



HOT POT PLC.

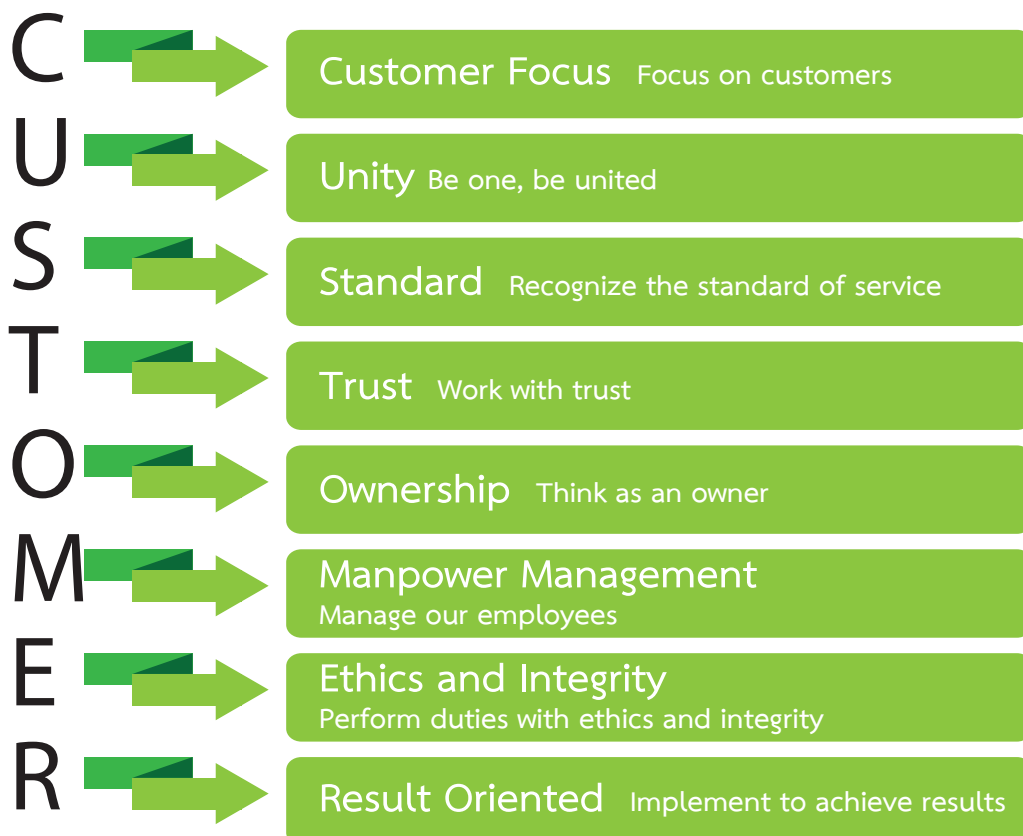
2014 ANNUAL REPORT

Vision

To be one of the leader in restaurant business, and the top of mind of customers, employees and society

Mission

We are committed to provide service to our customers as important persons and benefactors. We focus on product development and differentiation of service to create added value and satisfaction for our customers. We conduct business by emphasizing and recognizing the important of business ethic, transparency, accountability to be beneficial to our stakeholders at appropriate level with continuity and sustainability.



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Investors can study additional details of the issuer from the Company's Annual Information Disclosure Form (Form 56-1) on the SEC's website at www.sec.or.th or the Company's website at www.hotpot.co.th

Message from Chairman and Chief Executive Officer



Dear Shareholders,

In the preceding 2014, Hot Pot Public Company Limited, has been affected from economic slowdown, resulting in lower consumers' purchasing power and increase in awareness of their spending. In addition, competition is more intense arising from expansions of the existing entrepreneurs as well as new coming entrepreneurs, from both local and abroad, into the business. As a consequence, the Company's sales were below the target. In 2014, the Company reported revenue from sales of Baht 2,294.72 million, dropped by 26.08% or 1.12% from the previous year. Whereas, the Company's costs also increased, consisting of cost of goods sold, personnel expenses, rental expenses, depreciation cost and financing cost. The Company had closed branches which their operating results were loss, leading to write off from branch closing totaling Baht 42.75 million. The Company, hence, had net loss of Baht 54.45 million, compared to net profit of Baht 42.78 million in 2013. However, the Company's overall performance in 2015 is expected to be improved modestly as a result of closing unperformed branches in 2014.

The Company's implementation in 2014 could be summarized as follows.

1. Opened 18 new branches and closed 27 branches which had net loss from their operation. As a result, at the end of 2014, the company operated 144 branches, decreased from 153 branches at the ending of the previous year. The existing branches comprised 131 branches of "Hot Pot", 12 branches of "Daidomon" and 1 branch of "Signature Steak Loft", locating in department stores, modern trades, and shopping malls in Bangkok Metropolitan Region and up-countries in the proportion of 43:57.
2. Renovated all stores of Hot Pot Buffet Value to look more modernized and then rebranded to Hot Pot Inter Buffet in order to reduce confusion in our brands and be easier to communicate with customers. The renovation and rebranding of Hot Pot Buffet Value's store were completed in the third quarter of 2014.
3. Developed new brand "Signature Steak Loft", serving steak food in A La Carte. The first store has been launched since December 25, 2014 at Central Plaza Rama 2 which formerly was the store of Hot Pot Ramen Buffet. The new brand has been successfully received good feedback from our customers.
4. Provided a new channel for distribution of Suki sauce under Hot Pot brand in modern trade.

In 2015, economic situations continue to be a major factor affecting the Company's operating results. In addition, more intense competition, together with the continuous increase in raw material costs will have impact on the Company's performance. Therefore, the Company will closely monitor and evaluate the situations so that the business strategies and policies will be established properly and prudently for the optimum interests of the Company through the emphasis on building the stronger existing brands, diversification of business operation risk by developing new restaurants brands as well as adding new channels for Suki sauce distribution. The opening new branches will be carefully selected by focusing only on potential location under brand of Hot Pot, serving both boiling and grilling, and Signature Steak Loft. Furthermore, new food with identity will be created and developed to fulfill customer's satisfaction. Ongoing sales promotion and marketing activities will be arranged directly to our target customers. Additionally, standard services, expense and cost management, human resource management, personnel potential development will be implemented. Lastly, Information technology system will be developed to provide data easily, quickly, accurately and can be analyzed for management purposes timely.

Finally, on the behalf of the representative of the management and employees, we would like to express our sincere gratitude to all our stakeholders, shareholders, customers, financial institutions, business partners and business alliances to continuously cooperate and support operation of the Company and hope that we will always receive your strong support in the future. We also thank to executives and staffs who have exceedingly dedicated and collaborated to perform their duties. The Company assures to all of you that our operations shall be aimed in compliance with the principles for good corporate governance, adherence to business code of conduct and focus on corporate social responsibilities for sustainable and stable company growth creation henceforth.



.....
Chairman of the Board of Directors

(Mr. Metta Charuchinda)



.....
Chief Executive Officer

(Mr. Sompon Roekwibunsi)

Report of the Chairman of the Audit Committee

Dear shareholders.

The Audit Committee has performed duties under scope and responsibilities assigned by the Board of Directors to oversee the operations of the Company in order to ensure that the management has performed its duties toward shareholders with integrity, responsibility, and complied with the Company's policy.

In 2014, the Audit Committee conducted 4 meetings with executives, external auditor and internal auditor as usual. The main activities could be summarized as follows:

1. Considered quarterly and annually financial statements of the Company prior to submitting to the meeting of the Board of Directors for further consideration. The Audit Committee was summarized from the external auditor on the accuracy of the financial statements, the adequacy on disclosure of information, the adjustment of accounting which significantly affected to the financial statements and details specified in notes to financial statements, to ensure that the financial statements was prepared in accordance with the requirements of the laws and the generally accepted accounting principles, accurately and reliably as well as the information of the financial statements was disclosed sufficiently and timely.
2. Considered the evaluation of internal control system and risk management. The Audit Committee considered the report of the audit for 2014 which the internal auditor reported on the results from auditing the internal control system in procurement system, the measures of risk management in various categories, branches' selling and management system, and computer and information system for management. The Audit Committee commented that the Company's internal control system is adequate and appropriate. However, some systems had weakness which the management shall consider the observations of the internal auditor to improve and remedy such weakness to minimize or eliminate the remaining weakness in the future, particularly branches' selling and management system, as well as computer and information system for management to ensure that the Company's management is more effective and ongoing stable.
3. Reviewed connected transactions or transactions which might have conflicts of interest in 2014 and gave opinion that transactions connected with related persons and related business were reasonable, pursuant to normal business operations and beneficial to the Company. Such related transactions were the agreements of production of marketing media advertisement with the entity related to directors and shareholders.
4. Considered the nomination, appointment and remuneration of the external auditor for the year 2015 before submitting to the Board of Directors for further consideration and requested for approval from the Annual General Shareholders' Meeting in 2015. The Audit Committee had considered on its performance, independence and appropriation of proposed auditing fee. As a result, it is proposed to appoint Mr. Thanawut Piboonsawat, CPA no. 6699, or Mr. Pojana Asawasontichai, CPA no. 4891, or Miss Sulalit Ardsawang CPA no. 7517 or Miss Wannisa Ngambuathong CPA no. 6838, or other external auditors on behalf of Dharmniti Auditng Co., Ltd., approved by SEC to be the Company's external auditor in 2015.

5. The Audit Committee arranged the meeting to discuss with the external auditor without the Company's executives on February 26, 2015 in order to provide a chance to the external auditor to independently give opinion about auditing the Company's accounting. The external auditor commented that the Company's accounting system has been improved in both speed of data processing and significantly lessen mistakes. In addition, staffs in accounting team were not often changed, coordination in auditing, therefore, could be done more easily. In the precedent year, there were a lot of changes in accounting standards, but the Company's staffs who have responsibilities, have studied and followed up such changes, resulting in reduction of problems that may be caused from several changes.
6. The Audit Committee carried out its duties completely in compliance with the laws on securities and exchange, and regulations prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand.

In summary, the Audit Committee had opinion that financial reports were accurate, complete and reliable under the auditing in accordance with generally accepted accounting principles. The Company's operation on the fiscal years during 1 January – 31 December 2014, was complied with laws, rules and regulations related to the Company's operation. Moreover, the information was adequately and transparently disclosed to the regulatory agencies and the stakeholders for their further use.



(Mr. Metta Charuchinda)

Chairman of the Audit Committee



General Information

Company	:	Hot Pot Public Company Limited
Nature of Business	:	Restaurant business, mostly are International Buffet Restaurants and Suki and Shabu under “Hot Pot” brand and Japanese style Grill and Shabu buffet restaurant under “Daidomon” brand
Office Location	:	Head Office is located on 350 Ramintra Road, ThaRaeng, Bangkok, Bangkok 10230
Registration Number	:	0107554000160
Registered Capital	:	406,000,000 ordinary shares at par value of Baht 0.25, total in amount of Baht 101,500,000
Paid-up Capital	:	406,000,000 ordinary shares at par value of Baht 0.25 total in amount of Baht 101,500,000
Accounting period	:	January 1 to December 31
Website	:	http://www.hotpot.co.th
Telephone	:	(66-2) 943-8448
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Registrar of Securities:

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62 The Stock Exchange of Thailand
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Facsimile: (66-2) 359-1259-62
Website: <http://www.tsd.co.th>



Business Overview

Hot Pot Public Company Limited operates business in restaurants, mainly emphasizing on buffet restaurants under “All You Can Eat” concept by classifying into two types of restaurants, consisting of international buffet restaurants serving SukiShabu, under the brand of “Hot Pot”, and buffet restaurants, serving grill and Shabu in Japanese style under the brand of “Daidomon.” In addition, a new restaurants under the brand of “Signature Steak Loft” serves steak and fusion food in A La Carte type.

In 2014, the company categorized all restaurants into 7 brands as follows.



HOT POT INTER BUFFET



HOT POT BUFFET VALUE



DAIDOMON



HOT POT PRESTIGE



HOT POT RAMEN BUFFET



HOT POT SUKI SHABU



SIGNATURE STEAK LOFT



Hot Pot Inter Buffet

Suki Shabu International Buffet and more than 100 items of various styles of international food, including desserts, ice cream, and beverages at Baht 339, 349 and 359 per person (inclusive drinks) and eating time limit for 1 hour and 30 minutes. In some branches, customers can add a roaster for 2 in 1 type of eating, with additional charge of Baht 40 per person in case of serving both boiling and grilling styles.

Hot Pot Buffet Value

Suki Shabu international Buffet and various styles of food, including desserts, ice cream and beverages, focusing on worthiness by cheaper pricing at Baht 319 per person (inclusive beverages) and unlimited eating time (except some branches with eating time limit for 1 hour and 30 minutes)

All stores had been renovated and then rebranded to “Hot Pot Inter Buffet” brand. The renovation and rebranding were completely implemented in 3rd quarter of 2014.





Hot Pot Prestige

5 stars international buffet, with more than 100 menus of various premium international food, serving on food bars, focusing on luxurious atmosphere and higher market positioning than other brands at Baht 519 per person (inclusive drinks) and eating time limit for 1 hours and 45 minutes.





Hot Pot Suki Shabu

Suki Shabu restaurant in A La Carte type (ordering available foods in menu), roast duck and “specialty formula” delicious sauce in Hot Pot’s original style before changing almost all of restaurants to be buffet style. In addition, small size Suki Shabu restaurants in A La Carte type were newly opened in 2014.





Hot Pot Ramen Buffet

Japanese style ramen restaurant serves in the style of on food bars buffet at Baht 299 per person (exclusive drink) without eating time limit.

The only one store located in Central Plaza Rama 2 was rebranded to “Signature Steak Loft” on December 25, 2014.





Daidomon

Japanese style Shabu and Grilled buffet restaurant with various additional food menus. The price is Baht 359 per person (inclusive drinks) and eating time limit for 1 hour and 30 minutes for new appearance of Daidomon branch after major renovation, and Baht 319 per person (exclusive beverage) and unlimited eating time for two remaining branches that have not yet been renovated.





Signature Steak Loft

A steak restaurant in A La Carte type serves variety of menus of steak, in both grilling and frying styles, fusion food and desserts, totally more than 70 menus at medium prices.



In addition, the Company has also entitled (Franchise) the use for service mark of Hot Pot Buffet Value to a restaurant entrepreneur located in Forum Mall in Chonburi Province.

As of December 31, 2014, the total of 144 stores of the Company (exclusive 1 store of franchise branch of Hot Pot Buffet Value) comprising 131 stores of Hot Pot, 12 stores of Daidomon and 1 store of Signature Steak loft had been operated. The number of store under Hot Pot consisted of 95 stores of Hot Pot Inter Buffet, 31 stores of Hot Pot Inter Buffet with grill, 1 store of Hot Pot Prestige. and 4 stores of Hot Pot Suki Shabu.

Almost of branches have been on food bar serving buffet type restaurants, located in Bangkok, vicinity and up-countries, extensively to all national regions by classifying into Bangkok and its vicinity for 62 branches, the central region for 5 branches, the northern region for 21 branches, the eastern region for 18 branches, the northeastern region for 24 branches, the west region for 7 branches and the southern region for 7 branches. Those branches are located in the department stores, modern trades, and shopping centers in order to facilitate the access of target customer groups.

Most of our target customer groups are the group of teenagers, students, working persons and family whose life styles are preferring rapidity, freedom and eating in groups as well as focusing on worthiness. Customers can freely choose the desired foods on food bars, with food variety by themselves.

The factory or central kitchen of the Company, located at Lumlukka District, Pathumthani Province on the area of 13-0-96 rai, has been inspected and certified for production quality standards in food industry, which are GMP (Good Manufacturing Practice) and HACCP (Hazard Analysis and Critical Control Point) issued by Intertek Industry and Certification Services (Thailand) Ltd. The function of the factory is raw material procurement, semi-finished food production e.g. different types of meat balls, stuffed squid, and seasoned pork, etc., and sauce production, which is the major seasoning of Suki Shabu, and delivery to all branch restaurants. The quality of foods, raw materials and food flavors and sauces has been controlled to have the same standard in all branches. New types as well as flavor of food have been developed. Furthermore, several semi-finished food has been developed in order to be prepared easily and have the same standard quality.

The Company's logistic system of raw materials and foods from central factory or central kitchen to restaurant branches across the country by its own transport vehicles can effectively control the quality, freshness, time and cost. In addition, the factory or central kitchen supplies utensils, equipment and kitchen wares to all branch restaurants for our standardization and identity. The factory or central kitchen is also the storage facility for preserving both fresh and dried raw materials, semi-finished foods, ingredient, kitchen appliances and utensils in restaurant, etc. with adequate preparation and reservation plan to meet the requirement of each branch.

The Company controls quality and standard of service in every branch restaurant. The restaurant staffs are on-going trained since they are considered to be essence to produce successful service to satisfy customers' need and retain good relationship with customers to keep them coming back to the restaurants.

Business Goal in next 3 – 5 years

The Company previously aimed to maintain its leading position in the buffet restaurants. Since 2014, the Company has changed its goal to be the leader in restaurant business because the Company has found opportunity to expand additional restaurant brand other than buffet restaurant brand. The new goal will create variety and differentiation to respond our customers' needs in a much greater, spot a gap in the market as well as create new alternatives for our customers or consumers. As a result, the Company can expand our customers' base and new target groups. The Company has planned to expand its branches up to 200 branches within next 3 years, spreading over the country, both in Bangkok and its perimeters, and the upcountry having fairly high purchase power. The Company still emphasizes on the original concept of a leader of restaurants, located in department stores, shopping centers, or modern trades. Moreover, the Company has searched for opportunities to expand its restaurant business to neighboring countries in order to diversify risk from depending only on local business.

Nature of Business

Background, Important Changes and Development

Hot Pot Public Company Limited was incorporated on January 28, 2004, under the name of Hot Pot Co., Ltd. with initial capital of Baht 16 million to operate Suki Shabu restaurant under the management of Miss Sakuna Baicharoen, the major shareholder and the Executive, as a business founder and pioneer since 1995. Its business started from Suki Shabu restaurant cooked to order or A La Carte and its first branch was named “Coca Fresh Suki”, located at East Complex Shopping Mall in Chachoengsao Province. Its customer target has been family groups. The restaurant with area of about 300 square meters became very popular and a sole famous Suki restaurant in Chachoengsao Province. Later, the Company expanded its branches in the shopping malls in upcountry such as Saraburi, Surin, Buriram, Kamphaengphet, and Phitsanulok, etc. At that time, branch expansion was operated by founding other companies to control branch restaurants in each region.

2001 The Company changed its restaurant brand from “Coca Fresh Suki” to “Hot Pot Suki Shabu Restaurant”.

2004 The Company changed to new management style by establishing Hot Pot Co., Ltd. to be the administration and management center of all branch restaurants. In October 2004, the Company increased its registered capital by Baht 40 million to Baht 56 million in order to transfer assets of other branches of former companies to the Company.

2005 The Company altered its strategy by penetrating into Suki restaurant in large department store through opening international food buffet restaurant mainly emphasizing on Suki Shabu at Central Plaza Rama 2 which is the first branch in May 2005. The “Hot Pot Inter Buffet” consists of Suki Shabu and international food more than 100 items. At that time, none of any entrepreneurs operated this kind of restaurant, therefore it was successful, boosted its sales and gained more customer acceptance and recognition on Hot Pot Brand. It became the good starting point of our roll-out in big department stores. The Company also significantly changed its strategy on the concept that not only delicious foods and good service but also “worthiness” of consumption should be presented to customers. The Company, hence, decided to expand its business into “Buffet” or “All You Can Eat” by stepping adjusted almost of the A la carte restaurants to be buffet ones. After modifying to the international buffet restaurants which are different from other competitors, as well as commitment thoroughly ongoing to improve food quality and services, restaurant style, and a variety of food, the Company gained good response from customers.

2006 Aureos South East Asia Fund (“Aureos Fund”) and Private Fund of Government Savings Bank managed by ING Asset Management (Thailand) Co., Ltd. (since June 17, 2011 onwards, it has been changed to be Private Fund of Government Savings Bank managed by One Asset Management Limited) entered into joint venture with the Company for financial support.

2007 In February, the Company invested in constructing the factory in total area of 13-0-96 rais, located at 11/1 Bueng Kham Phroi Sub-District, Lamlukka District, Pathumthani Province as the food production factory and central kitchen for all branches of the Company.

2011 On July 6, the Company was converted from Company Limited to be Public Company Limited as well as reduced par value from Baht 10 per share to Baht 0.25 baht per share and increased its registered capital by Baht 15,346,160 from Baht 86,153,840 to Baht 101,500,000 by issuing new ordinary shares of 61,384,640 shares at par value of Baht 0.25 per share.

On December 15, 2011, the Company bought and transferred rights on the restaurant business of Daidomon Group Plc.¹ which is the buffet Japanese style grill restaurant, including the transfer of assets involved in all operations and other assets such as food formulas and sauces, customer bases, members, business partners, employees of Daidomon as well as its trademarks and trade names related to food and restaurant business such as Daidomon, Umami, Yasuki and Mitake² to be continuously operated and managed by the Company.

2012 On September, the Company's increased ordinary shares of 61,384,640 shares were initial public offering (IPO) at par value of Baht 0.25 per share with the objective to use the fund for new branch expansion, branch renovation, loan repayment and working capital. At this time, Aureos Fund also offered to sell its existing ordinary shares of the Company in amount of 40,600,260 shares or 10% of paid-up capital. All ordinary shares of the Company have been listed in Market for Alternative Investment (MAI) on September 18, 2012 onwards.

2013 The Company ongoing expanded new branches. As of December 31, 2013, there were 153 branches that were operated, compared with 138 branches in 2012. The newly opened branches amounted to 27 branches consisted of 23 branches under "Hot Pot" brand and 4 branches under "Daidomon" brand. In 2013, the Company commenced new strategy which is additional serving grill in some Hot Pot branches (extra service charge to customers for serving both Suki Shabu and grill is Baht 30 per person). The new strategy successfully received good feedback from customers and more than 70% of customers order both boiling pot and roaster. As of December 31, 2013, the Company additionally opened 14 branches of Hot Pot with Grill, comprising 9 newly opening branches and 5 brand changing branches.

For Daidomon branches bought from Daidomon Group Plc. the Company has renovated almost all of the remaining branches which have not been renovated yet. There were 10 renovated branches of Daidomon, consisted of 4 branches which have been rebranded to Hot Pot with Grill and 6 branches which have additionally served Shuki Shabu. The only two branches have not been renovated, which are IT Square branch because it is planned to be closed and will renovate another Hot Pot branch, located in the same department store, as well as supplementary serving grill, and Center One branch due to waiting for the renovation of the department store.

2014 The Company opened 18 new stores, consisting of 16 stores of Hot Pot Inter Buffet which 15 out of 16 stores served both boiling and grilling styles, and 2 stores of small size Suki Shabu. The Company also closed 27 stores which most of them had loss from operating results so that the Company's overall performance will be regained in the future. Therefore, as of December 31, 2014, the Company had totally 144 active stores.

In order to decrease the confusion in its brands and bring much greater clarity of its brands, the Company renovated all stores of Hot Pot Buffet Value to be modern and then rebranded to Hot Pot Inter Buffet, which were completed in 3rd quarter. Along with that, the Company renovated the only one store of Hot Pot Ramen Buffet at Central Plaza Rama 2 and then rebranded to a new brand created by the Company under the name of Signature Steak Loft, opening on December 25, 2014.

In addition, the Company increased our channels of distribution of Suki sauce in Tesco Lotus starting on November.

¹ From November 24, 2011, The name of Daidomon was changed to be "We Retail Public Company Limited."

² The Company has closed Daidomon branches under Umami, Yasuki, and Mitake or has changed some branches to be Daidomon Brand as appropriate one by one. Umami, Yasuki and Mitake brand have been currently disused for branches of the company restaurants.

Revenue Structure

Type of Revenue	2012		2013		2014	
	Baht (million)	%	Baht (million)	%	Baht (million)	%
1. Revenues from sales of goods						
(A) From branches						
1) Hot Pot Inter Buffet	720.82	37.78%	926.60	39.37%	1,257.18	54.14%
2) Hot Port Buffet Value ^{1/}	874.32	45.82%	931.20	39.56%	279.07	12.02%
3) Hot Pot Prestige	34.11	1.79%	34.75	1.48%	22.30	0.96%
4) Hot Pot Suki Shabu	35.6	1.87%	32.82	1.39%	28.14	1.21%
5) Hot Pot Ramen Buffet ^{2/}	10.76	0.56%	10.78	0.46%	8.51	0.37%
6) Daidomon	194.16	10.18%	280.36	11.91%	248.28	10.69%
7) Hot Pot Inter Buffet with Grill	-	0.00%	100.89	4.29%	444.45	19.14%
8) Signature Steak Loft ^{2/}	-	0.00%	-	0.00%	0.57	0.00%
Total Revenues from Branches	1,869.77	97.99%	2,317.40	98.46%	2,288.50	98.56%
(B) From other sales	3.03	0.16%	3.40	0.14%	6.21	0.27%
Total Revenues from sales of goods	1,872.80	98.15%	2,320.80	98.60%	2,294.72	98.83%
2. Other Incomes ^{3/}	35.35	1.85%	32.88	1.40%	27.28	1.17%
Total Revenues	1,908.15	100.00%	2,353.68	100.00%	2,322.00	100.00%

Remarks: ^{1/} The Company renovated all stores of Hot Pot Buffet Value and then rebranded to Hot Pot Inter Buffet completely in 3Q2014.

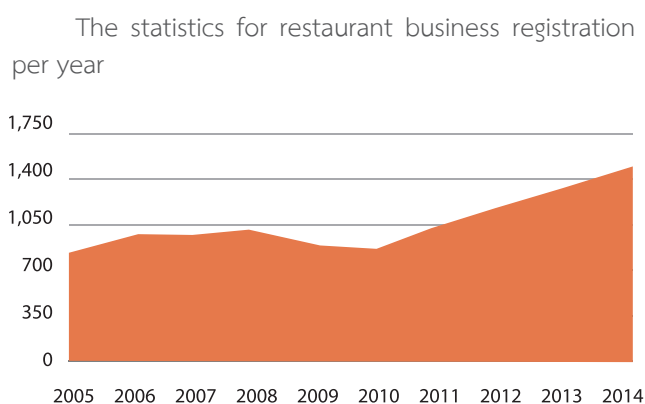
^{2/} Only one store of Hot Pot Ramen Buffet, located in Central Plaza Rama 2, was rebranded to Signature Steak Loft on December 25, 2014.

^{3/} Other Incomes came from sales promotion, sales of membership, sales of scrap and revenue from unredeemed gift vouchers, etc.

Industry Outlook and Future Competition

1. Industrial competition over the past year

Market value of the restaurant business from 2010- 2013 experienced on-going growth with an average of approximately 15% per annum due to an increase of national income. In addition, the change of consumer behavior which prefer eating out, resulting from the development and expansion of urban community or Urbanization. Expanding out of shopping centers, community malls and hyper marts was an important opportunity in expansion of restaurant business, leading to enable to provide service to customers thoroughly and to reach new groups of customers. Considering the number of new registered restaurants during last 10 years, from 2005 to 2014, the establishment of restaurant business continued to increase steady. In spite of slowdown growth rate of the registration of restaurant business in 2014, the increase figures have shown the interest in the restaurant operation in Thailand. The statistics of restaurant business registration with the Department of Business Development, the Ministry of Commerce are as follows:



Source: Department of Business Development

In 2014, the growth rate of the restaurant business was lower than the one of 2013, due to the downturn of economy situation. The increased cost of living as well as rising household debts affected the purchasing power of consumers. This has resulted in consumers eating out less. Kasikorn Research Center estimated that the value of chain restaurants in Thailand in 2014 was approximately Baht 101,000 million, or increased by 3.6%, compared with 14.6% in 2013.

Consumers slowed down their spending as mentioned above whereas the number of restaurants

continued to extend from expansion of existing entrepreneurs as well as new ones from local and abroad since they found out the opportunities of restaurant business growth. This resulted in ongoing tense competition in restaurant industry.

At present, the Company offers international buffet restaurant business under Hot Pot brand which mainly focuses on Suki Shabu dishes as well as Japanese style grill and Shabu buffet restaurant under Diadomon brand. There are currently some competitors within the same market offering similar type and style of restaurant as to what the company offers. Business competitors offering similar style and type of menu as the company's restaurant business include:

- A La Carte Suki restaurants such as MK Restaurant, Coca Suki, and Texas Suki.
- Shuki Shabu buffet restaurants such as Sabushi and Sukishi Buffet.
- Ramen restaurants such as Oishi Ramen and Hachiban Ramen.
- BBQ restaurants such as BBQ Plaza, Seoul Grill (BBQ & Grill Sukishi), and Miyabi.
- Steak restaurants such as Santa Fe' Steak, Jeffer Steak

2. Industry trend and future competition

In 2014, the restaurant business is expected to have improved growth rate over the year 2013 in line with the expansion of economic, which is expected to be recovery, as a result of the government's policy to continuously stimulate economic growth. However, the economic growth was expected to improve gradually. In 2015, various institutions forecasted that the economic growth rate will be approximately 4% from the low base of the year 2014 at growth rate of 0.7%. The economy of 2015 will be mostly fluctuated due to internal factors as well as external factors. Internal factors include the problem of higher level of household debts and falling prices of agricultural produce, starting from last year. External factors will come from the fluctuation of world financial situation and the risk of global economy, affecting exports.

Kasikorn Research Center has estimated that in 2015, the restaurant chain will be valued about Baht 108,000-110,000 million, growth by 6.9-8.9% year-on-year.

However, household spending will be pressured by several factors including the high level of household debts, which continues to increase, and higher costs of living. The new entrepreneurs has entered the restaurant industry, particularly large-sized enterprises from several industry such as drink and beverages, distribution of consumer products and food manufacturing etc. in order to diversify their risk of business operation. These resulted in ongoing higher competition in the restaurant business.

In the regard, the expansion of restaurant businesses will be filling to the gap of market in term of offering new brands, new nationality and new styles of food in order to provide more alternatives to consumers and respond to the satisfaction of customers whose needs are different and various, and consumption behaviors can be changed at any time.

3. Marketing Strategy

Despite of increased tense completion in restaurant business, according to almost 20 years of experience and expertise in running restaurant business, the Company has developed a business under the concept of creating consumer's recognition by offering a unique restaurant concept as to differentiate itself from other competitors as well as offer worthiness, variety and deliciousness toward consumers, in addition to discount promotion, leading to business sustainability. The Company's marketing strategies are as follows:

1. Offering variety of food menus with great taste and service at reasonable prices.

The quality of food is our main focus. The company offers over 100 varieties of food menus with excellent taste, particularly the special Hot Pot's Suki sauce and Daidomon's original recipe sauce. The Company implements process of selection and quality control of raw materials, products and production to ensure standardized product with fresh, clean and hygienic quality. Thus, the Company established its own food processing factory and central kitchen to control the standardization of raw materials and food quality before delivering to several branches. The Company also implements its own logistics system to distribute raw material and food from the factory or central kitchen to various branches nationwide so that the Company can control quality, freshness, timeliness and cost efficiently.

Moreover, the Company places its importance in providing good service to customers in terms of convenience and safety in the Company restaurants, taking good care of customers, continuous developing branch staffs' quality and skill regarding customer service to ensure highest customer satisfaction at valued price.

2. Creating restaurant segmentation for every consumer group

The company has developed its business under the concept of creating new market segment by developing different styles of restaurant under different brands. This also includes offering a variety dining styles, consisting of Suki-Shabu or Grill or Suki-Shabu and Grill within the same restaurant. During the ending of the year 2014, the Company has opened a new restaurant under brand of Signature Steak Loft. This is to respond the demands of different customer groups in terms of purchasing power, lifestyle and preference. In addition, this is to provide new choices to customers and fill in the gap of the market.

3. Continuously branches expansion to cover different target areas

As at December 31, 2014, there are a total of 144 branches in operation under the brands of "Hot Pot" "Daidomon", and "Signature Steak Loft" located in large leading department stores, modern trade, community malls or community trade center within Bangkok and Metropolitan Areas and large local department stores in major provinces. This is to allow easy customer access and complete service coverage in order to increase sales and expand the company's customer base. Also, by offering a variety of brand choices, the Company was able to select to open its new branches in line with and suitable for location and target group within each community.

The company emphasizes on aggressive marketing in order to achieve rapid business growth through continuous expansion of branches. In 2014, the Company open 18 new branches at different sites to allow more service coverage. The strategy of new branch expansion will lead to Economic Scale or business expansion for cost reduction.

4. Producing signature dishes and continuously offering new menu

Despite the fact that there is a variety of menu offered, the Company continues to develop and invent new recipe under the unique styles of “Hot Pot” and “Diadomon”. For instance, special menu which is part of the company’s signature are served on food bar including green pork balls, Taiwan pork balls, and hot pot pork spring, etc. The Company also developed several semi-finished foods which are easy cook, reducing procedure for food preparation and attaining the standardized taste of foods. Furthermore, special sauces created by research and development department are popular among the customers including spicy sauce, Chinese steamed dumpling sauce, Saba sauce, and sauce for steamed fish with soy sauce. In part of Signature Steak Loft, the Company has developed various menus of steak, fusion foods, appetizers and beverages.

In addition, new or special menu are being continuously developed to serve customers at different timings or during special occasions. New menu are being introduced by an average of at least three months to offer new and different dining experiences to customers.

5. Focusing on buffet style serving on food bar

The company serves or place variety of food on bar and allow customer to select types and quantity of food as they like. Customers also does not waste their

time to wait for a waiter/waitress or food convey or to serve food, which is in line with the Company’s marketing strategy focusing on the new generation such as students, office workers, and families who prefers quick and free lifestyle and usually comes in large group. Buffet restaurant is, therefore, suitable for those who prefers self-service.

6. Focusing on marketing activities to access to the target customer group

The Company has created integrated marketing communication strategies including film advertisement, billboards and social media such as facebook and websites in order to access to the target group of customers quickly and extensively. These channels are also used to publicize the Company’s as well as create good relationship with customers.

7. Creating opportunity to increase sales through ongoing promotion

Different marketing activities were arranged to attract customers into the restaurants and continuously increase sales such as 20% discount on Wednesday, discount coupon, special privilege and 25% discounts on Birthday for card members, co-promotion with business allies including corporates, stores or credit cards so that customers or card holders may have special privilege or discounts, etc.



Risk Factors

1. Risks from economic situation and competition

The changes in economic situation are affecting to consumer behavior. During the recession or possibility to decline in economy, it effects to the consumer's purchasing power. The consumers are aware of anxiety and uncertainty of their future revenue, so they will save money and cut the daily expenses for saving money to the future use. Many business sectors are affected by this situation, especially international food restaurants and upscale restaurants which charge at the expensive price. The consumers will reduce the frequency of eating out or choose the cheaper restaurants by focusing on worthiness which that restaurant is provided. This behavior will affect the income of the restaurant business.

However, from the Company's experience for almost 20 years, the Company has passed through the economy crisis for many times. So, the Company has prepared to handle with crisis that may occur any time. The Company always plan and modify business strategies to cope with situations, such as close the stores which getting loss and forecast that no opportunity to gain profit. The Company also studies and adjusts, cut some expenses, transactions which are not so necessary. The Company believes that building a strong brand policy will help the Company to survive and grow amid the economic slowdown. The food quality is maintained in order to serve customer the value dish even facing with the crisis; however once the economy gets better, the more customer will come back to its restaurants.

The competition in restaurant business is quite intense due to an increase in the number of new restaurants, consisting of existing entrepreneurs as well as new entrepreneurs. However, the Company has the policy to compete on the food quality, variety of food, eating style, types of restaurants or brands, ongoing menu improvement to meet consumers' need, advertising and marketing activities.

2. Financial Risk

The company financial risk has been derived from the reliance on loans from financial institutions for investments in accordance with renovation and expansion plans of branch restaurants in 2014 such as opening of new branch restaurants and renovation of the existing stores under brands of Hot Pot and Daidomon and a new brand of "Signature Steak Loft", to be modern and ready for providing service to customers effectively, in total investment value of approximately Baht 210.35 million. The source of investment fund mainly came from cash flow from business operation and the rest came from borrowing from local financial institutions.

In 2014, the Company's cash flow from operating activities was Baht 207.99 million, compared with Baht 299.18 million in 2013, declining by 30.48%, indicating sufficient liquidity from the Company's core business operations, despite a decrease in cash flow. The remaining source of investment fund came from borrowing from local financial institutions. As of December 31, 2014, the Company had loan facility available for withdrawal of Baht 80.07 million for the purpose of new branch expansion under the brands of Hot Pot and Signature Steak Loft. In addition, overdraft and short term loan promissory notes of Baht 90.00 million has been available for working capital. In the future, if the Company withdraws the loan according to investment plan, the Company will have more liabilities and interest expenses. However, the Company is in process of revising and improving financial structure plan in order to control financial risk at level suitable for situation and sustain business expansion in the future.

As of December 31, 2014, the Company had total liabilities of Baht 637.44 million, total equity of Baht 347.34 million. The Company had Debt to Equity Ratio, pursuant to financial statements of 1.84 times. However, in case of classifying short term loan from connected persons as equity instead of liabilities according to the conditions of loan agreement with a local financial institution, Debt of Equity Ratio will be reduced to 1.65 times. The Company's Debt Service Coverage Ratio, calculating by using EBITAD and cash flow from operating activities, is 1.06 and 1.44 times, respectively. Although some financial ratio are not in accordance with the conditions prescribed in the loan agreements, the Company has negotiated with that local bank and submitted financial projection for consideration. According to the covenants of loan agreements of two domestic financial institutions, which required the Company to maintain Debt to Equity Ratio not over 1.5 times (according to the loan agreement, liabilities means total liabilities deducted by directors' or shareholders' loans and equity means total shareholders' equity added with loan from directors or shareholders) and 2.0 times (calculating by total liabilities divided by total shareholders' equity). In addition, the Company had to sustain Debt Service Coverage Ratio not to be less than 1.2 times (calculating by profit before Interest, taxes, depreciation and amortization or EBITDA divided by principal of loan and Interest). Such loan are collateralized by the land and construction with book value as of December 31, 2014 of Baht 78.38 million and Baht 52.40 million, respectively and jointly guaranteed by two directors.

Debt to Equity Ratio of the Company tends to be higher because the Company negotiated several suppliers for credit term extension, resulting in high cash flow from operating activities. In 2014, the Company had closed 27 stores that their performance were below target, therefore, the Company had realized the accounting loss of branch closing, totaling Baht 40.45 million, consisting of disposal of building renovation according to rental agreement, removal and restoration of location expenses and nonrefundable rent guarantee. The mentioned loss from branch closing amounted Baht 35.14 million was non cash items. The management's decision on closing underperformed branches had affected the Company's operating results of 2014. However, the Company's performance will be recovered in the future, since the remaining branches will perform well, can compete in the business and generate profit. In spite of additional loan withdrawal, Debt to Equity Ratio will be slightly varied. The reason for this is that the Company continues to repay existing loan. If the plan for financial restructuring is fulfilled, financial risk as well as burden of interest expenses will be lessen and will enhance the Company's financial status and operating results in the future.

Cash flow for investment in new branch restaurants and renovation of existing branch restaurants have been gradually spent pursuant to congruity, caution and flexibility according to economic and competitive situation. The principal of the loan has been repaid by monthly installment in accordance with the condition of loan agreement, resulting in gradual reduction of loan outstanding. Moreover, the increase in shareholders' equity from incremented from net profit in each period and stable and adequate cash flow from operating activities will help the Company to maintain the financial risk to be in controllable and proper level and to comply with the commitment with above mentioned financial institutions.

3. Risks of opening a new store

The increasing the number of food outlets is another way to create the Company's growth. The Company has set a goal to open new branches each year, subjective to the market conditions, needs and purchasing power of consumers. In the meantime, the Company has closed some branches which do not provide the profit or cannot

reach the sale target. Capital expenditure for investment in new stores, consisted of investment in renovation, decoration, cookware and equipments, rent guarantee, etc, is approximately Baht 7-9 million per branch. The amount of investment budget for each branch mainly depends on location, area size and decoration. The Company has risks in opening new stores, if the sale volume cannot reach the target, effecting to the Company's overall performance. In this case the Company has to close that store and write off assets such as renovation cost, decoration cost, removal and restoration of location expenses according to the conditions specified in rental agreement. In some case that branches are closed before the expired date of rental agreement, the Company will not regain rent guarantee. As a result of those expenses, the Company has loss occurred from branch closing.

The more population move from rural to urban areas or urbanization, the more large shopping centers continue to expand to upcountry area. Therefore, to expanding service area as well as retain market shares, the Company opens new stores adhered to the new shopping complexes. The Company is sometimes necessary to open new outlets in the same area as the existing outlets, since the new shopping complexes can attract more customers to use the Company's service, affecting the operating results of the existing outlets.

The Company is aware of the risks on investment of opening new branches, therefore the Company carefully undertakes feasibility study of the branch expansion. The Company has analyzed relevant factors which may have impact to the investment, for example, economic situations, location, density and purchasing power of population in that area. The selection of types or brands of restaurants must be in line with prospective customers' life style in each area. The Company focuses on the worth from investment under acceptable risk level. The source of fund, management and operation of branches, staffing, quality and sufficiency of food and raw material, marketing and promotion plans for attracting new customers and expanding customer base are well-prepared. Beside this, the Company has to monitor and follow-up the operating results of each new branch on monthly basis to acknowledge problems, obstacles in order to resolve such issues on time as well as set up expansion plans and directions of the Company.

4. Risk from quality of food and standard service

For restaurant business, the main factors contributing for attracting customers to use service are quality of food, tasty food, clean place and standard service. The Company manages more 100 stores and has over 3,000 operation staff, the Company, hence, may face operational risk.

The Company focuses on the risk arising from quality of food and standard service. As a result, the Company has established several measures to protect or minimize such risks. These measures include regular training and development of personnel potential of branch staff, preparation of work manuals, normal monitoring quality of food and standard service by quality control unit as well as following up and evaluating operation of branches. In addition, semi finished foods are developed by the Company's center kitchen in order to facilitate, reduce food preparation of staff at branches and achieve standard of taste. With respect to cleanliness of branches, 5S activity is implemented as usual, big cleaning is conducted monthly, and suppliers are arranged to eliminate pest once a month. The Company also provides channels for customers to complain or comment.

5. Risk from shortage in labor

The Company engages in restaurant business and as of December 31, 2014, the Company had 144 outlets and 1 factory or central kitchen, then many employees are required. In addition, the number of restaurants has grown constantly. As a result, qualified labor is needed by lots of entrepreneurs. Particularly, when the Asean Economic Community (AEC) is launched, skilled workers probably move to work in other countries, resulting in labor shortage.

The Company has realized the significance in staff retention, the Company, hence, places important on training and potential development of staffs, explicit determination of staff career path, allocation of fair and proper welfare and benefits to staffs, creation of good working atmosphere as well as arranging other activities to create employee engagement in the organization continuously.

6. Risk from fluctuation of raw material prices

Most of the Company's raw materials are agricultural products such as meat, fruits, vegetables and whole grains, etc. These materials have fluctuation in price and quantity sensitively based on the fluctuations of season, variability of weather conditions, natural disasters, disease outbreaks of plants and animals, as well as the demand of these materials delivering to the market and its demand in the specific time, etc. These external factors are beyond company's control and impact on the procurement of raw materials at certain times, including raw material cost and the Company's operations.

The Company gives priority to control and manage cost efficiently and tries to reduce any potential impacts arising from the price fluctuations of raw materials. As a result, the purchasing department places orders to several suppliers to prevent monopoly and goods shortage. Annual purchasing agreements are made to order raw material in advance or buy in large quantity with specified exact delivery time in order to have power of negotiate the prices, get more discounts and ensure that the Company will not confront lacking of raw material. In case of no annual agreement, short-term contracts are made in term of 1 month, 3 months or 6 months, depending on negotiation. The purchasing staff also continually cooperates and makes good relationships with producer and distributors. In addition, market situation as well as prices trend and supply of raw material in each period of times or each season are monitored closely in order to evaluate the potential risk of shortages or price fluctuations of raw materials and prepare to resolve and cope with such risk situation which may occur timely.

In addition, because of various lists of food served in the restaurants and regular changes in food menus according to market conditions in each period, the impact of the shortage of raw materials or the volatility of raw material prices in certain time periods can be reduced. The Company has not experienced on shortage of raw materials or increment of raw material prices that significantly affect its operations. The Company will not suddenly increase the prices of food as raw material prices rise because almost of raw materials are agricultural products, which their prices fluctuate almost everyday. The Company will consider increasing the prices of food only when the prices of raw material trend to be increased steadily so that the Company will not bear the high cost of product, affecting its performance. However, it must compare prices with that of the market or competitors so that the price increase will not affect sales or customer base of the Company.

7. Risks of deterioration of raw materials and food

The quality and freshness of raw material are dramatic effect on the quality of the food. The majority of the materials, more than 90%, are fresh food such as meat, eggs, seafood, vegetables and fruits, etc., which are purchased daily by the factory to deliver to various stores, as well as being the ingredients of the Company's food or products such as Suki sauces, Daidomon sauces, seasoned pig, shrimp dumplings and meatballs, etc. prior delivery to the restaurants and serving on the food bar. These raw materials have a short life and become perishable. In case that the Company is unable to control, manage, purchase, storage and use raw material effectively, the raw material will be wasted easily, affecting the cost of the Company.

The Company recognizes the importance of the freshness and quality of ingredients, and foods which bring to serve customers in the restaurant. Meantime, the emphasis on cost management in the ingredient is also important. The Company therefore has set the procurement plans on purchasing raw materials and productions to meet the daily demand of the customers. The control of the materials is to be daily stored properly by classification of materials in each warehouse according to the characteristics of materials. There are chill room, and freezer to preserve the freshness and keeping the origination of materials to remain intact, as well as, controlling the quality of raw materials and products of the branches in order to make administrative costs efficient and reduce unnecessary losses.

8. Risks of procuring area for lease

Choosing the right location is one of the key factors of success or the growth of the restaurant business. The Company has distribution channels in food outlets located in department stores, modern trades, and shopping malls both in Bangkok, perimeters, and the upcountry areas. The Company sets target for outlet expansion every year to line with continuous market growth. Therefore, the ability to finding area for the new expansion and retaining potential current location by renewal the contract after the expiry date is an important factor for the Company's operation and plans to increase sales for the future growth of the Company. Contracts for lease of the Company's branches are normally signed for 3 years and can be renewed every 3 years.

In recent years, eating out becomes one of changes trend in consumer behavior resulting in the increasing number of restaurants especially locating in the shopping mall and modern trade. The Company therefore confronts intense competition with restaurants which serves similar line of food e.g. MK Suki, Sukishi and Shabushi, located in the shopping and modern trade as same as the Company. Due to limited space and the concept of the department stores to provide variety of restaurants in the area in order to serve customers' need, the Company may face obstacles to open the restaurant in the same location as competitors.

However, the Company's business model can be differentiating from our competitors by not only offering International Buffet, Shuki Shabu and Japanese style grill, serving on food bar but also providing delicious taste, variety of food, high quality of food, reasonable prices and worthiness for consumers. The Company also enhances to reach target customers by advertising media, enabling the Company to get good responds from customers and recognized as one of the leading restaurants in Thailand. With the Company's strategy of variety of types of restaurants or branches, covering several target group of customers, the Company is able to penetrate its business and continuously opens new stores in targeted location to cover several areas, leading to ongoing growth of the Company's sales.

In addition, with the success of the various stores and conducting according to the lease agreement, the Company has enabled to renew contracts in all areas. There are just some areas where the Company does not renew the contracts after assess that it is worthless to continueto operate. Meantime, the Company has never experienced of difficulty to procuring leasing area or renewal of lease or rental agreement, affecting the Company's operation.

9. Risks of dependence on only the management

Mr. Sompon Roekwibunsi, Chief Executive Officer, and Ms. Sakuna Baicharoen, Deputy Chief Executive Officer, are the executives and major shareholders of the Company. They are co-founders of the Company and have high experiences in this business. They have major role to operate the Company, which make the Company be strong reputation, reliable financial position, and operations continuously growing. They also build the Hot Pot brand to be known and acceptance in the market. If the Company losses these persons, it may affect to the administration and performance of the Company in the future.

However, the Company is aware of risks of dependence on only the management and formulates the system on working less dependently on the management by distributing duties, responsibilities, decentralizing the power of management to the other managements based on skills, knowledge, experience and the competence of each individual as appropriate. Moreover, the Company has policy to support and develop of knowledge, skills, and leadership skills to management and staff continuously, as well as policy on recruitment and dates having knowledge and capabilities to work with the Company according to its expansion plans to create sustainable growth.

10. Risk from Availability of over than 50% of Major Company Shareholders

As of December 2, 2014, the group of Mr. Sompon Roekwibunsi who is the Chief of Executive Officer, the Chairman of the Board of Directors and the Director, has hold 213,616,000 company shares, accounted for 52.62% of total number of share sold. Therefore, the shareholder group of Mr. Sompon can control almost the resolution of the shareholders' meeting whether it is the appointment of Directors or whether it is to seek approvals on other matters that require a majority votes of the shareholders' meeting, except for special agendas which, by law or by the articles of association of the Company, require 2 out of 3 or 3 out of 4 votes of the shareholders' meeting. Therefore, other shareholders might not enable to collect enough votes to investigate and counterbalance the issues raised by major shareholders.

However, the Company has appointed the Audit Committee consisting of three independent directors, which have no interests in the Company, for checking the operations of the Company and protect the benefits of minor shareholders adequately, resulting in power balancing of management in acceptable level with transparency and verifiable system. In addition, the Company has also hired the external auditor to perform internal auditing of other departments in the Company together with Internal audit unit of the Company, which works independently and reports directly to the Audit Committee.

Structure of Shareholders and Dividend Policy

Structure of Shareholders

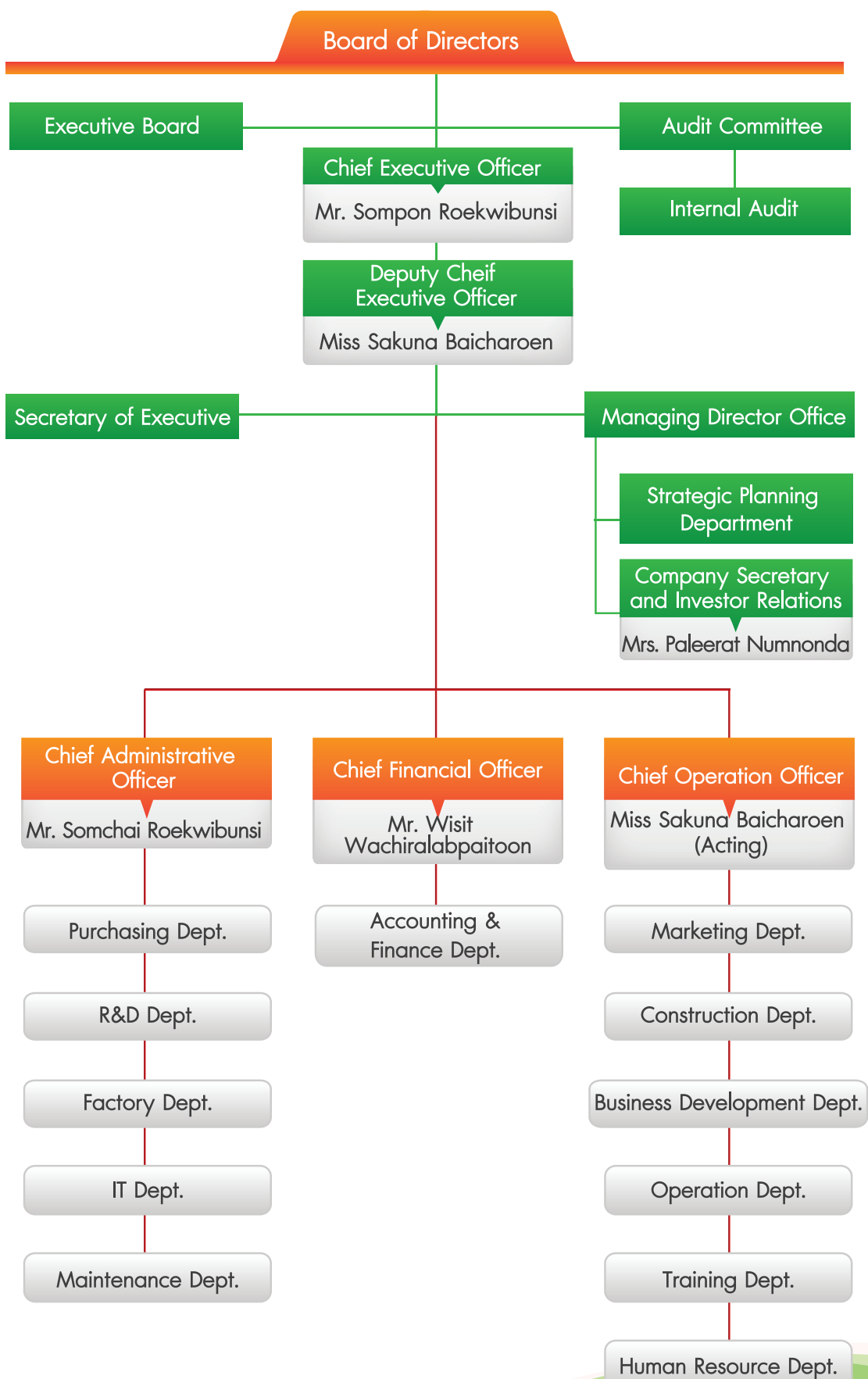
List of top 10 shareholders as of December 2, 2014, the latest share register book closing date

Shareholders' Names	Number of shares	%
1. The Group of Mr. Sompon Roekwibunsi	213,616,000	52.62
- Mr. Sompon Roekwibunsi	110,782,000	27.29
- Ms. Sakuna Baicharoen	102,022,000	25.13
- Mr. Prayod Baicharoen	406,000	0.10
- Ms. Kwanruen Baicharoen	406,000	0.10
2. Mr. Thaveechat Jurangkool	40,842,900	10.06
3. Mr. Todsapol Panichamnuisuk	5,468,600	1.35
4. Mr. Panomsak Pathong	4,050,000	1.00
5. Mrs. Darawan Tipnate	3,100,000	0.76
6. Mr. Nakorn Luksanakarn	3,026,400	0.75
7. Mr. Noppon Panichamnuisuk	2,620,000	0.65
8. Mr. Veravat Chutichetpong	2,452,500	0.60
9. Mrs. Pikulkaew Krairiksh	2,265,000	0.56
10. Mr. Somkiat Puathepnimitr	2,200,000	0.54
11. Other Shareholders	126,358,600	31.12
Total	406,000,000	100.00

Dividend Policy

The Company has dividend policy to pay to shareholders at the rate at least 40% of the net profit after deduction of corporate income tax and reserve fund amounts as stipulated by law. Notwithstanding, the dividend payment is subject to change depending on the investment plans, liquidity, necessities and other factors of suitability in the future. The resolution of the Board of Directors to pay dividend shall be proposed to the Shareholders' Meeting for approval. For interim dividend, the Board of Directors may resolve to pay interim dividend without shareholders' approval but must notify the shareholders at the next meeting.

Management Structure



Board and Executives

The Board of Directors

As of December 31, 2014, the Board of Directors consists of 6 members as follows:

No.	Name	Position	Board of Directors' Meeting	
			No. of Meeting	No. of Meeting Attendance
1.	Mr. Metta Charuchinda	Chairman, Chairman of the Audit Committee and Independent Director	5	5
2.	Mr. Sompon Roekwibunsi	Director	5	5
3.	Ms. Sakuna Baicharoen	Director	5	5
4.	Mr. Somchai Roekwibunsi	Director	3	3
5.	Mr. Amornsakdi Ketcharoon	Member of the Audit Committee and Independent Director	5	5
6.	Mr. Sutee Ratananakin ^{1/}	Member of the Audit Committee and Independent Director	3	3

Remark : ^{1/} Replacement for Mr. Supakrit Mekpanuwat who resigned on June 6, 2014, according to the resolution of Board of Directors Meeting no. 3/2014, on August 13, 2014.

Mrs. Paleerat Numnonda is the secretary of the Board of Directors.

Directors Authorized to Sign on Behalf of the Company

Mr. Sompon Roekwibunsi, Miss Sakuna Baicharoen, Mr. Somchai Roekwibunsi, two out of three directors sign and affix the Company's seal.

Tenure of the Board of Directors

At the Annual General Meeting each year, at least of one-third of the directors must retire from office. If the number of the directors retiring from office does not amount to exactly one-third, the nearest whole number of one-third shall be used. The directors with the longest tenure in office shall be required to retire. The retiring directors are eligible for re-appointment.

Authorities and Scope of Duties of the Board of Directors

- 1) Carry out duties in accordance with laws, the objectives, the Articles of Association of the Company as well as the resolution of the Board of Directors and shareholders with responsibilities, carefulness and honesty while preserving the Company's interests
- 2) Formulate vision, policies, business strategies, and good governance policy, including implement them in efficient manner
- 3) Set up business plan, organization and management structure, authorization, annual budget and annual operating budget as well as supervise operation and performance of management team or any person who is assigned to perform such tasks, to ensure compliance with prescribed policies and plans

- 4) Consider and approve on bank accounts opening, loan acquisition from financial institutes, payment or spending for general business transactions of the Company, including expenditure for investment, branch expansion, and other operations
- 5) Consider, appoint and assign roles and responsibilities of the Audit Committee, the Executive Committee and/ or other committees to oversee specific business, the Company's benefits, and administrative system to coincide with the Company's policies
- 6) Evaluate the Management's performance consistently, appoint and dismiss the Company's executives, i.e. the Chairman of the Executives Committee, Chief Executive Officer, Deputy Chief Executive Officer, and other executive as well as control payment mechanism of remuneration for management and employees suitably
- 7) Appoint the Company's secretary to assist the Board of Directors to conduct business in accordance with related laws and regulations
- 8) Arrange the Company to have reliable accounting system, financial reports and auditing, oversee the Company to have effective and efficient internal control system and internal audit as well as govern the Company to carry out the business in line with the principle of good corporate governance
- 9) Govern the Company to have risk management system with efficient process of risk management, reporting and monitoring
- 10) Report responsibilities of the Board of Directors in preparing the financial report together with auditor's report in the annual report of the Company
- 11) Treat interest of shareholders consisted of major as well as minor shareholders equally and report important information of operation result and financial reports to all shareholders and stakeholders correctly and compliance with applicable law. In the event that there is any engagement in the Company's agreement or increment or reduction in the Company's or its subsidiary's shares (if any), the directors must inform the Company without any delay. In addition, if any directors involve in any conflicts of interests or conflicts of transactions with the Company or its subsidiary (if any), such directors are prohibited to vote in approval for such transactions
- 12) Manage to have clear and transparent process and management of connected transactions between the Company and associates, to avoid conflicts of interest as well as disclose correct and sufficient information
- 13) Consider, approve and/or give opinion in any items related to acquire or sell of securities, investment, and any operation of the Company and its subsidiary (if any) in accordance with related law, announcement, and regulations; except the topic required by law to get approval from the Shareholders' Meeting.

Approval Authorities of the Board of Directors

- 1) Approve business plans, corporate structure, management authority and manpower
- 2) Approve annual budget and annual operating budget
- 3) Approve bank accounts opening and loan acquisition from financial institutes in amount over approval authority of executive committee
- 4) Approve to hire, appoint, dismiss and evaluate performance of the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Officer
- 5) Approve salary structure, welfare and other benefits
- 6) Approve policy regarding fixed assets

Authorities and Scope of Duties of the Chairman of the Board

- 1) Act as the leader and take important role in making a decision of the Company's policy which the Board of Directors' meeting and the management jointly consider and set business goal. The Chairman of the Board also regularly support and advise on the management's business operation thru the Chief Executive Officer.

- 2) Lead the Board of Directors' meeting with efficient and effective manner and encourage all directors to participate the meeting and to give their opinion independently. The Chairman of the Board and the Chief Executive Officer jointly establish the agendas of the meeting as well as give opportunity to each director to propose any agendas to be considered as the agendas of the meeting. The Chairman of the Board will have a casting vote in case the Board of Directors' meeting has a tie vote.
- 3) Act as the Chairman of the Shareholders' meeting and control the meeting to comply with the Company's regulation and specified agendas of the meeting

The Audit committee

As of December 31, 2014, the Audit Committee consists of 3 members as follows:

No.	Name	Position
1.	Mr. Metta Charuchinda	Chairman of the Audit Committee
2.	Mr. Amornsakdi Ketcharoon	Member of the Audit Committee
3.	Mr. Sutee Ratananakin ^{1/}	Member of the Audit Committee

Remark : ^{1/} Replacement for Mr. Supakrit Mekpanuwat who resigned on June 6, 2014, according to the resolution of Board of Directors Meeting no. 3/2014, on August 13, 2014.

Mr. Wisit Wachiralappaitoon is a secretary of the Audit Committee.

Mr. Amornsakdi Ketcharoon has knowledge and competent to review the reliability of the financial statements.

Tenure of Audit Committee

Tenure of Audit Committee is three years except for the case of retirement by rotation according to the company's regulation and they may be re-elected.

Authority of the Audit Committee

- 1) To perform according to scope of duties and responsibilities, the Audit Committee shall have authority to invite members of the management, executives or staff to report, make comments, attend meetings or provide any documents as deemed relevant and necessary.
- 2) The Audit Committee shall have authority to hire independent external consultants to provide advice or opinion as deem necessary, at the Company's expenses and in line with the Company's regulation.

Scope of Duties of the Audit Committee

The Audit Committee directly reports to the Board of Directors and their role and responsibility are assigned by the Board of Directors as follows:

- 1) Review the Company's financial reporting to ensure that it is accurate and disclosure of information is adequate by coordinating with external auditor and executives who are responsible for preparing both annually and quarterly financial reports.
- 2) Review the Company's internal control system, internal audit system and risk management system to ensuring their appropriateness and effectiveness.
- 3) Review the Company's operation in compliance with laws on securities and exchange, regulation of the Stock Exchange of Thailand, policies, rule, regulation and other laws applicable to the Company's business.

- 4) Consider the independence of internal audit unit as well as to approve the appointment, transfer and dismissal of the chief of internal audit unit or any other units in charge of internal audit.
- 5) Consider, select, nominate and dismiss an independent person to be the Company's auditor and to propose remuneration of the auditor to the Board of Directors for consideration and approval by the Shareholders' Meeting as well as to attend the non-management meeting with the auditor at least once a year.
- 6) Consider the related transactions or transactions that may lead to any conflict of interest in compliance with the law and regulation of the Stock Exchange of Thailand and Capital Market Supervisory Board so as to ensure that such items are reasonable and for the highest benefit of the Company.
- 7) During performing its duties, if the Audit Committee detects or suspects any doubtful transaction or activities as shown below that may significantly affect the Company's financial status or operating results, it should report to the Board of Directors in order to resolve such transactions or activities promptly.

- Conflict of interest transactions
- Corruption or abnormal transactions, or fault which are significant in the internal control system of the Company
- Violation or infringement of Securities and Exchange Laws, Regulations and Proclamations of Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and Capital Market Supervisory Board as well as laws applicable to the Company's business

If the Board of Directors or the executives cannot promptly resolve such transactions or activities, members of the Audit Committee may report the findings to the Office of the Securities and Exchange Commission or Stock Exchange of Thailand.

- 8) If the Company's auditor detects any doubtful events related to a director, manager or any person in charge of the Company's operation that might violate the law and reports such events to the Audit Committee, the Audit Committee shall promptly inspect and report the outcome of preliminary audit result to the Office of the Securities and Exchange Commission and the auditor within 30 days after receiving the report from the auditor.
- 9) Prepare reports of the Audit Committee by disclosing in the Company's annual report in which shall be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - (a) Opinion on accuracy, completeness, and reliability of the Company's financial statement report
 - (b) Opinion on adequacy of the Company's internal control system
 - (c) Opinion on the Company's operation compliance with laws on securities and exchange, regulation of the Stock Exchange of Thailand or laws applicable to the Company's business
 - (d) Opinion on suitability of an auditor
 - (e) Opinion on transactions that may lead to conflicts of interests
 - (f) Number of the meetings of the Audit Committee and meeting attendance of each member of the Audit Committee
 - (g) Comment or overview observation which the Audit Committee has obtained from its performance of duties pursuant to the Charter
 - (h) Any transactions considered appropriate for informing shareholders and general investors under the scope of duties and responsibilities as assigned by the Board of Directors
- 10) Review the Charter of Audit Committee annually and propose to the Board of Directors for approval.
- 11) Perform any other act as assigned by the Board of Directors.

The Executive Committee

As of December 31, 2014, the Executive Committee consisted of 4 members as follows:

No.	Name	Position
1.	Mr. Sompon Roekwibunsi	Chairman of the Executive Committee
2.	Ms. Sakuna Baicharoen	Executive Director
3.	Mr. Somchai Roekwibunsi	Executive Director
4.	Mr. Wisit Wachiralappaicon	Executive Director

Tenure of the Executive Committee

Tenure of Executive Committee is three years and they may be re-elected to hold the position.

Authorities and Scope of Duties of the Executive Committee

The Executive Committee directly reports to the Board of Directors and possess authority, duties and responsibilities as assigned by the Board of Directors.

- 1) Control and manage the company according to the assignment from the Board of Directors.
- 2) Determine the Company's policies, strategies, business plans, budget and annual operating budget and submit them to the Board of Directors for approval.
- 3) Consider and determine the Company's organization chart, management authority, remuneration of directors and executives as well as salary structure, employees' welfare and benefits, prior to propose them to the Board of Directors for approval.
- 4) Consider and approve on capital expenditure not specified in annual budget or over annual budget with total amount not exceeding Baht 20 million per year and approve on extra expenses from annual operating budget not over 10 million and report to the Board of Directors when such transactions are approved.
- 5) Consider and approve on the Company's borrowing or credit line not over than Baht 30 million per annum. In the event of the excess of determined limit, the Executive Board should propose it to the Board of Directors for further consideration and approval.
- 6) Consider and approve on operation plans such as production and goods procurement policy, goods selling policy, price structure and branch opening/closing, etc.
- 7) Manage the risk of the Company's operating activities by establishing risk management policy as well as risk evaluation and monitoring in order to propose to the Board of Directors.
- 8) Has authority, duties and responsibilities to make a decision and direct under the authority extent assigned by the Board of Directors so as to be pursuant to authority rule for approval and operation as approved by the Meeting of the Board of Directors
- 9) Examine and follow up the Company's operating result compliance with policy, business plans and management guideline, approved by the Board of Directors to ensure that it is efficiently and effectively
- 10) To occasionally carry out other duties, assigned by the Board of Directors.

The Management Team

At December 31, 2014, the Management Team consisted of 4 members as follows:

No.	Name	Position
1.	Mr. Sompon Roekwibunsi	Chief Executive Officer
2.	Ms. Sakuna Baicharoen	Deputy Chief Executive Officer
3.	Mr. Somchai Roekwibunsi	Chief Administration Officer
4.	Mr. Wisit Wachiralabpaitoon	Chief Financial Officer

Authorities and Scope of Duties of the Chief Executive Officer

Roles and responsibilities of the Chief Executive Officer (“CEO”) assigned by the Board of Director are to directing the Company’s operation which will cover the following roles:

- 1) Supervise and approve the overall operation and/or daily administration according to objectives, rules, regulations, direction and the resolution of the Board of Directors and shareholders.
- 2) Prepare and present policy, business plan, budgets, management structure and administrative power to the Executives Committee for consideration before proposing to the Board of Directors for approval.
- 3) Perform duties according to policy, plan and budget.
- 4) Have authority to recruit, assign, rotate, promote, suspense, dismiss and determine salary rate and other remunerations, including commission, increment of salary, remuneration, and bonus payment of the employees
- 5) Have authority to issue, amend, add and modify command, regulations, records, and work regulations of the Company to make all employees work in accordance with its policy, benefits and work disciplines
- 6) Have authority to approve purchase orders, employment contract, rental/hire purchase agreement of fixed assets with the amount not more than 5 million baht, sales of fixed with the amount not more than Baht 2 million, including making approval for fixed asset transferring among departments or subsidiaries
- 7) Have authority to approve purchase request/purchase order of fresh food, dried food, consumable, equipment in amount more than Baht 1 million, including increase product’s categories, product’s price, improve product sales standard (e.g. weight, shape, etc.)
- 8) Develop organization and human resource continuously for higher quality and performance, including control and keep good image of the Company
- 9) Perform any other duties as assigned by the Board of Directors and/or the Audit Committee.

Company’s Secretary

According to the Board of Directors’ Meeting of no. 5/2013 held on November 12, 2013, the Meeting passed the resolution to appoint Mrs. Paleerat Numnonda as a Company’s Secretary.

Authorities and Scope of Duties of Company’s Secretary

- 1) Provide advice to the Board and executives regarding laws and the Company’s regulations and Articles of Association and monitor the accuracy of execution as well as report any significant changes to the Board
- 2) Facilitate the Board’s activities
- 3) Organize the meetings of the Board of Directors and Shareholders in accordance with applicable laws and regulations and record the related minutes as well as monitor execution of such resolutions
- 4) Prepare and keep important documents of the Company consisted of directors’ registration, notice to the meetings, minutes of meetings, annual reports, notice to shareholders’ meeting and reports on directors’ and executives’ interest
- 5) Oversee disclosure of all public information in accordance with laws and the SET’s and SEC’s regulations
- 6) Perform any other duties and responsibilities in compliance with laws on securities and exchange

Remuneration for the Directors and Managements

1. Director

- Monetary Remuneration

According to the resolution of Annual General Meeting of Shareholders 2014, held on April 23, 2014, the monetary remuneration for the Board of Directors and the Audit Committee, was meeting allowance, at the same rate of the year 2013, as follows:

Position	Meeting Allowance (Baht per Meeting Attendance)
1) Chairman of the Board of Directors	15,000
2) Directors	10,000
3) Chairman of the Audit Committee	10,000
4) Members of the Audit Committee	5,000

Only independent directors were entitled to receive such remuneration and executive directors in position of the Board of Directors and/or other specialized committees were not entitled to receive such remuneration.

The Company paid monetary remuneration, which was meeting allowance, to the directors as follows:

Unit : Baht

Remuneration	Meeting Allowance 2013		Meeting Allowance 2014	
	Director	Member of Audit Committee	Director	Member of Audit Committee
1. Mr. Sompon Roekwibunsi	-		-	
2. Ms. Sakuna Baicharoen	-		-	
3. Mr. Preecha Shunhachatchawan ^{1/}	-		-	
4. Mr. Somchai Roekwibunsi ^{1/}	-		-	
5. Mr. Srisant Jitworanun ^{2/}	20,000		-	
6. Mr. Teerawut Pangwiroonruk ^{2/}	10,000		-	
7. Mr. Metta Charuchinda	75,000	50,000	75,000	40,000
8. Mr. Supakrit Mekpanuwat ^{3/}	50,000	25,000	20,000	10,000
9. Mr. Amornsakdi Ketcharoon	50,000	25,000	50,000	20,000
10. Mr. Sutee Ratananakin ^{3/}	-	-	30,000	5,000
Total	205,000	100,000	175,000	75,000

Remark : ^{1/} Mr. Somchai Roekwibunsi is appointed according to the resolution of the Board of Directors' Meeting no. 2/2013 held on March 21, 2013, effective on April 26, 2013, replacing Mr. Preecha Shunhachatchawan who resigned on April 10, 2013.

^{2/} Mr. Srisant Jitworanun and Mr. Teerawut Pangwiroonruk resigned according to the resolution of the Board of Directors' Meeting no. 4/2013, on August 9, 2013, effective on August 9, 2013.

^{3/} Mr. Sutee Ratananakin is appointed according to the resolution of Board of Directors Meeting no. 3/2014, on August 13, 2014, replacing Mr. Supakrit Mekpanuwat who resigned on June 6, 2014.

- Other Remuneration

-none-

2. Executives

- Monetary Remuneration

The Company paid monetary remuneration, which is salary, to executives as follows:

Remuneration	2013		2013	
	Number of Executives (Person)	Amount (Baht)	Number of Executives (Person)	Amount (Baht)
Salary	5	12,710,000	4	12,720,000

- Other Remuneration

Remuneration	2013		2013	
	Number of Executives (Person)	Amount (Baht)	Number of Executives (Person)	Amount (Baht)
Provident fund contribution, social security contribution and benefits after resignation	5	259,388	4	340,071

Detail of Board of Directors and Executives

Mr. Metta Charuchinda

**Chairman of the Board of Director,
Independent Director and Chairman of Audit Committee**

Age 59 (Years)

Education

- Master Degree of Management Science University of Connecticut, USA
- Master Degree of Political Science
(Public Administration) Ramkhamhaeng University
- Bachelor Degree of Faculty of Science (Statistics), Ramkhamhaeng University
- Director Certificate Program (DCP35/2003)
- Company Secretary Program No. 5/2004
- Director Certificate Program Refresher (DCP Refresher 4 /2007)

Family Relation of Executive

-

Work Experience

February 28, 2011- Present	Chairman of the Board of Directors, Independent Director and Chairman of the Audit committee Hot Pot Plc.
2010 – 2013	Advisor of President Advance Information Technology Plc.
1999 – 2010	Senior Vice President, President office Advance Information Technology Plc.
2003 - 2009	Company Secretary, and Secretary of the Audit Committee Advance Information Technology Plc.



Mr. Sompon Roekwibunsi

**Director, Chairman of the Executive Committee,
Chief Executive Officer, Authorized Director**

Age 56 (Years)

Education

- Certificate Ordinary National Diploma, Engineering, Colchester Institute, England
- Director Accreditation Program (DAP86/2010)

Family Relation of Executive

Husband of Miss Sakuna Baicharoen and Brother of Mr. Somchai Roekwibunsi

Work Experience

January 28, 2004- Present	Director, Chairman of the Executive Committee, Chief Executive Officer Hot Pot Plc.
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Miss Sakuna Baicharoen

**Director, Executive Director,
Deputy Chief Executive Officer and
Authorized Director**

Age 47 (Years)

Education

- Master Degree, Business Administration (Marketing),
National Institute of Development Administration
- Bachelor Degree, Faculty of Science (Chemistry),
Prince of Songkla University
- Director Accreditation Program (DAP86/ 2010)

Family Relation of Executive

Wife of Mr. Sompon Roekwibunsi

Work Experience

January 28, 2004- Present Director,
Deputy Chief Executive Officer
Hot Pot Plc.





Mr. Amornsakdi Ketcharoon

Independent Director, member of the Audit Committee

Age 48 (Years)

Education

- Master Degree, Business Administration (Finance and Marketing), University of Chicago, USA.
- Bachelor Degree, Engineering (Industrial Engineering), Chulalongkorn University
- Director Accreditation Program (DAP89/2011)

Family Relation of Executive

-

Work Experience

February 28, 2011- Present	Independent Director, member of the Audit Committee Hot Pot Plc.
2009- Present	Director The Brooker Planner Co., Ltd.
2006- Present	Senior Vice President, Financial Advisory and Investment The Brooker Group Plc.
2005 - Present	Director Home & Garden Service Partnership Limited
2009- 2014	Independent Director, member of the Audit Committee Datamat Plc.
2012 - 2013	Independent Director and member Of the Audit Committee Vejthani Plc.
2005 - 2006	Partner Bangkok City Advisory Co., Ltd.
2003 - 2004	Senior Vice President, Investment Banking Asia Plus Securities Plc.
1999 - 2003	Vice President GIC Special Investment Pte.

Mr. Sutee Ratananakin

Independent Director, member of the Audit Committee

Age 66 (Years)

Education

- Master Degree, Science in Marketing Communications, Roosevelt University, Chicago, USA.
- Bachelor Degree, Communication Arts, Chulalongkorn University
- Certificate in Social Welfare, National Social Welfare Institution Training
- Advance Marketing and Strategic Marketing, University of Minnesota, USA
- Merchandising and Strategic Planning, London, UK
- Director Certification Program (DCP 35/2003)

Family Relation of Executive

-

Work Experience

August 13, 2014- Present	Independent Director, Member of the Audit Committee Hot Pot Plc.
2014 - Present	Chairman of Executive Committee Supreme Direct Co., Ltd.
2012 – Present	Chairman of Executive Committee Asia Supreme Co., Ltd.
2010 - Present	President & CEO Asia Supreme Co., Ltd.
2009 – Present	Specialized Committee Member, Academic Council, Rajamangala University of Technology Krungthep
2007- Present	Executive Director Chulalongkorn University Broadcasting Station
2008 - 2014	Director, Managing Director Pharma Cosmet Plc.
2011 - 2012	Managing Director BD Trading Co., Ltd.
2011 - 2012	Director VMV (Thailand) Co., Ltd.
2007 - 2012	Managing Director British Dispensary (L.P) Co., Ltd.
2001 - 2007	Chairman of the Executive Committee and Managing Director Pan Rajdhevee Group Plc.





Mr. Somchai Roekwibunsi

**Director, Executive Director, Chief Administrative Officer,
Authorized Director**

Age 51 (Years)

Education

- Bachelor Degree, Science in Statistics, Chulalongkorn University
- Director Accreditation Program (DAP89/2011)

Family Relation of Executive

Brother of Mr. Sompon Roekwibunsi

Work Experience

April 26, 2013 - Present	Director and Executive Director Hot Pot Plc.
2011 - Present	Chief Administrative Officer Hot Pot Plc.
2005 - 2011	Manager responsible for major clients in financial and banking sector Hewlett-Packard (Thailand) Co., Ltd.

Mr. Wisit Wachiralappaitoon

Executive Director, Chief Financial Officer

Age 41 (Years)

Education

- Certificate, International Business and Electronic Trade, York College of Industry Technology, Ontario, Canada
- Master Degree, Commerce and Accountancy, Thammasat University
- Bachelor Degree, Business Administration and Law, Ramkhamhaeng University
- Certified Public Accountant

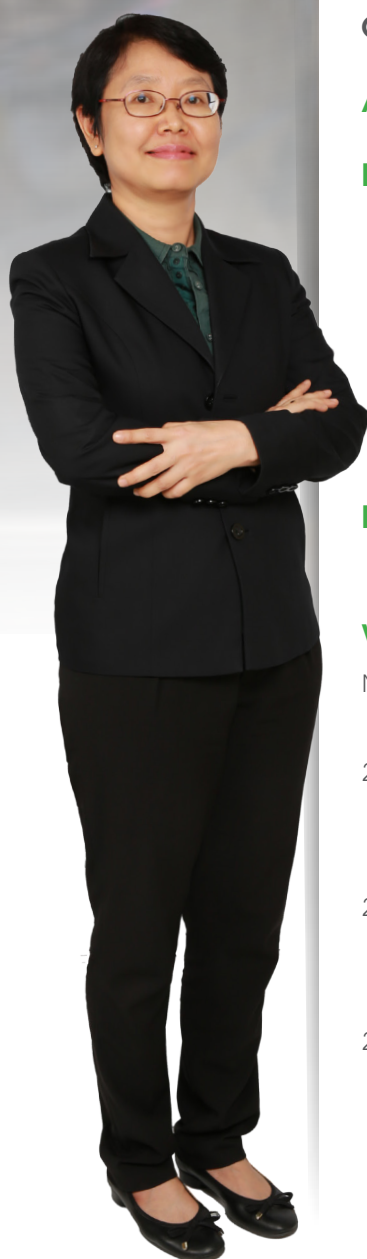
Family Relation of Executive

-

Work Experience

March 28, 2013 - Present	Executive Director Hot Pot Plc.
2012 - Present	Chief Financial Officer Hot Pot Plc.
1999 - 2012	Manager Audit Department SWOT Advisory Service Co., Ltd. and SWOT Audit Co., Ltd.
1996 - 1999	Accountant ItalThai Engineering Co., Ltd.





Mrs. Paleerat Numnonda

Company Secretary

Age 51 (Years)

Education

- Master Degree, Business Administration, University of Wisconsin (Madison), USA
- Bachelor Degree, Political Science (Public Finance), Chulalongkorn University
- Fundamentals of Law for Corporate Secretaries, arranged by Thai Listed Companies Association

Family Relation of Executive

-

Work Experience

November 12, 2013 - Present	Investor Relations and Company Secretary Hot Pot Plc.
2012 - 2013	Senior Vice President Marketing and Business Development Department Land and Houses Fund Management Co., Ltd.
2006 - 2011	Senior Vice President Operation Department United Securities Plc.
2004 - 2006	Vice President Corporate Planning and Risk Management Division United Securities Plc.

Shareholdings by Directors and Executives

Names	Position	August 28, 2013		December 2, 2014		Changes during the Year
		No. of Shares	Proportion (%)	No. of Shares	Proportion (%)	
1. Mr. Metta Charuchinda	Chairman of the Board of Director, Independent Director and Chairman of the Audit Committee	-	-	-	-	-
Spouse and minor children		-	-	-	-	-
2. Mr. Sompon Roekwibunsi	Director, Chairman of the Executive Committee, Chief Executive Officer, Authorized Director	110,782,000	27.29	110,782,000	27.29	-
Spouse and minor children		101,549,000	25.01	102,022,000	25.13	+473,000
3. Miss Sakuna Baicharoen	Director, Executive Director, Deputy Chief Executive Officer and Authorized Director	101,549,000	25.01	102,022,000	25.13	+473,000
Spouse and minor children		110,782,000	27.29	110,782,000	27.29	-
4. Mr. Amornsakdi Ketcharoon	Independent Director, Member of the Audit Committee	-	-	-	-	-
Spouse and minor children		-	-	-	-	-
5. Mr. Sutee Ratananakin	Independent Director, member of the Audit Committee	-	-	-	-	-
Spouse and minor children		-	-	-	-	-
6. Mr.Somchai Roekwibunsi	Director, Executive Director, Chief Administrative Officer, Authorized Director	2,000,000	0.49	1,500,000	0.37	-500,000
Spouse and minor children		-	-	-	-	-
7. Mr. Wisit Wachiralappaitoon	Executive Director, Chief Financial Officer	-	-	-	-	-

Good Corporate Governance

Good Corporate Governance Performance Report

The Company gives precedence to efficient, transparent, and verifiable management system, leading to confidence of all related parties and sustainable growth of the Company's business. To operate ethically and compliance with related laws, the Company has established a good corporate governance policy to enhance the existing operation to be in clear standard and distribute to the employees in all level in order to reinforce a culture of corporate governance, which is in line with 5 sections of the 2006 good corporate governance guidelines promoted by the Stock Exchange of Thailand (SET).

The Board of Directors' Meeting no. 1/2514, held on February 26, 2014, reviewed and approved the corporate governance policy with major revision as follows:

1. Each director shall take positions in listed companies not exceed 3 companies.
2. The terms of the Independent Directors that they can serve on the directorship no longer than 9 years.
3. The Board of Directors shall arrange self-assessment for entire committee.
4. Stakeholders can submit any complaint or query directly to the Chairman of the Board who is also the Chairman of Audit Committee.
5. The Company established the anti-corruption policy and corporate social responsibility policy.

Corporate Governance Report of Listed Companies 2014

According to the Corporate Governance Report of Thai Listed Companies 2014 prepared by the Thai Institute of Directors (IOD), the result of the corporate of the Company was improved to the level of good or 3 stars with score of 79% and in the Top Quartile of listed companies with market capitalization of Baht 1,000-2,999 Million, compared with the level of satisfactory or 2 stars with score of 69% in 2013, while the average score of all listed companies under the survey was 72%.

Quality of Annual General Meeting of Shareholders 2014

According to the evaluation of the quality of annual general meetings of shareholders 2014 of listed companies, carried out by the Thai Investors Association, the result of the quality evaluation the Company was rated superb with score of 97.75%, compared with 80.38% of 2013, while the average score of all listed companies under the survey was 91.17%.

In 2014, the company performed its operation in accordance with good corporate governance as follows:

Section 1 The Rights of Shareholders

The Company takes the shareholders' fundamental rights into account and recognizes the importance of all shareholders both in terms of investors and owners of the Company, for instance right to buy, sell, and transfer shares held independently; right to share dividends from the Company's retained earnings; right to obtain relevant and sufficient information of the Company; right to participate in the Annual General Meeting of Shareholders; the rights to give their opinions; right to make decisions on the key issues of the company such as dividend payment, the appointment of directors, nomination of auditor, approval for important transactions that affect direction of the business operation, amendment of the Memorandum of Association and/or the Articles of Association.

In addition to the fundamental rights as stated above, the Company also follows the criteria on the rights of shareholders including institute shareholders as follows:

1. As the Company is required to convene an annual general meeting of shareholders within four months from the last day of its fiscal year, the Company held the Annual General Meeting of Shareholders 2014 on April 23, 2014 at 2.00 pm. at Sitarom Room, Pranakhon Grand View, Pranakorn Rajabhat, 9 Chaengwattana Road, Bangkok, Bangkok 10220. The Company established the notice of Meeting specifying the venue, date, time, agenda, and items with appropriate details to be proposed to the Shareholders' Meeting. The shareholders were informed on the date and agenda of the meeting via SET's communication system 55 days prior to the meeting date. The proposed items, submitted together with the comments of the Board of Directors, in both Thai and English, were identified clearly whether they are for information, approval, or consideration as the case maybe. The Company also disclosed the invitation letter as well as related documents on the Company's website 47 days before meeting date for the shareholder have sufficient time for consideration. After that, same documents were delivered to the shareholders by TSD, the Company's registrar, within 14 days before the meeting date. Furthermore, the invitation letter was 3 days continually published on the newspaper 7 days prior to the meeting date to be in line with law.
2. The Company encouraged the Board of Directors, the management, and relevant organizations, including the external auditor to participate the Shareholders' Meeting simultaneously. In the Annual General Meeting of Shareholders 2014, there were 4 directors out of 6 directors attending the meeting, consisting of the Chairman of the Board/the Chairman of Audit Committee, the Chief Executive Officer/Director, and 2 directors. The other 2 directors absented because they had engaged in the important mission. In addition, the Chief Financial Officer (CFO) and the auditor also participated this Meeting.
3. The Company provided the shareholders some chance for delivery any comment, suggestion, and questions to the Company prior to the Shareholders' Meeting date. In the Annual General Meeting of Shareholders 2014, the Company announced on the Company's website to invite shareholders to propose agenda items in advance during December 26, 2013 to January 31, 2014.
4. Before starting the Shareholders' Meeting, the Chairman clearly informed all rules to be used in the Meeting and the procedures of voting for each agenda resolution.
5. In the Shareholder Meeting, before casting the votes in each agenda, the Company provided the shareholders some chance to share their opinions, suggestions, or questions independently and equally. The relevant directors and management attending the Shareholders' Meeting provided the answers for the shareholders. The key issues and comments were recorded in the minute of the Meeting for shareholders' verification.
6. To elect directors in the Shareholders' Meeting, the Company gave opportunity to shareholders to vote director, one by one, which shareholders are entitled to elect a qualified person to be the Company's director.
7. The Company ran the Shareholders' Meeting by following the agenda provided in the notice of the Meeting. The Company did not add any agenda or change priority of them.
9. To be transparent and verifiable, the Company used voting cards for all agendas. In addition, the registration and vote submission of the Shareholders were carried out via computer system for quick and precise process.
10. After the Meeting, the Company announced the voting result and the resolutions of the Shareholders' Meeting not later than 9.00 a.m. on the next business day after the Shareholders' Meeting date via the system of the Stock Exchange of Thailand (SET) and the Company's website. The Company also established the minute of the Meeting with correct and complete information within 14 days after the Shareholders' Meeting date and then announced it via the system of the Stock Exchange of Thailand (SET) and the Company's website for the Shareholders' verification.

Section 2 The Equitable Treatment of Shareholders

1. Proposal of agenda and nominated directors

The Company has policy to treat all shareholder groups which are major, minor, management or non-management, with equality. One or several shareholders holding the Company's shares, minimum share in amount of 2,000,000 shares, are allowed to propose additional agendas of the Annual General Meeting of Shareholders and nominated persons who have knowledge, competency, and qualification for election as directors in advance. Thus, the Board of Directors shall consider and select such issue for being an agenda of the Meeting of Shareholders. By this case, the Company has determined clear criteria of entitlement and announced to the shareholders via the Company's website.

In the Annual General Meeting of Shareholders 2014, the Company invited shareholders to propose agenda and to nominate qualified candidates to be elected as directors for the Annual General Meeting of Shareholders 2014 in advance from December 26, 2013 to January 31, 2014. However, no shareholder proposed any additional agenda and nominated directors.

2. Appointment of proxies in the Shareholders' Meeting

The Company sent proxy forms determined by Ministry of Commerce, together with the notice of the Meeting so that shareholders can appoint other persons as their proxy to attend the meeting and vote on their behalf in the case that they are unable to attend the meeting. Shareholders independently decide to select any proxy form as they prefer, however the Company encourage shareholders to use Proxy form "B" since they can specify the voting for each agenda item by themselves. In addition, the Company proposed an independent director to be appointed as proxy, attached together with the invitation letter. The proxy forms were available for download on the Company's website.

3. Use of inside information

To ensure fairness and equality for all stakeholders, the Company strictly controlled usage of inside information to prevent abusive self-dealing. The Company has established guidelines in written to maintain inside information of the Company and to protect use of internal information for personal benefits. Please see more information in the topic of inside information control.

4. Conflict of Interest

The Company has determined guideline to handle conflict of interest issues transparently and verifiably, especially consideration of transaction between the Company and stakeholders or any relevant party. Once there was conflict of interest issue, the person who related to the issue must report the Company immediately without taking any part in consideration or vote in the issue. In addition, the Company has determined guidelines to prevent the relevant directors or management who has gain or loss in such issue take part in consideration of the transaction. Regarding the vote in the Board of Directors' Meeting, the director who has gain or loss in the conflict of interest issue shall not be entitled to vote in such issue.

Section 3 The Role of Stakeholders

1. Treatment of each stakeholder group

The Company takes majority in concerning the rights of all stakeholder groups, include internal stakeholders i.e. shareholders, management, and employees of the Company; or external stakeholders e.g. creditors, clients, suppliers, competitors, public sector, society and community etc. Thus, the Company shall perform in accordance with related laws and regulations to take good care of the stakeholders' rights. In addition, the Company always operate its business by concerning of the rights of all stakeholders according to the following guidelines;

Shareholders : The Company has its policy to make equitable treatment of shareholders, keep shareholders' benefits, and avoid performing in infringe or refrain the shareholders' rights, including respect to the shareholders' rights of acknowledgment of the Company's information. Thus, the Company shall disclose information to shareholders equally, consistently, correctly, and completely; including provide the shareholders opportunity in query, providing an opinion, suggestion, include proposing additional agenda and nominated directors in the Shareholders' Meeting. Moreover, the Company shall create sustainable growth in order to continuously increase value-added and appropriate returns to the shareholder, as well as operate business in accordance with the Good Corporate Governance.

Employees : The Company always recognizes that employees are one of the key assets for development of the Company's growth. Thus, the Company shall treat all employees equally and fairly. The Company has established clear procedures about remuneration, compensation and benefits of employees, such as performance appraisal by KPI, establishment of provident fund, general purpose loan from Government Housing Bank to facilitate employees with special interest rate as well as monthly loan repayment directly from their salary, accidental insurance, annual physical check, other allowances i.e. funeral allowance etc. In addition, the Company also arranges some activities for building employees relationship such as sport activity, New Year party, birthday party; grant annual rewards to operation staff at branch whose performance are outstanding in specified aspects; develop employees' competency; provides good environment and takes care of employees' health in the workplace for their safety; considers opinion and suggestion of employees in all level equally and equitably; including strictly performs in accordance with laws and regulation related to employees.

In 2014, the average training hours of employees were equal to 8.22 hours per man.

Clients : The Company has policy and procedure to continuously develop quality of goods and service to maximize customers' satisfaction. Thus, the Company shall deliver good, qualified, clean, safe products/service in fair and reasonable price; build good relationship with customers, be friendly with customers, consistently arrange customer satisfaction survey, including provide some channels to receive customers' complaint and suggestion to resolve or improve some mistake or problems quickly.

Suppliers : The Company recognizes in equality, fair, non-exploit, and integrity in business operation, protect mutual benefits with suppliers, and operate business with code of conduct. The Company has determined clear procedures for suppliers' selection, including prohibited for request, receipt, or payment of any dishonest benefits from/to the suppliers. The Company has sent the notification letters to all suppliers regarding the Company anti-corruption policy since January 21, 2014.

- Creditors :** The Company has established approach and procedure not to infringe creditors' rights by strictly perform in accordance with terms and conditions in the loan agreement, make repayment as scheduled, not apply loan in the way that oppose to the objectives agreed in the agreement, not use dishonest approach to conceal information or fact which may cause some damage to the creditors, including not request, not receive, or not pay any dishonest benefits from/to the creditors.
- Competitors :** The Company has policy and procedure to compete with trade competitors based on good competition treaty without obstructing other persons/parties in business competition. The Company shall not find any confidential information or secret of trade competitors by inappropriate or dishonest approach, including not accuse any trade competitors without fact or make any unfair action for competition.
- Community, society, and environment :** The Company takes majority concern in community, society, and environment regarding both safety and quality of life, encourage employees to use resources efficiently and prudently and operate business concerning environment effect. The Company, therefore, strictly follows the applicable laws and regulations related to environment by establishing the measure to avoid draining waste water from the factory to public water source. The waste water from the Company's factory must be treated and returned to use internally only. The Company also participates in some activities for development of community, society, and environment, i.e. the program to support students in doing part-time work, drug-free workplace project, supporting activities of the Children Day in community, rest rooms for children project etc. In 2013, the Company joined the Drug Free in Work Place Project for the period of 2013 – 2015.

2. Whistleblowing Channel

The Company has managed the means for stakeholders enabling to send their suggestions, opinions, queries, and complaints directly to our Chairman at email address : chairman@hotpot.co.th or via the company website or suggestion box at branch restaurant or direct phone call according to telephone number as posted a notice at every branch restaurant.

The Company shall proceed with its investigations pursuant to the procedure and record the outcomes in writing without disclosure of whistle-blower's name including keeping complaint filing confidentially for protection of contingent impact toward that whistle-blower.

Section 4 Disclosure and Transparency

The Board of Directors has strong determination to reveal correct, complete, updated, and reliable information necessary for making decisions of the investors and stakeholders, while adhering to the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), including other information influence on decisions of the investors and stakeholders. The Company has disclosed its information as follows:

- Prepare financial report and the Management Discussion and Analysis (MD&A) as supplement of financial statements disclosure on quarter basis and disclosed via the Company's website as well as SET's online.

The Company's financial statements has never been revised under the order of the Stock Exchange of Thailand and the Securities and Exchange Commission. The financial statements were also disclosed to shareholders and investors within specified timeframe. Furthermore, in 2014, the Company's financial report did not have any transactions where the external auditor opined with qualified.

- Disclose shareholding of directors and executives in Annual Report and Annual Disclosure Information. In addition, the Company has a policy requiring directors and executives to report a change in their securities holding within 3 business days from the date the securities have been purchased, sold, transferred or accepted transfer. The Company's secretary shall coordinate on submission of such report to the Stock Exchange of Thailand and the Securities and Exchange Commission. It is also specified that any change of such securities holding of directors and executives shall be reported to the Board of Directors' Meeting quarterly.
- Disclosed connected transactions or transactions which might have conflicts of interest of directors and executives and reported to the Board of Directors for approval or acknowledge quarterly
- Provided several channels for information disclosure, which were SET's Communication system, Annual Report, Annual Disclosure Information (Form 56-1), the Company's website in 2 languages both Thai and English, research analysts and investors visiting the Company and interviewing the executives, press release i.e. newspaper. Furthermore, the Company assigned the investor relations to answer any questions of investors, securities analysts, news reporters, and people in general all the time, which can be contacted by telephone number 02-943-8448 ext.1114 or e-mail address:ir@hotpot.co.th or on the Company's website.

In 2014, the Company arranged meetings for the institutional investors, retail investors, and securities analysts meeting with the management to ask questions about business operation, performance, and business trend, which were asset management companies/financial institutions 4 times, company visits of retail investors 1 times, securities analysts 4 times, and press release via several media 43 times.

Section 5 Responsibilities of the Board of Directors

1. The Board of Directors' structure

1) Composition of Board of Directors

The Board of Directors composed of the persons with diversity including knowledge, profession, skill, competency, sex and experience that are beneficial to the Company. The Board takes an important role in establishment of the policy and overview of the organization, business plan; overseeing, auditing and assessment of the Company's operating result to comply with the plan and in accordance with laws, regulations, and resolutions of the Shareholders' Meeting. The Board concerns in integrity, code of conduct of business operation; including controlling of the management's administration to meet specified goal and procedure, as well as maximize profits for the Company and shareholders.

As of December 31, 2014, there were 6 directors in the Board, composed of 3 managements who are 1 Chief Executive Officer, 1 Deputy Chief Executive Officer and 1 Chief Administration Officer and 3 independent directors, equivalent to one-half of total numbers of directors. The Company's independent directors have knowledge and expertise in management, finance and marketing. Moreover, one of director is female.

2) Appointment of the Audit Committee

The Board of Directors has appointed the Audit Committee to support in corporate governance of the Company. The Chairman of the Board of Director and the Chairman of the Audit Committee is the same person because he has qualification and ability to give good advices of any issues of the Company's business. The Company has clearly segregated roles, duties and responsibilities of the Board of Directors, the Audit Committee, and the Executive Committee. The Audit Committee shall make decision independently, conduct its special assignment and propose it to the Board of Directors for consideration or acknowledge.

The Chairman of the Board shall not take any other position in other sub-committees, except for the Chairman of the Audit Committee as mentioned above.

3) Segregation of roles and responsibilities of the Chairman and the Chief Executive Director

The Company has determined that the Chairman of the Board of Director and the Chief Executive Officer shall not be the same person in order to clarify responsibilities among policy establishment, supervision, and routine administration by clear segregation of roles, duties and responsibilities between the Board of Directors and the Executives and enhance balance of operating power. The Board of Directors have duties to establish policy and supervise the executives' operations in policy level, whereas the executives have duties to manage operation pursuant to specified policies.

4) Election and Term of Office

The Board of Directors shall hold the position for a certain term in accordance with the determination in the Articles of Association. In every subsequent year of the Annual General Meeting of Shareholders one-third of the directors, who have been longest in office, shall retire. In the case that the number of directors cannot be divided by three, then refer to the closet number. However, the retired directors are eligible to be re-elected for another term by obtaining majority vote. The Company has determined the terms of the Independent Directors that they can serve on the directorship no longer than 9 years.

5) Position of Directors in other listed companies

According to the Company's policy, each director shall take positions in listed companies not more than 3 companies.

6) Position of Executive Directors and the Chairman of Executive Committee in other listed companies

The Company has no policy to allow directors who are also executives and the Chairman of Executive Committee to be in positions in other listed companies (except for subsidiaries and associated companies of the Company), unless they are approved by the Board of Directors.

7) Appointment of the Company's secretary

The Board of Directors shall appoint the Company's Secretary to take roles and responsibilities set by the Securities and Exchange Act.

2. Roles, Duties, and Responsibilities of the Board of Directors

1) The Board of Directors shall consider and approve key matters in the Company's operation i.e. vision and mission, strategy, action plan, and budget; as well as supervise the management to comply with the designed policy and plan effectively and efficiently. Vision and Mission shall be reviewed and approved in annual basis. The Board of Directors' Meeting no. 5/2014 held on December 18, 2014 considered to revise and approve vision, mission, strategies, business plans and budget for the year 2015.

2) The Board of Directors has clearly segregated roles and responsibility in formulation of corporate governance policy from daily administration. The Board of Directors shall not appoint same person to attain the position of the Chairman of the Board of Director and the Chairman of the Executive Committee.

3) The Board of Directors shall create, take part in, and approve the Corporate Governance Policy. The Board of Directors' Meeting no. 1/2011, held on July 18, 2011, passed the resolution to approve such policy.

The Board shall review the policy consistently and always perform in accordance with the policy. In addition, the Company shall communicate to everyone in the organization to understand the policy clearly and correctly and enhance them to comply with the policy.

- 4) The Board of Director has established the Code of Conduct in written to comply with good conducting standard and to present its intention to operate business with transparency, integrity, morality, and take responsible for all stakeholders. The Code of Conduct is used and publicized to all employees as a guideline of best practices for business operation. It also reflects value, guidelines, and code of conduct to be followed by all employees as follows;
- (1) Operate the business with honestly and fairly;
 - (2) Comply to related laws, regulations and follow good norm, culture, and moral;
 - (3) Avoid conflicts of interest;
 - (4) Perform work with good knowledge, competency, and personal professional;
 - (5) Complete and correct all records and reports;
 - (6) Keep confidence of the Company's information;
 - (7) Be an organization having corporate social responsibility;
 - (8) Provide appropriate internal control for all activities of the Company as well as determine and develop the standard for the Company's internal operation;
 - (9) Disclose information and cooperate with both internal and external regulatory organization
 - (10) Report infringement of business practices

The Company has announced and informed all employees to comply strictly with such guidelines. In addition, the Code of Conduct has been published on the Company's website.

- 5) The Board of Directors has formulated the policy regarding conflicts of interest by prohibiting any directors, executives, and employees, include anyone related to such persons to find self-benefit which conflict to the Company's interest. By this case, all relevant persons must inform the Company their relationship or engagement in such transactions without participation in the consideration and approval for such transactions.

The Audit Committee shall propose the Board of Directors the related transactions and transactions that may have conflicts of interest to consider appropriation of transactions carefully. The Company shall adhere to the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regarding determination of pricing, terms and conditions with the person who may have conflicts of interests similar as making transaction with third party. The Company shall also report such transactions in the financial statement, annual report, and annual information form (Form 56-1).

- 6) The Board of Directors aware of efficient supervision and internal control of both management level and operational level. The internal control system is key mechanism to create confidence of management in reduction of business risks and support in efficient business operation by allocating resources properly and achieving the determined target. It also help to protect assets from leaking out or loss by some fraud; make financial reports correct and reliable; control all personal to comply with related laws and regulations; and protect investment of the shareholders. Thus, general rules and practices have been set for management and staff in written notice, i.e. control for utilization of company's assets; distinguish roles and responsibility of operation, controller, and assessor to make balance and suitable verification among one another.

The Board of Directors assigns the Audit Committee to take responsible for reviewing the appropriation and efficiency of the internal control system, including establish and review the control system of operation;

financial report; compliance to rules, regulations, policies, corporate governance as well as risk management, with high awareness of warning signal and irregular items.

In addition, the Audit Committee considered hiring an external entity, Balance Figure Audit (Thailand) Co., Ltd., to be the internal auditor who is responsible for auditing to ensure that the internal control system is sufficient and appropriate. The internal auditor shall report directly to the Audit Committee, so that it is independent and can perform its auditing duties and counterbalance extremely. The Company shall assess sufficiency of the internal control system at least once a year to ensure that the system operates efficiently.

- 7) The Board of Directors is responsible for the Company's consolidated financial statements by assign the Audit Committee to review financial reports and ensure that they were well prepared in accordance with the general acceptance-accounting standard in Thailand and disclose the important information of the Company based on actual information completely and regularly.

3. The Board of Directors' Meeting

- 1) The meeting dates shall be scheduled annually in advance and informs the directors for acknowledgement. The Meeting shall be arranged at least once every 3 months and may hold a special meeting asdeemed necessary. The company's secretary shall send the Meeting's notice and all documents pertaining to the agenda of the meeting to all directors not less than 7 days before the Meeting date so that the directors have sufficient time to study the information, except for any necessity and urgency case to preserve the right or benefits to the Company.
- 2) The Chairman of Board of Directors, together with the Chief Executive Officer shall determine and consider issues to be included in the meeting agenda and each director is freely entitled to propose any matters beneficial to the Company for inclusion in the meeting agenda.
- 3) The Chairman of Board of Directors who is the Chairman of the meeting will allow directors to express their opinion independently. In some agenda items, senior executives may attend the Meeting to clarify and provide additional information for the proposed agenda as well as directly acknowledge the policy in order to implement with efficiency.
- 4) To form a quorum at the time of the Board passing a resolution, at least 2/3 of the total number of directors must be presented. The resolution of the Board of Directors' Meeting shall be adopted by the majority votes. Each director shall have one vote. A director who has conflicts of interest on a given matter shall not join the Meeting and has no right to vote for the related agenda. In case of an equality of vote, the Chairman of the meeting shall have a casting vote. In the case that any directors disagree with the resolution, he or she can request the company's secretary record his or her objection in the Minute of Meeting or he or she can submit the objection notice to the Chairman.
- 5) Every directors have right to investigate supplementary documents of the meeting and other important documents. In case that, independent directors or the member of Audit Committee have any query, other directors as well as management shall provide answers quickly and completely.
- 6) The Company's secretary will take minute of the Meeting and submit to the Chairman for approval and certify true by signature, then make it adopted in the next Meeting. In addition, the Company's secretary will keep information or document related to other meetings for future reference.
- 7) All member of the Board of Directors normally attend the meeting, except for necessary cases which shall be notified in advance before the meeting date.

- 8) The Board of Directors set the policy that non-executive directors shall have opportunity to hold the meeting among themselves as deemed fit in order to discuss about any crucial management issues with the presence of the management and inform the Chief Executive Officer the result of the meeting. In 2014, the Audit Committee held one meeting with the external auditor without the presence of management.

In 2014, the Directors attended the meetings as follows:

	No. of Meeting Attendance/No. of Total Meeting (times)			
	2013		2014	
	Board of Directors	Audit Committee	Board of Directors	Audit Committee
1. Mr. Sompon Roekwibunsi	5/5		5/5	
2. Ms. Sakuna Baicharoen	5/5		5/5	
3. Mr. Somchai Roekwibunsi	3/3		5/5	
4. Mr. Metta Charuchinda	5/5	5/5	5/5	4/4
5. Mr. Supakrit Mekpanuwat ^{1/}	5/5	5/5	2/2	2/2
6. Mr. Amornsakdi Ketcharoon	5/5	5/5	5/5	4/4
7. Mr. Sutee Ratananakin ^{1/}	-	-	3/3	1/1

Remark : ^{1/} Mr. Sutee Ratananakin is appointed, according to the resolution of Board of Directors Meeting no. 3/2014, on August 13, 2014, replacing Mr. Supakrit Mekpanuwat who resigned on June 6, 2014,

4. Self assessment of the Board of Directors

The Board of Directors shall arrange self assessment for entire committee, not individual, on annual basis. The Board shall jointly determine criteria by modification from an example of the Stock Exchange of Thailand (SET) to be suitable for the Company. The Company's secretary shall deliver the appraisal form to each director. After conclusion of the assessment result, all directors will jointly determine improvement method by sharing each opinion independently. The self assessment consisted of 6 main items as follows:

- 1) Structure and qualification of the Board
- 2) Roles, duties and responsibilities of the Board
- 3) Board's meeting
- 4) Performing duties of directors
- 5) Relationship with management
- 6) Self development of directors and development of executives

Self-assessment of 2014 was completed on February 13, 2014, obtaining the average score of 86%, increased from 78% in 2013.

5. Remuneration

The Company has policy to determine remuneration of directors and executives in suitable level by considering the Company's performance, in consistent with the firms in similar business or industry and based on duties and responsibilities of each director or executive in term of remuneration and/or salary.

Remuneration of directors

The Annual General Meeting of Shareholders 2014 on April 23, 2014 passed the resolution to determine remuneration of Directors, comprising members of the Board of Directors and members of the Audit Committee. The details of remuneration and payment conditions are shown in topic management structure, remuneration of directors and executives.

Remuneration of the Chief Executive Officer and executives

The Company carefully considers paying remuneration to the Company's executives in appropriate level which can be competitive with the same business group in order to retain qualified executives with the Company. The executive who is assigned more duties and responsibilities shall be paid higher remuneration in line with more duties and responsibilities.

6. Development of directors and executives

The Board of Director specified that whenever there is a new director, the Company's secretary shall provide documents and useful information which shall be beneficial to the duty operation of the new director. In addition, the Company's secretary shall be coordinator for the orientation arranged by the management about business nature and business operation of the Company. In 2014, there was a new director, Mr. Sutee Ratanakin.

The Board of Directors has policy to support and facilitate directors, executives and the Company's secretary to attend training or seminar courses arranged by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand, the Securities and Exchange Commission or other independent organization in order to increase knowledge and improve their performance.

In 2014, the Company arranged directors, executives and the Company's secretary to attend the following training courses

- Mr. Metta Charuchinda, the Chairman, attended the seminar "IOD Chairman Forum 2014, Clean Business: What is the Chairman Role?", arranged by the Thai Institute of Directors (IOD), held on September 16, 2014.
- Mr. Somchai Roekwibunsi, director and the Chief Administration Officer, attended Director Accreditation Program (DAP) 107/2014, held on January 27, 2014.
- Mr. Wisit Wachiralappaatoon, the Chief Financial Officer, attended training course "FRU Day: Know PACK 5 (TFRS 10, 11, 12, 27, 28) and Prepare to use Fair Value (TFRS 13)" arranged by the Listing Department, the Stock Exchange of Thailand, held on October 14, 2014 and "Strategy for Tax Planning of Business Contracts" arranged by NYC Management Co., Ltd., held on October 30, 2014.
- Mrs. Paleerat Numnonda, Investor Relations and Company's secretary, attended the course "Fundamental of Law and Regulation related to Listed Companies" no. 12 arranged by Thai Listed Companies Association, held during 7-8 October 2014, "FRU Day: Know PACK 5 (TFRS 10, 11, 12, 27, 28) and Prepare to use Fair Value (TFRS 13)" arranged by the Listing Department, the Stock Exchange of Thailand, held on October 14, 2014 and "The Demanding and Changing Role of Corporate Secretaries", arranged by Thai Listed Companies Association, held on May 20, 2014.

Nomination of Directors and Executives

The Company has no Nominating Committee. To select the Company's directors and executives, the directors will discuss together in order to determine the suitable persons with experience, knowledge and ability useful for the Company to be engaged as the directors or the executives. They shall be hold qualification as stipulated in Section 68 of Public Limited Company Act B.E. 2535 (A.D. 1992) pursuant to related notifications of Securities and Exchange Commission. The crucial qualifications are as follows.

1) The Independent Directors

The Board of Directors or the Shareholders' Meeting (as the case may be) appoints the independent directors to be engaged in the Board of Directors. The Company has the policy to nominate the independent directors not less than 1 of 3 of the entire board and having at least 3 Independent Directors.

The criteria for selection of the Independent Directors are based on Company Director Selection Criteria. The qualification of the person who will be involved in acting as the Independent Director shall be considered from the qualification and incompatibility pursuant to Public Limited Company Act and Securities and Exchange Law as well as relevant proclamations, regulations and/or rules.

The Board of Directors determines the qualifications of Independent Directors as follows:

1. Holding not more than 1 percent of the total number of shares with the voting rights of the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. In this case, for the purpose of calculation, the number of shares held by the related person of each member of the Audit Committee shall also be included.
2. Neither being a director who takes part or used to take part in management, nor being or used to be an employee, staff, an advisor who receives regular salary, nor the controlling person of the Company, parent company, subsidiaries, associated companies, major shareholders or the controlling person of the Company, unless such director has resigned from such position for at least two years.
3. Not being a blood-related person nor legally related as father, mother, spouse, brother, sister and children, including being the spouse of the children of the executives, major shareholders, controlling persons or the persons who will be nominated as the executive or controlling person of the Company or subsidiaries.
4. Neither having, nor used to have any business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company in the manner that may obstruct the exercise of independent judgment as a member of the Audit Committee. Moreover, a member of the Audit Committee must neither being, nor used to be a key shareholder or controlling person of the entities having business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, unless such director has resigned from such position for at least two years.
5. Neither being, nor used to be the auditor of the Company, parent company, subsidiaries, associated companies, major shareholders, controlling persons of the Company, nor being a key shareholder, controlling person or partner of the audit office having the auditor providing auditing service to the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, as a member, unless such director has resigned from such position for at least two years.
6. Neither being, nor used to be a provider of any professional services including the legal advisory or financial advisory services that received fees in the amount of more than Baht 2 million per year from

the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, nor being shareholder, the controlling person, or partner of such professional services provider, unless such director has resigned from such position for at least two years.

7. Not being a director who has been appointed as a representative of the Company, major shareholders or shareholders relating to major shareholders.
8. Neither operating the business having the same nature which significantly competes with the business of Company or its subsidiaries, nor being a significant partner or a director who involves in the management, nor being an employee, staff, a member, and a consultant who receives regular salary, or holds more than 1 percent of the total number of shares with the voting rights of a company that operates the business having the same nature and significantly competes with the businesses of the Company or its subsidiaries.
9. Having no other conditions that may obstruct the independent expression of comment on the Company's operation.

2) Directors and Chief Executive Officer

1. Hold qualification consistent with Public Limited Company Act, Securities and Exchange Act, Code of Conduct, regulation of The Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand as well as criteria of good corporate governance.
2. Have knowledge, abilities and experience in various professional fields that will be beneficial and creates value added to the Company.
3. Hold qualification to support and promote the implementation of Corporate Governance for creating sustainable value to the company, and perform the role with accountability, care and loyalty, and fully time devotion.

Director Selection and Nomination is in accordance with the method specified in the Company's regulation and the nominated directors shall be approved by the Shareholders' Meeting. The resolution of the Shareholders' Meeting shall be based on majority vote of the shareholders who attend the meeting and have voting rights.

The Company has stipulated Director Nomination Criteria as follows.

1. The Company should have a set of the Board comprising at least five directors, and not less than half of all number of the directors shall have their residences in the Kingdom. The Board shall vote among the directors to be the Chairman of the Board, and possibly also the Vice Chairman of the Board and other positions as discretion. The role of the Vice Chairman of the Board is in line with the regulation in the affairs assigned by the Chairman of the Board.
2. The Shareholders' Meeting shall vote the directors pursuant to the following criteria and method.
 - (1) Each shareholder has voting right equivalent to the number of share being held.
 - (2) Each shareholder may use all votes to elect one or more directors, in case of election a number of directors, those votes may not be divided in any proportion for any particular director.
 - (3) The persons who receive the highest respective votes shall be elected as directors according to the positions available at that time. The Chairman of the Board shall cast the deciding vote in the case where a voting ties between two persons competing for one available position at the time.

3) The Audit Committee

The Board of Directors or the Shareholders' Meeting (as the case may be) shall appoint at least three persons to be members of Audit Committees. Each member of Audit Committee shall be independent director and shall not be the director assigned by the Board of Directors for decision making in business operations of the Company, parent company, subsidiaries, affiliates, subsidiary in the same sequence, major shareholders or controlling and the director of the Company, parent company, subsidiaries, subsidiaries in the same sequence, only listed companies. The member of Audit Committee shall possess the qualification pursuant to Securities and Exchange Law as well as Proclamation, Regulation and/or Rules of Stock Exchange of Thailand stipulated for qualification and operating extent of the Audit Committee.

Anyhow, at least one member of Audit Committee shall be have sufficient knowledge and experience in accounting or financing for performing duties to verify the credibility of financial report as well as other functions as the member of Audit Committees.

4) Executive

The Company has no Nomination Committee. Anyhow, the Company has the policy to recruit the person who have knowledge, competency and experience related to the Company's business.

The Chief Executive Officer is assigned to appoint the persons who are intellectual, talented and experienced in company business to be the employees in several levels. In addition, the nomination of supervisors or persons in charge of audit and internal audit tasks shall be primarily consented by the Audit Committee.

Inside Information

To be transparent and protect find their own interests by using inside information which the Company has not disclosed to public yet as well as to avoid the appropriation of securities trading of internal persons, the Company has established regulation for directors, executives and staffs of the Company to follow.

- 1) The Company's directors, executives and staffs shall keep secret of inside information of the Company, not disclose or find their own interests or others' interests directly or indirectly as well as not trade or transfer in-out the Company's shares by using secret and/or inside information of the Company and/or
- 2) The Company's directors, executives and staffs in departments that receive inside information, shall not use such information before disclosing to public. In addition, they shall not trade and transfer in-out the Company's shares within 1 month prior to disclosing quarter and annual financial statements to public and at least 1 working day after such disclosure.

Moreover, all directors and executives have signed to acknowledge their duties to report on the Company's shares owned by them, their spouse and minor children to the Securities and Exchange Commission (SEC) within 30 days after taking the position appointment. They shall also report the changed of share holding to SEC within 3 business days after the date of trading and transferring in-out the Company's shares and inform the Company as well as report in the meeting of Board of Directors on quarter basis.

Such regulation is also applied to spouse and minor children of the Company's directors, executives and staffs. In case that, any persons who infringe the regulation shall be punished by discipline and/or law.

The Audit Fee

In 2014, the Company paid the audit fee to Dharmniti Auditing Co., Ltd., the auditor of the Company in amount of Baht 1,200,000, which is the same rate as 2013. In addition, there were no other fees paid to the auditor.

Corporate Responsibilities (CSR)

Policy

Company realizes on the significance of business operations in adhering to the implementation of the principles for good corporate governance, business ethics and concurrently responsibilities toward society, community, environment and all parties of stakeholders with strong belief on carrying the Company toward sustainable growth, building of trustworthiness to shareholders, investors, and all parties of stakeholders. The principle of corporate social responsibilities has also been consistent with the company mission, value and code of conduct.

Therefore, the Company has stipulated the corporate social responsibilities policy as the framework for adherence and compliance by the Board of Directors, the executives and all staffs as per below.

1. Corporate Governance

The Company operates the business in accordance with good corporate governance principle resulting in transparent and accountable management, equitable treatment to stakeholders, accurate and complete information disclosure, internal data usage control, risk management and compliance to code of conduct, related laws and regulations as well as cultivation of ethical conscious and awareness in business operations to staffs throughout organization.

2. Fair Business Doing

The Company encourages fair competition and avoids any executions that may cause conflict of interest and violation of intellectual property or copyright.

3. Respect for Human Rights

The Company respects humanity value and dignity of everybody without human right infringement.

4. Fair Labor Treatment

The Company is aware that all staffs are most valuable resource of the Company, then giving the precedence to development of staff's potential, compensation and career path of staffs, fair and equitable treatment to staffs, welfare, safety and health in workplace.

5. Consumer Responsibilities

The Company emphasizes on customer service standards to response to customers' demand and aims to develop service and product that are safe, have high quality and harmless to customers.

6. Environmental Preservation and Energy Conservation

The Company operates business with concerns on environmental impact, effective resource utilization and energy saving.

7. Society or Community Development

The Company supports and encourages the society and community development projects and activities such as belongings or money donation, voluntaries for community aid, etc. including promotes the employee participation in public interest activity doing.

Policy Execution

1. Corporate Governance

The Company has established corporate governance policy including right and equitable treatment toward all groups of stakeholders, use of internal information, information disclosure and transparency. The Company operated business with responsibilities compliance with the principle of corporate governance, ethics and code of conduct in business operations of the Company.

2. Fair Business Doing

The company has policy and guideline on non-infringement of intellectual property or copyright. Only software with license permission and lawful copyright can be allowed to use in the Company's IT system.

3. Respect for Human Rights

The company has policy and practices toward not involving in human right infringement including equitable treatment to staffs based on humanity dignity, respect for individual right and duty, resistance to use of child labor, available process to considering, selecting and rewarding staffs, subject to knowledge and competency in working, disregarding race, religion, class and gender, etc.

4. Fair Labor Treatment

- Determine equitable and fair staff compensation and welfare.
- Promote staffs to develop their knowledge and competency properly to their progress in career. The career path also has been manipulated to staffs.
- Arrange working environment with safety and health and sanitation by setting the policy regarding occupational safety, health and environment in workplace on March 6, 2012 including development and creation of management system in safety and environment compliance with lawful requirement, establishment of Environmental, Occupational Health and Safety Division for activity arrangement, knowledge training and building conscious of safety, health and environment to all staffs as well as setting up occupational health and safety manual.
- Have participated in Drug Free Workplace Project of Pathumthani Provincial Labor Protection and Welfare Office since 2010 with the objective of being the workplace free from all types of drugs to ensure that all staffs have good health, without illness and occupational safety of workplace. This project is classified into 3 levels as follows:
 - (1) Drug Free Workplace Level I in 2010
 - (2) Drug Free Workplace Level II in 2011 – 2012
 - (3) Drug Problem Correction and Prevention Standard in Establishment Project in 2013 – 2016

According to the project, the Company Manipulate policy to prevent and solve drug problem and communicate to all staffs through various channels such as posting a notice and intranet channel etc. Furthermore, working committee has been set up to arrange other activities i.e. making poster and board for anti-drug educating and campaign, training about drug danger, organizing sports competition to encourage staff exercises, slogan contesting etc. Random sampling drug in staff's body is also conducted which the result in 2014 was found that 7 out of 252 sampling had drug in their bodies, accounting for 2.78%. Each year, Pathumthani Provincial Labor Protection and Welfare Office assess the operating result of this project.

In 2014, the Company additionally implemented as follows:

- Provided suggestion boxes at the head office in every dining room to encourage employees to share their ideas of how to improve the company's operation. This provided an avenue for employees to express opinion on work concerns. For example, problems or difficulties of their operation arising from inappropriate work procedures, colleagues or supervisors, other suggestion to improve work process or work environment, as well as whistle blowing. In this regards, the Company prepared the memorandum to notify all employees about this issue through intranet system, electronic mail and announcement posted on the company's public relations board on April 17, 2014.
- Organized an activity regarding "Safety, Welfare and Against Drugs" week from July 16 – 17, 2014, in the Company's factory. Variety of boards were arranged to display various helpful information about safety in the work place, 5S activity, various welfares, social security, against drugs, as well as recreational activities, also including a wide distribution of rewards. Drug awareness motto competition was held and the winning motto was "Every life is valuable, every moment has meaning. Life will fall apart, therefore, do not engage in drugs."
- Provided employees with a yearly health check-up on July 8, 2014 and held a seminar on November 14, 2014 at the head office to provide valuable information about cervical cancer and how to prevent it. A professional from Kluay Nam Thai Hospital was invited to share helpful knowledge on how to protect ourselves from getting cervical cancer.
- Disclosed the accidental incidence statistics at the Company's factory or central kitchen which in 2014, none staff got the accidents and sick from working at the factory and latest accident occurred on November 11, 2013.

5. Consumer Responsibility

The company gives important of responding to consumer's need, by focusing on quality, deliciousness and variety of food, good service, convenience, safety and worthiness. To achieve consumers' satisfaction, the operating process starts from selection, control and inspection of the quality of raw material, standard food and raw material storage, as well as production by the Company's factory or central kitchen. The Company's factory or central kitchen has passed the inspection and certification of production quality standard in food industry which are GMP (Good Manufacturing Practice) and HACCP Standard (Hazard Analysis and Critical Control Points) from Intertek Industry and Certification Services (Thailand) Ltd. and such certificate has been renewed for another 3 years, from September 24, 2014 to September 23, 2017. As a result, it can be ensure that raw materials and produced foods are standardized and have good quality. The Company also continually creates and develops new types of food and improves taste of food in order to respond to customers' needs which change over time. Moreover, the products and raw materials are delivered to different branches by the company's transport vehicles, resulting in rapid and effective delivery and ability to deliver fresh, new and nutritive value preservation to customers.

With respect to service, the Company arranges regular staff training on providing standardized service to customers as well as handling customer complaints. The complaint handling manual has been manipulated for various cases including dealing with customer practice and customer reimbursement method. Several channels for customer complaints or suggestion have been provided through suggestion or complaint boxes at the branch restaurants or direct telephone calling at telephone number published at all branch restaurants or company website. In addition, the Company's quality auditing unit also regularly performs the inspection of quality of food and operations of each branch. During the time period of June to July 2014, the Company received customer complaints involving cockroaches at some restaurant branches. The Company did not take

this lightly but promptly resolved such issue by hiring suppliers to enact operation to eliminate and control carrier pests, for example cockroaches, mice and so on at all branches. The Company had determined to enact this pest control on all branches. So far, pest control procedure has completed in over 100 branches, excluding far away branches. However, all remaining branches will be enacted pest control by the month of March, 2015. After taking the above mentioned action, customer complaints regarding cleanliness have been reduced significantly from 18 times a month during the time period of June to July to only three times in December 2014.

The company places high importance on the health and well-being of customers and environmental conservation. In 2014, the Company started using charcoal (Biomass) (Bio-Char) from the Northern Renewable Energy Co., Ltd. for grill and barbeque stoves. The components of this charcoal are coconut shell, mixed with eucalyptus wood and tapioca flour. These natural biomass materials are environment friendly and free from toxins and chemicals. The important characteristics of this charcoal are nontoxic (carcinogenic free), giving a high level of heat, no smoke, no crackles, few ashes, and longer duration of time than normal charcoal. The quality of this charcoal is guaranteed by the Faculty of Science at Chulalongkorn University.

In addition to that, a branch under brand of Signature Steak Loft, serving in A La Carte style (Ordering from the menu), uses biodegradable package from Biodegradable Packaging for Environment Public Company Limited for packaging take away meals. These environmental packages are made from natural plant fiber and are free from carcinogenic substances. It's environmental friendly and is biodegradable, dissolving within 45 days.

6. Environmental Preservation and Energy Conservation

Environmental Preservation

Although having no environmental policy in 2014, the Company recognizes the importance of the environmental preservation. To do so, the Company assigns its staff to perform duties on environment concerns according to permission by the Department of Industrial Works, consisting of an environmental manager and an operator responsible for waste water treatment system, which both of them receive certificates, attend training class and pass relevant examination. In addition, external professional has been employed to be responsible for controlling waste water treatment system.

The Company also operates in compliance with environmental laws. The factory or central kitchen has strictly complied with wastewater standard pursuant to the proclamation of Ministry of Industry. The wastewater incurred from production process must be treated and kept at cesspool and then reused within the factory such as watering plant, and so on. without emission to public. Previously, the Company has never wrong-conducted regarding the environment and never been complained for environmental and pollution problem.

In addition, the Company participated in environmental projects such as Clean Technology Development and Promotion in Industrial Enterprise Project, arranged by the Provincial Industry Office of the group of upper central region provinces 1 in 2010, etc.

In this regard, the Board of Directors' meeting no. 1/2015 held on February 28, 2015 passed a resolution to approve the environment policy of the Company.

Energy Conservation

- Participated Energy Saving for Small Sized Factory Project of Department of Industrial Works in 2011.
- Established policy on energy conservation on May 2, 2013 by determining the implementation and development of energy management system as a part of the operation; ongoing improvement of energy consumption efficiency; setting annual energy saving target and communicating to all staffs for their correct comprehension and practice, and regarding the energy saving as all staffs and executives' duties and responsibilities; and supporting on personnel, budget, training and staff participation in suggestion for energy development.
- On September, 2013, the Company commenced to use Hi Saver energy saving boiler for replacement of LPG energy consumption in production process of the factory, which is helpful for reduction of energy consumption and heat diffusion inside the boiler, resulting in alleviation of air-condition's work and relief of staff's fatigue.
- Set up campaign in economical resource utilization such as turning-off the light , air-conditioner and computer monitor in lunch break time, decrease in paper uses by sending data by electronic channels instead of printing document, using two pages of paper, going upstairs instead of using an elevator etc.
- In 2013, the Company participated in Project of demonstration of energy management system for medium sized industrial factories, arranged by Bureau of Alternative Energy Development, Ministry of Energy. The objective of this project is to develop and promote roles of personnel of enterprises in participating in energy conservative management in enterprise systematically and sustainably. The period of the project implementation is 2013-2014.
- In 2014, the Company changed all traditional bulbs used in all branches to LED bulbs, resulting in energy saving, long life time and ecologically friendly.

7. Social and Community Development

The Company shall consider the community requirement and encourage the participation in community development. The support on foods, beverages and belongings will be annually provided for Children's Day's activities of schools located in the community surrounding the factory. The Company also promotes and encourages staffs to participate in voluntary activities and public interest activities with the community.

In 2014, the Company was involved in the activities of community and social development as follows:

- Donated both monetary support and a variety of items to the following places and institutions:
 - (1) Donated a variety of items to support for National Children's Day at four schools and communities situated near the factory.
 - (2) Donated money for Sports Day activities to National Organizations no. 31 for the year 2013 "Chol games" held during January 19 – 28, 2014.
 - (3) Donated all the money solicited from the participating in the Ice Bucket Challenge on August 29, 2014, to Baan Dek Ramindra School or a home for blind and handicapped children.
 - (4) Donated money to Kid's Toilet Project with Home Product Center Public Company Limited for improvement and construction of standardized toilets in 2 elementary schools.
 - (5) Organized charity activities that customers could participate in, along with the company. The Company provided 10% discount coupons in its yearly calendar "Full Stomach, Full Merit" activity. Customers who used the mentioned coupon in the month of September were able to receive a 10% discount, and the company gave an additional 10% discount, which was then

donated to a Foundation for underprivileged children (CCF), under the patronage of HRH Princess Maha Chakri Sirinhorn.

- Passed on business knowledge and experience to the general public, via Khun Sakuna Baicharoen, Deputy Chief Executive Officer, who received invitations to participate in the following programs:
 - (1) Provided interview for recording a tape in the television program “Smart Focus” on the Smart SMEs channel, and used as an example of inspiration and enthusiasm by sharing information regarding guideline of preparation for listing in the Market for Alternative Investment (mai) on April 9, 2014.
 - (2) Participated in seminar “Growing with Venture Capital” in the orientation event for high level executives who joined in the project “New Shares, Pride of Province”, third generation, as well as the “Innovative Shares and Creating Proud to be Thai”, arranged by the Office of the Securities and Exchange on October 3, 2014, held at Infinite Ballroom, Pullman King Power Hotel, Bangkok.
 - (3) Was a guest speaker at the SME Seminar: “Learn from your Surroundings, Create Opportunities for Sustainable Growth”, arranged by the Stock Exchange of Thailand, the Market for Alternative Investment (mai) and Kasikorn Bank Public Co., Ltd, on June 20, 2014 by sharing knowledge and experience and presenting new ideas as well as strategies for business management with sustainable growth. The objective of this seminar was to support and promote improvements of potentiality of small and medium sized enterprise (SME) for preparing toward growth and creating atmosphere of understanding about business management and inspiration for new idea in business development toward growth. Approximately CEO of 150 target companies attended this seminar.
- Participated in the Aerospace Exhibition “NASA – A Human Adventure” project, held on the 5th floor of the Bangkok Convention Center, at Central Plaza, Ladprao, from December 1, 2014 to February 1, 2015. It was organized by the following companies: Central Development Plc., BEC-Tero Entertainment Plc. and Thaicom Plc. The exhibition was got permission from NASA to present stories, parts of a spacecraft and accessories relevant to space, so that Thai audience were able to enjoy the exhibition closely. In this regards, the Company arranged activity “Space Menu Contest” for interested bystanders to create their own healthy menu for astronauts and opened two booths, comprising Hot Pot Galaxy and Hot Pot Space Café. In addition to that, the Company sponsored lunch for 1,000 representative students from all over the country, who were specially selected to join this Aerospace Exhibition.

Anti-Corruption

The Company operates business in compliant with the principle of good corporate governance, business ethics with responsibilities toward society, community, environment and all stakeholders, including anti-corruption to ensure that the Company will be developed with sustainable growth.

The Board of Directors’ meeting no. 4/2014, held on November 12, 2014 passed the resolution to approve the Company to participate in the project of “Private Sector Collective Action Coalition against Corruption” in order to express intention and commitment to counter all types of corruption. As a result, the Company signed in the Declaration of Intent on December 22, 2014.

In this regard, the Company reviewed anti-corruption policy, approved by the Board of Directors in the Board of Directors’ meeting no.1/2014 held on February 26, 2014 and proposed to the Board of Directors for approval. The Board of Directors’ meeting no. 1/2015 held on February 26, 2015 passed the resolution to approve the revised anti-corruption policy in order to be the explicit guideline of the conduct of business operation and to prevent and against corruption, resulting in the secure and sustainable growth of the Company.

The practice guidelines are as follows:

1. Directors, executives and employees at all level must follow with anti-corruption policy, business code of conduct, regulation and relevant work manual of the Company by not involving with all forms of corruption in both direct and indirect manner.
2. To stress the attending on processes which incur a high risk in corruption, the Company determines that directors, executives and employees must conform carefully in the following courses of action:

- (1) Giving and Accepting Bribe

Prohibit from giving or accepting any form of bribe for business benefits and prohibit from assigning other persons to give and accept bribe for his/her own benefits.

- (2) Gifts, Hospitality and Entertainment and Other Expenses

Offering or receiving gifts, hospitality and entertainment and other expenses is an important part of creating or maintaining business relationship. However, giving or accepting gifts and hospitality and entertainment should be justified in all circumstances according to tradition, custom and normal business and comply with the Company's business ethics and code of conduct and relevant laws. The value of gifts, hospitality and entertainment and other expenses should be appropriate, depending on each situation. In addition, providing and receiving gifts and hospitality and entertainment must not be encouraging to perform or avoid performing which may lead to corrupting problems.

- (3) Political Contributions

The Company is impartial in Politics and has no policy to contribute or support in form of financial resources or other properties to political parties, political groups and politicians, whether directly or indirectly.

- (4) Charitable Contributions and Sponsorships

- 1) Charity in form of cash or properties of the Company must be contributed only under the name of the Company to foundations, public charities, temples, hospital, sanatorium and reliable or certificated social organization and must be verifiable. To make charitable contribution, the memorandum shall be prepared by stating name of recipient, objective of donation with supplementary documents and submitted to the authorized persons for approval.

- 2) Sponsorships in form of cash or property of the Company must be granted only under the Company's name with the purpose of business, good image and reputation of the Company. To make sponsorships, the memorandum shall be prepared by specifying name of recipient and clear objective together with verifiable evidence and supporting documents and submitted to the authorized persons for approval.

- 3) Granting or receiving charitable contributions or sponsorships must not used as a mean for or leading to bribery.

3. Purchasing and procurement shall be carried out in accordance with the Company's rule and regulation with transparency and accountability. The evaluation to select suppliers strictly pursuant to purchasing regulation. The letters have been sent to all suppliers to notify about anti-corruption policy and measures of the Company as well as channels of whistle blowing and complaints since January 21, 2014. The Company reserves the right to cease doing business with suppliers who commit the corruption.

4. Upon the detection of act within the scope of corruption, the staff shall not neglect or ignore and inform their supervisors or responsible persons or inform via whistle blowing channels as well as collaborate in any investigations. In case of having any suspicion or query, the issues shall be brought to their supervisor or responsible persons through stated channels.
5. Provide channels of whistle blowing and complaints, establish measures for protection for any petitioner or whistle-blower and keeping information of whistle blowing or complaint in confidential and process investigation timely and fairly.
6. A person who is involved with any corruption will be considered for disciplinary actions in accordance with the Company's regulation up to dismissal and/or termination of employment. In addition, conviction on laws may be applied in case such act violates the laws.
7. Conduct corruption risk management by assessing risk arising from other activities of the Company which may have process or procedure probably contributing to corruption, establish measures of risk management and follow up as well as review existing measures of risk management to be suitable so that risk will be controlled in acceptable level.
8. Implement human resource management procedure in line with anti-corruption policy, starting from recruiting or selection, training, performance evaluation, promotion, rewarding and hiring process. Furthermore, organization chart shall be set with appropriate duty segregation, resulting in checking and balancing.
9. Set out proper auditing process and internal control system in order to prevent corruption and misconduct. Process of internal audit spreads over core activities of the Company such as purchasing and procurement, marketing etc. Internal control system includes finance, accounting and data gathering and recording.
10. Communicate anti-corruption policy and notify channels of whistle blowing and complaints to everyone in organization to understand, accept and comply thru various channels of the Company i.e. email, intranet, website, announcement board etc.
11. Communicate anti-corruption policy and notify channels of whistle blowing and complaints to public and stakeholders thru various channels of the Company i.e. website, Annual Report, Annual Disclosure Information (Form 56-1) etc, arrange orientation of all new directors, executives and employees and provide regular training on anti-corruption policy to all relevant existing employees for their understanding and complying with this policy.
12. Monitor the implementation of anti-corruption policy regularly and revise guideline in line with change in business, rules, regulation and relevant laws in usual.

Whistle Blowing and Complaint

1. Issues for whistle blowing or complaint
 - (1) Any course of corruption relevant to organization in direct or indirect manner
 - (2) Violation the law, rule, regulation of the Company, business ethics and good corporate governance policy
 - (3) Action causing negative impact on the Company's benefits and reputation
2. Channels of whistle blowing or complaint

All stakeholders can report suspected wrongful action or make a complaint through the following channels:

- (1) Electronic mail of the Chairman which is also the Chairman of the Audit Committee at chairman@hotpot.co.th
 - (2) Company's website at www.hotpot.co.th
 - (3) Suggestion boxes at branches, factory and head office
 - (4) Calling at telephone numbers in notices posted at every branches
 - (5) Postal mailing to the Chairman at Hot Pot Public Company Limited 350 Ramintra Road, Tha Raeng, Bangkhen, Bangkok 10230
3. Protection and keeping confidential
- (1) Any whistle-blower or petitioner will be protected, whoever employees or external persons.
 - (2) The Company shall provide fairness and safeguard staff who denies or inform corruption cases or report wrongdoing or make a complaint or cooperate in reporting corruption by not change position, job and workplace, suspend from job, punishment or provide negative impact on that staff.
 - (3) The Company shall investigate according to procedure and record investigation outcomes in writing by not disclosing information of whistle blower or petitioner. All relevant documents will be keep in confidential and prohibited disclosing to unrelated persons, except only for disclosure in alignment with law.
4. Procedure for investigation
- (1) When receiving whistle blowing or complaint, a receiver shall gather facts and sent them to Company's secretary.
 - (2) Company's secretary will invite the representatives from executives to consider and investigate. The representatives from executives are as follows:
 - 1) Deputy Chief Executive Officer
 - 2) Manager of Human Resource Department
 - 3) Manager of a whistle blower or petitioner (in case of employee)
 Company's secretary will be observer in the investigation meeting.
 - (3) During investigation, Company's secretary may be assigned to inform the progress of investigation to a whistle blower or petitioner from time to time.
 - (4) In case of the outcomes of investigate is found that there are information or evidence reasonable showing that a suspect actually commits the corruption, the Company will provide the right to the suspect to acknowledge the allegation and right to prove himself/herself. To do so, the suspect can provide additional information or evidence to prove that he/she does not involve with corruption as accused.

Internal Control and Risk Management

At the Meeting of Audit Committee no. 1/2014, held on February 26, 2014, the Audit Committee considered and selected Balance Figure Audit Co., Ltd., an external audit company, as the Company's internal auditor for another year as the second year. The internal auditor's duties are advising and auditing, evaluating internal control system, monitor the adequacy and efficiency of risk management system and corporate governance. Balance Figure Audit Co., Ltd. is independent and has sufficient and appropriate resources and budgets to perform its duties for auditing operations pursuant to laws, rule and regulation as well as finance aspect. The internal auditor reports directly to the Audit Committee. Mrs. Chonlakarn Jittakul was assigned as a leader of internal auditor which the Audit Committee considered that she was suitable to perform her duties due to her education background, experience and training.

In 2014, the Audit Committee arranged 4 meetings with the external auditor and the internal auditor to consider and gave opinion on financial statement which were audited or reviewed by the external auditor. The Audit Committee was aware of the on-going improvement of internal control system to be more sufficient and appropriate. The Audit Committee held one meeting with the external auditor without the presence of management.

The Audit Committee approved to include the revision of operation pursuant to internal control system in internal audit plan for the year 2014. After following up, it was found that operation system was consistent with internal control system in general and there was only few weaknesses which have already been checked, monitored and rectified by internal audit section of the Company as well as the internal auditor.

Internal Control

At the Meeting of Board of Directors no. 2/2015, held on March 10, 2015, 3 members of the Audit Committee who are independent directors, attended the meeting to consider and approve the evaluation checklist of internal control system for the year 2014, prepared by internal auditor and reviewed by the Audit Committee with the opinions that the Company's internal control system fairly appropriate and efficient. Therefore, it can be ensured that the properties of the Company were suitably protected and maintained, accounting transactions were recorded properly and resources were utilized efficiently. In addition, the Board of Directors gave opinion that the Company had adequate internal control system for connected transactions with major shareholder, directors, executives and connected persons.

The Company's operation and management procedures are in lined with the integrated framework of internal control determined by the Committee of Sponsoring Organizations of the Tread way Commission (COSO), which consists of 5 components and 17 concepts, which the Company adapted them for operation and management as follows:

1. Control Environment

- 1) The committee and management determine guideline and performance based on integrity and code of conduct, covering daily operation and treatment to partner, client and third party. The written regulation was established and followed by management and employees in order to perform their duties with honest and ethics. In addition, there are restrictions to prohibit any of management and

employees having conflict of interest with the Company's business, including prohibition of corruption which can cause some damage to the Company. Anyone who fails to perform in accordance with the above instructions shall be subjected to reasonable penalty.

- 2) The committee composed of the independent directors who have knowledge, competency, reliability, and independent in performing their duties. Their roles are to govern the internal control which cover establishment of control environment, risk assessment, control activities, information and communication, and monitoring activities.
- 3) Top managements of the Company determine organization structure by considering all appropriation in business and law as well as arranged efficient internal controlling. Duties of core functions are segregated to counterbalance. Internal audit was directly reported to with clear reporting chain.
- 4) The Company has policy and work procedure for recruit, develop and retain employees who have suitable knowledge and competency. The Company also sets the procedure to review such policy and work procedure periodically.
- 5) The committee and management enforce procedure and communication to ensure that everyone has responsibility for the internal control and make some improvement of work procedure if necessary.

2. Risk Assessment

- 1) The Company determines objectives of risk management clearly and sufficiently in order to be able to identify and evaluate any risks related to achievement of the Company's objectives.
- 2) The Company sets up procedure regarding risk identification and risk assessment to prioritize the risks by considering likelihood and impact of such risks, which are proceeded before and after managing such risks, both inherent risk and residual risk.
 - o Likelihood means frequency or probability of risk occurrence;
 - o Impact means severity of damage occurred in correspondence with risk occurrence, which can be assessed by means of qualitative (e.g. product and service quality, company's reputation) and quantitative.
- 3) The Company evaluates the opportunity of corruption occurrence by covering all types of corruption and reviewed the goal of operation carefully. In addition, the Company also consider srational of providing incentives or benefits to any employee to ensure that nothing persuades him/her doing any inappropriate action.
- 4) The Company reviews and evaluates changes of external factors which may affect business operation, internal control, and financial reports. In addition, the Company introduced measures for responding such changes by identify additional risk and control activities.

3. Control Activities

- 1) The Company has its measure to reduce risk to acceptable level by establishing risk management manual and work procedure of each system in written. The Company also sets up corporate chain of command, work identification, and clearly assigned responsibility of each position.

- 2) The Company arranges general control activity by using information technology, such as set up password for accessing information of each level and standard to protect leaking out confidential information.
- 3) The Company arranges control activity through the policy by requiring each department to evaluate its operation and internal audit unit to monitor its operation regularly.

4. Information & Communication

- 1) The Company has an information system to send varied information such as daily sale volume to process data correctly, completely and on time in order that such information can be analyzed and supported business decision.
- 2) The Company uses video conference for internal communication.
- 3) The Company communicates with third party via several channels such as receive complaints by e-mail or suggestion letter through the Company's branches and P.O. Box, etc.

5. Monitoring Activities

- 1) The Company follows up and evaluates internal control continuously. Internal auditor unit of the Company ongoing monitors systematic operations of each department.
- 2) The Company evaluates and communicates the failure of internal audit timely. Any subordinate reports any failure to his/her supervisor so that the supervisor can find the solution to solve such failure effectively.

Risk Management

The Company gives precedence to risk management as the key mechanism and tool in business operation, leading to achieve the objective and goal. Therefore, the Company establishes the risk management policy by focusing on development of risk management system to comply with good corporate governance and to have enterprise risk management. The Company manages risk systematically and continuously, covering financial and operation controls, management and governance in accordance with related laws, both internal and external. In addition, the enterprise risk management covers both organization level and operational level, to control the risk in acceptable level and to ensure that the following objectives can be achieved.

Objectives

1. The strategy and goal are established clearly and practically to conform and support the Company's mission.
2. Operating result effectively achieves the objectives efficiently by managing resource effectively and worthily and having appropriate protection and control of assets.
3. Reports both financial and non-financial data correctly, reliably and timely.
4. Execute and operate according to the Company's policy, rule and regulation, which comply with laws and other regulation related to business operation, both internal and external.

5. Improve quality and operation procedure in terms of personal, assets, equipment and operating systems continuously
6. Have internal control by performing self-assessment in important function appropriately.

Risk management can help the organization achieve its goal and reduce some trouble or unexpected matters which may occur simultaneously. It also protects some damage to company's resource and creates confidentiality in reporting and performing in accordance with the company's regulations. The Company has established the risk management policy with procedures as follows;

- The Company set up Risk Management Committee at enterprise level consisting of Deputy Chief Executive as the Chairman and Chief Officers as members. The RMC at enterprise level establishes guidelines of risk management and reports risk management result, monitoring and evaluation to Chief Executive Officer. In addition, the Company set up Risk Management Committee at unit level comprising Chief Administrative Officer as the Chairman and heads of departments as members. Its duties are identifying risk, setting up risk management plan, monitoring progress of risk management as well as preparing report on implementation of risk management and submitting to Risk Management Committee at enterprise level on quarterly basis. It also evaluates risk management plan during the forth quarter of each year.
- The Company assigns all employees to have collective roles and responsibilities and determine authority of management and operation levels clearly. Risk management is under responsibilities of all employees in all levels so that they are aware of operating risk in their own departments and in the organization and give priority to manage variety categories of risks in acceptable and suitable level.
- The Company creates the process of enterprise risk management by developing a risk management manual to provide knowledge and understanding about concept, process, and procedure of risk management to all managements and employees. Thus, they can set up risk management plan of each department, compliance with the Company's risk management plan, leading to integrated risk management. Risk management system is included as a part of decision making, strategic planning, action plans and business operation. In addition, the Company focuses on achievement of the Company's objectives, goal, vision, mission, and strategy to create operational excellence of the Company and confidentiality of all related parties.
- The Company develops risk management plan by determining the risk of each work system and sets guidelines to prevent and reduce operational risk to avoid damage or loss which may occur. In addition, the Company follows up and assesses risk management continuously.

Related Party Transactions

The summary of the related party transactions between the Company and persons/entity that may have a conflict of interest in the year 2014.

Person/Entity having a conflict of interest	Relationship
1. Mr. Sompon Roekwibunsi	Director, Chief Executive Officer, Chairman of Executive Committee, a major shareholder of the Company, holding 27.29% of the total issued shares sold (closing registered book on December 2, 2014) Director, Deputy Chief Executive Officer, Executive Director and a major shareholder of the Company, holding 25.13% (closing registered book on December 2, 2014) Chief Administrative Officer, director and a major shareholder of the Company, holding 0.49% of the total issued shares sold (closing registered book on December 2, 2014) Related business to shareholders, directors, and executives
2. Ms. Sakuna Baicharoen	
3. Mr. Somchai Roekwibunsi	
4. Octopus Media Solutions Co., Ltd.	

Person/Entity that may have conflicts of interest	relationship	Type of transaction	Amount (Baht) As of December 31, 2014	Necessity and appropriateness of the related transactions
1. Mr. Sompon Roekwibunsi and Ms. Sakuna Baicharoen	Directors, Executives, and major shareholders	Guarantee: Mr. Sompon Roekwibunsi and Ms. Sakuna Baicharoen jointly guaranteed for the loan amount Baht 150,000,000 from Thanachart Bank Plc., in accordance with the loan agreement dated January 27, 2012 to buy operating assets of Daidomon Group Plc., to acquire long-term leasehold of 8 branches of Daidomon, and to renovate 14 branches of Daidomon. As of December 31, 2014, the outstanding loan was Baht 52,509,094.	52,509,094	Loan guarantee is complied with the conditions set forth on the loan agreement. The Company did not pay any compensation for this guarantee. The Audit Committee considered and gave the opinion that such connected transaction is reasonable and beneficial to the Company.

Person who may have conflicts of interest	relationship	Type of transaction	Amount (Baht) As of December 31, 2014	Necessity and appropriateness of the related transactions
2. Mr. Sompon Roekwibunsi	Director, Executive, and a major shareholder	Short term loan: Mr. Sompon Roekwibunsi lent 1 year loan to the Company, amounted to Baht 20,200,000 for working capital purpose in term of promissory note, at interest rate of 1.725% p.a. (average 1 year fixed deposited rate of 4 commercial banks). Interest amount paid in 2014 was Baht 38,423.	20,200,000	The objective of short term loan is for working capital of the Company and pursuant to the conditions specified in promissory note. The interest rate is also lower than that of financial institutions. As a result, the Audit Committee considered and gave the opinion that such connected transaction is reasonable and beneficial to the Company.
3. Mr. Somchai Roekwibunsi	Director, Executive, and a major shareholder	Short term loan: Mr. Somchai Roekwibunsi lent 1 year loan to the Company, amounted to Baht 4,720,000 for working capital purpose in term of promissory note, at interest rate of 1.725% p.a. (average 1 year fixed deposited rate of 4 commercial banks). Interest amount paid in 2014 was Baht 5,945.	4,720,000	The objective of short term loan is for working capital of the Company and pursuant to the conditions specified in promissory note. The interest rate is also lower than that of financial institutions. As a result, the Audit Committee considered and gave the opinion that such connected transaction is reasonable and beneficial to the Company.

Person who may have conflicts of interest	relationship	Type of transaction	Amount (Baht) 2014	Necessity and appropriateness of the related transactions
4. Octopus Media Solutions Co., Ltd.	Related business to shareholders, directors and executives	<p><u>Service Agreement of advertisement media production:</u></p> <p>In 2014, the Company has entered in to the service agreement of advertisement media production with Octopus Media Solutions Co., Ltd. to produce sticker, poster, standee board, and vinyl board at the contract price as agreed in the contract. Since June 6, 2014, the market price has been used as contract price</p>	7,109,314 (include VAT)	Hiring for production of advertisement media is complied with normal business operation. Although, the compensation is agreed as the contract price. The Audit Committee considered and gave the comment that such connected transaction is reasonable and beneficial to the Company. However the Audit Committee regulated the Company to strictly comply with the procurement regulations. As a result, the contract prices of the transactions have been the market prices since June 6, 2014.

Necessity and Rationale of Related Party Transaction

The related party transactions are necessary and reasonable. Loan guarantee with a commercial bank is in accordance with the conditions specified in the loan agreement dated January 27, 2012 to purchase assets and leaseholds as well as renovation of Daidomon's stores, which the Company considered that the investment in Daidomon leading to the Company's expansion to Japanese grilled restaurants in order to the Company's revenue growth in the future. In addition, location and purchasing prices are considered to be appropriate and the risk in procuring new location or renewal rental contract of existing stores is mitigated, beneficial to the Company in the long run.

Short term loans lending from directors, executives and major shareholders of the Company has the objective to provide business liquidity. Moreover, lending period and interest rate are in line with trading practice with faithfulness and the Company is beneficial for the lower interest rate than that of commercial banks. In this regard, the Company still complies with the condition stated in the loan agreement with one commercial bank that such loans are considered as subordinated loan, which the Company will not repay such loans prior to repayment to that commercial bank in full amount, except for receiving written consent from that bank.

Service Agreement of advertisement media production is normal business operation of the Company which must use various forms of advertising media to increase brand recognition as well as conduct advertisement for attracting customers to use service. In 2014, value of hiring Octopus Media Solutions Co., Ltd. to produce advertisement media was Baht 7.11 million (including VAT) or Baht 6.64 million (excluding VAT), accounted for 15.04% of total value of advertisement and public relations expenses, amounted Baht 44.15 million.

Approval Measures or Procedures of Related Party Transactions

For related party transactions or transactions which might have conflicts of interest, the Company assigns the Audit Committee to consider and give opinion on necessity and appropriateness of such transaction. In case that the Audit Committee has no expertise in consideration of such related party transactions, the Company will hire independent external consultants or external auditor to give opinion on such transactions to be supplement for making decision of the Board of Directors and/or the Audit Committee and/or shareholders, according to the case. In this regard, any person who may have conflicts of interest of the transactions will have no right to vote for approving such transactions. The Company will disclose related party transactions in the notes to financial statements audited by external auditor of the Company, Annual Report and Annual Disclosure Information (Form 56-1).

Policy for Future Related Party Transactions

The Company expects that transactions regarding the Company's loan from directors and/or shareholders and loan collateral by properties of directors or shareholders will not arise in the future. In case of arising of related party transactions in the future, such transactions will be necessary and increasing the Company's effectiveness of business operation. The policy regarding explicit determination of the prices of transactions will be established pursuant to proper and fair market prices and conditions, not leading to transfer benefits and giving importance to the best interest of the Company. The Audit Committee will review and comment on related party transactions which are normal business or supporting normal business quarterly.

With respect to related party transactions or transactions which might have conflicts of interest arising in the future, the Board of Directors will comply with rules and regulation of the SET and the SEC regarding disclosure of information of listed companies concerning connected transactions and accounting standards specified by Federation of Accounting Professions of Thailand.

Financial Highlight

Balance Sheet as of 31 December

Unit : Baht	2012 (Restated)	2013	2014
Total Assets	834,661,852	1,020,215,511	984,778,998
Total Liabilities	451,720,565	610,737,806	637,440,477
Total Equity	382,941,287	409,477,705	347,338,521

Profit and Loss

Net sales	1,872,804,224	2,320,799,994	2,294,715,766
Cost of sales of goods	824,121,357	1,046,522,274	1,054,873,498
Gross profit	1,048,682,867	1,274,277,720	1,239,842,268
Total revenue	1,908,150,643	2,353,681,829	2,321,999,975
Selling expenses	900,367,862	1,081,211,022	1,116,035,737
Administration expenses	139,440,716	156,760,845	163,019,423
Finance costs	9,879,512	11,477,042	15,512,136
Total expenses	1,877,419,883	2,299,640,012	2,389,889,822
Net profit	24,769,246	42,776,418	(54,019,184)
Earnings per share	0.07	0.11	(0.13)

Cash Flow

Cash flows from operating activities	118,639,515	299,177,949	207,990,736
Cash flows from investing activities	(334,394,734)	(266,906,098)	(211,079,512)
Cash flows from financing activities	224,883,635	(4,191,125)	(28,821,240)
Cash and cash equivalents at the end of year	27,012,020	55,092,746	23,182,730

Key Financial Ratio

Sales growth rate(%)	28.56	23.92	-1.12
Gross profit margin (%)	56.00	54.91	54.03
Net profit margin (%)	1.30	1.82	-2.35
ROE (%)	8.36	10.80	-14.39
ROA (%)	3.23	4.61	-5.43
D/E Ratio(times)	1.18	1.49	1.84
Current Ratio(times)	0.35	0.32	0.24
Book Value (Baht)	0.94	1.01	0.86
Dividend per share(Baht)	0.04	0.06	0.00
Dividend payout ratio(%)	65.57	56.95	0.00

Management's Discussion and Analysis of Financial

Analysis of Operating Result

Revenues

In 2014, the Company's revenue from sales amounted to Baht 2,294.72 Million, a decrease of Baht 26.08 Million or 1.12% y-o-y. At the end of year 2014, the number of active branches was 144 stores, decreased from 153 stores at the end of last year. During the year 2014, the Company has opened 18 new stores and closed 27 stores according to business plan and branch closing plan. The Company had closed branches which their operating results were below target and they had EBITDA loss. In other words, they had negative cash deficit. Loss amounts generated by such branches affected the Company's operating results of 2014. Most of the remaining branches will generate profit to the Company, thus the Company's performance will be recovered in the future. Furthermore, the revenue from sales was below target mainly due to economic slowdown, leading to declining consumers' purchasing power and their spending.

Considering the revenue structure of the Company in 2014, the majority of sales still came from Hot Pot Inter Buffet brand, amounted to Baht 1,257.18 Million, contributed to 54.79% of total revenue from sales, increased from 39.93% in 2013. The growth of sales proportion resulted from an increase in number of outlets which were rebranded from Hot Pot Buffet Value to Hot Pot Inter Buffet after minor renovation to create more modern image. As a result, at the year end of 2014, there is no branch under brand named "Hot Pot Buffet Value". The second one was followed by Hot Pot Inter Buffet with Grill brand with its sales of Baht 444.45 Million or representing 19.37% of total revenue from sales. Its sales proportion grew increasingly in line with the Company's expansion plan focusing on new site of Hot Pot Inter Buffet with Grill brand serving both Suki Shabu and Japanese grill to provide customers more choices of eating style.

In December 2014, the Company added a new brand named "Signature Steak Loft", which mainly serves steak and fusion food in A la carte type. The store branded "Hot Pot Ramen Buffet" at Central Plaza Rama 2 was renovated and rebranded to Signature Steak Loft recognized as the first store of Signature Steak Loft. In addition to sales of Daidomon sauce, the Company increasingly sold Hot Pot suki sauce in Modern Trade in order to expand the Company's channel for generating revenues in the future. The Company has 2015 expansion plans for both Hot Pot brand and Signature Steak Loft brand under the policy of more careful selection of potential area in shopping centers, financing by additional term loan from a local financial institution in amount of Baht 111 Million.

Type of Revenue	2013		2014	
	Baht (Million)	%	Baht (Million)	%
Revenue from sales of goods				
(A) From the Company' branch				
1) Hot Pot Inter buffet	926.60	39.93%	1,257.18	54.79%
2) Hot Port Buffet Value	931.20	40.12%	279.07	12.16%
3) Hot Pot Prestige	34.75	1.50%	22.30	0.97%
4) Hot Pot Suki Shabu	32.82	1.41%	28.14	1.23%
5) Hot Pot Ramen Buffet	10.78	0.46%	8.51	0.37%
6) Daidomon	280.36	12.08%	248.28	10.82%
7) Hot Pot Inter Buffet with Grill	100.89	4.35%	444.45	19.37%
8) Signature Steak Loft	-	0.00%	0.57	0.02%
Total	2,317.40	99.85%	2,288.50	99.73%
(B) From other sales	3.40	0.15%	6.21	0.27%
Total Revenue from sales of goods	2,320.80	100.00%	2,294.72	100.00%

Other revenues mostly consisted of sales promotion, member card sales, sales of scrap and revenue from unredeemed gift vouchers, etc. Other revenues in 2014 were Baht 27.28 Million, representing a decrease of Baht 5.60 Million or 17.02% when compared to the same period of 2013, mainly due to a decrease in sales of member cards. In addition, the Company changed soft drink brand from Coke to EST Cola which offered selling price per unit and sale promotion less than Coke, resulting in lower food cost whereas declining discount from purchasing volume. Another factor contributed to decrease in other revenues was the extraordinary compensation in 2013 amounted to Baht 3.17 Million paid by the shopping center for relocating system and decoration work of the store, according to the shopping center's re-zoning plan.

Cost of Sales of Goods

Cost of sales in 2014 totaled Baht 1,054.87 Million, increased 0.80% y-o-y, in line with the rising prices of fresh food and dried food. The Company, hence, increased the buffet price in order to maintain its gross profit margin. However, considering the increase of buffet price, the Company gave importance to competitive situation, purchasing of power and customers' feeling. Moreover, discount promotion under sale promotion policy which did not boost sufficient sales volume was another factor of higher cost of sales.

Sales and Administrative Expenses and Other Expenses

The Company's sales and administrative expenses in 2014 were totally Baht 1,279.06 Million, accounting for 55.08% of total revenues, showing an increase by Baht 41.08 Million or 3.32% from 2013. The increase in sales and administrative expenses mostly due to the increase in branch rental expenses, personnel expenses and depreciation relative to branch expansion as well as the increase in rental rates and salary rates.

The sales and administrative expenses mainly consisted of the branch rentals. The following ones were employee expenses, amortization and depreciation, and utilities expenses. In addition, the Company had other sales and administrative expenses such as marketing, repair and maintenance, property tax, tag and license, bank charges, office equipment, etc.

Furthermore, in 2014, the Company realized the loss from closing branches, which had sale and operating performance below target, in amount of Baht 40.45 Million or representing 1.74% of total revenues and rose Baht 36.78 Million from 2013. The Management is confident that closing underperformed branches will lead the Company to be able to recover its performance in the future. The total of EBITDA loss of 27 closed stores only affected the Company's operating results for 2014. Without loss generated by underperformed branches, the Company's operation trends to be continuously improved, starting from 2015. Loss from closing branches, totaling Baht 40.45 Million, consisted of removal expenses in cash basis amounted Baht 5.32 Million and the remaining amounts were disposal of fixed asset and rent guarantee, regarded as non-cash items.

Loss from closing branches comprised costs of system construction and permanent fixtures and fittings of renovated branches such as decorating system work, electrical and utility system works etc., costs of removal, transportation and area restoration according to the conditions specified in rental contracts and nonrefundable rent guarantee only in case of branches closing prior to the expiry date of rental contract.

The Company also recorded financing costs of Baht 15.51 Million in 2014, increased Baht 4.04 Million or by 35.16% y-o-y due to additional loan amount withdrew from a local bank from Baht 55 Million to Baht 90 Million to use as working capital and supporting management of goods and inventory for new stores. The Company is in process of considering capital structure suitable for current business situation which changes rapidly.

Net Profit

The Company had net loss in 2014 amounted to Baht 54.45 Million, decreased from net profit of Baht 42.78 Million in 2013. The main reasons were lower revenue from sales whereas higher sales and administrative expenses, financing costs and loss from branch closing. In 2015, the Company carefully develops marketing strategy plan as well as branch expansion plan in order to gain more market share so that the Company's operating results will be recovered to targeted profitable level.

Analysis of Financial Position

Assets

As of December 31, 2014, the Company's total assets were Baht 984.78 Million, reduced by 3.47% from the year end of last year. The Company's current assets were Baht 127.42 Million, dropped by 20.15%, when compared to the year end of last year, primarily due to a decrease of cash and cash equivalent in amount of Baht 31.91 Million resulting from higher sales during the end of year 2014 whereas deferred payment for goods in the beginning of the following year according to credit term of payment.

The key noncurrent assets of the Company consisted of land, plant and equipment-net which were adjusted according to new branch opening, branch closing as well as depreciation. The minor ones are leasehold, guarantee and others.

Liabilities

As of December 31, 2014, the Company's total liabilities were Baht 637.44 Million, showing an increase of Baht 26.70 Million or by 4.37% from the end of 2013 due to payment made to trade creditors, property purchasing creditors and loan repayment to financial institutions. However, the Company withdrew additional overdraft loan and short term loan from financial institutions in amount of Baht 29.28 Million for the Company's working capital.

In some period, total liabilities may increase since the Company receives sales of goods and service in cash, whereas it gets credit term during 7 to 60 for payment of goods and service as well as investment in new site and renovation. Moreover, in some cases, the credit term could be extended. As a result, the Company had cash flow from operation amounted Baht 207.99 Million in 2014, decreased from Baht 299.18 Million in the same period of previous year, because of payment of goods and property for construction of branches, resulting in lower total liabilities. However, regarding EBITDA amounted Baht 223.54 Million and Baht 118.04 Million in 2013 and 2014 respectively the Company can manage its working capital in proper manner.

In 2014, the Company revised 2 items of accounting estimates which were employee benefits obligation based on the actuarial principles, resulting in the increase of liabilities regarding employee benefits obligation in amount of Baht 0.66 Million from 2013 and actuarial gain on defined employee benefits plan in amount of Baht 0.44 Million in other comprehensive income item. In addition, the Company reviewed accounting estimates relating to estimated liabilities from estimated decommissioning and restoration of location of closing branches when rental agreements were expired, increased from 2013 by Baht 25.70 Million. Such revision is consistent with financial reporting standards so that the Company's financial statement and operating results are more accurate and appropriate.

Revised accounting estimates as mentioned above and the Company's operating results below target affected the calculation of 2014 DE ratio and Debt Service Coverage Ratio (DSCR) which were 1.84 and 0.82 times, respectively. According to condition defined in loan agreements of 2 local commercial banks, the Company's DE ratio shall not exceed 1.5 to 1 and 2.0 to 1 and DSCR shall not exceed 1.2 to 1. In this regard, the Company has negotiated with the local commercial bank relating to not retaining financial ratios as determined. The Company still repays long term loan within the time specified in loan agreements.

Shareholders' equity

As of December 31, 2014, the shareholders' equity of the Company was Baht 347.34 Million, decreased Baht 62.14 Million or by 15.18% from previous year due to the operating result as explained above and dividend payment, according to the resolution of annual general meeting of shareholders for the year 2014, held on April 23, 2014, at rate of Baht 0.02 per share, totaling Baht 8.12 Million, with book closing date on May 7, 2014 and payment date on May 22, 2014.

Factors and Key Influence to the Operation and Financial Status in the Future

The changes on the economic

The changes on the economic have direct impact on the Company's income. If economic growth is slowing down or trend to slow down, it will affect the overall consumption of customers resulting in the decreases of number of customers using services at the Company's stores. This will be lower sales volume of each store as well as the Company's revenues.

In addition, the success of investment on new stores is dependent on the economic situation. At present, the investment on opening new branch is approximately Baht 7-9 million, comprising investment on renovation and improvement of rental space, decoration, cooking wares and equipment, rent guarantee according to rental agreement, etc. If the growth of the economy and the purchasing power of consumers are declined or not in line with forecasting, it may result in a decrease of return on investment or loss of investment fund, affecting the Company's financial position and operational results.

The fluctuation of raw material prices

Most of the raw materials are agricultural products such as meat, fruits, vegetables, and whole grains, etc. The quantity and prices of raw materials fluctuate according to season, variability of weather conditions, natural disasters, disease outbreaks of plants and animals, as well as the quantity of output releasing to the market, which are external and uncontrollable factors and has impact on the supply of raw materials at certain times. They also affect the cost of raw materials and the operation results of the Company.

The Company will carefully consider increasing prices of food pursuant to costs of raw materials and cannot suddenly rise the prices because most of raw material are agricultural products which are fluctuated almost every day. The Company, therefore, will consider raising its price of food when the prices of raw materials trend to increase steadily and compare with the market or competitors' prices in order to not have impact on its sales volume or overall customer bases. As the result, the Company may sometimes unavoidably take the burdens on high cost, which probably affects its performance.

Providing space for branches

The selection of right location is one of the successful factors for the growth of restaurant operations. The ability to procure location for new branch expansion and keeping the potential existing stores by renewal of the expired rental contracts are the significant factors on business operations. The Company aims to expand its branch every year to support the on-going growth of the market of restaurant business and customers' eating out behavior. Therefore, if the Company is unable to find targeted location to open new branches or renew the expired lease contracts, it may affect the Company's operations and sales increase plan for the Company's growth in the future.

However, the Company's types of restaurants differentiate from other entrepreneurs. Offering international buffet served on food bars as well as taste, quality and variety of food with reasonable prices make the Company's restaurants gain good response from the customers. A variety of brands which cover middle and high class customers also makes the Company enable to open its stores in the various classes of department stores, leading to procure location for new branch opening more easily. Moreover, the Company has strictly complied with the terms of lease contracts and renovates its branches to compete with other entrepreneurs. Hence, the Company's lease agreements have been renewed continually.

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

The Company's Board of Directors is aware of the duties and responsibilities, ensuring that the financial statements and any financial information which are disclosed in the Annual Report are accurate, complete and transparent. Such financial statements have been prepared in accordance with the Generally Accepted Accounting Principal (GAAP) in Thailand and appropriate and consistent accounting policies. The financial reports were carefully considered and prepared with sufficient information in the notes to the financial statements.

The Board of Directors has provided and maintained efficient internal control systems, ensuring that all accounting records are accurate, complete and sufficient to protect its assets, prevent fraud and materially irregular operations.

In this regard, the Board of Directors has appointed the Audit Committee, comprising 3 independent directors to review the quality of financial reports and internal control system. The opinion of the Audit Committee is given in its report which has already included in this Annual Report.

The Board of Directors agrees that the overall internal control systems are adequate and appropriate and gives rise to the reasonable confidence that the financial statements of the Company for the year end December 31, 2014 are reliable and in compliance with the generally accepted accounting standards as well as all relevant laws and regulations. The external auditor has audited the financial statements and issued an opinion on them in this Annual Report.



Chairman of the Board of Directors

(Mr. Metta Charuchinda)



Chief Executive Officer

(Mr. Sompon Roekwibunsi)

REPORT OF THE AUDITOR

To The Shareholders and Board of Directors of Hot Pot Public Company Limited

I have audited the accompanying financial statements of Hot Pot Public Company Limited, which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of 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

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hot Pot Public Company Limited as at December 31 2014, and financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards.



(Mr. Thanawat Piboonsawat)
Certified Public Accountant
Registration No. 6699

STATEMENT OF FINANCIAL POSITION

HOT POT PUBLIC COMPANY LIMITED AS AT DECEMBER 31, 2014

ASSETS

		Baht	
	Note	2014	2013
CURRENT ASSETS			
Cash and cash equivalents	5	23,182,730	55,092,746
Trade accounts receivable	6	3,253,204	3,298,673
Other accounts receivable	4	6,325,947	9,077,251
Inventories	7	64,194,907	53,927,779
Other current assets	8	30,458,404	38,173,243
TOTAL CURRENT ASSETS		127,415,192	159,569,692
NON-CURRENT ASSETS			
Fixed deposits pledged as collateral	13	1,500,000	-
Property, plant and equipment	9	642,578,349	651,143,026
Leasehold rights	10, 17	63,062,668	76,227,293
Intangible assets	11	6,899,462	7,923,131
Deferred tax assets	12	15,294,617	2,072,552
Refundable deposits and others	26	128,028,710	123,279,817
TOTAL NON-CURRENT ASSETS		857,363,806	860,645,819
TOTAL ASSETS		984,778,998	1,020,215,511

Notes to financial statements form an integral part of these statements

STATEMENT OF FINANCIAL POSITION (CONT.)

HOT POT PUBLIC COMPANY LIMITED
AS AT DECEMBER 31, 2014

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht	
	Note	2014	2013
CURRENT LIABILITIES			
Bank overdrafts and short-term loan from			
financial institutions	13	59,516,693	30,232,365
Trade accounts payable		165,852,611	171,100,373
Other accounts payable	4	151,866,264	91,015,008
Asset purchased payable		16,497,593	65,500,363
Current portion of long-term liabilities			
Liabilities under finance lease agreements	15	9,213,362	12,387,857
Long-term loan from other company	16	3,746,823	8,136,386
Long-term loan from financial institutions	17	89,649,094	112,000,000
Short-term loan from related parties	4, 14	24,920,000	-
Income tax payable		-	4,375,638
Revenue Department payable		6,800,888	6,866,641
Other current liabilities		5,379,376	2,987,380
TOTAL CURRENT LIABILITIES		533,442,704	504,602,011

Notes to financial statements form an integral part of these statements

STATEMENT OF FINANCIAL POSITION (CONT.)

HOT POT PUBLIC COMPANY LIMITED
AS AT DECEMBER 31, 2014

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht	
	Note	2014	2013
NON-CURRENT LIABILITIES			
Liabilities under finance lease agreements	15	6,278,028	14,857,589
Long-term loan from other company	16	-	3,746,823
Long-term loan from financial institutions	17	54,493,890	70,663,450
Employee's benefit obligations	18	4,825,160	4,169,651
Assets retirement obligation	19	38,400,695	12,698,282
TOTAL NON-CURRENT LIABILITIES		103,997,773	106,135,795
TOTAL LIABILITIES		637,440,477	610,737,806
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
406,000,000 ordinary shares of Baht 0.25 each		101,500,000	101,500,000
Issued and paid-up share capital			
406,000,000 ordinary shares of Baht 0.25 each		101,500,000	101,500,000
Share premium account		199,343,291	199,343,291
Retained earnings			
Appropriated			
Legal reserve	20	7,055,720	7,055,720
Unappropriated		39,439,510	101,578,694
TOTAL SHAREHOLDERS' EQUITY		347,338,521	409,477,705
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		984,778,998	1,020,215,511

Notes to financial statements form an integral part of these statements

STATEMENT OF COMPREHENSIVE INCOME

HOT POT PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2014

Baht

	Note	2014	2013
Revenues			
Revenues from sales		2,294,715,766	2,320,799,994
Other income		27,284,209	32,881,835
Total revenues		2,321,999,975	2,353,681,829
Expenses			
Cost of sales		1,054,873,498	1,046,522,274
Selling expenses		1,116,035,737	1,081,211,022
Administrative expenses	4	163,019,423	156,760,845
Other expense	9, 11, 27	40,449,028	3,668,829
Finance costs	4	15,512,136	11,477,042
Total expenses		2,389,889,822	2,299,640,012
Profit (loss) before income tax expenses (income)		(67,889,847)	54,041,817
Tax expenses (tax income)	22	(13,435,129)	11,265,399
Profit (loss) for the year		(54,454,718)	42,776,418
Other comprehensive income			
Acturial gain on defined employee benefit plans	18	544,418	-
Income tax relate to component of other comprehensive income	22	(108,884)	-
Other comprehensive income for the year, net of tax		435,534	-
Total comprehensive income (expenses) for the year		(54,019,184)	42,776,418
Earnings (loss) per share	24		
Basic earnings (loss) per share		(0.13)	0.11

Notes to financial statements form an integral part of these statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

HOT POT PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Issued and paid-up share capital	Share premium account	Retained earning		Total
				Legal reserve	Unappropriated	
Beginning balance, as at January 1, 2013		101,500,000	199,343,291	4,927,199	77,170,797	382,941,287
Legal reserve	20	-	-	2,128,521	(2,128,521)	-
Dividend	20	-	-	-	(16,240,000)	(16,240,000)
Comprehensive income for the year		-	-	-	42,776,418	42,776,418
Ending balance, as at December 31, 2013		101,500,000	199,343,291	7,055,720	101,578,694	409,477,705
Dividend	20	-	-	-	(8,120,000)	(8,120,000)
Total comprehensive income (expense) for the year		-	-	-	(54,454,718)	(54,454,718)
Profit (loss) for the year		-	-	-	-	-
Other comprehensive income, net of tax		-	-	-	-	-
Actuarial gain		-	-	-	435,534	435,534
Ending balance, as at December 31, 2014		101,500,000	199,343,291	7,055,720	39,439,510	347,338,521

Baht

Notes to financial statements form an integral part of these statements

STATEMENT OF CASH FLOWS

HOT POT PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2014

Baht

	2014	2013
Cash flows from operating activities		
Profit (loss) for the year	(54,454,718)	42,776,418
Adjustment to reconcile profit (loss) for the year to net cash provided by (used in) operating activities :-		
Bad debt	2,251	234,964
Allowance for doubtful account (reversal)	278,800	(291,206)
Depreciation and amortization	170,414,645	158,018,345
Loss from branches closing and renovation	28,634,281	3,668,829
Loss on fixed assets write off	369,259	874,582
(Gain) loss on fixed assets disposal	(20,015)	(910,384)
Loss from non-refundable rental guarantee	4,732,517	-
Gain from damage compensation from branch removing	-	(3,171,476)
Interest incomes	(42,800)	(131,676)
Employee's benefit expenses	1,410,867	994,711
Interest expenses	15,512,136	11,477,042
Tax expense (income)	(13,435,129)	11,265,399
Profit from operation before changes in operating assets and liabilities	153,402,094	224,805,548
(Increase) decrease in operating assets		
Trade accounts receivable	403,218	(274,028)
Inventories	(10,267,128)	(12,474,502)
Other accounts receivable and other current assets	11,344,133	15,097,253

Notes to financial statements form an integral part of these statements

STATEMENT OF CASH FLOWS (CONT.)

HOT POT PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2014

Baht

	2014	2013
Increase (decrease) in operating liabilities		
Trade accounts payable	(5,247,762)	45,467,946
Other accounts payable	60,851,256	34,268,341
Other current liabilities	2,326,243	265,875
Employee's benefit paid	(210,940)	-
Cash received from operating	212,601,114	307,156,433
Interest incomes received	42,800	131,676
Income tax paid	(4,653,178)	(8,110,160)
Net cash provided by operating activities	207,990,736	299,177,949
Cash flows from investing activities		
(Increase) decrease in fixed deposits pledged as collateral	(1,500,000)	-
Cash payments for plant and equipment acquisition	(137,742,700)	(241,466,080)
Cash receipts from equipment disposal	772,757	6,619,837
Cash payments for leasehold rights	-	(327,938)
Cash payments for intangible assets	(219,388)	(802,275)
Cash payments for refundable deposits and others	(9,481,410)	(11,273,288)
Cash payments for account payable-leasehold from financial institution	-	(19,656,354)
Cash payment to accounts payable for asset	(62,908,771)	-
Net cash used in investing activities	(211,079,512)	(266,906,098)

Notes to financial statements form an integral part of these statements

STATEMENT OF CASH FLOWS (CONT.)

HOT POT PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2014

Baht

	2014	2013
Cash flows from financing activities		
Increase (decrease) in bank overdrafts and short-term loan from financial institution	29,284,328	2,874,209
Cash payments for liabilities under finance lease agreements	(12,379,056)	(9,960,249)
Cash receipts from short-term loan from related parties	24,920,000	-
Cash receipts from long-term loan from other company	-	13,500,000
Cash payments for long-term loan from other company	(8,136,386)	(4,469,289)
Cash receipts from long-term loan from financial institution	69,479,534	90,767,003
Cash payments for long-term loan from financial institutions	(108,000,000)	(69,178,495)
Dividend paid	(8,120,000)	(16,240,000)
Interest expenses paid	(15,869,660)	(11,484,304)
Net cash used in financing activities	(28,821,240)	(4,191,125)
Net increase (decrease) in cash and cash equivalents	(31,910,016)	28,080,726
Cash and cash equivalents at beginning of year	55,092,746	27,012,020
Cash and cash equivalents at end of year	23,182,730	55,092,746
Supplementaly disclosures of cash flows information :		
The Company acquired fixed assets by means of		
Liabilities under finance lease contracts	625,000	14,983,738

Notes to financial statements form an integral part of these statements

NOTES TO THE FINANCIAL STATEMENTS

HOT POT PUBLIC COMPANY LIMITED DECEMBER 31, 2014

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited company on January 28, 2004.

The Company has changed its status to be public company limited for trading their shares on the Market for Alternation Investment (MAI). On July 6, 2011, the Company has registered the above resolution with the partner registrar.

The addresses of its registered office and factory are as follows:

Headquarter : 350 Ramintra Road, Tha-rang District, Bangkok, Bangkok 10230, Thailand.

Factory : 11/1 Moo 3, Liab Klong 7 Road, Bueng Kham Phroi, Lamlukka, Pathumthani 12150

(b) Nature of the Company's operations

The principal activity of the Company is to operate a restaurant business which comprises both a la carte and buffet menus. The main menu features Sukiyaki, Japanese food Japanese grilled food and Steak. In addition, the Company also distributes and produces finished foods and beverage to serve within its restaurant business.

As at December 31, 2014 and 2013, the Company has 144 and 153 branches nationwide, respectively.

	Branches	
	2014	2013
Number of branches		
Beginning balance	153	138
Currently opened	18	30
Currently closed	(27)	(15)
Ending balance	144	153

(c) Employees

As at December 31, 2014 and 2013, the Company has employees of 3,970 and 4,319, respectively.

The Company has the staff cost for the years ended December 31, 2014 and 2013, amount of Baht 500.82 million and Baht 473.85 million, respectively. The staff cost is consisted of salary, bonus, welfare, social security, compensation fund and provident fund, etc.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E. 2547 by complying with the financial reporting standards for Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E. 2543.

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

The financial statements in Thai language are the official statutory financial statement of the Company. The financial statements in English language have been translated from such financial statement in Thai language for the convenience of readers.

2.2 Accounting standards effective for using in current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the accounting standards and financial reporting standards revised 2012, and the new issued of accounting standards interpretations and financial reporting standards interpretations of which they are effective for using in the periods beginning on or after January 1, 2014, as follows.

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements

TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Web Site Costs

The management of the Company has assessed the effects of the above accounting standards, and believes that they do not have any significant impact on the financial statements for the current year.

2.3 The new and revised accounting standards are not yet effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards.

These new and revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2015 are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events After the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates And Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings Per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Assets

TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2014)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14 (revised 2014)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20 (revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

The new accounting standard which is effective for the fiscal year beginning on or after January 1, 2016 is as follows:

TFRS 4	Insurance Contracts
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The management of the Company is evaluating the impact of these new and revised accounting standards when they are initially applied.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues

Revenue excludes value added taxes and other output tax. Sales is recognised in the amount after deduction of trade discounts.

Revenue is recognised in the statement of comprehensive income 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.

Food and beverage and other service income are recognised when services and goods have been provided or transferred.

Revenue from sale material to franchise restaurant is recognized when delivered of goods to client.

Franchise income is recognized in the statement of comprehensive income over the agreement period.

Subsidized income is recognised in the statement of comprehensive income on the accrual basis according to the agreed content stated in the contract or over the agreement period.

Interest income is recognised as revenue for the period in the comprehensive income statement on the accrual basis.

3.2 Expenses

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease payments made.

Interest expenses and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

3.3 Cash and cash equivalents

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

3.4 Trade accounts receivable

Trade accounts receivable are stated at their invoice value less allowance for doubtful accounts (if any). Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally base on collection experiences and analysis of the debtor aging. Bad debts are written off when incurred.

3.5 Inventories

Raw materials, supplies and finished goods are stated at the lower of cost and net realizable value.

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

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

3.6 Property Plant and Equipment

Land is stated at cost without depreciation. Building, leasehold building improvements and equipment are stated at cost after deducted accumulated depreciation and allowance on impairment (if any).

Cost is recognized at the start when the assets are acquired including other direct costs that relate primarily to the provision of assets into their ready and intended to use state.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows :-

Leasehold building improvements	Upon the period of lease contracts
Factory building	10 - 30 years
Other structure	10 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years
Operating equipment	5 years

Construction in progress is not depreciated.

Operating equipment consisted of kitchen equipment and equipment using for operation service of each branch.

Gain or loss from disposal of property, plant and equipment is recognized as other income or other expense in the statement of comprehensive income when the assets are sold.

Cost of asset dismantlement, removal and restoration which are the Company's obligation have to be included as asset costs.

The depreciation charge has to be determined separately for each significant part of an asset.

The company reviews the residual value and useful life of an asset on consistency basis.

3.7 Leasehold rights

Leasehold rights are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

3.8 Intangible Assets

Software license, which has limited life, is stated at cost less accumulated amortization and impairment losses (if any).

Trademark is a recognizable name or special symbol that identifies products or services of the sellers and an individual identity which cannot be imitated. The Company has the trademark on Japanese style grilled or broiled service with unlimited useful life showing the fair value as at the acquisition date for zero Baht (0).

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each the statement of financial position date. The estimated useful lives are as follows:

Software licenses	5 and 10 years
Trademark	Unlimited useful life

3.9 Impairment of assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and when indicators of impairment are identified.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of comprehensive income 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 recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of comprehensive income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

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 amortization, if no impairment loss had been recognized.

3.10 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

3.11 Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

3.12 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund, compensation fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

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

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income a part of retained earnings.

3.13 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates of 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately. The Company reclassified deferred tax assets and deferred tax liabilities items in the financial statements for the year ended December 31, 2013 in order to conform to the presentation in the financial statements for the year 2014.

3.14 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of common shares or equivalent common shares outstanding during the year.

3.15 Using of accounting estimates

The preparation of financial statements in conformity with TAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3.16 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.17 Financial lease

Leases of assets that substantially transfer to the Company all the rewards and risks of ownership of assets and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

At the inception of a finance lease, the cost of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are charged to the current period operations by the effective rate of interest.

3.18 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

3.19 Financial instruments

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 25.

4. RELATED PARTY TRANSACTIONS

A portion of the Company's assets, liabilities, revenues, costs and expenses arose from transactions with related parties.

Types of relationship of related parties were as follows :

<u>Name of Company / individual</u>	<u>Type of business</u>	<u>Type of relationship</u>
Octopus Media Solutions Co., Ltd.	Multimedia	Shareholder as related person of shareholder and director
Ms. Sakuna Baicharoen	-	Shareholder and director
Mr. Sompon Roekwibunsi	-	Shareholder and director
Mr. Preecha Shunhachtchawan	-	Shareholder and director (until April 2013)
Mr. Somchai Roekwibunsi	-	Shareholder and director
Mr. Somboon Roekwibunsi	-	Shareholder
Ms. Unthika Roekwibunsi	-	Related person of shareholder and director

Balances as at December 31, 2014 and 2013 with the related parties consisted of:

	Baht	
	2014	2013
Other accounts receivable		
Ms. Unthika Roekwibunsi	-	750,000
Other accounts payable		
Octopus Media Solutions Co., Ltd	1,428,967	1,221,239
Short-term loan (see Note 14)		
Mr. Sompon Roekwibunsi	20,200,000	-
Mr. Somchai Roekwibunsi	4,720,000	-
	24,920,000	-
Accrued interest payable		
Mr. Sompon Roekwibunsi	38,423	-
Mr. Somchai Roekwibunsi	5,945	-
	44,368	-

Transactions for the years ended December 31, 2014 and 2013 with related parties were summarized as follows:

		Baht	
	Pricing Policy	2014	2013
Gain on sale of fixed assets Ms. Unthika Roekwibunsi	Market price	-	700,933
Administrative expenses Octopus Media Solutions Co., Ltd	The agreed contract price	7,109,314	3,584,724
Interest expense Mr. Sompon Roekwibunsi	1.725% per annum	38,423	-
Mr. Somchai Roekwibunsi	1.725% per annum	5,945	-
		44,368	-
Management benefit expenses Short-term employee's benefits		13,120,800	13,178,000
Post-employment benefits		145,619	94,888
		13,266,419	13,272,888

MANAGEMENT BENEFIT EXPENSES

Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the manager level.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were consisted of :

		Baht	
		2014	2013
Cash in hand		2,456,829	2,507,159
Cash at Banks	- current accounts	1,218,941	2,903,831
	- savings accounts	19,506,960	49,681,756
Total		23,182,730	55,092,746

Savings accounts earned interest rates at 0.30 - 0.625% per annum (In 2013 : 0.50 - 1.275% per annum).

6. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable were consisted of :

Baht

	2014	2013
Trade accounts receivable	3,392,653	3,795,871
<u>Less</u> Allowance for doubtful accounts	(139,449)	(497,198)
Trade accounts receivable - net	3,253,204	3,298,673

Transactions of allowance for doubtful accounts - accounts receivable are as follows :-

Baht

	2014	2013
Beginning balance	497,198	788,404
Addition	2,251	-
Bad debt	-	-
Reversal	(360,000)	(291,206)
Ending balance	139,449	497,198

Trade accounts receivable as at December 31, 2014 and 2013 classified by ages of account receivable consisted of :

Baht

	2014	2013
Not yet due	1,806,347	2,667,871
Over due :		
1 day to 30 days	310,211	245,096
31 day to 90 days	489,737	390,460
91 day to 365 days	649,158	3,804
Over 365 days	137,200	488,640
Total	3,392,653	3,795,871

7. INVENTORIES

Inventories were consisted of :

	Baht	
	2014	2013
Finished goods	61,555,793	49,966,925
Raw materials	2,639,114	3,960,854
Total	64,194,907	53,927,779

	Baht	
	2014	2013
Decline in value of inventory recognized as cost of goods sold for the years	8,887,174	6,569,324

8. OTHER CURRENT ASSETS

Other current assets were consisted of :

	Baht	
	2014	2013
Prepaid banner rental and other prepaid expenses	4,698,820	8,350,886
Undue input vat	6,531,234	4,645,670
Other supplies	4,646,381	5,197,640
Materials used in construction and branches	13,203,184	15,495,253
Income tax waiting for return	381,720	2,522,849
Other current assets	997,065	1,960,945
Total	30,458,404	38,173,243

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment were consisted of :

Baht

	Balance Dec. 31, 2013	Transactions during the year			Balance Dec. 31, 2014
		Additions	Disposal/ write-off	Transfer in/ (out)	
<u>Cost</u>					
Land	31,564,525	-	-	-	31,564,525
Factory building and other structure	59,146,851	2,324,084	-	-	61,470,935
Leasehold building improvement	458,527,511	142,061,201	(66,914,244)	81,771,816	615,446,284
Furniture, fixtures and office equipment	55,964,817	3,491,397	(2,379,353)	(3,065,967)	54,010,894
Operating equipment	501,447,409	36,686,026	(11,574,338)	(78,705,849)	447,853,248
Vehicles	49,318,750	170,000	(1,790,414)	-	47,698,336
Work in progress	5,298,870	152,273,703	-	(156,554,232)	1,018,341
Total	1,161,268,733	337,006,411	(82,658,349)	(156,554,232)	1,259,062,563
<u>Accumulated depreciation</u>					
Factory building and other structure	(11,518,723)	(3,131,477)	-	-	(14,650,200)
Leasehold building improvement	(137,017,781)	(79,757,946)	35,989,252	(70,740,088)	(251,526,563)
Furniture, fixtures and office equipment	(39,570,605)	(6,969,568)	2,229,000	2,885,627	(41,425,546)
Operating equipment	(299,759,463)	(58,287,420)	10,155,184	67,854,461	(280,037,238)
Vehicles	(22,259,135)	(7,860,552)	1,275,020	-	(28,844,667)
Total	(510,125,707)	(156,006,963)	49,648,456	-	(616,484,214)
Property, plant and equipment-net	651,143,026				642,578,349

	Balance Dec. 31, 2012	Transactions during the year			Balance Dec. 31, 2013
		Additions	Disposal/ write-off	Transfer in/ (out)	
<u>Cost</u>					
Land	31,564,525	-	-	-	31,564,525
Factory building and other structure	58,819,997	386,854	-	(60,000)	59,146,851
Leasehold building improvement	293,378,938	180,278,019	(15,134,376)	4,930	458,527,511
Furniture, fixtures and office equipment	53,496,203	6,554,388	(4,088,764)	2,990	55,964,817
Operating equipment	427,673,390	96,329,828	(22,607,889)	52,080	501,447,409
Vehicles	39,943,914	15,227,684	(5,852,848)	-	49,318,750
Assets in progress	11,190,997	291,215,034	-	(297,107,161)	5,298,870
Total	916,067,964	589,991,807	(47,683,877)	(297,107,161)	1,161,268,733
<u>Accumulated depreciation</u>					
Factory building and other structure	(8,554,834)	(3,023,888)	-	59,999	(11,518,723)
Leasehold building improvement	(86,278,810)	(61,207,137)	10,521,980	(53,814)	(137,017,781)
Furniture, fixtures and office equipment	(35,951,138)	(6,859,446)	3,240,763	(784)	(39,570,605)
Operating equipment	(260,149,756)	(59,726,396)	20,122,090	(5,401)	(299,759,463)
Vehicles	(20,702,962)	(7,005,165)	5,448,992	-	(22,259,135)
Total	(411,637,500)	(137,822,032)	39,333,825	-	(510,125,707)
Property, plant and equipment - net	504,430,464				651,143,026

	2014	2013
Depreciation for the years		
- cost of sale	8,349,808	7,723,512
- selling and administrative expenses	147,657,155	130,098,520
Total	156,006,963	137,822,032
Profit (loss) from branches closing and renovation	(28,634,281)	(3,668,826)
Gain (loss) on fixed assets write off	(369,259)	(874,582)
Gain (loss) on sale of fixed assets	20,015	910,384
Gain from damage compensation from branch removing	-	3,171,476

As at December 31, 2014 and 2013, the Company had leasehold building improvement, furniture, fixtures and office equipment, operating equipment and vehicles, which were fully depreciated but still in use with the cost price of Baht 298.52 million and Baht 268.13 million, respectively.

As at December 31, 2014 and 2013, the Company had land, factory building and other construction in the cost price of Baht 93.04 million and Baht 90.71 million, respectively, were used to guarantee the short-term and long-term credit facilities from a local financial institution (see Note 13 and 17).

As at December 31, 2014, the Company entered into asset insurance for branches, factory building, other structure, furniture and fixtures, office equipment and computers, inventories, machinery and control parts, internal systems, cold storage and vehicles. The beneficiary of these insured assets is the financial institution to secure for the loan, but the beneficiary of vehicles under hire-purchase agreements is the leasing company.

As at December 31, 2014 and 2013, the Company had vehicles, furniture, fixtures and office equipment and operating equipment under hire-purchase agreements with the net book value amounting to approximately Baht 23.80 million and Baht 34.10 million, respectively.

10. LEASEHOLD RIGHTS

Leasehold rights were consisted of :

Baht

	Balance Dec. 31, 2013	Transactions during the year		Balance Dec. 31, 2014
		Addition	Disposal / Write-off	
<u>Cost</u>				
Leasehold rights in space of restaurant	110,654,451	-	-	110,654,451
<u>Less</u> accumulated amortization				
Leasehold rights	(34,427,158)	(13,164,625)	-	(47,591,783)
Leasehold rights-net	<u>76,227,293</u>			<u>63,062,668</u>

Baht

	Balance Dec. 31, 2012	Transactions during the year		Balance Dec. 31, 2013
		Addition	Disposal / Write-off	
<u>Cost</u>				
Leasehold rights in space of restaurant	110,326,513	327,938	-	110,654,451
<u>Less</u> accumulated amortization				
Leasehold rights	(15,449,299)	(18,977,859)	-	(34,427,158)
Leasehold rights - net	<u>94,877,214</u>			<u>76,227,293</u>

	2014	2013
Amortization cost for the years - selling expenses	13,164,625	18,977,859

As at December 31, 2014 and 2013, leasehold rights on 8 Daidomon branches, which had book value in the amount of Baht 52.40 million and Baht 64.60 million respectively, were used to guarantee the credit limit from banks. (See Note 13 and 17)

11. INTANGIBLE A SET

Intangible asset were consisted of :

	Balance Dec. 31, 2013	Transactions during the year			Balance Dec. 31, 2014
		Addition	Disposal/ write-off	Transfer In (out)	
<u>Cost</u>					
Trademark	-	-	-	-	-
Software licenses	16,147,109	219,388	-	-	16,366,497
Software in progress	-	219,388	-	(219,388)	-
Total	16,147,109	438,776	-	(219,388)	16,366,497
<u>Less Accumulated amortization</u>					
Software licenses	(8,223,978)	(1,243,057)	-	-	(9,467,035)
Total	(8,223,978)	(1,243,057)	-	-	(9,467,035)
Intangible asset-net	7,923,131				6,899,462

	Balance Dec. 31, 2012	Transactions during the year			Balance Dec. 31, 2013
		Addition	Disposal/ write-off	Transfer In (out)	
<u>Cost</u>					
Trademark	-	-	-	-	-
Software licenses	15,358,334	802,275	(13,500)	-	16,147,109
Software in progress	-	802,275	-	(802,275)	-
Total	15,358,334	1,604,550	(13,500)	(802,275)	16,147,109
<u>Less Accumulated amortization</u>					
Software licenses	(7,019,021)	(1,218,454)	13,497	-	(8,223,978)
Total	(7,019,021)	(1,218,454)	13,497	-	(8,223,978)
Intangible asset - net	8,339,313				7,923,131

Baht

	2014	2013
Amortization cost for the years		
- cost of sale	17,525	16,037
- selling and administrative expenses	1,225,532	1,202,417
	<u>1,243,057</u>	<u>1,218,454</u>
Gain (loss) from branches closing and renovation	-	(3)

12. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2014 and 2013 were summarized as follows:

Baht

	Balance as at Dec. 31, 2013	Income (expenses) during the year		Balance as at Dec. 31, 2014
		In profit or loss	In other comprehen- sive income	
Deferred tax assets:				
Trade account receivables	99,440	(71,550)	-	27,890
Other accounts receivable	-	127,760	-	127,760
Accrued rental expense	774,453	(49,573)	-	724,880
Employee's benefit obligations	833,930	239,986	(108,884)	965,032
Assets retirement obligations	899,746	373,951	-	1,273,697
Unused tax losses	-	12,456,976	-	12,456,976
Total	<u>2,607,569</u>	<u>13,077,550</u>	<u>(108,884)</u>	<u>15,576,235</u>
Deferred tax liabilities:				
Prepaid expenses	156,080	74,500	-	81,580
Differences from the fair value adjustment of assets from acquiring Daidomon's business	378,937	178,899	-	200,038
Total	<u>535,017</u>	<u>253,399</u>	<u>-</u>	<u>281,618</u>
Deferred tax assets - net	<u>2,072,552</u>			<u>15,294,617</u>

	Balance as at Dec. 31, 2012	Income (expenses) during the year		Balance as at Dec. 31, 2013
		In profit or loss	In other comprehen- sive income	
Deferred tax assets:				
Trade account receivables	157,681	(58,241)	-	99,440
Accrued rental expense	546,403	228,050	-	774,453
Employee's benefits obligations	634,988	198,942	-	833,930
Assets retirement obligations	631,788	267,958	-	899,746
Total	1,970,860	636,709	-	2,607,569
Deferred tax liabilities:				
Prepaid expenses	189,989	33,909	-	156,080
Differences from the fair value adjustment of assets from acquiring Daidomon's business	928,718	549,781	-	378,937
Total	1,118,707	583,690	-	535,017
Deferred tax assets - net	852,153			2,072,552

13. BANK OVERDRAFTS AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loan from financial institution were consisted of :

Baht

	2014	2013
Bank overdrafts	29,516,693	30,232,365
Short-term loan in the form of promissory note	30,000,000	-
Total	59,516,693	30,232,365

As at December 31, 2014 and 2013, the Company had credit facilities with some domestic commercial banks under the total credit facilities of Baht 521.00 million and Baht 414.77 million, respectively, as follows:

Types of credit limit	Interest rate (% per annum)	As at December 31, 2014 (Million Baht)	As at December 31, 2013 (Million Baht)
(1) Bank overdrafts	MLR	60.00	55.00
(2) Short-term loan in the form of promissory note	6.75	30.00	-
(3) Bank guarantee	-	5.00	5.00
(4) Long-term loan (Note 17)	MLR - MLR-1.75	426.00	354.77
Total		521.00	414.77

The credit facilities are secured by a mortgage of land and buildings, the leaseholds right on 8 Daidomon branches, fixed deposits and the Company's. However, the bank overdraft amounting to Baht 30 million has no security.

14. SHORT-TERM LOAN FROM RELATED PARTIES

Changes in short-term loan from related parties for the years ended December 31, 2014 and 2013 were summarized as follows :

	Baht	
	2014	2013
Beginning balance	-	-
Additional loan during the year	24,920,000	-
Deduction from payment during the year	-	-
Ending balance	24,920,000	-

As at 31 December 2014, the Company has short-term loans from director in the form of promissory notes with a term of 1 year. The promissory note has interest rate at the rate of 1.725% per annum which is calculated from the average interest rate of a one-year fixed deposit of 4 commercial local banks.

15. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Liabilities under finance lease agreements consisted of :

	Baht	
	2014	2013
Liabilities under finance lease agreements	17,559,395	31,527,900
<u>Less</u> deferred interest	(933,015)	(2,286,408)
deferred vat	(1,134,990)	(1,996,046)
	15,491,390	27,245,446
<u>Less</u> current portion	(9,213,362)	(12,387,857)
Liabilities under finance lease agreements - net	6,278,028	14,857,589

Baht

	As at December 31, 2014				As at December 31, 2013			
	Principal	Deferred interest	Deferred vat	Total	Principal	Deferred interest	Deferred vat	Total
1 - 5 years	6,278,028	269,535	458,330	7,005,893	14,857,589	901,970	1,077,412	16,836,971
Over 5 years	-	-	-	-	-	-	-	-
Total	6,278,028	269,535	458,330	7,005,893	14,857,589	901,970	1,077,412	16,836,971

The Company has liabilities under the finance lease agreements which consist of several agreements to supply equipment, furnitures, fixtures and office equipment, equipment used in the operation and vehicles for operation with several local leasing companies.

15.1 Hire-purchase agreements

The Company has entered into hire-purchase agreements for the vehicles and office equipment with the total contract value amounting Baht 27.10 million. The rental is monthly due in 36 - 48 installments at Baht 0.58 million per month. Under the terms of the agreement, the Company is required to comply with the conditions and restrictions as set forth in the agreement. The ownership of the assets under this hire-purchase agreement will be transferred to the Company upon the final payment.

15.2 Lease agreements

The Company has entered into agreements to lease the equipment used in the operation in the form of finance lease with the total contract value amounting Baht 20.73 million. The rental is monthly due in 37 installments at Baht 0.57 million per month. Under the terms of the agreement, the Company is required to comply with the conditions and restrictions as set forth in the agreement. The Company, under the terms of the agreement, has an option to purchase the assets upon the expiry of the lease amounting Baht 0.19 million, and the Company must comply with certain conditions and restrictions as defined in the agreement.

16. LONG-TERM LOANS FROM OTHER COMPANY

Long-term loans from other company consisted of :

Baht

	2014	2013
Long-term loans from other company	3,746,823	11,883,209
Less current portion	(3,746,823)	(8,136,386)
Long-term loans - net	-	3,746,823

According to the memorandum between the Company and one landlord on the restaurant rental space including the profit sharing agreement, it was agreed for the lessor company to pay the equipment used in the operation of a restaurant branch in advance at Baht 4.0 million in 2012 and 9 branches at Baht 1.5 million per branch in 2013. The total advance payment received is Baht 17.5 million with the principal and fixed interest at 5 percent per annum. The loan amount Baht 4.0 million is due in 36 monthly installments at Baht 0.12 million per installment and it will be fully paid by 2014. The loan amount Baht 1.5 million is due in 24 monthly installments at Baht 0.59 million and it will be fully paid by 2015.

The Company has shown such advance transactions in the statement of financial position as long-term loan from other company.

17. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions consisted of :

Loan	Year	Amount Baht	Interest rate (%)	Monthly repayment schedule	Baht	
					2014	2013
1	2554	75,000,000	MLR - 1.50	Not less than Baht 2.00 million	11,270,000	35,270,000
2	2555	90,000,000	MLR	Not less than Baht 2.00 million	51,428,890	47,343,000
3	2555	30,000,000	MLR - 1.75	Not less than Baht 1.00 million	759,094	13,759,094
4	2555	50,000,000	MLR - 1.75	Not less than Baht 1.65 million	17,000,000	38,450,000
5	2556	70,000,000	MLR - 1.75	Not less than Baht 2.35 million	34,750,000	47,841,356
6	2557	58,000,000	MLR - 1.25	Not less than Baht 1.07 million	28,935,000	-
7	2557	53,000,000	MLR - 1.25	Not less than Baht 0.98 million	-	-
Total		426,000,000			144,142,984	182,663,450
(Less) Current portion					(89,649,094)	(112,000,000)
Long-term loans from financial institution - net					54,493,890	70,663,450

As at December 31, 2014 and 2013, the Company has long-term loan with domestic commercial banks as follows:

Long-term loan 1

On June 29, 2011, the Company entered into a loan agreement with a local financial institution in the amount of Baht 75,000,000. As at December 31, 2014, the Company had withdrawn the loan in the amount of Baht 72,270,000 with the interest rate at MLR-1.50%. As such, the Company had to repay the interest on a monthly basis in the first 6 months by starting the first payment on the first month of the loan withdrawal. After that the Company will repay the principal with the interest by repaying the principal in the first year at Baht 1,250,000 per month and at Baht 2,000,000 per month in the second year. The Company must repay the entire debt within 4 years from the date of the loan withdrawal.

Long-term loan 2

On April, 25, 2012, the Company entered into a loan agreement with a local financial institution at the amount of Baht 90,000,000. As at December 31, 2014, the Company had withdrawn the loan in the amount of Baht 83,428,890 with the interest rate at MLR. The Company had to repay only interest on a monthly basis in the first 7 months by starting the first payment on the first month of the loan withdrawal. Then the Company will repay the principal and interest by repaying at Baht 1,000,000 per month from period 1 to period 18, and at Baht 2,000,000 per month from period 19 to period 36. The Company will pay all debts within 5 years since the first month of withdrawal.

Long-term loans no. 1 and 2 had been secured by the mortgaging of lands, factory buildings and other construction of the Company. As such, the Company had to comply with other significant conditions as follows:

- 1) The Company has to maintain the debt to equity ratio in the rate not exceeding 1.5:1. Debt means total debts deduct with the loans from directors or shareholders, and equity means total equity combined with the loans from directors or shareholders.
- 2) The Company has to maintain debt service coverage ratio in the rate not less than 1.2:1.

Long-term loan 3

For the credit line of Baht 30,000,000 to purchase the operating assets from Daidomon Group Public Company Limited as at December 31, 2014, the Company had drawn down the loan amounting Baht 28,890,000 with interest rate at MLR-1.75%. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-35, the principal and interest shall be paid at Baht 1,000,000 per month and the remaining shall be fully settled in installment no. 36 (final installment).

Long-term loan 4

For the credit line of Baht 50,000,000 to acquire the leasehold of Daidomon restaurant from a financial institution, the Company had been withdrawn in the full amount with interest rate at MLR-1.75%. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-35, the principal shall be paid at Baht 1,650,000 per month and the remaining shall be fully settled in installment no. 36 (final installment).

Long-term loan 5

For the credit line of Baht 70,000,000 for the renovation of the acquired 14 branches of Daidomon restaurants, the Company had been withdrawn in the full amount with interest rate at MLR-1.75%. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-35, the principal shall be paid at Baht 2,350,000 per month and the remaining shall be fully settled in installment no. 36 (final installment).

Long-term loans no. 3, 4 and 5 are guaranteed by the transfer of leasehold in 8 branches which has the book value of Baht 52,403,160 and has been guaranteed by 2 directors of the company. According to the loan agreement, the Company has to comply with the significant conditions below.

- 1) Maintain the debt to equity ratio not over 2.0:1.
- 2) Maintain the debt service coverage ratio not less than 1.2:1.

Long-term loan 6

On December 23, 2014, the Company entered into a loan agreement with a local financial institution in the amount of Baht 58,000,000 for the branch expansion of Hot Pot restaurants. As at December 31, 2014, the Company had withdrawn the loan in the amount of Baht 28,935,000 with the interest rate in the first year at MLR-1.25% in the 2nd year at MLR-1.00% and in the 3rd - 5th years at MLR. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-59, the principal shall be paid at Baht 1,070,000 per month and the remaining shall be fully settled in installment no.60 (final installment).

Long-term loan 7

On December 23, 2014, the Company entered into a loan agreement with a local financial institution in the amount of Baht 53,000,000 for the branch expansion of restaurants by SIGNATURE STEAK LOFT. As at December 31, 2014, the Company still had not drawn out the loan with the interest rate in the first year at MLR-1.25% in the 2nd year at MLR-1.00% and in the 3rd - 5th years at MLR. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-59, the principal shall be paid at Baht 980,000 per month and the remaining shall be fully settled in installment no. 60 (final installment).

Long-term loans no.6 and 7 were secured by the mortgaging of lands, factory buildings, other construction of the Company and negative pledge. As such, the Company has to comply with other significant conditions as follows:

- 1) The Company has to maintain the debt to equity ratio at the rate not exceeding 1.5:1. (“Debt” means total debts which appear in the latest Revenue Department financial statements and “equity” means total equity that appears in the latest Revenue Department audited financial statements) unless otherwise deemed appropriate by the lender.
- 2) The Company has to maintain the debt service coverage ratio in the rate not less than 1.2:1.

For long-term loan limit 1, 2, 6 and 7, the Company has negotiated an extension for maintain certain financial ratios which a local commercial bank defined as conditions in the contract. If the ratio can not be held, however the Company is continue completely paying long-term loan liabilities as specified in the contract in all respects.

18. EMPLOYEE'S BENEFIT OBLIGATIONS

The statements of financial position as at December 31, 2014 and 2013 were as follows :

Baht

	2014	2013
Beginning balance defined benefit obligations	4,169,651	3,174,940
Benefits paid by the plan	(210,940)	-
Current service costs and interest	1,410,867	994,711
Actuarial gain	(544,418)	-
Ending balance defined benefit obligations	4,825,160	4,169,651

The statements of comprehensive income for the years ended December 31, 2014 and 2013 are as follows :

Baht

	2014	2013
Current service costs		
Cost of sales	79,876	13,439
Selling expenses	935,550	726,046
Administrative expenses	214,958	87,019
Directors and management benefit expenses	142,567	92,303
Total	1,372,951	918,807
Interest on obligation	37,916	75,904
Total	1,410,867	994,711

Principal actuarial assumptions at the reporting date for the year ended December 31, 2014 and 2013 are as follow :

Percentage

	2557	2556
Discount rate	2.3800	3.0745
Salary increase rate	4	4
Employee turnover rate	27 - 42	33 - 42
Mortality rate	-	-

19. ASSETS RETIREMENT OBLIGATION

Changes in assets retirement obligation for the years ended December 31, 2014 and 2013 were summarized as follows :

	Baht	
	2557	2556
Balance, beginning of year	12,698,282	12,253,517
Increase from provisions an interest	28,956,023	1,713,431
Decrease from assets retirement obligation	(3,253,610)	(1,268,666)
Balance, end of year	38,400,695	12,698,282

The provisions from assets retirement obligation of the Company had been estimated according to regulation under the lease required the Company to demolish and restore the area back to the same condition before returning the rental space to the lessor at the end of the lease. The calculation was based on wages, and necessary costs in demolition.

20. APPROPRIATED STATUTORY RESERVE

20.1 Legal reserve

Under the provision of the Public Limited Companies Act, the Company is required to set aside as statutory reserve at least 5% of its annual net income until the reserve reaches 10% of the authorized capital. The reserve is not available for dividend distribution.

20.2 Dividend

2014

According to the General Meeting of Shareholders for the year 2014 held on April 23, 2014, the board unanimously approved the Company to pay the dividend from profit for the 6 month period (from July to December 2013) at the rate of Baht 0.02 per share, in the total amount of Baht 8.12 million. The shareholders whose names appeared in the Share Register as at May 7, 2014 shall be entitled to receive the dividends. The Company paid the dividend on May 22, 2014.

2013

According to the Board of the Company's Director Meeting No. 4/2013, held on August 9, 2013, it has unanimously approved the interim dividend payment to the shareholders for the performance results of the first and second quarter of 2013, at the rate of Baht 0.04 per share, totaling Baht 16.24 million. The Company paid the interim dividend on September 9, 2013.

21. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and maintains the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2014 and 2013, the Company's debt to equity ratios are 1.84 : 1 and 1.49 : 1, respectively.

22. TAX EXPENSE (INCOME)

22.1 Major components of tax expense (income)

For the years ended December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Income tax expense (income) shown in profit or loss :		
Current tax expense:		
Income tax expense for the years	-	12,485,798
Any adjustments recognized in the year for current tax of previous years	(104,180)	-
Deferred tax expense (income):		
Changes in temporary differences relating to the original recognition and reversal	(13,330,949)	(1,220,399)
Total	(13,435,129)	11,265,399
Income tax relating to components of other comprehensive income :		
Deferred tax relating to :		
Actuarial gain	108,884	-
Total	108,884	-

22.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate.

For the years ended December 31, 2014 and 2013, which were summarized as follows:

Baht

	2014	2013
Accounting profit (loss) for the years	(67,889,847)	54,041,817
The applicable tax rate (%)	20%	20%
Tax expense (income) at the applicable tax rate	(13,577,969)	10,808,363
Any adjustments recognized in the year for current tax of previous years	(104,180)	-
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	255,196	514,059
Tax effect of income or profit that are not required in determining taxable profit:		
- Others	(8,176)	(57,023)
Total reconciliation items	247,020	457,036
Total tax expense (income)	(13,435,129)	11,265,399

22.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate.

For the years ended December 31, 2014 and 2013 were summarized as follows:

	2014		2013	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the years	(67,889,847)		54,041,817	
Tax expense (income) at the applicable tax rate	(13,577,969)	(20.00)	10,808,363	20.00
Corporate income tax expense of prior year	(104,180)	(0.15)	-	-
Reconciliation items	247,020	0.36	457,036	0.85
Tax expense (income) at the average effective tax rate	(13,435,129)	(19.79)	11,265,399	20.85

23. OPERATING SEGMENT

The Company operates in one main reportable operating segment which comprises the restaurant business in both a la carte and buffet menu featuring Sukiyaki Japanese and Steak menu. The Company's restaurant branches in single geographical area is Thailand. The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assess the performance of operating segment by using operating profit or loss, on a basis consistent with that used to assess operating profit or loss in the financial statements, therefore all the revenues, operating profits and assets as reflected in the financial statements are the reporting of the reportable operating segment.

24. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the years by the weighted average number of ordinary shares in issue during the years.

	2014	2013
Profit (loss) for the years (Baht)	(54,454,718)	42,776,418
Weighted average number of ordinary shares (Shares)	406,000,000	406,000,000
Basic earnings per share (Baht per share)	(0.13)	0.11

25. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Risks relating to significant financial instruments held by the Company and its risk management policy are summarized as follows :

Financial risk management for financial instruments

The Company manages its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company does not hold or issue any derivative financial instruments

Credit risk

The Company has no credit risk because it does not have a policy for credit sales. However, the Company uses a standard cash sale only. The trade accounts receivable outstanding as at the end of the period are receivables under franchise contracts and department store food court that payments are paid normally.

Interest rate risk

The Company is exposed to interest rate risk that relates primarily to deposit at financial institution, Bank overdrafts, long-term loans from related companies and loans from financial institutions. Since most of the Company's financial assets and financial liabilities carry floating interest rates or have fixed interest rates, which are close to the market rates, the interest rate risk is low.

As at December 2014 and 2013, the significant financial assets and financial liabilities classified by types of interest rates were as follows :

Baht

	As at December 31, 2014			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	23,182,730	-	-	23,182,730
Trade accounts receivable	-	-	3,253,204	3,253,204
Other accounts receivable	-	-	6,325,947	6,325,947
Refundable deposits and others	-	-	128,028,710	128,028,710
<u>Financial liabilities</u>				
Bank overdrafts and short-term loan from financial institutions	59,516,693	-	-	59,516,693
Trade accounts payable	-	-	165,852,611	165,852,611
Other accounts payable	-	-	151,866,264	151,866,264
Asset purchased payable	-	-	16,497,593	16,497,593
Short-term loan from related parties	-	24,920,000	-	24,920,000
Liability under finance lease agreements	-	15,491,390	-	15,491,390
Loan from other company	-	3,746,823	-	3,746,823
Loan from financial institutions	144,142,984	-	-	144,142,984

	As at December 31, 2013			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	55,092,746	-	-	55,092,746
Trade accounts receivable	-	-	3,298,673	3,298,673
Other accounts receivable	-	-	9,077,251	9,077,251
Refundable deposits and other	-	-	123,279,817	123,279,817
<u>Financial liabilities</u>				
Bank overdrafts	30,232,365	-	-	30,232,365
Trade account payable	-	-	171,100,373	171,100,373
Other accounts payable	-	-	91,015,008	91,015,008
Asset purchased payable	-	-	65,500,363	65,500,363
Liability under finance lease agreements	-	27,245,446	-	27,245,446
Loan from other company	-	11,883,209	-	11,883,209
Loan from financial institutions	182,663,450	-	-	182,663,450

Liquidity risk

Liquidity risk, or funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to their fair values.

The Company's financial assets comprises of cash, deposits at financial institutions, accounts receivable and refundable deposits which are liquid and able to sell at close to their fair values when the Company wishes to raise fund.

Foreign currency risk

The Company has no exposure to foreign currency risk because its major trade transactions and loans are not denominated in foreign currency. The main buying and selling transactions occur within the domestic country only. In addition, there are no assets and liabilities denominated in foreign currencies.

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices or discounted cash flow models.

The carrying values of financial assets and liabilities are approximate to their fair values except for liabilities under financial lease contract and long-term loans which their fair values cannot be calculated; accordingly, no disclosure is made.

26. COMMITMENT ON OPERATING LEASE AND SERVICE AGREEMENT

The Company entered into a lease and service agreement with a local company for its office use and with several department stores for restaurant branches. The agreement has a period of 3 - 6 years. The Company has to pay the monthly rental and service fees at Baht 26.84 million per month. It can renew the agreement upon the expiry of the agreement. Furthermore, some agreements require the Company to demolish and restore the area back to the same condition before returning the rental space to the lessor at the end of the lease.

As at December 31, 2014 and 2013, the Company had lease retention under the lease and service agreement above totaling Baht 128.03 million and Baht 123.28 million, respectively.

As at December 31, 2014 and 2013, the Company had commitment to pay the minimum rental and service fees under the building space lease and service agreement as follows:

	Baht	
	2014	2013
Payable within		
Not over 1 year	270,356,185	284,267,315
1 - 5 years	240,437,152	180,406,254
Over 5 years	60,252,647	58,632,000

27. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	Baht	
	2014	2013
Changes in inventories of finished goods and work in process	(11,588,868)	(11,299,251)
Raw materials and consumables used	1,043,634,527	1,035,373,517
Rental and service charge	329,494,580	301,830,901
Expenses employee	500,815,319	473,845,453
Depreciation and amortization	170,414,645	158,018,345
Advertising and promotion expenses	65,641,166	73,306,742
Other expense*	40,449,028	3,668,829

* Other expense were consisted of loss from branches closing and renovation, loss on fixed assets write of, loss on fixed assets disposal and loss from non-refundable rental guarantee.

28. CONTINGENT LIABILITIES

As at December 31, 2014 and 2013, the Company had the letter of guarantee issued by a financial institution to secure the purchase of goods and electricity in the amount of Baht 0.48 million and Baht 2.48 million, respectively.

29. RECLASSIFICATIONS OF TRANSACTION IN THE FINANCIAL STATEMENTS

The Company has reclassified certain accounts in the statement of financial position as at December 31, 2013 to conform which the presentation of the financial statements of this period which consisted of:

Baht

	Before Reclassification	Reclassification	After Reclassification
Statement of financial position			
Deferred tax assets	2,607,569	(535,017)	2,072,552
Deferred tax liabilities	535,017	(535,017)	-

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 26, 2015.

OUR BRANDS



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