President Bakery Public Company Limited
Report and financial statements
31 December 2014

Independent Auditor's Report

To the Shareholders of President Bakery Public Company Limited

I have audited the accompanying statement of financial position, in which the equity method is applied, of President Bakery Public Company Limited as at 31 December 2014, and the related statements of comprehensive income, changes in shareholders' equity and cash flows, in which the equity method is applied, for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of President Bakery Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 17 February 2015

President Bakery Public Company Limited

Statements of financial position

As at 31 December 2014

(Unit: Baht)

		Financial statements in which the equity method is applied		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Current assets					
Cash and cash equivalents	*6*	124,637,314	1,113,242,389	124,637,314	1,113,242,389
Short-term investments	*7*	1,674,345,443	156,541,393	1,674,345,443	156,541,393
Trade and other receivables	*8, 10*	791,151,793	759,600,209	791,151,793	759,600,209
Inventories	*9*	189,817,939	174,218,295	189,817,939	174,218,295
Other current assets		37,638,316	23,745,015	37,638,316	23,745,015
Total current assets		2,817,590,805	2,227,347,301	2,817,590,805	2,227,347,301
Non-current assets					
Investment in joint venture	*11*	21,846,258	19,473,070	5,850,000	5,850,000
Long-term investments	*12*	215,127,988	137,324,818	215,127,988	137,324,818
Other long-term investments	*13*	65,000,000	65,000,000	65,000,000	65,000,000
Property, plant and equipment	*14*	2,805,558,278	2,844,170,722	2,805,558,278	2,844,170,722
Advance payments for purchase of assets		1,651,453	1,839,496	1,651,453	1,839,496
Intangible assets	*15*	5,004,606	1,280,300	5,004,606	1,280,300
Leasehold rights	*16*	1,014,216	1,341,595	1,014,216	1,341,595
Deferred tax assets	*23*	7,686,810	5,865,136	7,686,810	5,865,136
Other non-current assets		8,827,134	5,989,180	8,827,134	5,989,180
Total non-current assets		3,131,716,743	3,082,284,317	3,115,720,485	3,068,661,247
Total assets		5,949,307,548	5,309,631,618	5,933,311,290	5,296,008,548

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

President Bakery Public Company Limited

Statements of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	*10, 17*	707,019,346	664,300,096	707,019,346	664,300,096
Current portion of liabilities under finance lease agreements	*10, 18*	86,372,911	79,618,323	86,372,911	79,618,323
Corporate income tax payable		62,502,598	42,124,464	62,502,598	42,124,464
Accrued expenses		183,582,835	176,037,810	183,582,835	176,037,810
Other current liabilities		27,927,974	26,154,963	27,927,974	26,154,963
Total current liabilities		1,067,405,664	988,235,656	1,067,405,664	988,235,656
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion	*10, 18*	89,374,696	91,979,414	89,374,696	91,979,414
Long-term loans from directors	*10, 19*	73,499,325	69,327,264	73,499,325	69,327,264
Long-term loans from employees	*19*	31,197,149	32,039,324	31,197,149	32,039,324
Provision for long-term employee benefits	*20*	59,252,748	45,837,370	59,252,748	45,837,370
Other non-current liabilities		2,091,038	1,445,117	2,091,038	1,445,117
Total non-current liabilities		255,414,956	240,628,489	255,414,956	240,628,489
Total liabilities		1,322,820,620	1,228,864,145	1,322,820,620	1,228,864,145

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

President Bakery Public Company Limited

Statements of financial position (continued)

As at 31 December 2014

(Unit: Baht)

		Financial statements in which the equity method is applied		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Shareholders' equity					
Share capital					
Registered					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Issued and fully paid-up					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Share premium		674,379,513	674,379,513	674,379,513	674,379,513
Retained earnings					
Appropriated - statutory reserve	*21*	45,000,000	45,000,000	45,000,000	45,000,000
Unappropriated		3,454,537,808	2,915,113,151	3,438,541,550	2,901,490,081
Other components of shareholders' equity		2,569,607	(3,725,191)	2,569,607	(3,725,191)
Total shareholders' equity		4,626,486,928	4,080,767,473	4,610,490,670	4,067,144,403
Total liabilities and shareholders' equity		5,949,307,548	5,309,631,618	5,933,311,290	5,296,008,548

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

Directors

President Bakery Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales		6,853,210,262	6,388,565,753	6,853,210,262	6,388,565,753
Interest income		46,461,962	31,135,480	46,461,962	31,135,480
Other income		14,498,501	20,450,372	15,668,501	22,263,872
Total revenues		6,914,170,725	6,440,151,605	6,915,340,725	6,441,965,105
Expenses	*22*				
Cost of sales		4,188,176,355	3,976,756,870	4,188,176,355	3,976,756,870
Selling expenses		962,956,510	860,722,539	962,956,510	860,722,539
Administrative expenses		601,927,325	574,509,043	601,927,325	574,509,043
Total expenses		5,753,060,190	5,411,988,452	5,753,060,190	5,411,988,452
Profit before share of profit from investment in joint venture, finance cost and income tax expenses		1,161,110,535	1,028,163,153	1,162,280,535	1,029,976,653
Share of profit from investment in joint venture	*11*	3,543,188	3,327,632	-	-
Profit before finance cost and income tax expenses		1,164,653,723	1,031,490,785	1,162,280,535	1,029,976,653
Finance cost		(13,833,585)	(14,537,624)	(13,833,585)	(14,537,624)
Profit before income tax expenses		1,150,820,138	1,016,953,161	1,148,446,950	1,015,439,029
Income tax expenses	*23*	(109,644,272)	(72,631,207)	(109,644,272)	(72,631,207)
Profit for the year		1,041,175,866	944,321,954	1,038,802,678	942,807,822
Other comprehensive income:					
Actuarial gain (losses)	*20*	(7,730,157)	9,517,539	(7,730,157)	9,517,539
Gain (loss) on changes in value of available-for-sale investments	*12*	7,868,498	(4,656,489)	7,868,498	(4,656,489)
Income tax relating to components of other comprehensive income	*23*	(594,752)	297,810	(594,752)	297,810
Other comprehensive income for the year		(456,411)	5,158,860	(456,411)	5,158,860
Total comprehensive income for the year		1,040,719,455	949,480,814	1,038,346,267	947,966,682
Earnings per share	*24*				
Basic earnings per share		2.31	2.10	2.31	2.10

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

President Bakery Public Company Limited

Statements of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

		Financial statements in which the equity method is applied						
						Other components of shareholders' equity		
						Other comprehensive income		
				Retained earnings		Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	
	Note	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated			Total
Balance as at 1 January 2013		450,000,000	674,379,513	45,000,000	2,398,407,146	-	-	3,567,786,659
Profit for the year		-	-	-	944,321,954	-	-	944,321,954
Other comprehensive income for the year		-	-	-	8,884,051	(3,725,191)	(3,725,191)	5,158,860
Total comprehensive income for the year		-	-	-	953,206,005	(3,725,191)	(3,725,191)	949,480,814
Dividend payment	*25*	-	-	-	(436,500,000)	-	-	(436,500,000)
Balance as at 31 December 2013		450,000,000	674,379,513	45,000,000	2,915,113,151	(3,725,191)	(3,725,191)	4,080,767,473
Balance as at 1 January 2014		450,000,000	674,379,513	45,000,000	2,915,113,151	(3,725,191)	(3,725,191)	4,080,767,473
Profit for the year		-	-	-	1,041,175,866	-	-	1,041,175,866
Other comprehensive income for the year		-	-	-	(6,751,209)	6,294,798	6,294,798	(456,411)
Total comprehensive income for the year		-	-	-	1,034,424,657	6,294,798	6,294,798	1,040,719,455
Dividend payment	*25*	-	-	-	(495,000,000)	-	-	(495,000,000)
Balance as at 31 December 2014		450,000,000	674,379,513	45,000,000	3,454,537,808	2,569,607	2,569,607	4,626,486,928

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

President Bakery Public Company Limited

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

		Separate financial statements						
						Other components of shareholders' equity		
						Other comprehensive income		
				Retained earnings		Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	
	Note	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated			Total
Balance as at 1 January 2013		450,000,000	674,379,513	45,000,000	2,386,298,208	-	-	3,555,677,721
Profit for the year		-	-	-	942,807,822	-	-	942,807,822
Other comprehensive income for the year		-	-	-	8,884,051	(3,725,191)	(3,725,191)	5,158,860
Total comprehensive income for the year		-	-	-	951,691,873	(3,725,191)	(3,725,191)	947,966,682
Dividend payment	*25*	-	-	-	(436,500,000)	-	-	(436,500,000)
Balance as at 31 December 2013		450,000,000	674,379,513	45,000,000	2,901,490,081	(3,725,191)	(3,725,191)	4,067,144,403
Balance as at 1 January 2014		450,000,000	674,379,513	45,000,000	2,901,490,081	(3,725,191)	(3,725,191)	4,067,144,403
Profit for the year		-	-	-	1,038,802,678	-	-	1,038,802,678
Other comprehensive income for the year		-	-	-	(6,751,209)	6,294,798	6,294,798	(456,411)
Total comprehensive income for the year		-	-	-	1,032,051,469	6,294,798	6,294,798	1,038,346,267
Dividend payment	*25*	-	-	-	(495,000,000)	-	-	(495,000,000)
Balance as at 31 December 2014		450,000,000	674,379,513	45,000,000	3,438,541,550	2,569,607	2,569,607	4,610,490,670

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

President Bakery Public Company Limited

Statements of cash flows

For the year ended 31 December 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	1,150,820,138	1,016,953,161	1,148,446,950	1,015,439,029
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	476,992,149	468,563,983	476,992,149	468,563,983
Allowance for doubtful accounts	10,354	-	10,354	-
Loss (gain) on disposals of property, plant and equipment	1,432,759	(7,875,512)	1,432,759	(7,875,512)
Share of profit from investment in joint venture	(3,543,188)	(3,327,632)	-	-
Loss (gain) on sales of investments	696,560	(6,425)	696,560	(6,425)
Unrealised loss on exchange	298,302	91,634	298,302	91,634
Provision for long-term employee benefits	10,008,131	11,204,455	10,008,131	11,204,455
Interest income	(46,461,962)	(31,135,480)	(46,461,962)	(31,135,480)
Dividend income from investments	(1,098,532)	-	(1,098,532)	-
Dividend income from joint venture	-	-	(1,170,000)	(1,813,500)
Interest expenses	11,598,096	12,599,702	11,598,096	12,599,702
Profit from operating activities before changes in operating assets and liabilities	1,600,752,807	1,467,067,886	1,600,752,807	1,467,067,886
Decrease (increase) in operating assets				
Trade and other receivables	(30,670,391)	(51,521,481)	(30,670,391)	(51,521,481)
Inventories	(15,599,644)	(19,027,050)	(15,599,644)	(19,027,050)
Other current assets	2,046,943	(4,627,122)	2,046,943	(4,627,122)
Other non-current assets	(3,042,645)	257,163	(3,042,645)	257,163
Increase (decrease) in operating liabilities				
Trade and other payables	4,825,511	65,053,141	4,825,511	65,053,141
Other current liabilities	6,389,773	8,272,448	6,389,773	8,272,448
Other non-current liabilities	645,921	175,248	645,921	175,248
Provision for long-term employee benefits	(4,322,910)	(4,004,975)	(4,322,910)	(4,004,975)
Cash from operating activities	1,561,025,365	1,461,645,258	1,561,025,365	1,461,645,258
Cash paid for interest expenses	(11,598,096)	(12,599,702)	(11,598,096)	(12,599,702)
Cash paid for income tax	(91,682,564)	(77,467,116)	(91,682,564)	(77,467,116)
Net cash from operating activities	1,457,744,705	1,371,578,440	1,457,744,705	1,371,578,440

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

President Bakery Public Company Limited

Statements of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Cash paid for purchases of investments	(2,002,323,602)	(884,015,848)	(2,002,323,602)	(884,015,848)
Cash paid for other long-term investments	-	(35,000,000)	-	(35,000,000)
Cash received from sales of investments	412,433,618	585,711,449	412,433,618	585,711,449
Acquisitions of property, plant and equipment	(318,141,411)	(297,409,367)	(318,141,411)	(297,409,367)
Proceeds from disposals of property, plant and equipment	3,656,306	8,783,453	3,656,306	8,783,453
Decrease in advance payments for purchase of assets	188,043	6,403,515	188,043	6,403,515
Increase in intangible assets	(4,378,173)	(1,087,073)	(4,378,173)	(1,087,073)
Interest income	31,258,124	24,370,613	31,258,124	24,370,613
Dividend income	2,245,752	1,813,500	2,245,752	1,813,500
Net cash used in investing activities	(1,875,061,343)	(590,429,758)	(1,875,061,343)	(590,429,758)
Cash from financing activities				
Decrease in liabilities under finance lease agreements	(79,618,323)	(84,228,742)	(79,618,323)	(84,228,742)
Increase (decrease) in long-term loans from directors	4,172,061	(22,060,551)	4,172,061	(22,060,551)
Decrease in long-term loans from employees	(842,175)	(21,344,520)	(842,175)	(21,344,520)
Dividend payments	(495,000,000)	(436,500,000)	(495,000,000)	(436,500,000)
Net cash used in financing activities	(571,288,437)	(564,133,813)	(571,288,437)	(564,133,813)
Net increase (decrease) in cash and cash equivalents	(988,605,075)	217,014,869	(988,605,075)	217,014,869
Cash and cash equivalents at beginning of year	1,113,242,389	896,227,520	1,113,242,389	896,227,520
Cash and cash equivalents at end of year (Note 6)	124,637,314	1,113,242,389	124,637,314	1,113,242,389
Supplementary disclosures of cash flows information				
Non-cash related transactions				
Purchases of equipment under financial lease agreements	83,768,193	80,256,935	83,768,193	80,256,935
Purchases of machinery and equipment which have not been paid	52,850,060	12,178,578	52,850,060	12,178,578

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

President Bakery Public Company Limited
Notes to financial statements
For the year ended 31 December 2014

1. General information

President Bakery Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholder of the Company is President Rice Products Public Company Limited, which is a public company incorporated in Thailand. The Company is principally engaged in the manufacture and sales of bakery products and its registered address is at 121/84-85, 29th Floor, RS Tower, Ratchadapisek Road, Dindaeng, Bangkok.

2. Basis of preparation

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

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

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

3. New financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits

TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

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

Accounting Standard Interpretations:

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

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

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

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

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

TAS 19 (revised 2014) Employee Benefits

This revised standard requires an entity to recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss. In addition, this revised standard also required the entity to recognise unvested past service costs immediately in profit or loss when the entity has a plan amendment at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised.

At present, the Company gradually recognises unvested past service costs in profit or loss. The assessment of the management of the Company is that when the revised standard is applied in 2015 and there is a change to immediately recognise those unvested past service costs in profit or loss, the Company will have to increase deferred tax assets and provision for long-term employee benefit liabilities by Baht 2.1 million and Baht 19.2 million, respectively, and decrease retained earnings by Baht 17.1 million.

TFRS 11 Joint Arrangements

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

The management of the Company believes that this standard will not have any impact on the Company's financial statements as the Company have already applied the equity method to an investment in a jointly controlled entity.

TFRS 12 Disclosure of Interests in Other Entities

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

TFRS 13 Fair Value Measurement

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable and allowance for doubtful accounts

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

4.4 Inventories

Inventories are valued at the lower of cost (under weighted average basis) and net realisable value. Cost of finished goods and work in process comprises all production costs and attributable factory overhead.

Raw and packing materials, spare parts and factory supplies are charged to production costs whenever consumed.

4.5 Investments

a) Investment in joint venture is accounted for in the financial statements in which the equity method is applied using the equity method.

b) Investment in joint venture is accounted for in the separate financial statements using the cost method.

c) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

d) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

e) Investments in other companies, which are non-marketable equity securities, are stated at cost. An allowance for impairment loss will be made when the net recoverable amount is lower than the cost of investment.

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment and depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives of assets, except for computer equipment acquired since 1 January 2002 calculated by double declining balance basis, as follows:

Buildings	-	10 - 20 years
Machinery and equipment	-	5 - 20 years
Computer equipment	-	3 - 5 years
Furniture and office equipment	-	5 years
Motor vehicles	-	5 years

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

Depreciation is included in determining income.

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

4.7 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life, except for computer software acquired since 1 January 2002 calculated by double declining balance basis, and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

	Useful lives
Computer software	5 years

4.8 Leasehold rights and amortisation

Land leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the lease period between 10 and 15 years.

The amortisation is included in determining income.

4.9 Related party transactions

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

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

4.10 Long-term leases

Finance leases

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

Operating leases

Leases, which a significant portion of the risks and rewards of ownership are not transferred to the lessee, are classified as operating leases. Operating lease payments are recognised as expenses in the profit or loss on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.11 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee 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 recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and death. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

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

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

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

The Company measures past service costs when a change in the liability results from an amendment to its defined benefit plan, and recognises these costs as expenses on a straight-line basis over the average period remaining until the benefits are vested. If the benefits vest immediately following the introduction of, or changes to, a defined benefit plan, past service costs are recognised immediately as expenses.

The defined benefits liability and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised past service cost.

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Property plant and equipment and depreciation

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

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that the Company will not suffer material losses (if any) from the case. Therefore, no contingent liabilities are recorded in the accounts.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	2014	2013
Cash	2,362	2,412
Bank deposits	120,996	499,802
Bank deposits (in private fund)	1,279	2,028
Bank of Thailand bond	-	285,000
Bills of exchange	-	324,000
Total	124,637	1,113,242

As at 31 December 2014, bank deposits in current and savings accounts, fixed deposits and bills of exchange carried interests between 0.13 and 2.00 percent per annum (2013: between 0.45 and 3.25 percent per annum).

7. Short-term investments

As at 31 December 2014 and 2013, short-term investments consisted of the following:

(Unit: Thousand Baht)

	2014	2013
6-month fixed deposits	450,010	-
7-month fixed deposits	270,000	-
Bills of exchange	860,000	-
Short-term investments in private fund (Note 12)	94,335	156,541
Total	1,674,345	156,541

As at 31 December 2014, fixed deposits and bills of exchange carried interests between 1.40 and 3.10 percent per annum.

8. Trade and other receivables

(Unit: Thousand Baht)

	2014	2013
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	458	491
Trade receivables - related parties	458	491
Trade receivables - unrelated parties		
Not yet due	456,887	440,360
Past due		
Up to 3 months	332,204	318,199
3 - 6 months	276	394
6 - 12 months	83	7
Over 12 months	54	-
Total trade receivables - unrelated parties	789,504	758,960
Less: Allowance for doubtful accounts	(107)	(97)
Total trade receivables - unrelated parties - net	789,397	758,863
Total trade receivables - net	789,855	759,354
Other receivables		
Other receivables - related party	60	143
Other receivables - unrelated parties	1,237	103
Total other receivables	1,297	246
Trade and other receivables - net	791,152	759,600

9. Inventories

(Unit: Thousand Baht)

	2014	2013
Finished goods	3,789	3,462
Work in process	4,812	4,997
Raw materials	90,305	73,598
Packaging materials	49,814	50,857
Spare parts and factory supplies	41,098	41,304
Total	189,818	174,218

10. Related party transactions

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

(Unit: Million Baht)

	2014	2013	Transfer pricing and lending policy
Transactions with related companies			
Purchases of goods	691.3	700.9	Agreed price which approximates the market price by reference to purchase volume
Rental expenses	1.2	1.2	At the rate stipulated in the agreement which approximates the market rate
Interest expenses under finance lease agreements	4.1	3.8	At the agreed rate in the agreement which approximates the market rate
Transactions with joint venture			
Sales of goods	4.7	4.5	Agreed price which approximates the market price
Service income	1.6	1.5	Agreed price which approximates the market price
Rental income	0.7	0.6	Agreed price which approximates the market price
Dividend income	1.2	1.8	At the declared rate
Transactions with related persons			
Interest expenses	2.3	2.6	Interest at the rate of 3.25% per annum (2013: 3.50% per annum)

The balances of accounts as at 31 December 2014 and 2013 between the Company and those related persons or parties are as follows:

(Unit: Thousand Baht)

	2014	2013
Trade and other receivables - related parties (Note 8)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	518	634
Total trade and other receivables - related parties	518	634
Trade and other payables - related parties (Note 17)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	175,690	177,828
Connected companies (related by connected directors)	16,561	14,024
Total trade and other payables	192,251	191,852

	2014	2013
Liabilities under finance lease agreements - related party (Note 18)		
Related company (related by having holding interest in the Company and by common shareholders and common directors)		
Liabilities under finance lease agreements	99,616	93,720
Less: Deferred interest expenses	(5,211)	(5,301)
Net	94,405	88,419
Less: Portion due within one year	(43,325)	(38,546)
Liabilities under finance lease agreements - related party - net	51,080	49,873
Long-term loans from directors	73,499	69,327

(Unit: Thousand Baht)

During the year, movements of long-term loans from directors (including interest payable) are as follows:

(Unit: Thousand Baht)

	Balance as at 1 January 2014	During the year Increase	During the year Decrease	Balance as at 31 December 2014
Long-term loans from directors	69,327	56,193	(52,021)	73,499

Directors' and management's remuneration

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

(Unit: Million Baht)

	2014	2013
Short-term employee benefits	53.6	57.9
Post-employment benefits and other long-term benefits	1.7	1.5
Total	55.3	59.4

11. Investment in joint venture

11.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of the investment are as follows:

Jointly controlled entity	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
		Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	21,846	19,473	5,850	5,850
Total investment in joint venture					21,846	19,473	5,850	5,850

In May 2008, the Company, together with a foreign company and a local company, jointly established President Green House Foods Company Limited to operate a Japanese restaurant. The Company had invested in 585,000 ordinary shares of this company at par value Baht 10 per share, amounting to Baht 5.85 million, or equivalent to 39% interest, and has treated this investment as investment in joint venture.

11.2 Share of profit and dividend received

During the years, the Company recognised its share of profit from investment in the joint venture in the financial statements in which the equity method is applied and dividend income in the separate financial statements in which cost method is applied as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Financial statements in which the equity method is applied: Share of profit from investment in joint venture during the year		Separate financial statements: Dividend received during the year	
	2014	2013	2014	2013
President Green House Foods Company Limited	3,543	3,327	1,170	1,813
Total	3,543	3,327	1,170	1,813

11.3 Summarised financial information of jointly controlled entity

The Company's proportionate share of the assets, liabilities, revenue and expenses of President Green House Foods Company Limited, according to proportion under joint venture agreement, is as follows:

(Unit: Million Baht)

	As at 31 December	
	2014	2013
Current assets	13.8	10.2
Non-current assets	14.4	19.7
Total assets	28.2	29.9
Current liabilities	(6.3)	(10.3)
Non-current liabilities	(0.1)	(0.1)
Total liabilities	(6.4)	(10.4)
Net assets	21.8	19.5

(Unit: Million Baht)

	For the years ended 31 December	
	2014	2013
Revenue	63.8	58.9
Cost of sales	(52.0)	(47.2)
Selling and administrative expenses	(7.5)	(7.3)
Profit before income tax expenses	4.3	4.4
Income tax expenses	(0.8)	(1.1)
Profit for the year	3.5	3.3

12. Investments in private fund

(Unit: Thousand Baht)

	31 December 2014		31 December 2013	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Fixed deposits at financial institutions				
7-month fixed deposits	-	-	45,000	45,000
10-month fixed deposits	-	-	60,000	60,000
12-month fixed deposits	30,000	30,000	-	-
15-month fixed deposit	70,000	70,000	30,000	30,000
Investments in fixed deposits at financial institutions	100,000	100,000	135,000	135,000
Available-for-sale securities				
Bank of Thailand bond	22,267	22,321	21,847	21,864
Local corporate bond	9,832	9,832	29,619	29,677
Corporate bonds, notes or debt instruments	133,196	134,945	70,349	70,700
Units of investments in local open-end fund	33	34	3,020	3,037
Local marketable equity instruments	40,923	42,331	38,688	33,588
Total	206,251	209,463	163,523	158,866
Add: Revaluation surplus (deficit) on changes in value of investments	3,212	-	(4,657)	-
Investments in available-for-sale securities	209,463	209,463	158,866	158,866
Total investments	309,463	309,463	293,866	293,866
Classified as:				
Short-term investments		94,335		156,541
Long-term investments		215,128		137,325
Total investments		309,463		293,866

Movements in the investments in private fund for the years ended 31 December 2014 and 2013 are summarised below.

(Unit: Thousand Baht)

	2014	2013
Balance at beginning of year	293,866	-
Purchases during the period - at cost		
Cash paid for investments	422,314	884,016
Payable for investment	150	-
Sales during the year - at cost		
Proceeds from sales	(412,433)	(585,711)
Receivable from sales	(892)	-
Loss on sales	(697)	6
Total	(414,022)	(585,705)
Discount (premium) on securities	(714)	212
Gain (loss) on changes in value of investments	7,869	(4,657)
Balance at end of year	309,463	293,866

The Company had set up a private fund managed by an asset management company for managing its investments with total value of Baht 300 million. During the current year, such asset management company invested in fixed deposits at financial institutions, common stocks of companies listed on the Stock Exchange of Thailand, open-end fund of an asset management company, Bank of Thailand bonds and corporate bonds, which carried interests between 2.22 and 4.65 percent per annum (2013: 2.58 and 4.25 percent per annum). These investments are classified as available-for-sale investments. During the year, the Company recognised return on such investments of Baht 17 million in profit or loss (2013: Baht 2.2 million).

As at 31 December 2014, the Company had assessed the fair value of available-for-sale securities by referring to the value quoted by the asset management company in which the fair value had increased by approximately Baht 7.9 million (2013: decreased by Baht 4.7 million). The change in the fair value of such securities is shown as other comprehensive income in the statement of comprehensive income.

13. Other long-term investments

Company's name	Nature of business	Paid up capital	Shareholding percentage		Investment value (cost)	
		Million Baht	2014 Percent	2013 Percent	2014 Thousand Baht	2013 Thousand Baht
President Flour Mills Co., Ltd.	Production and distribution of flour	600	10.0	10.0	60,000	60,000
Sahachol Foods Supplies Co., Ltd.	Foods exporter and manufacturer	200	2.5	2.5	5,000	5,000
Treasure Hill Co., Ltd.	Golf course service	200	1.0	1.0	2,000	2,000
Total					67,000	67,000
Less: Allowance for impairment of investment					(2,000)	(2,000)
Other long-term investments - net					65,000	65,000

On 28 April 2011, a meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 600,000 ordinary shares of President Flour Mills Company Limited at par value Baht 100 per share, amounting to Baht 60 million, or equivalent to 10% interest. The Company has treated this investment as other long-term investment. During the year 2013, the Company made the remaining share payment of Baht 30 million.

On 19 November 2013, a meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 50,000 ordinary shares of Sahachol Foods Supplies Company Limited at par value Baht 100 per share, amounting to Baht 5 million, or equivalent to 2.5% interest. The Company has treated this investment as other long-term investment. The Company already made total share payment of Baht 5 million in November 2013.

According to the financial statements for the year ended 31 December 2014 prepared by the management of Treasure Hill Co., Ltd., the net worth attributable to the Company's investment was approximately Baht 0.2 million (2013: Baht 0.2 million). However, the Company expects that this investment will not be recoverable and has set full allowance for impairment loss of such investment.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Building	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and assets under installation	Total
Cost							
1 January 2013	166,549	1,032,021	3,154,019	813,159	721,950	35,235	5,922,933
Additions	51,436	-	20,319	54,831	7,463	245,703	379,752
Transfers in (out)	-	-	105,971	34,606	76,093	(216,670)	-
Disposals	-	(685)	-	(12,179)	(24,903)	-	(37,767)
31 December 2013	217,985	1,031,336	3,280,309	890,417	780,603	64,268	6,264,918
Additions	59,185	74	4,748	40,503	16,204	321,569	442,283
Transfers in (out)	-	17,655	116,410	25,707	113,913	(273,685)	-
Disposals	-	(5,827)	(15,688)	(31,273)	(15,618)	-	(68,406)
31 December 2014	277,170	1,043,238	3,385,779	925,354	895,102	112,152	6,638,795
Accumulated depreciation							
1 January 2013	-	300,839	1,560,679	631,826	496,243	-	2,989,587
Depreciation for the year	-	49,365	254,744	82,686	81,223	-	468,018
Depreciation - disposals	-	(227)	-	(11,872)	(24,759)	-	(36,858)
31 December 2013	-	349,977	1,815,423	702,640	552,707	-	3,420,747
Depreciation for the year	-	49,528	251,631	80,553	94,094	-	475,806
Depreciation - disposals	-	(1,465)	(15,688)	(31,136)	(15,027)	-	(63,316)
31 December 2014	-	398,040	2,051,366	752,057	631,774	-	3,833,237
Net book value							
31 December 2013	217,985	681,359	1,464,886	187,777	227,896	64,268	2,844,171
31 December 2014	277,170	645,198	1,334,413	173,297	263,328	112,152	2,805,558
Depreciation for the year							
2013 (Baht 356 million included in manufacturing cost, and the balance included in selling and administrative expenses)							468,018
2014 (Baht 353 million included in manufacturing cost, and the balance included in selling and administrative expenses)							475,806

As at 31 December 2014, the Company has equipment and assets under installation acquired under finance lease agreements, with net book value amounting to Baht 252 million and Baht 10 million, respectively (2013: Baht 221 million and Baht 33 million, respectively).

As at 31 December 2014, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,808 million (2013: Baht 1,718 million).

15. Intangible assets

Details of intangible assets, which are computer software, are as follows:

(Unit: Thousand Baht)

	2014	2013
Cost		
Balance - beginning of year	12,736	11,649
Additions	4,378	1,087
Balance - end of year	17,114	12,736
Less: Accumulated amortisation	(12,110)	(11,456)
Net book value	5,004	1,280
Amortisation expenses included in the statements of comprehensive income	654	218

16. Leasehold rights

(Unit: Thousand Baht)

	2014	2013
Land leasehold rights	7,486	7,486
Less: Accumulated amortisation	(6,472)	(6,144)
Net book value	1,014	1,342
Amortisation expenses included in the statements of comprehensive income	328	327

17. Trade and other payables

(Unit: Thousand Baht)

	2014	2013
Trade payables - related parties	192,146	191,752
Trade payables - unrelated parties	384,474	366,780
Other payables - related party	105	100
Other payables - unrelated parties	80,457	93,574
Other payables for purchases of machinery and equipment	49,837	12,094
Total trade and other payables	707,019	664,300

18. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	31 December 2014		
	Related party	Unrelated parties	Total
Liabilities under finance lease agreements	99,616	85,494	185,110
Less: Deferred interest expenses	(5,211)	(4,151)	(9,362)
Net	94,405	81,343	175,748
Less: Portion due within one year	(43,325)	(43,048)	(86,373)
Liabilities under finance lease agreements - net of current portion	51,080	38,295	89,375

(Unit: Thousand Baht)

	31 December 2013		
	Related party	Unrelated parties	Total
Liabilities under finance lease agreements	93,720	87,742	181,462
Less: Deferred interest expenses	(5,301)	(4,563)	(9,864)
Net	88,419	83,179	171,598
Less: Portion due within one year	(38,546)	(41,072)	(79,618)
Liabilities under finance lease agreements - net of current portion	49,873	42,107	91,980

The Company has entered into the finance lease agreements with leasing companies for lease of motor vehicles for use in operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 years. Finance lease agreements are non-cancelable.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2014		
	Less than 1 year	1-3 years	Total
Future minimum lease payments	92.4	92.7	185.1
Deferred interest expenses	(6.1)	(3.3)	(9.4)
Present value of future minimum lease payments	86.3	89.4	175.7

(Unit: Million Baht)

	As at 31 December 2013		
	Less than 1 year	1-3 years	Total
Future minimum lease payments	85.9	95.6	181.5
Deferred interest expenses	(6.3)	(3.6)	(9.9)
Present value of future minimum lease payments	79.6	92.0	171.6

19. Long-term loans from directors and employees

The Company has received deposits from its directors and employees under its policy to promote staff deposits with the Company, for saving and to derive better returns from deposits and withdrawals than deposits with banks. Each director and employee has a passbook for such deposits and withdrawals. As at 31 December 2014, deposits bore interest at a rate of 3.25 percent per annum (2013: 3.50 percent per annum). The Company presents these deposits as non-current liabilities in the statements of financial position.

20. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 1 January 2013	43,747	4,408	48,155
Current service cost	5,324	1,140	6,464
Interest cost	3,015	184	3,199
Benefits paid during the year	(3,215)	(790)	(4,005)
Actuarial loss (gain)	(9,518)	534	(8,984)
Past service costs recognised during the year	1,008	-	1,008
Provision for long-term employee benefits as at 31 December 2013	40,361	5,476	45,837
Current service cost	4,519	999	5,518
Interest cost	3,018	196	3,214
Benefits paid during the year	(3,383)	(940)	(4,323)
Actuarial loss	7,730	268	7,998
Past service costs recognised during the year	1,008	-	1,008
Provision for long-term employee benefits as at 31 December 2014	53,253	5,999	59,252

During 2012, the Company amended its defined benefit plan, with additional benefits introduced, resulting in an increase of Baht 22.2 million in its liabilities related to past service costs. The Company recognises past service costs as an expense on a straight-line basis over the average period that employees will work until retirement. Past service cost expenses included in profit or loss for the year ended 31 December 2014 amounted to Baht 1 million (2013: Baht 1 million). As at 31 December 2014, the unrecognised past service costs remained at Baht 19.2 million (2013: Baht 20.2 million).

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

(Unit: Thousand Baht)

	2014	2013
Current service cost	5,518	6,464
Interest cost	3,214	3,199
Actuarial loss recognised during the year	268	534
Past service costs recognised during the year	1,008	1,008
Total expenses recognised in profit or loss	10,008	11,205
Line items in profit or loss under which such expenses are included		
Cost of sales	3,369	3,692
Selling and administrative expenses	6,639	7,513

As at 31 December 2014, cumulative actuarial losses (net of actuarial gains), which were recognised in other comprehensive income of the Company amounted to Baht 14.3 million (2013: Baht 6.6 million).

Key actuarial assumptions used for the valuation are as follows:

	2014	2013
	(% per annum)	(% per annum)
Discount rate (depending on category of employees and type of benefits)	2.66 - 4.12	3.80 - 4.82
Future salary increase rate (depending on category of employees)	5 - 7	5 - 7
Staff turnover rate (depending on age and category of employees)	12 - 50	12 - 51

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

(Unit: Thousand Baht)

	Defined benefit obligations			Experience adjustments on the obligations		
	Employee retirement benefits	Other long-term employee benefits	Total	Employee retirement benefits	Other long-term employee benefits	Total
Year 2014	53,253	5,999	59,252	5,654	94	5,748
Year 2013	40,361	5,476	45,837	3,628	997	4,625
Year 2012	43,747	4,408	48,155	8,040	(82)	7,958
Year 2011	30,256	3,720	33,976	-	-	-

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

22. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	2014	2013
Raw materials and consumables used	2,943,571	2,792,573
Changes in inventories of finished goods and work in process	(142)	(1,625)
Salaries and wages and other employee benefits	1,439,278	1,302,758
Depreciation and amortisation	476,992	468,564
Fuel and vehicle related expenses	292,696	281,147
Water and electricity expenses	175,032	157,251

23. Income tax

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

(Unit: Thousand Baht)

	2014	2013
Current income tax:		
Current income tax charge	112,060	73,199
Deferred tax:		
Relating to origination and reversal of temporary differences	(2,416)	(568)
Income tax expenses reported in the statements of comprehensive income	109,644	72,631

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

(Unit: Thousand Baht)

	2014	2013
Deferred tax relating to (gain) loss on changes in value of available-for-sale investments	(1,574)	931
Deferred tax relating to actuarial loss (gain)	979	(633)
	(595)	298

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2014 and 2013 is shown below.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax	1,150,820	1,016,953	1,148,447	1,015,439
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	230,164	203,391	229,689	203,088
Effects of:				
Promotional privileges (Note 26)	(116,612)	(128,435)	(116,612)	(128,435)
Non-deductible expenses	11,523	7,213	11,523	7,213
Additional expense deductions allowed	(14,502)	(8,872)	(14,502)	(8,872)
Income not subject to tax	(929)	(666)	(454)	(363)
Total	(120,520)	(130,760)	(120,045)	(130,457)
Income tax expenses reported in the statements of comprehensive income	109,644	72,631	109,644	72,631

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

(Unit: Thousand Baht)

	Statements of financial position	
	As at 31 December 2014	As at 31 December 2013
Deferred tax assets		
Accumulated depreciation - Plant and equipment	1,899	1,471
Provision for long-term employee benefits	6,430	3,463
Loss on changes in value of available-for-sale investments	-	931
Total	8,329	5,865
Deferred tax liabilities		
Gain on changes in value of available-for-sale investments	642	-
Total	642	-
Deferred tax assets - net	7,687	5,865

24. Earnings per share

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

	Financial statements in which the equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Profit for the year (Thousand Baht)	1,041,176	944,322	1,038,803	942,808
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	2.31	2.10	2.31	2.10

25. Dividend payments

During the years ended 31 December 2014 and 2013, the Company had dividend payments as follows:

	Approved by	Total dividends	Dividend per share	Paid on
		(Thousand Baht)	(Baht)	
For the year 2014				
Final dividend on retained earnings and 2013 profit	Annual General Meeting of the shareholders on 22 April 2014	270,000	0.60	21 May 2014
Interim dividend on retained earnings and 2014 profit for six-month period ended 30 June 2014	The meeting of the Company's Board of Directors no. 8/2014 on 19 August 2014	225,000	0.50	18 September 2014
Total dividend payments for 2014		495,000		
For the year 2013				
Final dividend on 2012 profit	Annual General Meeting of the shareholders on 23 April 2013	234,000	0.52	22 May 2013
Interim dividend on retained earnings and 2013 profit for six-month period ended 30 June 2013	The meeting of the Company's Board of Directors no. 8/2013 on 20 August 2013	202,500	0.45	19 September 2013
Total dividend payments for 2013		436,500		

26. Promotional privileges

The Company has received the promotional privileges from the Board of Investment under the Investment Promotion Act B.E. 2520 as follows:

Certificate No.	1973(3)/2550	1343(2)/2555	2218(2)/2557
Date	26 September 2007	22 March 2012	25 September 2014
1. Promotional privileges for	Manufacture of ready-made foods	Manufacture of bakery products	Manufacture of whole grain products
2. Significant privileges			
2.1 Exemption from import duty on approved machinery	Granted	Granted	Granted
2.2 Exemption from corporate income tax on net income from promoted operation (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the operations on which the corporate income tax is exempted throughout the corporate income tax exemption period	8 years (will expire on 2 June 2017)	8 years (not over 100 percent of investment excluding land and working capital)	8 years (not over 100 percent of investment excluding land and working capital)
2.3 Allowance to deduct operating loss incurred during the corporate income tax exemption period from net income incurred thereafter (after exemption period in 2.2)	5 years	5 years	5 years
2.4 Exemption from import duty on raw and essential materials imported for export manufacturing commencing as from the first import date	1 year	Not granted	Not granted
2.5 Exemption from import duty on goods imported for re-export commencing as from the first import date	1 year	Not granted	Not granted
3. Commencing date	3 June 2009	Not yet commenced	1 October 2014

Sales of the Company are derived from domestic sales which could be segregated between promoted and non-promoted operations as follows:

(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	2014	2013	2014	2013	2014	2013
Sales						
Domestic sales	3,162	4,297	3,691	2,091	6,853	6,388
Total sales	3,162	4,297	3,691	2,091	6,853	6,388

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by Thanachart Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company contributed Baht 22.9 million (2013: Baht 21.2 million) to the fund.

28. Operating segment information

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

The one main reportable operating segment of the Company is manufacture and sales of bakery products and the single geographical area of its operations is Thailand. The distribution channels are through wholesale, retail and export. The wholesale for the year ended 31 December 2014 amounted to approximately Baht 6,234 million, or 90.1% of total revenues (2013: Baht 5,859 million, or 91.0 % of total revenues). The Company's revenues were from a main local customer, representing about 41.0% of total revenues (2013: 42.1% of total revenues). Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2014, the Company had capital commitments in respect of construction and procurement agreements for production machinery and equipment of approximately Baht 25.1 million and JPY 10.2 million, totaling approximately Baht 27.9 million (2013: Baht 6.2 million), in which the delivery is scheduled from January 2015 to February 2016. Moreover, the joint venture had capital commitments of approximately Baht 0.1 million (2013: Baht 0.1 million), relating to the restaurant interior decoration and software development.

29.2 Operating lease commitments

The Company and joint venture have entered into several lease agreements in respect of the lease of land, office building space and related services. The terms of the agreements are generally between 1 and 15 years.

Future minimum lease and related service payments under these non-cancellable operating lease and service contracts were as follows:

(Unit: Million Baht)

	As at 31 December			
	The Company		Joint venture	
	2014	2013	2014	2013
Payable:				
Within 1 year	18.3	15.5	16.5	11.7
1 to 5 years	9.4	8.4	16.1	2.9

29.3 Long-term service commitments

The Company entered into a licensing agreement with an overseas company for a period of 1 year, commencing from 19 July 2001 to 18 July 2002. The agreement is automatically renewed for every 1 year. The Company is committed to pay license fee on the basis and at the rate as stipulated under the agreement. There was no fee payable under this agreement for the year 2014 (2013: Baht 0.2 million).

Moreover, the joint venture entered into license and technical assistance agreements with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the license agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the year 2014 amounted to approximately Baht 3.7 million (2013: Baht 3.4 million).

29.4 Long-term purchase commitments

The Company has commitments under natural gas purchase agreement for a period of 5 - 7 years. Under the agreement, the Company is committed to purchase natural gas at a minimum quantity at the price stipulated in the agreement.

No.	Period	Expired date	Average minimum quantity purchase
	(Years)		(Million BTU)
1.	7	30 November 2017	39,273 per annum
2.	5	30 December 2018	199 per day
3.	7	30 November 2020	23,385 per annum

29.5 Guarantees

As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 24.8 million (2013: Baht 23.4 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the Company's business. These included letters of guarantee amounting to Baht 20.8 million (2013: Baht 19.4 million) to guarantee electricity use, and Baht 4.0 million (2013: Baht 4.0 million) to guarantee contractual performance under the natural gas purchase agreement.

29.6 Litigation

As at 31 December 2014, the Company was sued for damages totaling approximately Baht 35.5 million in relation to traffic accidents.

The Court of First Instance ordered most of the cases, with claims totaling approximately Baht 30 million, be temporarily struck, to await the final judgment in a criminal case. The criminal case is currently being considered by the Supreme Court.

For the other case, with a claim of approximately Baht 5.5 million, the Appeal Court issued an order upholding the judgment of the Court of First Instance, and ordered the Company and other co-defendants to pay damages of approximately Baht 2.1 million. However, the Company filed an appeal and this is currently being considered by the Supreme Court.

The Company has insurance that will partly cover losses arising from such claims and the management of the Company believes that it will not suffer any material losses as a result of this litigation. Therefore, the Company has not set aside provision for the contingent liability in the accounts.

30. Financial instruments

30.1 Financial risk management

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

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable in the normal course of business. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the majority of sales are supplied to credit worthy customers. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

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

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

	As at 31 December 2014					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Million Baht					(% p.a.)
Financial assets						
Cash and cash equivalents	49	-	65	11	125	0.13 - 2.00
Short-term investments	1,674	-	-	-	1,674	1.40 - 4.65
Trade and other receivables	-	-	-	791	791	-
Long-term investments	-	173	-	42	215	2.22 - 4.28
	1,723	173	65	844	2,805	
Financial liabilities						
Trade and other payables	-	-	-	707	707	-
Liabilities under finance lease agreements	86	90	-	-	176	4.15 - 5.11
Long-term loans from directors/employees	105	-	-	-	105	3.25
	191	90	-	707	988	

	As at 31 December 2013					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Million Baht					(% p.a.)
Financial assets						
Cash and cash equivalents	1,009	-	86	18	1,113	0.45 - 3.25
Short-term investments	134	-	22	-	156	2.58 - 3.45
Trade and other receivables	-	-	-	760	760	-
Long-term investments	-	101	-	36	137	3.32 - 4.25
	1,143	101	108	814	2,166	
Financial liabilities						
Trade and other payables	-	-	-	664	664	-
Liabilities under finance lease agreements	80	92	-	-	172	4.55 - 5.21
Long-term loans from directors/employees	101	-	-	-	101	3.50
	181	92	-	664	937	

Foreign currency risk

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

The balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2014	2013	2014	2013
	(Thousand)	(Thousand)	(Baht per foreign currency unit)	
Japanese Yen	88,616	10,919	0.2765	0.3159
US dollar	1,237	897	33.1132	32.9494
Euro	11	11	40.3552	45.3223
Pound sterling	-	3	-	54.2572

The outstanding forward exchange contracts are summarised below.

As at 31 December 2014

Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per foreign currency unit)	
Japanese Yen	68.58	0.2749 - 0.2869	5 January - 2 March 2015
US dollar	0.46	32.8750 - 33.0140	5 January - 3 February 2015

As at 31 December 2013

Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per foreign currency unit)	
Japanese Yen	9.26	0.3128 - 0.3182	3 January - 11 February 2014
US dollar	0.51	32.0390 - 32.2800	6 January - 3 March 2014

30.2 Fair values of financial instruments

Since the majority of the Company's financial assets and liabilities are short-term in nature or bear interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

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

31. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2014, the Company's debt-to-equity ratio was 0.3:1 (2013: 0.3:1).

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2015.