

# BACHELOR of ECONOMICS



**Thammasat University  
Faculty of Economics  
Bachelor of Economics (International Program)**

## AC201 Fundamental Accounting

Semester 2/2016

### Course Package 01

**Topic:**

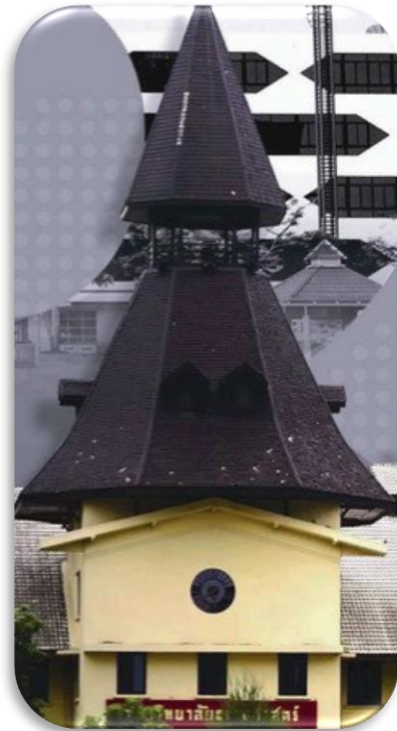
Financial Statements of  
President Bakery PCL  
for the Year Ended  
December 31, 2015

**Session:**

Session 01

**Instructor:**

Assistant Professor  
Dr. Orapan Yolrabil



President Bakery Public Company Limited  
Report and financial statements  
31 December 2015

## **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 2015, 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 2015, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

**Emphasis of Matter**

I draw attention to Note 3 to the financial statements regarding the change in accounting policy due to the adoption of TAS 19 (revised 2014) Employee Benefits. The Company has restated the financial statements, in which the equity method is applied, and the separate financial statements for the year ended 31 December 2014, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the statement of financial position, in which the equity method is applied, and the separate statement of financial position as at 1 January 2014 as comparative information, using the newly adopted accounting policy for employee benefits. My opinion is not qualified in respect of this matter.

Kamontip Lertwitworatep  
Certified Public Accountant (Thailand) No. 4377

EY Office Limited  
Bangkok: 16 February 2016

**President Bakery Public Company Limited**

**Statements of financial position**

**As at 31 December 2015**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2015	31 December 2014 (Restated)	1 January 2014	31 December 2015	31 December 2014 (Restated)	1 January 2014
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	303,941,872	124,637,314	1,113,242,389	303,941,872	124,637,314	1,113,242,389
Short-term investments	8	1,536,908,376	1,674,345,443	156,541,393	1,536,908,376	1,674,345,443	156,541,393
Trade and other receivables	9, 11	883,744,599	791,151,793	759,600,209	883,744,599	791,151,793	759,600,209
Inventories	10	189,602,004	189,817,939	174,218,295	189,602,004	189,817,939	174,218,295
Other current assets		33,837,593	37,638,316	23,745,015	33,837,593	37,638,316	23,745,015
<b>Total current assets</b>		<b>2,948,034,444</b>	<b>2,817,590,805</b>	<b>2,227,347,301</b>	<b>2,948,034,444</b>	<b>2,817,590,805</b>	<b>2,227,347,301</b>
<b>Non-current assets</b>							
Restricted bank deposit	30.5	36,348,041	-	-	36,348,041	-	-
Investment in joint venture	12	23,477,776	21,846,258	19,473,070	5,850,000	5,850,000	5,850,000
Long-term investments	13	605,887,583	215,127,988	137,324,818	605,887,583	215,127,988	137,324,818
Other long-term investments	14	60,000,000	65,000,000	65,000,000	60,000,000	65,000,000	65,000,000
Property, plant and equipment	15	2,920,235,641	2,805,558,278	2,844,170,722	2,920,235,641	2,805,558,278	2,844,170,722
Advance payments for purchase of assets		101,842,862	1,651,453	1,839,496	101,842,862	1,651,453	1,839,496
Intangible assets	16	7,044,958	5,004,606	1,280,300	7,044,958	5,004,606	1,280,300
Leasehold rights	17	686,837	1,014,216	1,341,595	686,837	1,014,216	1,341,595
Deferred tax assets	24	12,382,285	9,624,552	7,912,236	12,382,285	9,624,552	7,912,236
Other non-current assets		8,616,596	8,827,134	5,989,180	8,616,596	8,827,134	5,989,180
<b>Total non-current assets</b>		<b>3,776,522,579</b>	<b>3,133,654,485</b>	<b>3,084,331,417</b>	<b>3,758,894,803</b>	<b>3,117,658,227</b>	<b>3,070,708,347</b>
<b>Total assets</b>		<b>6,724,557,023</b>	<b>5,951,245,290</b>	<b>5,311,678,718</b>	<b>6,706,929,247</b>	<b>5,935,249,032</b>	<b>5,298,055,648</b>

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 2015**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2015	31 December 2014 (Restated)	1 January 2014	31 December 2015	31 December 2014 (Restated)	1 January 2014
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Trade and other payables	11, 18	725,475,160	707,019,346	664,300,096	725,475,160	707,019,346	664,300,096
Current portion of liabilities under finance lease agreements	11, 19	73,463,082	86,372,911	79,618,323	73,463,082	86,372,911	79,618,323
Corporate income tax payable		78,782,797	62,502,598	42,124,464	78,782,797	62,502,598	42,124,464
Accrued expenses		219,679,093	183,582,835	176,037,810	219,679,093	183,582,835	176,037,810
Other current liabilities		38,436,559	27,927,974	26,154,963	38,436,559	27,927,974	26,154,963
<b>Total current liabilities</b>		<b>1,135,836,691</b>	<b>1,067,405,664</b>	<b>988,235,656</b>	<b>1,135,836,691</b>	<b>1,067,405,664</b>	<b>988,235,656</b>
<b>Non-current liabilities</b>							
Liabilities under finance lease agreements - net of current portion	11, 19	70,641,582	89,374,696	91,979,414	70,641,582	89,374,696	91,979,414
Long-term loans from directors	11, 20	76,986,116	73,499,325	69,327,264	76,986,116	73,499,325	69,327,264
Long-term loans from employees	20	34,004,615	31,197,149	32,039,324	34,004,615	31,197,149	32,039,324
Provision for long-term employee benefits	21	79,138,956	78,423,128	66,015,474	79,138,956	78,423,128	66,015,474
Other non-current liabilities		2,248,690	2,091,038	1,445,117	2,248,690	2,091,038	1,445,117
<b>Total non-current liabilities</b>		<b>263,019,959</b>	<b>274,585,336</b>	<b>260,806,593</b>	<b>263,019,959</b>	<b>274,585,336</b>	<b>260,806,593</b>
<b>Total liabilities</b>		<b>1,398,856,650</b>	<b>1,341,991,000</b>	<b>1,249,042,249</b>	<b>1,398,856,650</b>	<b>1,341,991,000</b>	<b>1,249,042,249</b>

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 2015**

(Unit: Baht)

	Financial statements in which the equity method is applied			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	<u>Note</u> <u>31 December 2015</u>	<u>31 December 2014</u> (Restated)	<u>1 January 2014</u>	<u>31 December 2015</u>	<u>31 December 2014</u> (Restated)	<u>1 January 2014</u>
<b>Shareholders' equity</b>						
Share capital						
Registered						
450,000,000 ordinary shares of Baht 1 each	<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>
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	450,000,000	450,000,000
Share premium	674,379,513	674,379,513	674,379,513	674,379,513	674,379,513	674,379,513
Retained earnings						
Appropriated - statutory reserve	22 45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Unappropriated	4,161,082,100	3,437,305,170	2,896,982,147	4,143,454,324	3,421,308,912	2,883,359,077
Other components of shareholders' equity	<u>(4,761,240)</u>	<u>2,569,607</u>	<u>(3,725,191)</u>	<u>(4,761,240)</u>	<u>2,569,607</u>	<u>(3,725,191)</u>
<b>Total shareholders' equity</b>	<u>5,325,700,373</u>	<u>4,609,254,290</u>	<u>4,062,636,469</u>	<u>5,308,072,597</u>	<u>4,593,258,032</u>	<u>4,049,013,399</u>
<b>Total liabilities and shareholders' equity</b>	<u>6,724,557,023</u>	<u>5,951,245,290</u>	<u>5,311,678,718</u>	<u>6,706,929,247</u>	<u>5,935,249,032</u>	<u>5,298,055,648</u>

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 2015**

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2015	2014 (Restated)	2015	2014 (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		7,346,829,616	6,853,210,262	7,346,829,616	6,853,210,262
Interest income		49,600,072	46,461,962	49,600,072	46,461,962
Other income		19,374,486	14,498,501	20,602,986	15,668,501
<b>Total revenues</b>		<u>7,415,804,174</u>	<u>6,914,170,725</u>	<u>7,417,032,674</u>	<u>6,915,340,725</u>
<b>Expenses</b>					
Cost of sales	23	4,320,864,306	4,188,176,355	4,320,864,306	4,188,176,355
Selling expenses		972,819,547	962,956,510	972,819,547	962,956,510
Administrative expenses		672,113,043	600,919,601	672,113,043	600,919,601
<b>Total expenses</b>		<u>5,965,796,896</u>	<u>5,752,052,466</u>	<u>5,965,796,896</u>	<u>5,752,052,466</u>
<b>Profit before share of profit from investment in joint venture, finance cost and income tax expenses</b>		1,450,007,278	1,162,118,259	1,451,235,778	1,163,288,259
Share of profit from investment in joint venture	12	2,757,378	3,543,188	-	-
<b>Profit before finance cost and income tax expenses</b>		1,452,764,656	1,165,661,447	1,451,235,778	1,163,288,259
Finance cost		(12,692,286)	(13,833,585)	(12,692,286)	(13,833,585)
<b>Profit before income tax expenses</b>		1,440,072,370	1,151,827,862	1,438,543,492	1,149,454,674
Income tax expenses	24	(135,411,110)	(109,753,630)	(135,411,110)	(109,753,630)
<b>Profit for the year</b>		<u>1,304,661,260</u>	<u>1,042,074,232</u>	<u>1,303,132,382</u>	<u>1,039,701,044</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments - net of income tax	13	(7,330,847)	6,294,798	(7,330,847)	6,294,798
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(7,330,847)	6,294,798	(7,330,847)	6,294,798
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses - net of income tax	21	(4,986,970)	(6,751,209)	(4,986,970)	(6,751,209)
Share of actuarial gain of joint venture - net of income tax	12	102,640	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(4,884,330)	(6,751,209)	(4,986,970)	(6,751,209)
<b>Other comprehensive income for the year</b>		<u>(12,215,177)</u>	<u>(456,411)</u>	<u>(12,317,817)</u>	<u>(456,411)</u>
<b>Total comprehensive income for the year</b>		<u>1,292,446,083</u>	<u>1,041,617,821</u>	<u>1,290,814,565</u>	<u>1,039,244,633</u>
<b>Earnings per share</b>					
Basic earnings per share	25	<u>2.90</u>	<u>2.32</u>	<u>2.90</u>	<u>2.31</u>

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 2015**

(Unit: Baht)

Financial statements in which the equity method is applied							
Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total
			Appropriated - statutory reserve	Unappropriated	Other comprehensive	Total other components of shareholders' equity	
					income		
<b>Balance as at 31 December 2013 - as previously reported</b>	450,000,000	674,379,513	45,000,000	2,915,113,151	(3,725,191)	(3,725,191)	4,080,767,473
Cumulative effect of change in accounting policy for employee benefits	-	-	-	(18,131,004)	-	-	(18,131,004)
<b>Balance as at 31 December 2013 - as restated</b>	450,000,000	674,379,513	45,000,000	2,896,982,147	(3,725,191)	(3,725,191)	4,062,636,469
Profit for the year (restated)	-	-	-	1,042,074,232	-	-	1,042,074,232
Other comprehensive income for the year	-	-	-	(6,751,209)	6,294,798	6,294,798	(456,411)
Total comprehensive income for the year	-	-	-	1,035,323,023	6,294,798	6,294,798	1,041,617,821
Dividend payment	-	-	-	(495,000,000)	-	-	(495,000,000)
<b>Balance as at 31 December 2014</b>	450,000,000	674,379,513	45,000,000	3,437,305,170	2,569,607	2,569,607	4,609,254,290
<b>Balance as at 31 December 2014 - as previously reported</b>	450,000,000	674,379,513	45,000,000	3,454,537,808	2,569,607	2,569,607	4,626,486,928
Cumulative effect of change in accounting policy for employee benefits	-	-	-	(17,232,638)	-	-	(17,232,638)
<b>Balance as at 31 December 2014 - as restated</b>	450,000,000	674,379,513	45,000,000	3,437,305,170	2,569,607	2,569,607	4,609,254,290
Profit for the year	-	-	-	1,304,661,260	-	-	1,304,661,260
Other comprehensive income for the year	-	-	-	(4,884,330)	(7,330,847)	(7,330,847)	(12,215,177)
Total comprehensive income for the year	-	-	-	1,299,776,930	(7,330,847)	(7,330,847)	1,292,446,083
Dividend payment	-	-	-	(576,000,000)	-	-	(576,000,000)
<b>Balance as at 31 December 2015</b>	450,000,000	674,379,513	45,000,000	4,161,082,100	(4,761,240)	(4,761,240)	5,325,700,373

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 2015

(Unit: Baht)

		Separate financial statements						
				Retained earnings		Other components of shareholders' equity		
		Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Total other components of shareholders' equity	Total
Note		share capital	premium	statutory reserve	Unappropriated	Changes in value of available-for-sale investments	equity	Total
	<b>Balance as at 31 December 2013 - as previously reported</b>	450,000,000	674,379,513	45,000,000	2,901,490,081	(3,725,191)	(3,725,191)	4,067,144,403
4	Cumulative effect of change in accounting policy for employee benefits	-	-	-	(18,131,004)	-	-	(18,131,004)
	<b>Balance as at 31 December 2013 - as restated</b>	450,000,000	674,379,513	45,000,000	2,883,359,077	(3,725,191)	(3,725,191)	4,049,013,399
	Profit for the year (restated)	-	-	-	1,039,701,044	-	-	1,039,701,044
	Other comprehensive income for the year	-	-	-	(6,751,209)	6,294,798	6,294,798	(456,411)
	Total comprehensive income for the year	-	-	-	1,032,949,835	6,294,798	6,294,798	1,039,244,633
26	Dividend payment	-	-	-	(495,000,000)	-	-	(495,000,000)
	<b>Balance as at 31 December 2014</b>	<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>3,421,308,912</u>	<u>2,569,607</u>	<u>2,569,607</u>	<u>4,593,258,032</u>
	<b>Balance as at 31 December 2014 - as previously reported</b>	450,000,000	674,379,513	45,000,000	3,438,541,550	2,569,607	2,569,607	4,610,490,670
4	Cumulative effect of change in accounting policy for employee benefits	-	-	-	(17,232,638)	-	-	(17,232,638)
	<b>Balance as at 31 December 2014 - as restated</b>	450,000,000	674,379,513	45,000,000	3,421,308,912	2,569,607	2,569,607	4,593,258,032
	Profit for the year	-	-	-	1,303,132,382	-	-	1,303,132,382
	Other comprehensive income for the year	-	-	-	(4,986,970)	(7,330,847)	(7,330,847)	(12,317,817)
	Total comprehensive income for the year	-	-	-	1,298,145,412	(7,330,847)	(7,330,847)	1,290,814,565
26	Dividend payment	-	-	-	(576,000,000)	-	-	(576,000,000)
	<b>Balance as at 31 December 2015</b>	<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>4,143,454,324</u>	<u>(4,761,240)</u>	<u>(4,761,240)</u>	<u>5,308,072,597</u>

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 2015**

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Cash flows from operating activities</b>				
Profit before tax	1,440,072,370	1,151,827,862	1,438,543,492	1,149,454,674
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	494,488,930	476,992,149	494,488,930	476,992,149
Allowance for doubtful accounts	-	10,354	-	10,354
Loss (gain) on disposals of property, plant and equipment	(4,514,808)	1,432,759	(4,514,808)	1,432,759
Allowance for impairment loss on other long-term investments	5,000,000	-	5,000,000	-
Share of profit from investment in joint venture	(2,757,378)	(3,543,188)	-	-
Gain on sales of short-term investments	(66,112)	-	(66,112)	-
Loss on sales of long-term investments	3,298,921	696,560	3,298,921	696,560
Unrealised loss (gain) on exchange	(49,508)	298,302	(49,508)	298,302
Provision for long-term employee benefits	10,047,511	9,000,407	10,047,511	9,000,407
Interest income	(49,600,072)	(46,461,962)	(49,600,072)	(46,461,962)
Dividend income from investments	(3,014,170)	(1,098,532)	(3,014,170)	(1,098,532)
Dividend income from joint venture	-	-	(1,228,500)	(1,170,000)
Interest expenses	<u>10,321,264</u>	<u>11,598,096</u>	<u>10,321,264</u>	<u>11,598,096</u>
Profit from operating activities before changes in operating assets and liabilities	1,903,226,948	1,600,752,807	1,903,226,948	1,600,752,807
Decrease (increase) in operating assets				
Trade and other receivables	(92,231,855)	(30,670,391)	(92,231,855)	(30,670,391)
Inventories	215,935	(15,599,644)	215,935	(15,599,644)
Other current assets	18,196,210	2,046,943	18,196,210	2,046,943
Other non-current assets	5,846	(3,042,645)	5,846	(3,042,645)
Increase (decrease) in operating liabilities				
Trade and other payables	(4,555,455)	4,825,511	(4,555,455)	4,825,511
Other current liabilities	36,171,947	6,389,773	36,171,947	6,389,773
Other non-current liabilities	157,652	645,921	157,652	645,921
Provision for long-term employee benefits	<u>(14,798,215)</u>	<u>(4,322,910)</u>	<u>(14,798,215)</u>	<u>(4,322,910)</u>
Cash from operating activities	1,846,389,013	1,561,025,365	1,846,389,013	1,561,025,365
Cash paid for interest expenses	(10,321,264)	(11,598,096)	(10,321,264)	(11,598,096)
Cash paid for income tax	<u>(119,576,367)</u>	<u>(91,682,564)</u>	<u>(119,576,367)</u>	<u>(91,682,564)</u>
<b>Net cash from operating activities</b>	<u>1,716,491,382</u>	<u>1,457,744,705</u>	<u>1,716,491,382</u>	<u>1,457,744,705</u>

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 2015**

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	the equity method is applied			
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(36,348,041)	-	(36,348,041)	-
Cash paid for short-term investments	(2,512,847,600)	(1,733,455,814)	(2,512,847,600)	(1,733,455,814)
Cash paid for long-term investments	(919,752,053)	(268,867,788)	(919,752,053)	(268,867,788)
Cash received from sales of short-term investments	2,700,817,781	300,373,352	2,700,817,781	300,373,352
Cash received from sales of long-term investments	464,034,574	112,060,266	464,034,574	112,060,266
Acquisitions of property, plant and equipment	(520,973,346)	(318,141,411)	(520,973,346)	(318,141,411)
Proceeds from disposals of property, plant and equipment	6,791,928	3,656,306	6,791,928	3,656,306
Decrease (increase) in advance payments for purchase of assets	(100,191,410)	188,043	(100,191,410)	188,043
Increase in intangible assets	(4,342,500)	(4,378,173)	(4,342,500)	(4,378,173)
Interest income	37,783,151	31,258,124	37,783,151	31,258,124
Dividend income from investments	2,909,170	1,075,752	2,909,170	1,075,752
Dividend income from joint venture	1,228,500	1,170,000	1,228,500	1,170,000
<b>Net cash used in investing activities</b>	<u>(880,889,846)</u>	<u>(1,875,061,343)</u>	<u>(880,889,846)</u>	<u>(1,875,061,343)</u>
<b>Cash from financing activities</b>				
Decrease in liabilities under finance lease agreements	(86,591,235)	(79,618,323)	(86,591,235)	(79,618,323)
Increase in long-term loans from directors	3,486,791	4,172,061	3,486,791	4,172,061
Increase (decrease) in long-term loans from employees	2,807,466	(842,175)	2,807,466	(842,175)
Dividend payments	(576,000,000)	(495,000,000)	(576,000,000)	(495,000,000)
<b>Net cash used in financing activities</b>	<u>(656,296,978)</u>	<u>(571,288,437)</u>	<u>(656,296,978)</u>	<u>(571,288,437)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	179,304,558	(988,605,075)	179,304,558	(988,605,075)
Cash and cash equivalents at beginning of year	124,637,314	1,113,242,389	124,637,314	1,113,242,389
<b>Cash and cash equivalents at end of year (Note 7)</b>	<u>303,941,872</u>	<u>124,637,314</u>	<u>303,941,872</u>	<u>124,637,314</u>
<b>Supplementary disclosures of cash flows information</b>				
Non-cash related transactions				
Purchases of vehicles under financial lease agreements	54,948,292	83,768,193	54,948,292	83,768,193
Other payables for purchases of machinery and equipment and retention	85,533,385	52,850,060	85,533,385	52,850,060

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 2015**

#### **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 year**

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, some of these standards involve changes to key principles, which are summarised below.

### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss. In addition, this revised standard also requires 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.

The change in recognising actuarial gains and losses does not have any impact on the financial statements as the Company already recognises actuarial gains and losses immediately in other comprehensive income.

However, the Company has changed the recognition of past service costs in the current year from a gradual recognition in profit or loss to an immediate recognition in profit or loss and adjusted the current year's transactions and restated the prior year's financial statements, presented as comparative information, as if the Company had always applied this accounting policy. The cumulative effect of changes in accounting policies is presented in Note 4 to the financial statements.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the financial statements since the Company already applies the equity method to account for the investment in a joint venture.

### **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 on 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 measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

### **4. Cumulative effect of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 3 to the financial statements, during the current year, the Company has changed some of its accounting policies, as a result of the adoption of new and revised financial reporting standards. The cumulative effect of the changes has been separately presented in the statements of changes in shareholders' equity.

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

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and Separate financial statements	
	31 December 2014	1 January 2014
<b>Statements of financial position</b>		
Increase in provision for long-term employee benefits	19,170	20,178
Increase in deferred tax assets	1,937	2,047
Decrease in unappropriated retained earnings	(17,233)	(18,131)

(Unit: Thousand Baht)

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

For the year ended  
31 December 2014

**Statements of comprehensive income**

**Profit or loss:**

Decrease in employee benefits expenses	1,008
Increase in income tax expenses	(110)
Increase in profit	898

**Earnings per share (Baht):**

Increase in basic earnings per share	0.002
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**5. Significant accounting policies**

**5.1 Revenue recognition**

*Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the 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.

**5.2 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.

**5.3 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.

## 5.4 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.

## 5.5 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.

## 5.6 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 and improvements	-	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.

## 5.7 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:

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

## **5.8 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.

## **5.9 Related party transactions**

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

They also include associated 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.

## **5.10 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.

### **5.11 Foreign currencies**

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

Transactions in foreign currencies are translated into Baht at the exchange 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.

### **5.12 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.

## **5.13 Employee benefits**

### ***Short-term employee benefits***

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

### ***Post-employment benefits 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

## **5.14 Provisions**

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

## **5.15 Income tax**

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

### **Current tax**

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

### **Deferred tax**

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

The Company 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.

## **5.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **6. 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.

### **Impairment of equity investments**

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both bank and counterparty), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the disclosures of fair value hierarchy.

### **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 no loss will result. Therefore, no provision for contingent liabilities is recorded as at the end of reporting period.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>2015</u>	<u>2014</u>
Cash	2,439	2,362
Bank deposits	293,281	120,996
Bank deposits (in private fund)	8,222	1,279
Total	<u>303,942</u>	<u>124,637</u>

As at 31 December 2015, bank deposits in current and savings accounts and fixed deposits carried interests between 0.10 and 1.70 percent per annum (2014: between 0.13 and 2.00 percent per annum).

## 8. Short-term investments

As at 31 December 2015 and 2014, short-term investments consisted of the following:

(Unit: Thousand Baht)

	<u>2015</u>	<u>2014</u>
Special savings account 4 - 6 months	105,000	-
Fixed deposits	600,010	720,010
Bills of exchange and deposit receipt	530,000	860,000
Short-term investments in private funds (Note 13)	301,898	94,335
Total	<u>1,536,908</u>	<u>1,674,345</u>

As at 31 December 2015, savings account, fixed deposits, bills of exchange and deposit receipt carried interests between 1.25 and 1.90 percent per annum (2014: between 1.40 and 3.10 percent per annum).

## 9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	347	458
Trade receivables - related party	347	458
<u>Trade receivables - unrelated parties</u>		
Not yet due	510,504	456,887
Past due		
Up to 3 months	371,118	332,204
3 - 6 months	614	276
6 - 12 months	40	83
Over 12 months	-	54
Total trade receivables - unrelated parties	882,276	789,504
Less: Allowance for doubtful accounts	(107)	(107)
Total trade receivables - unrelated parties - net	882,169	789,397
Total trade receivables - net	882,516	789,855
<u>Other receivables</u>		
Other receivables - related party	70	60
Other receivables - unrelated parties	1,158	1,237
Total other receivables	1,228	1,297
Trade and other receivables - net	883,744	791,152

## 10. Inventories

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
Finished goods	4,584	3,789
Work in process	4,499	4,812
Raw materials	83,825	90,305
Packaging materials	53,775	49,814
Spare parts and factory supplies	42,919	41,098
Total	189,602	189,818

## 11. 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)

	<u>2015</u>	<u>2014</u>	<u>Transfer pricing and lending policy</u>
<b>Transactions with related companies</b>			
Purchases of goods	706.3	691.3	Agreed price which approximates the market price by reference to purchase volume
Rental expenses	1.3	1.2	At the rate stipulated in the agreement which approximates the market rate
Interest expenses under finance lease agreements	3.5	4.1	At the agreed rate in the agreement which approximates the market rate
<b>Transactions with joint venture</b>			
Sales of goods	3.6	4.7	Agreed price which approximates the market price
Service income	1.5	1.6	Agreed price which approximates the market price
Rental income	0.7	0.7	Agreed price which approximates the market price
Dividend income	1.2	1.2	At the declared rate
<b>Transactions with related persons</b>			
Interest expenses	2.4	2.3	Interest at the rate of 3.00% per annum (2014: 3.25% per annum)

The balances of accounts as at 31 December 2015 and 2014 between the Company and those related persons or parties are as follows:

(Unit: Thousand Baht)

	<u>2015</u>	<u>2014</u>
<b>Trade and other receivables - related party (Note 9)</b>		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	417	518
Total trade and other receivables - related party	<u>417</u>	<u>518</u>
<b>Trade and other payables - related parties (Note 18)</b>		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	156,852	175,690
Connected companies (related by connected directors)	18,817	16,561
Total trade and other payables	<u>175,669</u>	<u>192,251</u>

(Unit: Thousand Baht)

	<u>2015</u>	<u>2014</u>
<b>Liabilities under finance lease agreements - related party (Note 19)</b>		
Related company (related by having holding interest in the Company and by common shareholders and common directors)		
Liabilities under finance lease agreements	80,063	99,616
Less: Deferred interest expenses	<u>(3,421)</u>	<u>(5,211)</u>
Net	76,642	94,405
Less: Portion due within one year	<u>(40,624)</u>	<u>(43,325)</u>
Liabilities under finance lease agreements - related party - net	<u>36,018</u>	<u>51,080</u>
<b>Long-term loans from directors</b>	<u>76,986</u>	<u>73,499</u>

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

	(Unit: Thousand Baht)			
	Balance as at	During the year		Balance as at
	<u>31 December 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>31 December 2015</u>
Long-term loans from directors	<u>73,499</u>	<u>18,824</u>	<u>(15,337)</u>	<u>76,986</u>

### Directors' and management's remuneration

During the years ended 31 December 2015 and 2014, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2015</u>	<u>2014</u>
Short-term employee benefits	54.3	52.3
Post-employment benefits and other long-term benefits	<u>3.2</u>	<u>3.0</u>
Total	<u>57.5</u>	<u>55.3</u>

## 12. Investment in joint venture

### 12.1 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:

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
		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	23,478	21,846	5,850	5,850
Total investment in joint venture					23,478	21,846	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.

### 12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income 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)

Joint venture	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from investment in joint venture during the year		Share of other comprehensive income from investment in joint venture during the year		Dividend received during the year	
	2015	2014	2015	2014	2015	2014
President Green House Foods Company Limited	2,757	3,543	103	-	1,228	1,170
Total	2,757	3,543	103	-	1,228	1,170

### 12.3 Summarised financial information of joint venture

Summarised information about financial position

	(Unit: Million Baht)	
	As at 31 December	
	<u>2015</u>	<u>2014</u>
<b>President Green House Foods Company Limited</b>		
Cash and cash equivalents	42.7	30.2
Other current assets	6.8	5.3
Non-current assets	25.5	37.1
Other current liabilities	(14.6)	(16.2)
Non-current liabilities	(0.3)	(0.2)
<b>Net assets</b>	<u>60.1</u>	<u>56.2</u>
Shareholding percentage	<u>39%</u>	<u>39%</u>
<b>Share of net assets</b>	<u>23.4</u>	<u>21.9</u>
<b>Carrying amounts of joint venture based on equity method</b>	<u>23.4</u>	<u>21.9</u>

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2015</u>	<u>2014</u>
<b>President Green House Foods Company Limited</b>		
Revenue	129.1	160.9
Depreciation and amortisation	14.2	21.6
Interest income	0.7	0.2
Income tax expenses	3.5	2.0
Profit	7.1	9.1
Other comprehensive income	-	-
Total comprehensive income	7.1	9.1

### 13. Investments in private funds

	(Unit: Thousand Baht)			
	31 December 2015		31 December 2014	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
<b>Fixed deposits at financial institutions</b>				
Fixed deposits	288,000	288,000	100,000	100,000
Investments in fixed deposits at financial institutions	288,000	288,000	100,000	100,000
<b>Available-for-sale securities</b>				
Bank of Thailand bond	277,313	278,473	22,267	22,321
Corporate bonds, notes or debt instruments	232,629	236,650	143,028	144,777
Units of investments in local open-end fund	-	-	33	34
Local marketable equity instruments	115,796	104,663	40,923	42,331
Total	625,738	619,786	206,251	209,463
Add: Revaluation surplus (deficit) on changes in value of investments	(5,952)	-	3,212	-
Investments in available-for-sale securities	619,786	619,786	209,463	209,463
<b>Total investments</b>	<b>907,786</b>	<b>907,786</b>	<b>309,463</b>	<b>309,463</b>
Classified as:				
Short-term investments (Note 8)		301,898		94,335
Long-term investments		605,888		215,128
<b>Total investments</b>		<b>907,786</b>		<b>309,463</b>

Movements in the investments in private funds for the years ended 31 December 2015 and 2014 are summarised below.

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
<b>Balance at beginning of year</b>	309,463	293,866
Purchases during the year - at cost		
Cash paid for investments	1,617,578	422,314
Payable for investments	806	150
Sales during the year - at cost		
Proceeds from sales	(1,004,831)	(412,433)
Receivable from sales	(256)	(892)
Loss on sales	(3,233)	(697)
Total	(1,008,320)	(414,022)
Premium on securities	(2,578)	(714)
Gain (loss) on changes in value of investments	(9,163)	7,869
<b>Balance at end of year</b>	<u>907,786</u>	<u>309,463</u>

The Company had set up private funds for investments which are managed by three asset management companies. The investments include 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 1.20 and 5.30 percent per annum (2014: 2.22 and 4.65 percent per annum). These investments are classified as available-for-sale investments. During the year, the Company recognised return on such investments of Baht 20.8 million in profit or loss (2014: Baht 10.2 million).

As at 31 December 2015, the Company had assessed the fair value of available-for-sale securities by referring to the value quoted by the asset management companies in which the fair value had decreased by approximately Baht 9.2 million (2014: increased by Baht 7.9 million). The change in the fair value of such securities is shown as other comprehensive income in the statement of comprehensive income.

#### 14. Other long-term investments

Company's name	Nature of business	Paid up capital Million Baht	Shareholding percentage		Investment value (cost)	
			<u>2015</u> Percent	<u>2014</u> Percent	<u>2015</u> Thousand Baht	<u>2014</u> 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					<u>67,000</u>	<u>67,000</u>
Less: Allowance for impairment of investments					<u>(7,000)</u>	<u>(2,000)</u>
Other long-term investments - net					<u><u>60,000</u></u>	<u><u>65,000</u></u>

According to the financial statements for the year ended 31 December 2015 prepared by the management of Sahachol Foods Supplies Co., Ltd. and Treasure Hill Co., Ltd., the net worth attributable to the Company's investments was approximately Baht 1.1 million and Baht 0.2 million, respectively (2014: Baht 4.1 million and Baht 0.2 million, respectively). The Company expects that these investments will not be recoverable and has set full allowance for impairment loss of such investments.

## 15. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and improvements	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and assets under installation	Total
<b>Cost</b>							
1 January 2014	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
Additions	96,130	-	8,210	42,889	11,069	450,312	608,610
Transfers in (out)	-	9,925	70,060	19,744	51,536	(151,265)	-
Disposals	-	(51)	(30,272)	(46,818)	(18,118)	-	(95,259)
31 December 2015	373,300	1,053,112	3,433,777	941,169	939,589	411,199	7,152,146
<b>Accumulated depreciation</b>							
1 January 2014	-	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
Depreciation for the year	-	50,294	264,091	80,354	96,916	-	491,655
Depreciation - disposals	-	(15)	(29,132)	(46,740)	(17,095)	-	(92,982)
31 December 2015	-	448,319	2,286,325	785,671	711,595	-	4,231,910
<b>Net book value</b>							
31 December 2014	277,170	645,198	1,334,413	173,297	263,328	112,152	2,805,558
31 December 2015	373,300	604,793	1,147,452	155,498	227,994	411,199	2,920,236
<b>Depreciation for the year</b>							
2014 (Baht 353 million included in manufacturing cost, and the balance included in selling and administrative expenses)							475,806
2015 (Baht 363 million included in manufacturing cost, and the balance included in selling and administrative expenses)							491,655

As at 31 December 2015, the Company has vehicles acquired under finance lease agreements, with net book value amounting to Baht 233 million (2014: Baht 262 million).

As at 31 December 2015, 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 2,156 million (2014: Baht 1,808 million).

In October and November 2015, the Company entered into procurement agreements to purchase production machinery and equipment of Yen 2,886 million, or approximately Baht 874 million, in which the delivery is scheduled between January and June 2016.

## 16. Intangible assets

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

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
<b>Cost</b>		
Balance - beginning of year	17,114	12,736
Additions	4,343	4,378
Balance - end of year	21,457	17,114
Less: Accumulated amortisation	(14,412)	(12,110)
Net book value	<u>7,045</u>	<u>5,004</u>
Amortisation expenses included in the statements of comprehensive income	<u>2,302</u>	<u>654</u>

## 17. Leasehold rights

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
Land leasehold rights	3,528	3,528
Less: Accumulated amortisation	(2,841)	(2,514)
Net book value	<u>687</u>	<u>1,014</u>
Amortisation expenses included in the statements of comprehensive income	<u>327</u>	<u>328</u>

## 18. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
Trade payables - related parties	175,564	192,146
Trade payables - unrelated parties	392,465	384,474
Other payables - related party	105	105
Other payables - unrelated parties	85,253	80,457
Other payables for purchases of machinery and equipment	72,088	49,837
Total trade and other payables	<u>725,475</u>	<u>707,019</u>

## 19. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	31 December 2015		
	Related party	Unrelated parties	Total
Liabilities under finance lease agreements	80,063	70,793	150,856
Less: Deferred interest expenses	(3,421)	(3,330)	(6,751)
Net	76,642	67,463	144,105
Less: Portion due within one year	(40,624)	(32,839)	(73,463)
Liabilities under finance lease agreements - net of current portion	<u>36,018</u>	<u>34,624</u>	<u>70,642</u>

(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	<u>51,080</u>	<u>38,295</u>	<u>89,375</u>

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 2015		
	Less than 1 year	1-3 years	Total
Future minimum lease payments	78.0	72.9	150.9
Deferred interest expenses	(4.5)	(2.3)	(6.8)
Present value of future minimum lease payments	<u>73.5</u>	<u>70.6</u>	<u>144.1</u>

(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

## 20. 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 2015, deposits carried interest at a rate of 3.0 percent per annum (2014: 3.25 percent per annum). The Company presents these deposits as non-current liabilities in the statements of financial position.

## 21. Provision for long-term employee benefits

	(Unit: Thousand Baht)		
	Employee retirement benefits	Other long-term employee benefits	Total
<b>Provision for long-term employee benefits as at</b>			
<b>31 December 2013 (Restated)</b>	60,539	5,476	66,015
Included in profit or loss:			
Current service cost	4,519	999	5,518
Interest cost	3,018	196	3,214
Actuarial loss (gain)			
Financial assumptions changes	-	384	384
Experience adjustments	-	(116)	(116)
Included in other comprehensive income:			
Actuarial loss			
Financial assumptions changes	2,076	-	2,076
Experience adjustments	5,654	-	5,654
Benefits paid during the year	(3,383)	(940)	(4,323)
<b>Provision for long-term employee benefits as at</b>			
<b>31 December 2014 (Restated)</b>	72,423	5,999	78,422

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
<b>Provision for long-term employee benefits as at</b>			
<b>31 December 2014 (Restated)</b>	72,423	5,999	78,422
<b>Included in profit or loss:</b>			
Current service cost	5,754	977	6,731
Interest cost	3,085	145	3,230
Actuarial loss			
Demographic assumptions changes	-	32	32
Financial assumptions changes	-	21	21
Experience adjustments	-	34	34
Included in other comprehensive income:			
Actuarial loss (gain)			
Demographic assumptions changes	33	-	33
Financial assumptions changes	(463)	-	(463)
Experience adjustments	5,897	-	5,897
Benefits paid during the year	(13,978)	(820)	(14,798)
<b>Provision for long-term employee benefits as at</b>			
<b>31 December 2015</b>	<u>72,751</u>	<u>6,388</u>	<u>79,139</u>

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. As discussed in Note 3, the Company has changed the recognition of past service costs in the current year from a gradual recognition in profit or loss to an immediate recognition in profit or loss to comply with TAS 19 (revised 2014) Employee Benefits.

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	<u>2015</u>	<u>2014</u> (Restated)
Cost of sales	3,586	3,369
Selling and administrative expenses	6,462	5,631
<b>Total expenses recognised in profit or loss</b>	<u>10,048</u>	<u>9,000</u>

The Company expects to pay Baht 11 million of long-term employee benefits during the next year (2014: Baht 21 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefits are summarised below.

	<u>2015</u>	<u>2014</u>
		(Unit: Year)
Employee retirement benefits (depending on category of employees and type of benefits)	5 - 18	5 - 29
Other long-term employee benefits (depending on category of employees)	6, 7	6, 9

Significant actuarial assumptions are summarised below.

	<u>2015</u>	<u>2014</u>
	(% per annum)	(% per annum)
Discount rate (depending on category of employees and type of benefits)	2.35 - 3.14	2.66 - 4.12
Salary increase rate (depending on category of employees)	5 - 6	5 - 7
Staff turnover rate (depending on age and category of employees)	12 - 50	12 - 50

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below.

	(Unit: Million Baht)					
	<u>Discount rate</u>		<u>Salary increase rate</u>		<u>Staff turnover rate</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>1.0%</u>	<u>1.0%</u>
Employee retirement benefits	(2.8)	3.0	2.9	(2.8)	(6.2)	7.1
Other long-term employee benefits	(0.1)	0.1	-	-	(0.2)	0.2

## 22. 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.

## 23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
		(Restated)
Raw materials and consumables used	3,013,328	2,943,571
Changes in inventories of finished goods and work in process	(482)	(142)
Salaries and wages and other employee benefits	1,555,151	1,438,269
Depreciation and amortisation	494,489	476,992
Fuel and vehicle related expenses	273,513	292,696
Water and electricity expenses	178,392	175,032
Natural gas expenses	57,507	69,596

## 24. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
		(Restated)
<b>Current income tax:</b>		
Current income tax charge	134,985	112,060
Adjustment in respect of income tax of previous year	872	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(446)	(2,306)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>135,411</u>	<u>109,754</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
Deferred tax relating to:		
Loss (gain) on changes in value of available-for-sale investments	1,833	(1,574)
Actuarial loss	480	979
	<u>2,313</u>	<u>(595)</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
Accounting profit before tax	<u>1,440,072</u>	<u>1,151,828</u>	<u>1,438,543</u>	<u>1,149,455</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	288,014	230,366	287,709	229,891
Adjustment in respect of income tax of previous year	872	-	872	-
Effects of:				
Promotional privileges (Note 27)	(154,412)	(116,612)	(154,412)	(116,612)
Non-deductible expenses	12,536	11,431	12,536	11,431
Additional expense deductions allowed	(11,048)	(14,502)	(11,048)	(14,502)
Income not subject to tax	(551)	(929)	(246)	(454)
Total	<u>(153,475)</u>	<u>(120,612)</u>	<u>(153,170)</u>	<u>(120,137)</u>
Income tax expenses reported in the statements of comprehensive income	<u>135,411</u>	<u>109,754</u>	<u>135,411</u>	<u>109,754</u>

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

(Unit: Thousand Baht)

	Statements of financial position	
	As at	As at
	31 December 2015	31 December 2014
		(Restated)
<b>Deferred tax assets</b>		
Accumulated depreciation - Plant and equipment	2,090	1,899
Provision for long-term employee benefits	8,102	8,368
Loss on changes in value of available-for-sale investments	1,190	-
Allowance for impairment loss on other long-term investments	1,000	-
<b>Total</b>	<b>12,382</b>	<b>10,267</b>
<b>Deferred tax liabilities</b>		
Gain on changes in value of available-for-sale investments	-	642
<b>Total</b>	<b>-</b>	<b>642</b>
<b>Deferred tax assets - net</b>	<b>12,382</b>	<b>9,625</b>

## 25. 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	
	2015	2014 (Restated)	2015	2014 (Restated)
Profit for the year (Thousand Baht)	1,304,661	1,042,074	1,303,132	1,039,701
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	2.90	2.32	2.90	2.31

## 26. Dividend payments

During the years ended 31 December 2015 and 2014, the Company had dividend payments as follows:

	Approved by	Total dividends	Dividend per share	Paid on
		(Thousand Baht)	(Baht)	
<b>For the year 2015</b>				
Final dividend on retained earnings and 2014 profit	Annual General Meeting of the shareholders on 24 April 2015	297,000	0.66	22 May 2015
Interim dividend on retained earnings and 2015 profit for the six-month period ended 30 June 2015	The meeting of the Company's Board of Directors no. 8/2015 on 18 August 2015	279,000	0.62	17 September 2015
Total dividend payments for 2015		576,000	1.28	
<b>For the year 2014</b>				
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 the 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	1.10	

## 27. 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)	
Sales	<u>2015</u>	<u>2014</u>
Promoted operations	3,606	3,162
Non-promoted operations	3,741	3,691
Total sales	<u>7,347</u>	<u>6,853</u>

## **28. 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 Tisco Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2015, the Company contributed Baht 24.9 million (2014: Baht 22.9 million) to the fund.

## **29. 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 and retail. The wholesale for the year ended 31 December 2015 amounted to approximately Baht 6,628 million, or 89.4% of total revenues (2014: Baht 6,234 million, or 90.1% of total revenues). The Company's revenues were from a main local customer, representing about 42.7% of total revenues (2014: 41.0% 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.

## **30. Commitments and contingent liabilities**

### **30.1 Capital commitments**

As at 31 December 2015, the Company had capital commitments in respect of construction and procurement agreements for production machinery and equipment of approximately Baht 383 million and JPY 2,595 million, totaling approximately Baht 1,169 million (2014: Baht 25.1 million and JPY 10.2 million, totaling approximately Baht 27.9 million), in which the delivery is scheduled from January to June 2016. Moreover, the joint venture had capital commitments of approximately Baht 0.7 million (2014: Baht 0.1 million) relating to the restaurant interior decoration.

### 30.2 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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Payable:</u>				
Within 1 year	16.3	18.3	13.8	16.5
1 to 5 years	10.4	9.4	9.0	16.1

### 30.3 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. The license fees for the year 2015 amounted to approximately Baht 0.2 million (2014: Nil). This agreement was ended in October 2015. Subsequently in November 2015, the Company entered into a consulting service agreement with the above company for consulting service in respect of the manufacture and marketing of products for a period of 1 year, commencing from 1 November 2015 to 31 October 2016. The agreement is automatically renewed for every 1 year. The Company is committed to pay service fee on the basis and at the rate as stipulated under the agreement. The service fees for the year 2015 amounted to approximately Baht 0.1 million.

Moreover, the joint venture entered into the license and technical assistance agreement 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 agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the year 2015 amounted to approximately Baht 3.0 million (2014: Baht 3.7 million).

### 30.4 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 (Years)	Expired date	Average minimum quantity purchase (Million BTU)
1.	7	30 November 2017	39,273 per annum
2.	5	30 December 2018	202 per day
3.	7	30 November 2020	23,385 per annum

### 30.5 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 27.1 million (2014: Baht 24.8 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 23.1 million (2014: Baht 20.8 million) to guarantee electricity use, and Baht 4.0 million (2014: Baht 4.0 million) to guarantee contractual performance under the natural gas purchase agreement.

Moreover, the Company had pledged its fixed deposit of Baht 36.3 million with the Revenue Department as a guarantee of retroactive tax assessment of the Company.

### 30.6 Litigation

In 2011, the Company was sued for compensation totaling approximately Baht 35.5 million in connection with 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 Supreme Court had already issued a final judgment in such criminal case and the cases have now been filed to be further considered by the Court of First Instance.

For another case with a claim of approximately Baht 5.5 million, the Supreme Court ordered the Company to pay damages of Baht 1.0 million, together with interest at a rate of 7.5% per annum, or a total of approximately Baht 1.4 million. The Company settled the damages in November 2015.

The Company has insurance that will partly cover losses arising from these claims and the management of the Company believes that it will not suffer any material losses as a result of this litigation. Therefore, no provision for contingent liabilities is set aside in the accounts.

### 31. Fair value hierarchy

As at 31 December 2015, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and separate financial statements		
	Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>			
Available-for-sale investments			
Equity instruments	104,663	-	104,663
Debt instruments	-	515,123	515,123
<b>Assets for which fair value are disclosed</b>			
Derivatives			
Foreign currency forward contracts	-	63	63

### 32. Financial instruments

#### 32.1 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, restricted bank deposit, 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 2015					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Million Baht					(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	45	-	247	12	304	0.10 - 1.70
Short-term investments	1,537	-	-	-	1,537	1.25 - 5.30
Trade and other receivables	-	-	-	884	884	-
Restricted bank deposit	36	-	-	-	36	1.70 - 1.90
Long-term investments	-	501	-	105	606	1.20 - 5.13
	<u>1,618</u>	<u>501</u>	<u>247</u>	<u>1,001</u>	<u>3,367</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	725	725	-
Liabilities under finance lease agreements	73	71	-	-	144	3.20 - 4.75
Long-term loans from directors/employees	111	-	-	-	111	3.00
	<u>184</u>	<u>71</u>	<u>-</u>	<u>725</u>	<u>980</u>	
	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.)
<b>Financial assets</b>						
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
	<u>1,723</u>	<u>173</u>	<u>65</u>	<u>844</u>	<u>2,805</u>	
<b>Financial liabilities</b>						
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
	<u>191</u>	<u>90</u>	<u>-</u>	<u>707</u>	<u>988</u>	

### **Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from material and machinery purchasing 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	
	2015 (Thousand)	2014 (Thousand)	2015 (Baht per foreign currency unit)	2014
Japanese Yen	9,128	88,616	0.3028	0.2765
US dollar	1,086	1,237	36.2538	33.1132
Euro	21	11	39.7995	40.3552

The outstanding forward exchange contracts are summarised below.

As at 31 December 2015			
Foreign currency	Bought amount (Million)	Contractual exchange rate (Baht per foreign currency unit)	Contractual maturity date
Japanese Yen	3.5	0.2949 - 0.3017	4 January - 11 March 2016
US dollar	1.0	35.7096 - 36.3387	4 January - 29 February 2016

As at 31 December 2014			
Foreign currency	Bought amount (Million)	Contractual exchange rate (Baht per foreign currency unit)	Contractual maturity date
Japanese Yen	68.6	0.2749 - 0.2869	5 January - 2 March 2015
US dollar	0.5	32.8750 - 33.0140	5 January - 3 February 2015

### **32.2 Fair values of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates or fixed 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 statements of financial position.

The estimated fair value of derivatives is as follows:

	(Unit: Thousand Baht)	
	As at	As at
	31 December 2015	31 December 2014
	Fair value	Fair value
	Gain	(Loss)
<b>Derivatives</b>		
Forward exchange contracts	63	(47)

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- d) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

### 33. 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 2015, the Company's debt-to-equity ratio was 0.3:1 (2014: 0.3:1).

### 34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2016.