b>	<b><u>480,993,816</u></b>
Basic earnings per share	22	1.59	1.33	1.59	1.34

The accompanying notes are an integral part of these financial statements

# Statements of changes in equity

Thaiheparos Public Company Limited

Statements of changes in equity

For the year ended 31 December 2012 and 2011

## Financial statements in which the equity method is applied

		Additional paid in capital	Retained earnings	Other component of equity Fair value changes in available-for-sale investments	Total equity		
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)		
<b>Year ended 31 December 2011</b>							
<b>Balance at 1 January 2011</b>		360,000,000	615,600,000	60,000,000	1,186,814,659	95,648	2,222,510,307
<b>Transactions with owners, recorded directly in equity</b>							
<b>Distributions to owners of the Company</b>							
Dividends to owners of the Company	23	-	-	-	(378,000,000)	-	(378,000,000)
Total distributions to owners of the Company		-	-	-	(378,000,000)	-	(378,000,000)
<b>Comprehensive income for the year</b>							
Profit		-	-	-	478,393,341	-	478,393,341
Other comprehensive income		-	-	-	-	(51,240)	(51,240)
<b>Total comprehensive income for the year</b>		-	-	-	478,393,341	(51,240)	478,342,101
<b>Balance at 31 December 2011</b>		<b>360,000,000</b>	<b>615,600,000</b>	<b>60,000,000</b>	<b>1,287,208,000</b>	<b>44,408</b>	<b>2,322,852,408</b>



Thaitheparos Public Company Limited  
Statements of changes in equity

Financial statements in which the equity method is applied

		Additional paid in capital	Retained earnings	Other component of equity Fair value changes in available-for-sale investments	Total equity		
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)		
<b>Year ended 31 December 2012</b>							
<b>Balance at 1 January 2012</b>		360,000,000	615,600,000	60,000,000	1,287,208,000	44,408	2,322,852,408
<b>Transactions with owners, recorded directly in equity</b>							
<b>Distributions to owners of the Company</b>							
Dividends to owners of the Company	23	-	-	-	(439,200,000)	-	(439,200,000)
Total distributions to owners of the Company		-	-	-	(439,200,000)	-	(439,200,000)
<b>Comprehensive income for the year</b>							
Profit		-	-	-	571,101,354	-	571,101,354
Other comprehensive income		-	-	-	-	213.653	213,653
<b>Total comprehensive income for the year</b>		-	-	-	571,101,354	213.653	571,315,007
<b>Balance at 31 December 2012</b>		<b>360,000,000</b>	<b>615,600,000</b>	<b>60,000,000</b>	<b>1,419,109,354</b>	<b>258,061</b>	<b>2,454,967,415</b>

**Thaiheparos Public Company Limited**  
**Statements of changes in equity**

**Separate financial statements**

		Issued and paid-up share capital (in Baht)	Additional paid in capital  Premium on ordinary shares	Legal reserve	Retained earnings  Unappropriated	Other component of equity Fair value changes in available-for-sale investments	Total equity
Year ended 31 December 2012	Note						
Balance at 1 January 2012		360,000,000	615,600,000	60,000,000	1,189,481,870	95,648	2,225,177,518
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	23	-	-	-	(378,000,000)	-	(378,000,000)
<i>Total distributions to owners of the Company</i>		-	-	-	(378,000,000)	-	(378,000,000)
Comprehensive income for the year							
Profit		-	-	-	481,045,056	-	481,045,056
Other comprehensive income		-	-	-	-	(51,240)	(51,240)
Total comprehensive income for the year		-	-	-	481,045,056	(51,240)	480,993,816
Balance at 31 December 2011		360,000,000	615,600,000	60,000,000	1,292,526,926	44,408	2,328,171,334

**Thaitheparos Public Company Limited**  
**Statements of changes in equity**

Separate financial statements							
		Issued and paid-up	Additional		Retained earnings	Other component	
	Note	share capital	paid in capital	Premium on	Legal reserve	of equity	
		(in Baht)	ordinary shares	ordinary shares	Unappropriated	Fair value	
					available-for-sale	changes in	
					investments	Total equity	
Year ended 31 December 2012							
Balance at 1 January 2012		360,000,000	615,600,000	60,000,000	1,292,526,926	44,408	2,328,171,334
Transactions with owners, recorded directly in equity							
Distributions to owners of the Company							
Dividends to owners of the Company	23	-	-	-	(439,200,000)	-	(439,200,000)
Total distributions to owners of the Company		-	-	-	(439,200,000)	-	(439,200,000)
Comprehensive income for the year							
Profit		-	-	-	572,672,782	-	572,672,782
Other comprehensive income		-	-	-	-	213,653	213,653
Total comprehensive income for the year		-	-	-	572,672,782	213,653	572,886,435
Balance at 31 December 2012		360,000,000	615,600,000	60,000,000	1,425,999,708	258,061	2,461,857,769

## Thaiheparos Public Company Limited

## Statement of cash flows

	Financial statements in which the equity method is applied		Separate financial statements	
	For the year ended		For the year ended	
	31 December 2012	2011 (in Baht)	31 December 2012	2011
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	571,101,354	478,393,341	572,672,782	481,045,056
Adjustments for				
Depreciation and amortisation	88,480,019	85,794,628	88,480,019	85,794,628
Interest income	(22,101,956)	(15,026,285)	(22,101,956)	(15,026,285)
(Reversal of) bad and doubtful debts expense	(42,137)	148,860	(42,137)	148,860
Unrealised loss (gain) on exchange	58,675	(372,507)	58,675	(372,507)
Provision for loss on obsolete and slow-moving inventories	-	3,355,807	-	3,355,807
Loss on write-off of inventories	731,482	118,866	731,482	118,866
Loss (Gain) on disposal of equipment and unused equipment	2,675,473	(738,570)	2,675,473	(738,570)
Loss on write-off of intangible asset	-	4	-	4
Reversal of allowance for impairment of equipment	(13,611)	(238,462)	(13,611)	(238,462)
Impairment loss on unused equipment	6,168,539	-	6,168,539	-
Employees' benefits	4,037,760	2,106,214	4,037,760	2,106,214
Share of loss on investment in associates	1,571,428	2,651,715	-	-
Income tax expense	<u>176,169,006</u>	<u>208,542,385</u>	<u>176,169,006</u>	<u>208,542,385</u>
	828,836,032	764,735,996	828,836,032	764,735,996
Change in operating assets and liabilities				
Trade accounts receivable	2,848,251	9,474,770	2,848,251	9,474,770
Inventories	(13,466,012)	(32,198,899)	(13,466,012)	(32,198,899)
Advance payment for raw materials purchased	(11,452,107)	11,504,706	(11,452,107)	11,504,706
Other current assets	(5,942,509)	1,340,742	(5,942,509)	1,340,742
Other non-current assets	12,952	62,800	12,952	62,800
Trade accounts payable	(4,349,806)	(10,656,118)	(4,349,806)	(10,656,118)
Accrued expenses	12,257,241	1,209,798	12,257,241	1,209,798
Other current liabilities	<u>(3,701,703)</u>	<u>4,139,308</u>	<u>(3,701,703)</u>	<u>4,139,308</u>
Cash generated from operating activities	805,042,339	749,613,103	805,042,339	749,613,103
Income tax paid	<u>(215,809,754)</u>	<u>(178,534,789)</u>	<u>(215,809,754)</u>	<u>(178,534,789)</u>
<b>Net cash from operations activities</b>	<u>589,232,585</u>	<u>571,078,314</u>	<u>589,232,585</u>	<u>571,078,314</u>
<b><i>Cash flows from investing activities</i></b>				
Interest received	25,170,686	11,484,739	25,170,686	11,484,739
Purchase of property, plant and equipment	(186,225,102)	(99,363,899)	(186,225,102)	(99,363,899)
Sale of equipment	1,040,234	2,453,222	1,040,234	2,453,222
Loan to associate	-	(6,000,000)	-	(6,000,000)
Purchase of intangible assets	(1,165,494)	(5,528,556)	(1,165,494)	(5,528,556)
Decrease (increase) in current investments	134,772,100	(130,091,022)	134,772,100	(130,091,022)
Purchase of long term investment	<u>(20,000,000)</u>	<u>-</u>	<u>(20,000,000)</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(46,407,576)</u>	<u>(227,045,516)</u>	<u>(46,407,576)</u>	<u>(227,045,516)</u>

## Thaitheparos Public Company Limited

## Statement of cash flows

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		For the year ended 31 December	2011	For the year ended 31 December	2011
		2012	2011	2012	2011
(in Baht)					
<i>Cash flows from financing activity</i>					
Dividends paid to owners of the Company		<u>(439,200,000)</u>	<u>(378,000,000)</u>	<u>(439,200,000)</u>	<u>(378,000,000)</u>
Cash used in financing activity		<u>(439,200,000)</u>	<u>(378,000,000)</u>	<u>(439,200,000)</u>	<u>(378,000,000)</u>
Net increase (decrease) in cash and cash equivalents		103,625,009	(33,967,202)	103,625,009	(33,967,202)
Cash and cash equivalents at 1 January	5	<u>307,932,544</u>	<u>341,899,746</u>	<u>307,932,544</u>	<u>341,899,746</u>
Cash and cash equivalents at 31 December	5	<u><u>411,557,553</u></u>	<u><u>307,932,544</u></u>	<u><u>411,557,553</u></u>	<u><u>307,932,544</u></u>
<i>Supplemental disclosures of cash flows information:</i>					
Property, plant and equipment purchased during the years are detailed as follows:					
Total addition of property, plant and equipment during the years		185,536,265	93,493,558	185,536,265	93,493,558
Add Settlement of payables for plant and equipment previously purchased		1,855,711	7,726,052	1,855,711	7,726,052
Less Payables on purchase of plant and equipment		<u>(1,166,874)</u>	<u>(1,855,711)</u>	<u>(1,166,874)</u>	<u>(1,855,711)</u>
		<u><u>186,225,102</u></u>	<u><u>99,363,899</u></u>	<u><u>186,225,102</u></u>	<u><u>99,363,899</u></u>




**Thaitheparos Public Company Limited**
**Notes to the Financial statements**

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## Thaiheparos Public Company Limited

### Notes to the Financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 19 February 2013.

#### 1 General information

Thaiheparos Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 208 Moo 6, Taibarn Road, Tambol Taibarn, Amphur Muang, Samutparkan, Thailand. Its branch is in Lampang.

The Company was listed on the Stock Exchange of Thailand in 20 January 1995.

The Company's major shareholder during the financial year was the Winyarat Family which holds a 77.56% shareholding.

The principal activities of the Company are the manufacture and distribution of sauces and condiments.

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

##### (a) Statement of compliance

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

The FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 26.

##### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except available-for-sale investments are measured at fair value.

##### (c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

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

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

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

## Thaiheparos Public Company Limited

### Notes to the Financial statements

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

Note 10 Unused land

Note 14 Measurement of defined benefit obligations

Note 24 Valuation of financial instruments

### 3 Significant accounting policies

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

#### (a) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

#### (b) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

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

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

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

#### (d) Inventories

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

Cost of work in process is calculated using the average cost formula while cost of other inventories is calculated using the first in, first out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**Thaitheparos Public Company Limited**  
**Notes to the Financial statements**

**(e) Investment**

*Investments in associates*

Investments in associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the financial statements in which the equity method is applied are accounted for using the equity method.

*Investments in other debt and equity securities*

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

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

Equity securities which are not marketable are stated at cost less any impairment losses.

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

*Disposal of investments*

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

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

**(f) Unused land**

Unused land is stated at cost less impairment loss.

## Thaiheparos Public Company Limited

### Notes to the Financial statements

#### (g) Property, plant and equipment

##### Recognition and measurement

##### Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

##### Subsequent costs

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

##### Depreciation

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

Depreciation is charged to profit or loss on a declining balance method basis over the estimated useful lives of each component of an item of property, plant and equipment which were acquired before 1 January 2012. The percentage apply for a declining balance method are as follows:

	Percentage
Building and improvements	5
Machinery and equipment	20
Furniture, fixtures and office equipment	20 - 33
Vehicles	10 - 20

Depreciation of assets which have been acquired from 1 January 2012 is calculated by straight-line method over the estimated useful lives of each component of an item property, plant and equipment. The estimated useful lives are as follows:

	Years
Building and improvements	10 - 20
Machinery and equipment	5 - 14
Furniture, fixtures and office equipment	5 - 10
Vehicles	8 - 10



## Thaiheparos Public Company Limited

### Notes to the Financial statements

No depreciation is provided on freehold land, spare parts or assets under construction.

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

#### (h) *Intangible assets*

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

##### *Amortisation*

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

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

Trademarks	3 - 10 years
Software	5 years

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

#### (i) *Impairment*

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

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

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

##### *Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

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

## Thaitheparos Public Company Limited

### Notes to the Financial statements

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

#### Reversals of impairment

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

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

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

Trade and other accounts payable are stated at cost.

#### (k) *Employee benefits*

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

##### *Defined benefit plans*

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

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

**Thaiheparos Public Company Limited****Notes to the Financial statements**

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

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

*Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds in Thailand that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

*Short-term employee benefits*

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

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

**(l) Provisions**

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

**(m) Revenue**

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

*Sale of goods*

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

*Interest and dividend income*

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

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**
**(n) Lease payments**

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

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

**(o) Income tax**

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

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

**(p) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the split of par value of ordinary shares.

**4 Related parties**

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Yamasa (Thailand) Co., Ltd.	Thailand	Associate, 26% shareholding
Exter (Thailand) Limited.	Thailand	Associate, 40% shareholding
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**

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

Transactions	Pricing policies
Sales of goods	Market price
Rental income	Contractually agreed price
Interest income	Contractually agreed rate
Other income	Agreed price

Significant transactions for the years ended 31 December 2012 and 2011 with related parties were as follows:

<i>Year ended 31 December</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
<b>Associate - Yamasa (Thailand) Co., Ltd.</b>				
Sales of goods	15,483	16,553	15,483	16,553
Rental income	138	123	138	123
Commission income	1	20	1	20
<b>Associate - Exter (Thailand) Limited.</b>				
Sales of goods	22,637	13,552	22,637	13,552
Rental income	950	554	950	554
Interest income	450	279	450	279
Others	6,179	3,406	6,179	3,406
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	22,843	24,666	22,843	24,666
Post-employment benefits	627	793	627	793
Other long-term benefits	19	29	19	29
Total key management personnel compensation	<u>23,489</u>	<u>25,488</u>	<u>23,489</u>	<u>25,488</u>

Balances as at 31 December 2012 and 2011 with related parties were as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
<b>Associate - Yamasa (Thailand) Co., Ltd.</b>				
Trade accounts receivable	3,962	5,852	3,962	5,852
Other current liabilities - deposit	20	20	20	20
<b>Associate - Exter (Thailand) Limited.</b>				
Trade accounts receivable	16,477	10,440	16,477	10,440
Other current assets - interest receivable	15	15	15	15
Long term loans to related party	6,000	6,000	6,000	6,000
Other current liabilities - deposit	200	200	200	200

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**
*Significant agreements with related parties*
*Lease agreements*

On 1 June 2011, the Company entered into a building granted-lease agreement for use as office and factory with an associated company, Exter (Thailand) Limited, covering 10 years starting from 1 June 2011 to 31 May 2021. The Company will receive monthly rental of Baht 79,200 for the 1st year to the 3rd year, receives monthly rental of Baht 105,600 for the 4th year to the 5th year, and receives monthly of Baht 158,400 for the 6th year to the 10th year. In this regard, the associated company paid the rental deposit of Baht 200,000.

On 1 October 2010, the Company entered into a building granted-lease agreement for use as an office with another associated company, Yamasa (Thailand) Co., Ltd. covering 5 years starting from 1 October 2010 to 30 September 2015. The Company will receive monthly rental of Baht 10,000 for the first thirteen months and Baht 11,520 for the remaining months.

*Loan agreement*

As at 31 December 2012, the Company ("Lender") entered into a loan agreement with Exter (Thailand) Limited. ("Borrower"), amounting to Baht 6.0 million, which will be repayable by 5 years equal installments commencing on 20 May 2013 up to 20 May 2017. This loan bears interest at 7.5% p.a. for the 1st year to the 3rd year, and at the MLR of certain local financial institution plus 1.0% p.a. for the remaining years.

**5 Cash and cash equivalents**

	Financial statements in which the equity method is applied/ separate financial statements	
	2012	2011
	(in thousand Baht)	
Cash on hand	1,201	1,294
Cash at banks - current accounts	10,267	10,547
Cash at banks - savings accounts	262,165	288,309
Fixed deposits with maturity less than 3 months	<u>137,925</u>	<u>7,783</u>
<b>Total</b>	<b><u>411,558</u></b>	<b><u>307,933</u></b>

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Financial statements in which the equity method is applied/ separate financial statements	
	2012	2011
	(in thousand Baht)	
Thai Baht (THB)	411,017	307,375
United States Dollars (USD)	<u>541</u>	<u>558</u>
<b>Total</b>	<b><u>411,558</u></b>	<b><u>307,933</u></b>



## Thaitheparos Public Company Limited

## Notes to the Financial statements

## 6 Other investments

	Financial statements in which the equity method is applied/ separate financial statements	
	2012	2011
	(in thousand Baht)	
<i>Current investments</i>		
Fixed deposits with maturity more than 3 months	329,997	9,769
Bill of exchange with maturity more than 3 months	50,000	560,000
Investment in marketable security - mutual fund	<u>57,302</u>	<u>2,147</u>
	437,299	571,916
Less Fixed deposits with maturity more than 3 months under commitment	<u>(4,593)</u>	<u>(4,593)</u>
<b>Total</b>	<b><u><u>432,706</u></u></b>	<b><u><u>567,323</u></u></b>
<i>Long-term investments</i>		
Debentures	40,000	20,000
Investment in marketable equity security	<u>453</u>	<u>395</u>
<b>Total</b>	<b><u><u>40,453</u></u></b>	<b><u><u>20,395</u></u></b>

A debenture was issued by Krung Thai Public Company Limited for Baht 20 million and is classified as a held to maturity debt instrument. The debenture has a term of 10 years maturing on 20 February 2019 and bears interest of 5.00% per annum for the first five years and 6.50% per annum for the last five years. The other debenture of Baht 20 million which was invested during 2012 was issued by Kasikornbank Public Company and is classified as a held to maturity debt instrument with a term of 10 years maturing on 15 February 2022 and bears interest of 4.50% per annum for the whole life of debenture.

As at 31 December 2012, fixed deposits at bank of Baht 4.59 million (2011: Baht 4.59 million) were pledged to secure the use of electricity.

## 7 Trade accounts receivable

	Note	Financial statements in which the equity method is applied/ separate financial statements	
		2012	2011
		(in thousand Baht)	
Related parties	4	20,439	16,292
Other parties		<u>240,857</u>	<u>247,926</u>
<b>Total</b>		<b>261,296</b>	<b>264,218</b>
Less allowance for doubtful accounts		<u>(1,675)</u>	<u>(1,732)</u>
<b>Net</b>		<b><u><u>259,621</u></u></b>	<b><u><u>262,486</u></u></b>
(Reversal of) bad and doubtful debts expenses for the year		<u>(42)</u>	<u>162</u>

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**

Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied/ separate financial statements	
	2012 (in thousand Baht)	2011
<b>Related parties</b>		
Within credit terms	5,944	13,019
Overdue:		
Less than 3 months	5,462	3,273
3-6 months	4,212	-
6-12 months	<u>4,821</u>	<u>-</u>
	<u>20,439</u>	<u>16,292</u>
<b>Other parties</b>		
Within credit terms	222,999	223,535
Overdue:		
Less than 3 months	16,036	22,644
3-6 months	147	564
Over 12 months	<u>1,675</u>	<u>1,183</u>
	240,857	247,926
Less allowance for doubtful accounts	(1,675)	(1,732)
	<u>239,182</u>	<u>246,194</u>
<b>Net</b>	<u>259,621</u>	<u>262,486</u>

The normal credit term granted by the Company ranges from 30 days to 90 days.

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

	Financial statements in which the equity method is applied/ separate financial statements	
	2012 (in thousand Baht)	2011
Thai Baht (THB)	246,834	241,999
United States Dollars (USD)	12,361	19,785
Australia Dollars (AUD)	426	532
Euro (EUR)	-	170
<b>Total</b>	<u>259,621</u>	<u>262,486</u>

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**
**8 Inventories**

	Financial statements in which the equity method is applied/ separate financial statements	
	2012	2011
	(in thousand Baht)	
Finished goods	56,786	71,317
Work in progress	125,369	109,863
Raw materials	89,762	81,393
Supplies	<u>419</u>	<u>385</u>
<b>Total</b>	<b>272,336</b>	<b>262,958</b>
Less allowance for obsolete and slow-moving inventories	<u>-</u>	<u>(3,356)</u>
<b>Net</b>	<b><u>272,336</u></b>	<b><u>259,602</u></b>
Inventories recognised as an expense in 'cost of sales of goods':		
- Cost	1,507,500	1,544,723
- Allowance for obsolete and slow-moving inventories	<u>-</u>	<u>3,356</u>
<b>Total</b>	<b><u>1,507,500</u></b>	<b><u>1,548,079</u></b>

**9 Investments in associates**
**Financial statements in**

	which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
At 1 January	7,880	10,532	13,199	13,199
Share of net loss of investment				
- equity method	<u>(1,571)</u>	<u>(2,652)</u>	<u>-</u>	<u>-</u>
<b>At 31 December</b>	<b><u>6,309</u></b>	<b><u>7,880</u></b>	<b><u>13,199</u></b>	<b><u>13,199</u></b>

**Financial statements in which the equity method is applied/  
Separate financial statements**

	Ownership		Paid-up capital		Cost		Equity	
	2012	2011	2012	2011	2012	2011	2012	2011
	%		(in thousand Baht)					
<i>Associates</i>								
Yamasa (Thailand)								
Co., Ltd.	26	26	20,001	20,001	5,199	5,199	3,269	2,703
Exter (Thailand)								
Limited.	40	40	<u>20,000</u>	<u>20,000</u>	<u>8,000</u>	<u>8,000</u>	<u>3,040</u>	<u>5,177</u>
Total			<u>40,001</u>	<u>40,001</u>	<u>13,199</u>	<u>13,199</u>	<u>6,309</u>	<u>7,880</u>

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**

The Company accounts for its investment in associates using the equity method based on financial statements for the year ended 31 December 2012 which were audited by other auditors. As at 31 December 2012, the carrying value of the investment in associates in the financial statements in which the equity method is applied amounted to Baht 6.31 million, which constituted 0.23 percent of total assets in the statement of financial position in which the equity method is applied (31 December 2011: Baht 7.88 million, which constituted 0.30 percent). The Company's share of loss on investment in associates for the year ended 31 December 2012 amounted to Baht 1.57 million, which constituted 0.28 percent of the profit for the year of the statement of comprehensive income in which the equity method is applied (2011: Baht 2.65 million, which constituted 0.55 percent).

**10 Unused land**

	Financial statements in which the equity method is applied/ Separate financial statements	
	2012	2011
	(in thousand Baht)	
Unused land at cost	204,073	204,073
Less allowance for impairment losses	<u>(109,121)</u>	<u>(109,121)</u>
Net	<u><u>94,952</u></u>	<u><u>94,952</u></u>

The fair market value of unused land was estimated at Baht 94.95 million based on the appraisal report of an independent appraiser dated 2 July 2009, using the Market Comparison Approach.

## Thaitheparos Public Company Limited

## Notes to the Financial statements

## 11 Property, plant and equipment

## Financial statements in which the equity method is applied/ Separate financial statements

	Land and land improvements	Building and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Spare parts	Construction in progress	Advance payment for machinery purchased	Total
									(in thousand Baht)
<b>Cost</b>									
At 1 January 2011	112,606	429,615	1,296,187	55,232	119,987	16,709	272,273	-	2,302,609
Additions	-	-	1,876	1,963	8,070	30,417	51,168	-	93,494
Transfers	-	1,544	29,315	-	1,000	(26,302)	(5,557)	-	-
Transfer from unused equipment	-	-	44	-	-	-	-	-	44
Disposals	-	-	(2,751)	(772)	(5,764)	-	-	-	(9,287)
<b>At 31 December 2011</b>									
and 1 January 2012	112,606	431,159	1,324,671	56,423	123,293	20,824	317,884	-	2,386,860
Additions	925	-	3,240	1,645	2,775	26,695	59,709	90,547	185,536
Transfers	-	101,526	131,878	251	80	(23,117)	(126,360)	(84,258)	-
Transfer from unused equipment	-	-	47	-	-	-	-	-	47
Disposals	(700)	-	(47,265)	(1,786)	(4,935)	-	-	-	(54,686)
<b>At 31 December 2012</b>	<b>112,831</b>	<b>532,685</b>	<b>1,412,571</b>	<b>56,533</b>	<b>121,213</b>	<b>24,402</b>	<b>251,233</b>	<b>6,289</b>	<b>2,517,757</b>

## Notes to the Financial statements

Financial statements in which the equity method is applied/ Separate financial statements									
	Land and land improvements	Building and improvements	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Spare parts	Construction in progress	Advance payment for machinery purchased	Total
<i>Depreciation and impairment losses</i>									
At 1 January 2011	881	164,291	978,709	41,678	86,960	-	-	-	1,272,519
Depreciation charge for the year	16	12,487	64,668	3,045	4,602	-	-	-	84,818
Reversal of impairment losses	-	-	(238)	-	-	-	-	-	(238)
Disposals	-	-	(2,489)	(637)	(4,907)	-	-	-	(8,033)
<b>At 31 December 2011 and 1 January 2012</b>	897	176,778	1,040,650	44,086	86,655	-	-	-	1,349,066
Depreciation charge for the year	13	19,757	59,707	2,579	4,209	-	-	-	86,265
Reversal of impairment losses	-	-	(14)	-	-	-	-	-	(14)
Disposals	(662)	-	(44,472)	(1,676)	(4,161)	-	-	-	(50,971)
<b>At 31 December 2012</b>	248	196,535	1,055,871	44,989	86,703	-	-	-	1,384,346
<i>Net book value</i>									
At 1 January 2011	111,725	265,324	317,478	13,554	33,027	16,709	272,273	-	1,030,090
At 31 December 2011 and 1 January 2012	111,709	254,381	284,021	12,337	36,638	20,824	317,884	-	1,037,794
At 31 December 2012	112,583	336,150	356,700	11,544	34,510	24,402	251,233	6,289	1,133,411

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2012 amounted to Baht 490.88 million (2011: Baht 526.51 million). During the year 2011, the Company disposed of certain machinery and equipment from total of Baht 5.93 million which were fully provided impairment loss, and then reversed allowance for impairment loss amounting to Baht 0.24 million in respect of such machinery and equipment.



**Thaiheparos Public Company Limited**
**Notes to the Financial statements**
**Security**

At 31 December 2012, a portion of the Company's land with book value of Baht 79.66 million (2011: Baht 79.66 million) was used as collateral for a credit line from a bank.

**12 Intangible assets**

	Financial statements in which the equity method is applied/ Separate financial statements			Total
	Software	Trademark license (in thousand Baht)	Software under installation	
<b>Cost</b>				
At 1 January 2011	11,177	23,002	669	34,848
Additions	514	5,015	-	5,529
Disposals	(4)	-	-	(4)
<b>At 31 December 2011</b>				
and 1 January 2012	11,687	28,017	669	40,373
Additions	231	558	376	1,165
Transfers	1,017	-	(1,017)	-
<b>At 31 December 2012</b>	<b>12,935</b>	<b>28,575</b>	<b>28</b>	<b>41,538</b>
<b>Amortisation</b>				
At 1 January 2011	10,646	22,977	-	33,623
Amortisation charge for the year	323	654	-	977
<b>At 31 December 2011</b>				
and 1 January 2012	10,969	23,631	-	34,600
Amortisation charge for the year	482	1,733	-	2,215
<b>At 31 December 2012</b>	<b>11,451</b>	<b>25,364</b>	<b>-</b>	<b>36,815</b>
<b>Net book value</b>				
At 1 January 2011	531	25	669	1,225
At 31 December 2011				
and 1 January 2012	718	4,386	669	5,773
<b>At 31 December 2012</b>	<b>1,484</b>	<b>3,211</b>	<b>28</b>	<b>4,723</b>

**13 Accrued expenses**

	Financial statements in which the equity method is applied/ separate financial statements	
	2012	2011
	(in thousand Baht)	
Accrued bonus	17,165	16,613
Accrued advertising expenses	11,440	7,769
Accrued export expenses	8,587	7,680
Accrued promotion expenses	6,424	1,164
Accrued repair expenses	6,369	4,146
Others	14,826	15,181
<b>Total</b>	<b>64,811</b>	<b>52,553</b>

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**
**14 Employee benefit obligations**

	Financial statements in which the equity method is applied/ Separate financial statements	
	2012	2011
	(in thousand Baht)	
<b>Statement of financial position</b>		
<b>Obligations for:</b>		
Post-employment benefits	30,487	27,015
Other long-term employee benefits	7,947	7,382
<b>Total</b>	<b>38,434</b>	<b>34,397</b>
 <b>Year ended 31 December</b>	 2012	 2011
(in thousand Baht)		
<b>Statement of comprehensive income</b>		
<b>Recognised in profit or loss:</b>		
Post-employment benefits	3,921	3,816
Other long-term employee benefits	1,812	1,668
<b>Total</b>	<b>5,733</b>	<b>5,484</b>

The Company adopted TAS 19 – Employee Benefits with effect from 1 January 2011. The Company opted to record the transitional obligation as at 1 January 2011, totaling Baht 32.29 million, as an adjustment to retained earnings as at 1 January 2011.

***Post-employment benefits***

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

***Other long-term employee benefits***

Other long-term employee benefits obligation was based on the length of service of employees and actuarial assumptions.

Movement in present value of the post-employment benefits obligation and other long-term employee benefits obligation:

	Financial statements in which the equity method is applied/ Separate financial statements			
	Post-employment benefit		Other long-term employee benefits	
	2012	2011	2012	2011
	(in thousand Baht)			
Defined benefit obligations at 1 January	27,015	25,588	7,382	6,702
Benefits paid by the plan	(449)	(2,389)	(1,247)	(988)
Current service costs and interest	3,921	3,816	1,812	1,668
<b>Defined benefit obligations at 31 December</b>	<b>30,487</b>	<b>27,015</b>	<b>7,947</b>	<b>7,382</b>

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**

Expense recognised in profit or loss:

<i>Year ended 31 December</i>	Financial statements in which the equity method is applied/ Separate financial statements			
	Post-employment benefits		Other long-term employee benefits	
	2012	2011	2012	2011
	(in thousand Baht)			
Current service costs	2,948	2,894	1,546	1,426
Interest on obligation	973	922	266	242
<b>Total</b>	<b><u>3,921</u></b>	<b><u>3,816</u></b>	<b><u>1,812</u></b>	<b><u>1,668</u></b>

The expense is recognised in the following line items in the statement of comprehensive income:

<i>Year ended 31 December</i>	Financial statements in which the equity method is applied/ Separate financial statements			
	Post-employment benefits		Other long-term employee benefits	
	2012	2011	2012	2011
	(in thousand Baht)			
Cost of sale of goods	1,773	824	1,052	464
Selling expenses	1,052	396	484	224
Administrative expenses	1,096	2,596	276	980
<b>Total</b>	<b><u>3,921</u></b>	<b><u>3,816</u></b>	<b><u>1,812</u></b>	<b><u>1,668</u></b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages) for post-employment benefits and other long-term employee benefits were as follows:

	Financial statements in which the equity method is applied/ Separate financial statements	
	2012	2011
Discount rate (%)	3.6041	3.6041
Future salary increases (%)	4.30	4.30
Employee turnover (%)	0 - 38	0 - 38
Retirement age (years old)	55	55

Assumptions regarding future mortality and disability were based on Thai Mortality Ordinary Table of 2008 (TMO2008).

**Thaitheparos Public Company Limited**
**Notes to the Financial statements**
**15 Share capital**

Financial statements in which the equity method is applied/ Separate financial statements					
	Par value per share (in Baht)	2012		2011	
		Number (thousand shares / thousand Baht)	Amount	Number	Amount
<i>Authorised</i>					
At 1 January					
- ordinary shares	10	-	-	60,000	600,000
- ordinary shares	1	600,000	600,000	-	-
Split of par value of ordinary shares from Baht 10 to Baht 1	1	-	-	540,000	-
At 31 December					
- ordinary shares	1	600,000	600,000	600,000	600,000
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	10	-	-	36,000	360,000
- ordinary shares	1	360,000	360,000	-	-
Split of par value of ordinary shares from Baht 10 to Baht 1	1	-	-	324,000	-
At 31 December					
- ordinary shares	1	360,000	360,000	360,000	360,000
<i>Share premium</i>					

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

***The change of par value of share capital***

At the annual general meeting of the shareholders of the Company held on 26 April 2011, the shareholders approved the split of par value of share capital from Baht 10 per share to Baht 1 per share. The authorised share capital remains as Baht 600 million but now comprises 600 million shares at Baht 1 per share. The issued and paid up capital remains as Baht 360 million but now comprises 360 million shares at Baht 1 per share. The change of par value of share capital and number of shares was registered with the Ministry of Commerce on 27 April 2011.

**Thaiheparos Public Company Limited**  
**Notes to the Financial statements**

**16 Reserves**

Reserves comprise:

*Appropriations of profit*

*Legal reserve*

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

*Other components of equity*

*Fair value changes in available-for-sale investments*

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

*Movements in reserves*

Movements in reserves are shown in the statements of changes in equity.

**17 Segment information**

Segment information is presented in respect of the Company's business segments. The primary format, business segments is based on the Company's management and internal reporting structure.

Management considers that the Company operates in a single line of business, namely sauce segment, and has, therefore, only one major business segment.

**18 Other income**

	Financial statements in which the equity method is applied/ Separate financial statements	
	2012	2011
	(in thousand Baht)	
Interest income	22,102	15,026
Miscellaneous income	6,932	9,122
Gain on disposal of equipment	140	1,222
Others	7,781	5,914
<b>Total</b>	<b><u>36,955</u></b>	<b><u>31,284</u></b>

## Thaitheparos Public Company Limited

## Notes to the Financial statements

## 19 Employee benefit expenses

Financial statements in which  
the equity method is applied/  
Separate financial statements

2012 2011

(in thousand Baht)

*Management*

Wages and salaries	16,331	17,850
Pension costs - defined benefit plans	646	822
Pension costs - defined contribution plans	593	679
Others	5,919	6,137
	<u>23,489</u>	<u>25,488</u>

*Other employees*

Wages and salaries	135,922	136,295
Pension costs - defined benefit plans	5,087	4,662
Pension costs - defined contribution plans	4,204	4,242
Others	33,953	32,418
	<u>179,166</u>	<u>177,617</u>

**Total**

**202,655** **203,105**

*Defined benefit plans*

Details of the defined benefit plans are given in note 14.

*Defined contribution plans*

The defined contribution plans comprise provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at the rate of 5% of their basic salaries and by the Company at the rate of 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

## 20 Expenses by nature

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

Financial statements in which  
the equity method is applied/  
Separate financial statements

2012 2011

(in thousand Baht)

*Included in cost of sales of goods:*

Changes in finished goods and work in progress	(975)	(24,751)
Finished goods transferred to sale promotion expense	(47,879)	(62,924)
Raw materials and consumables used	1,271,914	1,371,108
Employee benefit expenses	100,833	87,579
Depreciation and amortisation	69,928	70,419
Others	113,679	106,648
<b>Total</b>	<u><b>1,507,500</b></u>	<u><b>1,548,079</b></u>



**Thaitheparos Public Company Limited**  
**Notes to the Financial statements**

Financial statements in which  
the equity method is applied/  
Separate financial statements  
2012                      2011  
(in thousand Baht)

*Included in selling expenses:*

Distribution expenses	109,855	120,256
Marketing expenses	90,927	81,206
Sale promotion expense from finished goods transferred	47,879	62,924
Employee benefit expenses	18,714	16,375
Others	26,271	23,923
<b>Total</b>	<b><u>293,646</u></b>	<b><u>304,684</u></b>

*Included in administrative expenses:*

Employee benefit expenses	83,108	99,151
Depreciation and amortisation	13,550	11,812
Others	34,642	24,060
<b>Total</b>	<b><u>131,300</u></b>	<b><u>135,023</u></b>

**21      Income tax expense**

**Income tax reduction**

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

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

The Company has accordingly, calculated income tax on taxable profit for the year ended  
corporate income tax rate (2011: 30%).

31 December 2012 at the 23%

**Thaiheparos Public Company Limited**
**Notes to the Financial statements**
**22 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years, after adjusting the number of ordinary shares to reflect the impact of the split of par value of shares as discussed in note 15 to the financial statements. The prior year's basic earnings per share has been recalculated as if the split of par value of shares had been distributed at the beginning of the earliest year. The calculations are as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht/thousand shares)			
Profit attributable to ordinary shareholders of the Company (basic)	<u>571,101</u>	<u>478,393</u>	<u>572,673</u>	<u>481,045</u>
Number of ordinary shares outstanding at 1 January	360,000	36,000	360,000	36,000
Effect from split of ordinary shares	<u>-</u>	<u>324,000</u>	<u>-</u>	<u>324,000</u>
Number of ordinary shares outstanding at 31 December (basic)	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>
Earnings per share (basic) (in Baht)	<u>1.59</u>	<u>1.33</u>	<u>1.59</u>	<u>1.34</u>

**23 Dividends**

At the annual general meeting of the shareholders of the Company held on 25 April 2012, the shareholders approved the appropriation of dividend of Baht 1.22 per share, amounting to Baht 439.20 million. The dividend was paid to shareholders during 2012.

At the annual general meeting of the shareholders of the Company held on 26 April 2011, the shareholders approved the appropriation of dividend of Baht 1.05 per share, amounting to Baht 378.00 million. The dividend was paid to shareholders during 2011.

**24 Financial instruments**
***Financial risk management policies***

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

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

**Thaitheparos Public Company Limited**
**Notes to the Financial statements**
**Capital management**

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity, and also monitors the level of dividends to ordinary shareholders.

**Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows.

As at 31 December 2012 and 2011, the financial assets, which may be affected by interest rate risk, as classified by maturity consisted of:

**Financial statements in which the equity method is applied/  
Separate financial statements**

		Maturity			
	Average Interest Rate (% per annum)	Within 3 Months	3 Months- 1 Year (in thousand Baht)	More than 1 Year	Total
2012					
Current					
Cash at banks - at call	0.13 - 0.75	262,165	-	-	262,165
Fixed deposits at banks	1.75 - 3.65	137,925	329,997	-	467,922
Bill of exchange	3.65	-	50,000	-	50,000
Non-current					
Debentures	4.5 - 5.0	-	-	40,000	40,000
Loan to associate	7.5	-	1,200	4,800	6,000
2011					
Current					
Cash at banks - at call	0.50 - 1.50	288,309	-	-	288,309
Fixed deposits at banks	1.50 - 2.35	7,783	9,769	-	17,552
Bill of exchange	3.47 - 4.50	-	560,000	-	560,000
Non-current					
Debentures	5	-	-	20,000	20,000
Loan to associate	7.5	-	-	6,000	6,000

**Thaitheparos Public Company Limited**
**Notes to the Financial statements**
**Foreign currency risk**

The Company is exposed to foreign currency risk relating to trade receivables and trade payables in foreign currencies but there is no policy on foreign currencies risk hedging as the Company's financial assets and financial liabilities in foreign currencies are not significant amounts.

At 31 December, the Company was exposed to foreign currency risk in respect of financial assets denominated in the following currencies:

	<i>Note</i>	Financial statements in which the equity method is applied/ Separate financial statements	
		2012	2011
		(in thousand Baht)	
<b><i>United States Dollars</i></b>			
Cash and cash equivalents	5	541	558
Trade accounts receivable	7	12,361	19,785
<b><i>Euro</i></b>			
Trade accounts receivable	7	-	170
<b><i>Australia Dollars</i></b>			
Trade accounts receivable	7	426	532
<b>Gross statement of financial position exposure</b>		<b>13,328</b>	<b>21,045</b>

***Credit risk***

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

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

***Liquidity risk***

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

***Determination of fair values***

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

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity and debt securities, which are held for trading, held to maturity and available for sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

**Thaitheparos Public Company Limited**
**Notes to the Financial statements**

The management of the Company believes that the fair value of those financial assets and financial liabilities does not materially differ from the carrying amounts.

Fair values of financial assets and liabilities, together with the carrying values shown in the statement of financial position at 31 December were as follows:

	Financial statements in which the equity method is applied/ Separate financial statements	
	Fair value	Carrying value (in thousand Baht)
<b>2012</b>		
<b>Current</b>		
Equity securities available for sale	57,302	57,302
<b>Non-current</b>		
Equity securities available for sale	453	453
Debt securities held to maturity	<u>39,741</u>	<u>40,000</u>
<b>Total</b>	<u><b>97,496</b></u>	<u><b>97,755</b></u>
<b>2011</b>		
<b>Current</b>		
Equity securities available for sale	2,147	2,147
<b>Non-current</b>		
Equity securities available for sale	395	395
Debt securities held to maturity	<u>21,010</u>	<u>20,000</u>
<b>Total</b>	<u><b>23,552</b></u>	<u><b>22,542</b></u>

**25 Commitments with non-related parties**

	Financial statements in which the equity method is applied/ Separate financial statements	
	2012	2011 (in thousand Baht)
<b>Capital commitments</b>		
<i>Contracted but not provided for:</i>		
Machinery and equipment	17,507	4,760
Software computer	<u>-</u>	<u>372</u>
<b>Total</b>	<u><b>17,507</b></u>	<u><b>5,132</b></u>
<b>Other commitments</b>		
Bank guarantees	4,593	4,593
Others	<u>-</u>	<u>3,289</u>
<b>Total</b>	<u><b>4,593</b></u>	<u><b>7,882</b></u>

As at 31 December 2012, the Company had unutilized credit facilities totaling Baht 292.5 million.

**Bank guarantees**

The Company has a commitment with a bank in respect of a letter of guarantee issued by the bank in connection with the Company's use of electricity. This liability has been collateralised by pledge of fixed deposits (Note 6).

## Thaitheparos Public Company Limited

### Notes to the Financial statements

#### *Agreement with non-related party*

On 15 July 2011, the Company entered into a License Agreement for Seasoning Product with Yamasa Corporation, a non-related company, whereby the latter shall provide technical information of manufacture to the Company. Under the term of the agreement, the Company agrees to pay royalty fee totaling Baht 5 million by two (2) equally installments. The first installment is payable within ten (10) days after the latter has provided the technical information to the Company, and the other installment is payable not later than one (1) year after the date of the first installment. This agreement is for a period of three (3) years.

#### 26 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Tax	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

#### *TAS 12 – Income taxes*

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

The Company will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 will be adjusted accordingly. Management estimates that the impact on the statement of financial position as at 31 December 2012 will be as follows:

**Thaitheparos Public Company Limited**
**Notes to the Financial statements**

	Financial statements in which the equity method is applied		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
<i>Statement of financial position</i>				
Estimated changes as a result of the adoption retrospectively of TAS 12 - Income taxes:				
Increase in deferred tax assets	32,360	32,075	30,982	31,011
Increase in deferred tax liabilities	(52)	(9)	(52)	(9)
Increase in retained earnings	32,360	32,075	30,982	31,011
Decrease in other component of equity	(52)	(9)	(52)	(9)
Increase in equity	32,308	32,066	30,930	31,002

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

**TAS 21 (revised 2009) – The effects of changes in foreign exchange rates**

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

**TFRS 8 – Operating segments**

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Company's financial statements.

**27 Reclassification of accounts**

Certain accounts in the financial statements as at 31 December 2011 included the in the financial statements for comparative purposes in 2012 have been reclassified to conform to the presentation in the 2012 financial statements as follow;

	Financial statements in which the equity method is applied/ Separate financial statements 2011		
	Before reclass.	Reclass.	After reclass
	(in thousand Baht)		
<i>Statement of financial position</i>			
Advance payment for raw material	-	21,737	21,737
Other current assets	34,142	<u>(21,737)</u>	12,405
		<u>-</u>	

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





บอ.2403/2555

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บอ.2969/2555

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