

President Bakery Public Company Limited
Report and financial statements
31 December 2013

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 2013, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of President Bakery Public Company Limited as at 31 December 2013, 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 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. 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 2012, presented herein as comparative information, to reflect the adjustment 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 2012 as comparative information, using the same accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 18 February 2014

President Bakery Public Company Limited

Statements of financial position

As at 31 December 2013

(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	
Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012	
		(Restated)			(Restated)		
Assets							
Current assets							
Cash and cash equivalents	7	1,113,242,389	896,227,520	596,264,070	1,113,242,389	896,227,520	596,264,070
Short-term investments	8	156,541,393	-	-	156,541,393	-	-
Trade and other receivables	9, 11	759,600,209	708,078,728	709,111,568	759,600,209	708,078,728	709,111,568
Inventories	10	174,218,295	155,191,245	150,712,606	174,218,295	155,191,245	150,712,606
Other current assets		23,745,015	11,466,343	10,875,880	23,745,015	11,466,343	10,875,880
Total current assets		2,227,347,301	1,770,963,836	1,466,964,124	2,227,347,301	1,770,963,836	1,466,964,124
Non-current assets							
Investment in joint venture	12	19,473,070	17,958,938	13,942,177	5,850,000	5,850,000	5,850,000
Long-term investments	13	137,324,818	-	-	137,324,818	-	-
Other long-term investments	14	65,000,000	30,000,000	15,000,000	65,000,000	30,000,000	15,000,000
Property, plant and equipment	15	2,844,170,722	2,933,345,741	2,786,147,285	2,844,170,722	2,933,345,741	2,786,147,285
Advance payments for purchase of assets		1,839,496	8,243,011	29,022,722	1,839,496	8,243,011	29,022,722
Intangible assets	16	1,280,300	411,390	805,771	1,280,300	411,390	805,771
Leasehold rights	17	1,341,595	1,668,975	1,996,354	1,341,595	1,668,975	1,996,354
Deferred tax assets	25	5,865,136	4,999,107	3,480,704	5,865,136	4,999,107	3,480,704
Other non-current assets		5,989,180	6,246,343	6,356,402	5,989,180	6,246,343	6,356,402
Total non-current assets		3,082,284,317	3,002,873,505	2,856,751,415	3,068,661,247	2,990,764,567	2,848,659,238
Total assets		5,309,631,618	4,773,837,341	4,323,715,539	5,296,008,548	4,761,728,403	4,315,623,362

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 2013

(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
		<u>31 December 2013</u>	<u>31 December 2012</u> (Restated)	<u>1 January 2012</u>	<u>31 December 2013</u>	<u>31 December 2012</u> (Restated)	<u>1 January 2012</u>
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts	18	-	-	78	-	-	78
Trade and other payables	11, 19	664,300,096	596,824,659	608,881,454	664,300,096	596,824,659	608,881,454
Current portion of liabilities under finance lease agreements	11, 20	79,618,323	83,799,367	68,260,107	79,618,323	83,799,367	68,260,107
Corporate income tax payable		42,124,464	46,392,155	67,060,015	42,124,464	46,392,155	67,060,015
Accrued expenses		176,037,810	165,817,611	152,668,527	176,037,810	165,817,611	152,668,527
Other current liabilities		<u>26,154,963</u>	<u>27,249,757</u>	<u>20,386,721</u>	<u>26,154,963</u>	<u>27,249,757</u>	<u>20,386,721</u>
Total current liabilities		<u>988,235,656</u>	<u>920,083,549</u>	<u>917,256,902</u>	<u>988,235,656</u>	<u>920,083,549</u>	<u>917,256,902</u>
Non-current liabilities							
Liabilities under finance lease agreements - net of current portion	11, 20	91,979,414	91,770,177	83,586,175	91,979,414	91,770,177	83,586,175
Long-term loans from directors	11, 21	69,327,264	91,387,815	79,646,619	69,327,264	91,387,815	79,646,619
Long-term loans from employees	21	32,039,324	53,383,844	43,583,378	32,039,324	53,383,844	43,583,378
Provision for long-term employee benefits	22	45,837,370	48,155,428	33,976,079	45,837,370	48,155,428	33,976,079
Other non-current liabilities		<u>1,445,117</u>	<u>1,269,869</u>	<u>876,201</u>	<u>1,445,117</u>	<u>1,269,869</u>	<u>876,201</u>
Total non-current liabilities		<u>240,628,489</u>	<u>285,967,133</u>	<u>241,668,452</u>	<u>240,628,489</u>	<u>285,967,133</u>	<u>241,668,452</u>
Total liabilities		<u>1,228,864,145</u>	<u>1,206,050,682</u>	<u>1,158,925,354</u>	<u>1,228,864,145</u>	<u>1,206,050,682</u>	<u>1,158,925,354</u>

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 2013

(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 2013</u>	<u>31 December 2012</u> (Restated)	<u>1 January 2012</u>	<u>31 December 2013</u>	<u>31 December 2012</u> (Restated)	<u>1 January 2012</u>
Shareholders' equity						
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	23 45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Unappropriated	2,915,113,151	2,398,407,146	1,995,410,672	2,901,490,081	2,386,298,208	1,987,318,495
Other components of shareholders' equity	<u>(3,725,191)</u>	-	-	<u>(3,725,191)</u>	-	-
Total shareholders' equity	<u>4,080,767,473</u>	<u>3,567,786,659</u>	<u>3,164,790,185</u>	<u>4,067,144,403</u>	<u>3,555,677,721</u>	<u>3,156,698,008</u>
Total liabilities and shareholders' equity	<u>5,309,631,618</u>	<u>4,773,837,341</u>	<u>4,323,715,539</u>	<u>5,296,008,548</u>	<u>4,761,728,403</u>	<u>4,315,623,362</u>

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

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Directors
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President Bakery Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Profit or loss:					
Revenues					
Sales		6,388,565,753	5,893,451,691	6,388,565,753	5,893,451,691
Interest income		31,135,480	23,203,254	31,135,480	23,203,254
Other income		20,450,372	23,110,823	22,263,872	25,070,573
Total revenues		<u>6,440,151,605</u>	<u>5,939,765,768</u>	<u>6,441,965,105</u>	<u>5,941,725,518</u>
Expenses					
Cost of sales	24	3,976,756,870	3,665,371,194	3,976,756,870	3,665,371,194
Selling expenses		860,722,539	769,728,911	860,722,539	769,728,911
Administrative expenses		574,509,043	549,932,397	574,509,043	549,932,397
Total expenses		<u>5,411,988,452</u>	<u>4,985,032,502</u>	<u>5,411,988,452</u>	<u>4,985,032,502</u>
Profit before share of profit from investment in joint venture, finance cost and income tax expenses					
		1,028,163,153	954,733,266	1,029,976,653	956,693,016
Share of profit from investment in joint venture	12	<u>3,327,632</u>	<u>5,976,511</u>	-	-
Profit before finance cost and income tax expenses					
		1,031,490,785	960,709,777	1,029,976,653	956,693,016
Finance cost		<u>(14,537,624)</u>	<u>(15,277,608)</u>	<u>(14,537,624)</u>	<u>(15,277,608)</u>
Profit before income tax expenses		<u>1,016,953,161</u>	<u>945,432,169</u>	<u>1,015,439,029</u>	<u>941,415,408</u>
Income tax expenses	25	<u>(72,631,207)</u>	<u>(91,006,350)</u>	<u>(72,631,207)</u>	<u>(91,006,350)</u>
Profit for the year		<u>944,321,954</u>	<u>854,425,819</u>	<u>942,807,822</u>	<u>850,409,058</u>
Other comprehensive income:					
Actuarial gain (losses)		9,517,539	(16,141,926)	9,517,539	(16,141,926)
Loss on change in value of available-for-sale investments		(4,656,489)	-	(4,656,489)	-
Income tax relating to components of other comprehensive income	25	<u>297,810</u>	<u>1,212,581</u>	<u>297,810</u>	<u>1,212,581</u>
Other comprehensive income for the year		<u>5,158,860</u>	<u>(14,929,345)</u>	<u>5,158,860</u>	<u>(14,929,345)</u>
Total comprehensive income for the year		<u>949,480,814</u>	<u>839,496,474</u>	<u>947,966,682</u>	<u>835,479,713</u>
Earnings per share					
Basic earnings per share	26	<u>2.10</u>	<u>1.90</u>	<u>2.10</u>	<u>1.89</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 2013

(Unit: Baht)

Financial statements in which the equity method is applied

	Note	Issued and paid-up		Retained earnings		Other components of shareholders' equity		Total
		share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Deficit on changes in value of available-for-sale investments	Total other components of shareholders' equity	
Balance as at 31 December 2011 - as previously reported		450,000,000	674,379,513	45,000,000	1,991,885,391	-	-	3,161,264,904
Cumulative effect of change in accounting policy for income tax	4	-	-	-	3,525,281	-	-	3,525,281
Balance as at 31 December 2011 - as restated		450,000,000	674,379,513	45,000,000	1,995,410,672	-	-	3,164,790,185
Profit for the year (restated)	4	-	-	-	854,425,819	-	-	854,425,819
Other comprehensive income for the year		-	-	-	(14,929,345)	-	-	(14,929,345)
Dividend payment	27	-	-	-	(436,500,000)	-	-	(436,500,000)
Balance as at 31 December 2012		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>2,398,407,146</u>	<u>-</u>	<u>-</u>	<u>3,567,786,659</u>
Balance as at 31 December 2012 - as previously reported		450,000,000	674,379,513	45,000,000	2,392,985,529	-	-	3,562,365,042
Cumulative effect of change in accounting policy for income tax	4	-	-	-	5,421,617	-	-	5,421,617
Balance as at 31 December 2012 - as restated		450,000,000	674,379,513	45,000,000	2,398,407,146	-	-	3,567,786,659
Profit for the year		-	-	-	944,321,954	-	-	944,321,954
Other comprehensive income for the year		-	-	-	8,884,051	(3,725,191)	(3,725,191)	5,158,860
Dividend payment	27	-	-	-	(436,500,000)	-	-	(436,500,000)
Balance as at 31 December 2013		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>2,915,113,151</u>	<u>(3,725,191)</u>	<u>(3,725,191)</u>	<u>4,080,767,473</u>

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 2013

(Unit: Baht)

		Separate financial statements						
				Retained earnings		Other components of shareholders' equity		
		Issued and paid-up share capital	Share premium	Appropriated - statutory reserve		Other comprehensive income		
				Unappropriated	in value of available-for-sale investments	Total other components of shareholders' equity		Total
Note								
	Balance as at 31 December 2011 - as previously reported	450,000,000	674,379,513	45,000,000	1,983,837,791	-	-	3,153,217,304
4	Cumulative effect of change in accounting policy for income tax	-	-	-	3,480,704	-	-	3,480,704
	Balance as at 31 December 2011 - as restated	450,000,000	674,379,513	45,000,000	1,987,318,495	-	-	3,156,698,008
4	Profit for the year (restated)	-	-	-	850,409,058	-	-	850,409,058
	Other comprehensive income for the year	-	-	-	(14,929,345)	-	-	(14,929,345)
27	Dividend payment	-	-	-	(436,500,000)	-	-	(436,500,000)
	Balance as at 31 December 2012	<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>2,386,298,208</u>	<u>-</u>	<u>-</u>	<u>3,555,677,721</u>
	Balance as at 31 December 2012 - as previously reported	450,000,000	674,379,513	45,000,000	2,381,299,101	-	-	3,550,678,614
4	Cumulative effect of change in accounting policy for income tax	-	-	-	4,999,107	-	-	4,999,107
	Balance as at 31 December 2012 - as restated	450,000,000	674,379,513	45,000,000	2,386,298,208	-	-	3,555,677,721
	Profit for the year	-	-	-	942,807,822	-	-	942,807,822
	Other comprehensive income for the year	-	-	-	8,884,051	(3,725,191)	(3,725,191)	5,158,860
27	Dividend payment	-	-	-	(436,500,000)	-	-	(436,500,000)
	Balance as at 31 December 2013	<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>2,901,490,081</u>	<u>(3,725,191)</u>	<u>(3,725,191)</u>	<u>4,067,144,403</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 2013

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	the equity method is applied			
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u>
Cash flows from operating activities				
Profit before tax	1,016,953,161	945,432,169	1,015,439,029	941,415,408
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	468,563,983	443,869,641	468,563,983	443,869,641
Allowance for doubtful accounts	-	(9,926)	-	(9,926)
Gain on disposals of property, plant and equipment	(7,875,512)	(11,184,348)	(7,875,512)	(11,184,348)
Share of profit from investment in joint venture	(3,327,632)	(5,976,511)	-	-
Gain on sales of short-term investments	(10,545)	-	(10,545)	-
Loss on sales of long-term investments	4,120	-	4,120	-
Provision for long-term employee benefits	11,204,455	7,364,868	11,204,455	7,364,868
Unrealised loss (gain) on exchange	91,634	(103,874)	91,634	(103,874)
Dividend income	-	-	(1,813,500)	(1,959,750)
Interest income	(31,135,480)	(23,203,254)	(31,135,480)	(23,203,254)
Interest expenses	<u>12,599,702</u>	<u>13,368,169</u>	<u>12,599,702</u>	<u>13,368,169</u>
Profit from operating activities before changes in operating assets and liabilities	1,467,067,886	1,369,556,934	1,467,067,886	1,369,556,934
Decrease (increase) in operating assets				
Trade and other receivables	(51,521,481)	1,042,766	(51,521,481)	1,042,766
Inventories	(19,027,050)	(4,478,639)	(19,027,050)	(4,478,639)
Other current assets	(4,627,122)	(590,463)	(4,627,122)	(590,463)
Other non-current assets	257,163	110,059	257,163	110,059
Increase (decrease) in operating liabilities				
Trade and other payables	65,053,141	(11,385,432)	65,053,141	(11,385,432)
Other current liabilities	8,272,448	20,127,120	8,272,448	20,127,120
Other non-current liabilities	175,248	393,668	175,248	393,668
Provision for long-term employee benefits	<u>(4,004,975)</u>	<u>(9,327,445)</u>	<u>(4,004,975)</u>	<u>(9,327,445)</u>
Cash from operating activities	1,461,645,258	1,365,448,568	1,461,645,258	1,365,448,568
Cash paid for interest expenses	(12,599,702)	(13,368,169)	(12,599,702)	(13,368,169)
Cash paid for corporate income tax	<u>(77,467,116)</u>	<u>(111,980,032)</u>	<u>(77,467,116)</u>	<u>(111,980,032)</u>
Net cash from operating activities	<u>1,371,578,440</u>	<u>1,240,100,367</u>	<u>1,371,578,440</u>	<u>1,240,100,367</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 2013

(Unit: Baht)

	Financial statements in which			
	the equity method is applied		Separate financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u>
Cash flows from investing activities				
Cash paid for purchases of short-term investments	(170,530,543)	-	(170,530,543)	-
Cash paid for purchases of long-term investments	(713,485,305)	-	(713,485,305)	-
Cash received from sales of short-term investments	13,897,529	-	13,897,529	-
Cash received from sales of long-term investments	571,813,920	-	571,813,920	-
Purchase of other long-term investment	(35,000,000)	(15,000,000)	(35,000,000)	(15,000,000)
Acquisitions of property, plant and equipment	(297,409,367)	(515,623,276)	(297,409,367)	(515,623,276)
Proceeds from disposals of property, plant and equipment	8,783,453	27,778,142	8,783,453	27,778,142
Decrease in advance payments for purchase of assets	6,403,515	20,779,711	6,403,515	20,779,711
Increase in intangible assets	(1,087,073)	(15,975)	(1,087,073)	(15,975)
Interest income	24,370,613	23,203,254	24,370,613	23,203,254
Dividend income	1,813,500	1,959,750	1,813,500	1,959,750
Net cash used in investing activities	(590,429,758)	(456,918,394)	(590,429,758)	(456,918,394)
Cash from financing activities				
Decrease in bank overdrafts	-	(78)	-	(78)
Decrease in liabilities under finance lease agreements	(84,228,742)	(68,260,107)	(84,228,742)	(68,260,107)
Increase (decrease) in long-term loans from directors	(22,060,551)	11,741,196	(22,060,551)	11,741,196
Increase (decrease) in long-term loans from employees	(21,344,520)	9,800,466	(21,344,520)	9,800,466
Dividend payments	(436,500,000)	(436,500,000)	(436,500,000)	(436,500,000)
Net cash used in financing activities	(564,133,813)	(483,218,523)	(564,133,813)	(483,218,523)
Net increase in cash and cash equivalents	217,014,869	299,963,450	217,014,869	299,963,450
Cash and cash equivalents at beginning of year	896,227,520	596,264,070	896,227,520	596,264,070
Cash and cash equivalents at end of year (Note 7)	1,113,242,389	896,227,520	1,113,242,389	896,227,520

Supplementary disclosures of cash flows information

Non-cash related transactions

Purchases of equipment under financial

lease agreements	80,256,935	91,983,369	80,256,935	91,983,369
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Purchases of machinery and equipment which

have not been paid	12,178,578	10,093,518	12,178,578	10,093,518
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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 2013

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 accounting standards

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

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

Accounting Standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

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

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014

		<u>Effective date</u>
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets – Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies 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			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Statements of financial position						
Increase in investment in joint venture	932	423	44	-	-	-
Increase in deferred tax assets	5,865	4,999	3,481	5,865	4,999	3,481
Increase in unappropriated retained earnings	6,797	5,422	3,525	5,865	4,999	3,481

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Statements of comprehensive income				
Profit or loss:				
Increase in share of profit from				
investment in joint venture	509	378	-	-
Decrease in income tax expenses	568	306	568	306
Increase in profit	1,077	684	568	306
Increase in basic earnings per share				
(Baht)	0.0024	0.0015	0.0013	0.0007
Other comprehensive income:				
Actuarial gains and losses	(633)	1,213	(633)	1,213
Loss on change in value of available-for- sale investments	931	-	931	-

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 (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 discount on debt securities is accreted by the effective rate method with the 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	-	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 measured at cost on the date of acquisition. 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.

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

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

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.

6. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Property plant and equipment and depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and records impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments 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 judgment to assess the results of the litigation and believes that the Company will not suffer material losses (if any) from the case. Therefore, no contingent liabilities are recorded in the accounts.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
Cash	2,412	1,987
Bank deposits	499,802	174,241
Bank deposits (in private fund)	2,028	-
Bank of Thailand bond	285,000	625,000
Bills of exchange	324,000	95,000
Total	<u>1,113,242</u>	<u>896,228</u>

As at 31 December 2013, bank deposits in savings accounts, fixed deposits and bills of exchange carried interests between 0.45 and 3.25 percent per annum (2012: between 0.13 and 3.10 percent per annum).

8. Short-term investments

(Unit: Thousand Baht)

	31 December 2013	
	Cost/ Carrying value	Fair value
Fixed deposits at financial institutions (in private fund)		
7-month fixed deposits	45,000	45,000
10-month fixed deposits	60,000	60,000
Investments in fixed deposits at financial institutions	105,000	105,000
Available-for-sale securities (in private fund)		
Bank of Thailand bond	21,847	21,864
Local corporate bond	29,619	29,677
Total	51,466	51,541
Add: Revaluation surplus on changes in value of investments	75	-
Investments in available-for-sale securities	51,541	51,541
Total short-term investments	156,541	156,541

Movements in the short-term investments for the year ended 31 December 2013 are summarised below.

(Unit: Thousand Baht)

	2013
Balance at beginning of year	-
Cash paid for short-term investments during the year - at cost	170,531
Sales during the year - at cost	
Proceeds from sales	(13,898)
Gain on sales	11
Total	(13,887)
Surplus on securities	(178)
Gain on changes in value	75
Balance at end of year	156,541

As at 31 December 2013, fixed deposits at financial institutions and available-for-sale securities in private fund, which is managed by an asset management company, carried interests between 2.58 and 3.45 percent per annum. The Company had assessed the fair value of such short-term investments by referring to the value quoted by the asset management company in which the fair value had increased by Baht 0.1 million. The change in the fair value of such securities is shown as other comprehensive income in the statement of comprehensive income.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	491	582
Trade receivables - related parties	491	582
<u>Trade receivables - unrelated parties</u>		
Not yet due	440,360	405,181
Past due		
Up to 3 months	318,199	298,874
3 - 6 months	394	251
6 - 12 months	7	596
Over 12 months	-	552
Total trade receivables - unrelated parties	758,960	705,454
Less: Allowance for doubtful accounts	(97)	(97)
Total trade receivables - unrelated parties - net	758,863	705,357
Total trade receivables - net	759,354	705,939
<u>Other receivables</u>		
Other receivables - related party	143	425
Other receivables - unrelated parties	103	1,715
Total other receivables	246	2,140
Trade and other receivables - net	759,600	708,079

10. Inventories

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Finished goods	3,462	3,294
Work in process	4,997	3,540
Raw materials	73,598	73,065
Packaging materials	50,857	40,250
Spare parts and factory supplies	41,304	35,042
Total	174,218	155,191

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>2013</u>	<u>2012</u>	<u>Transfer pricing and lending policy</u>
Transactions with related companies			
Sales of goods	4.5	3.8	Agreed price which approximates the market price
Service income	1.5	0.8	Agreed price which approximates the market price
Rental income	0.6	0.3	Agreed price which approximates the market price
Dividend income	1.8	1.9	At the declared rate
Purchases of goods	700.9	809.7	Agreed price which approximates the market price by reference to purchase volume
Rental expenses	1.2	1.2	At the rate stipulated in the agreement which approximates the market rate
Interest expenses under finance lease agreements	3.8	3.6	At the agreed rate in the agreement which approximates the market rate
Transactions with related persons			
Interest expenses	2.6	3.5	Interest at the rate of 3.5% per annum (2012: 4.0% per annum)

The balances of accounts as at 31 December 2013 and 2012 between the Company and those related persons or parties are as follows:

(Unit: Thousand Baht)

	<u>2013</u>	<u>2012</u>
Trade and other receivables - related parties (Note 9)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	634	932
Connected company (related by connected directors)	-	75
Total trade and other receivables - related parties	<u>634</u>	<u>1,007</u>

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Trade and other payables - related parties (Note 19)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	177,828	206,659
Connected companies (related by connected directors)	14,024	16,165
Total trade and other payables	<u>191,852</u>	<u>222,824</u>
Liabilities under finance lease agreements - related party (Note 20)		
Related company (related by having holding interest in the Company and by common shareholders and common directors)		
Liabilities under finance lease agreements	93,720	76,872
Less: Deferred interest expenses	(5,301)	(4,064)
Net	88,419	72,808
Less: Portion due within one year	(38,546)	(37,038)
Liabilities under finance lease agreements - related party - net	<u>49,873</u>	<u>35,770</u>
Long-term loans from directors	<u>69,327</u>	<u>91,388</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
	1 January 2013	Increase	Decrease	31 December 2013
Long-term loans from directors	<u>91,388</u>	<u>58,763</u>	<u>(80,824)</u>	<u>69,327</u>

Directors' and management's remuneration

During the years ended 31 December 2013 and 2012, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2013</u>	<u>2012</u>
Short-term employee benefits	57.9	54.2
Post-employment benefits and other long-term benefits	1.5	1.2
Total	<u>59.4</u>	<u>55.4</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:

Jointly controlled entity	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied			Separate financial statements		
			31 December 2013	31 December 2012	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
		Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	19,473	17,959	13,942	5,850	5,850	5,850
Total investment in joint venture					19,473	17,959	13,942	5,850	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 profit and dividend received

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

(Unit: Thousand Baht)

Jointly controlled entity	Financial statements in which the equity method is applied		Separate financial statements	
	Share of profit from investment in joint venture during the year	Share of profit from investment in joint venture during the year	Dividend received during the year	Dividend received during the year
	2013	2012	2013	2012
President Green House Foods Company Limited	3,327	5,977	1,813	1,960
Total	3,327	5,977	1,813	1,960

12.3 Summarised financial information of jointly controlled entity

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

	(Unit: Million Baht)	
	As at 31 December	
	<u>2013</u>	<u>2012</u>
		(Restated)
Current assets	9.9	5.4
Non-current assets	20.1	20.6
Total assets	30.0	26.0
Current liabilities	(10.3)	(7.8)
Non-current liabilities	(0.1)	(0.2)
Total liabilities	(10.4)	(8.0)
Net assets	19.6	18.0

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2013</u>	<u>2012</u>
		(Restated)
Revenue	58.9	55.0
Cost of sales	(47.2)	(41.3)
Selling and administrative expenses	(7.3)	(5.9)
Profit before income tax expenses	4.4	7.8
Income tax expenses	(1.1)	(1.8)
Profit for the year	3.3	6.0

13. Long-term investments

(Unit: Thousand Baht)

31 December 2013

	Cost/ Carrying value	Fair value
Fixed deposit at financial institution		
15-month fixed deposit	30,000	30,000
Investment in fixed deposit at financial institution	30,000	30,000
Available-for-sale securities		
Corporate bonds, notes or debt instruments	70,349	70,700
Units of investments in local open-end fund	3,020	3,037
Local marketable equity instruments	38,688	33,588
Total	112,057	107,325
Add: Revaluation surplus on changes in value of investments	(4,732)	-
Investments in available-for-sale securities	107,325	107,325
Total long-term investments	137,325	137,325

Movements in the long-term investments for the year ended 31 December 2013 are summarised below.

(Unit: Thousand Baht)

2013

Balance at beginning of year	-
Cash paid for long-term investments during the year - at cost	713,485
Sales during the year - at cost	
Proceeds from sales	(571,814)
Loss on sales	(4)
Total	(571,818)
Discount on securities	390
Loss on changes in value	(4,732)
Balance at end of year	137,325

The Company had set up a private fund managed by an asset management company for managing its investments with total value of Baht 300 million. During the current year, such asset management company invested in fixed deposit at financial institution, 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 3.32 and 4.25 percent per annum. These investments are classified as available-for-sale investments. During the year, the Company recognised return on such investments of Baht 2.2 million in profit or loss.

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

14. Other long-term investments

Company's name	Nature of business	Paid up	Shareholding		Investment value (cost)	
		capital	percentage			
		Million	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		Baht	Percent	Percent	Thousand	Thousand
					Baht	Baht
President Flour Mills Co., Ltd.	Production and distribution of flour	600	10.0	10.0	60,000	30,000
Sahachol Foods Supplies Co., Ltd.	Foods exporter and manufacturer	200	2.5	-	5,000	-
Treasure Hill Co., Ltd.	Golf course service	200	1.0	1.0	2,000	2,000
Total					67,000	32,000
Less: Allowance for impairment of investment					(2,000)	(2,000)
Other long-term investments - net					65,000	30,000

On 28 April 2011, a meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 600,000 ordinary shares of President Flour Mills Company Limited at par value Baht 100 per share, amounting to Baht 60 million, or equivalent to 10% interest. The Company has treated this investment as other long-term investment. During the year 2013, the Company made additional share payment of Baht 30 million (2012: Baht 15 million).

On 19 November 2013, a meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 500,000 ordinary shares of Sahachol Foods Supplies Company Limited at par value Baht 100 per share, amounting to Baht 5 million, or equivalent to 2.5% interest. The Company has treated this investment as other long-term investment. The Company already made total share payment of Baht 5 million in November 2013.

According to the financial statements for the year ended 31 December 2013 prepared by the management of Treasure Hill Co., Ltd., the net worth attributable to the Company's investment was approximately Baht 0.2 million (2012: Baht 0.1 million). However, the Company expects that this investment will not be recoverable and has set full allowance for impairment loss of such investment.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Building	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and assets under installation	Total
Cost							
1 January 2012	167,359	1,039,895	2,742,159	754,300	647,379	28,542	5,379,634
Additions	-	-	13,327	40,659	8,497	539,459	601,942
Transfers in (out)	-	-	410,267	33,602	88,897	(532,766)	-
Disposals	(810)	(7,874)	(11,734)	(15,402)	(22,823)	-	(58,643)
31 December 2012	166,549	1,032,021	3,154,019	813,159	721,950	35,235	5,922,933
Additions	51,436	-	20,319	54,831	7,463	245,703	379,752
Transfers in (out)	-	-	105,971	34,606	76,093	(216,670)	-
Disposals	-	(685)	-	(12,179)	(24,903)	-	(37,767)
31 December 2013	217,985	1,031,336	3,280,309	890,417	780,603	64,268	6,264,918
Accumulated depreciation							
1 January 2012	-	256,227	1,323,712	565,037	448,511	-	2,593,487
Depreciation for the year	-	50,043	240,794	82,064	70,231	-	443,132
Depreciation - disposals	-	(5,431)	(3,827)	(15,275)	(22,499)	-	(47,032)
31 December 2012	-	300,839	1,560,679	631,826	496,243	-	2,989,587
Depreciation for the year	-	49,365	254,744	82,686	81,223	-	468,018
Depreciation - disposals	-	(227)	-	(11,872)	(24,759)	-	(36,858)
31 December 2013	-	349,977	1,815,423	702,640	552,707	-	3,420,747
Net book value							
31 December 2012	166,549	731,182	1,593,340	181,333	225,707	35,235	2,933,346
31 December 2013	217,985	681,359	1,464,886	187,777	227,896	64,268	2,844,171
Depreciation for the year							
2012 (Baht 340 million included in manufacturing cost, and the balance included in selling and administrative expenses)							443,132
2013 (Baht 356 million included in manufacturing cost, and the balance included in selling and administrative expenses)							468,018

As at 31 December 2013, the Company has equipment and assets under installation acquired under finance lease agreements, with net book value amounting to Baht 221 million and Baht 33 million, respectively (2012: Baht 219 million and Baht 21 million, respectively).

As at 31 December 2013, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,718 million (2012: Baht 1,387 million).

16. Intangible assets

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

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Cost		
Balance - beginning of year	11,649	11,633
Additions	1,087	16
Balance - end of year	<u>12,736</u>	<u>11,649</u>
Less: Accumulated amortisation	<u>(11,456)</u>	<u>(11,238)</u>
Net book value	<u>1,280</u>	<u>411</u>
Amortisation expenses included in the statements of comprehensive income for the year	<u>218</u>	<u>410</u>

17. Leasehold rights

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Land leasehold rights	7,486	7,486
Less: Accumulated amortisation	<u>(6,144)</u>	<u>(5,817)</u>
Net book value	<u>1,342</u>	<u>1,669</u>
Amortisation expenses included in the statements of comprehensive income for the year	<u>327</u>	<u>327</u>

18. Bank overdrafts

The Company has overdraft facilities of Baht 44 million, which bear interest at a rate of MOR percent per annum.

19. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Trade payables - related parties	191,752	222,724
Trade payables - unrelated parties	366,780	291,444
Other payables - related party	100	100
Other payables - unrelated parties	93,574	72,793
Other payables for purchases of machinery and equipment	12,094	9,763
Total trade and other payables	<u>664,300</u>	<u>596,824</u>

20. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Liabilities under finance lease agreements - related party		
Liabilities under finance lease agreements	93,720	76,872
Less: Deferred interest expenses	<u>(5,301)</u>	<u>(4,064)</u>
Net	88,419	72,808
Less: Portion due within one year	<u>(38,546)</u>	<u>(37,038)</u>
Liabilities under finance lease agreements - related party - net of current portion	<u>49,873</u>	<u>35,770</u>
Liabilities under finance lease agreements - unrelated parties		
Liabilities under finance lease agreements	87,742	109,243
Less: Deferred interest expenses	<u>(4,563)</u>	<u>(6,482)</u>
Net	83,179	102,761
Less: Portion due within one year	<u>(41,073)</u>	<u>(46,761)</u>
Liabilities under finance lease agreements - unrelated parties - net of current portion	<u>42,106</u>	<u>56,000</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 2013

	Less than		
	1 year	1-3 years	Total
Future minimum lease payments	85.9	95.6	181.5
Deferred interest expenses	(6.3)	(3.6)	(9.9)
Present value of future minimum lease payments	<u>79.6</u>	<u>92.0</u>	<u>171.6</u>

(Unit: Million Baht)

As at 31 December 2012

	Less than		
	1 year	1-3 years	Total
Future minimum lease payments	90.4	95.7	186.1
Deferred interest expenses	(6.6)	(3.9)	(10.5)
Present value of future minimum lease payments	<u>83.8</u>	<u>91.8</u>	<u>175.6</u>

21. 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 from deposits with banks. Each director and employee has a passbook for such deposits and withdrawals. As at 31 December 2013, deposits bore interest at a rate of 3.5 percent per annum (2012: 4.0 percent per annum). The Company presents these deposits as non-current liabilities in the statements of financial position.

22. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Provision for employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at			
1 January 2012	30,256	3,720	33,976
Current service cost	3,196	1,014	4,210
Interest cost	1,842	161	2,003
Benefits paid during the year	(8,697)	(630)	(9,327)
Actuarial loss	16,142	143	16,285
Past service costs recognised during the year	1,008	-	1,008
Provision for long-term employee benefits as at			
31 December 2012	43,747	4,408	48,155
Current service cost	5,324	1,140	6,464
Interest cost	3,015	184	3,199
Benefits paid during the year	(3,215)	(790)	(4,005)
Actuarial gain	(9,518)	534	(8,984)
Past service costs recognised during the year	1,008	-	1,008
Provision for long-term employee benefits as at			
31 December 2013	40,361	5,476	45,837

During 2012, the Company amended its defined benefit plan, with additional benefits introduced, resulting in an increase of Baht 22.2 million in its liabilities related to past service costs. The Company recognises past service costs as an expense on a straight-line basis over the average period that employees will work until retirement. Past service cost expenses included in profit or loss for the year ended 31 December 2013 amounted to Baht 1 million (2012: Baht 1 million). As at 31 December 2013, the unrecognised past service costs remained at Baht 20.2 million (2012: Baht 21.2 million).

Long-term employee benefit expenses included in the profit or loss were as follows:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Current service cost	6,464	4,210
Interest cost	3,199	2,003
Actuarial loss recognised during the year	534	143
Past service costs recognised during the year	1,008	1,008
Total expenses recognised in profit or loss	<u>11,205</u>	<u>7,364</u>
Line items under which such expenses are included in profit or loss		
Cost of sales	3,692	2,090
Selling and administrative expenses	7,513	5,274

The cumulative amount of actuarial gains or losses recognised in other comprehensive income and taken as part of retained earnings of the Company as at 31 December 2013 amounted to Baht 9.5 million (2012: Baht 16.1 million).

Principal actuarial assumptions at the valuation date were as follows:

	<u>2013</u>	<u>2012</u>
	(% per annum)	(% per annum)
Discount rate (depending on category of employees and type of benefits)	3.80 - 4.82	3.30 - 4.60
Future salary increase rate (depending on category of employees)	5 - 7	5 - 7
Staff turnover rate (depending on age and category of employees)	12 - 51	10 - 47

Amounts of defined benefit obligation for the current and previous two periods are as follows:

	(Unit: Thousand Baht)					
	Defined benefit obligation			Experience adjustments arising on the plan liabilities		
	Provision for employee retirement benefits	Other long-term employee benefits	Total	Provision for employee retirement benefits	Other long-term employee benefits	Total
Year 2013	40,361	5,476	45,837	3,628	997	4,625
Year 2012	43,747	4,408	48,155	8,040	(82)	7,958
Year 2011	30,256	3,720	33,976	-	-	-

23. 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.

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Raw materials and consumables used	2,792,573	2,590,772
Changes in inventories of finished goods and work in process	(1,625)	(1,756)
Salaries and wages and other employee benefits	1,302,758	1,161,446
Depreciation and amortisation	468,564	443,870
Fuel and vehicle related expenses	281,147	260,055
Water and electricity expenses	157,251	138,956

25. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
		(Restated)
Current income tax:		
Current income tax charge	73,199	91,312
Deferred tax:		
Relating to origination and reversal of temporary differences	(568)	(306)
Income tax expenses reported in the statements of comprehensive income	<u>72,631</u>	<u>91,006</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u> (Restated)
Deferred tax relating to loss on change in value of available-for-sale investments	931	-
Deferred tax relating to actuarial loss (gain)	(633)	1,213
	<u>298</u>	<u>1,213</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 is shown below.

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Accounting profit before tax	<u>1,016,953</u>	<u>945,432</u>	<u>1,015,439</u>	<u>941,415</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	203,391	217,449	203,088	216,525
Effects of:				
Promotional privileges (Note 28)	(128,435)	(123,766)	(128,435)	(123,766)
Non-deductible expenses	7,213	7,301	7,213	7,301
Additional expense deductions allowed	(8,872)	(8,603)	(8,872)	(8,603)
Income not subject to tax	(666)	(1,375)	(363)	(451)
Total	<u>(130,760)</u>	<u>(126,443)</u>	<u>(130,457)</u>	<u>(125,519)</u>
Income tax expenses reported in the statements of comprehensive income	<u>72,631</u>	<u>91,006</u>	<u>72,631</u>	<u>91,006</u>

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

(Unit: Thousand Baht)

	Statements of financial position		
	As at 31	As at 31	As at 1
	December	December	January
	2013	2012	2012
		(Restated)	
Deferred tax assets			
Accumulated depreciation - Plant and equipment	1,471	1,382	824
Provision for long-term employee benefits	3,463	3,617	2,657
Loss on change in value of available-for-sale investments	931	-	-
Total	5,865	4,999	3,481

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

26. 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	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Profit for the year (Thousand Baht)	944,322	854,426	942,808	850,409
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	2.10	1.90	2.10	1.89

27. Dividend payments

During the years ended 31 December 2013 and 2012, the Company had dividend payments as follows:

	Approved by	Total dividends	Dividend per share	Paid on
		(Thousand Baht)	(Baht)	
For the year 2013				
Final dividend on 2012 profit	Annual General Meeting of the shareholders on 23 April 2013	234,000	0.52	22 May 2013
Interim dividend on retained earnings and 2013 profit for six-month period ended 30 June 2013	The meeting of the Company's Board of Directors no. 8/2013 on 20 August 2013	202,500	0.45	19 September 2013
Total dividend payments for 2013		436,500		
For the year 2012				
Final dividend on 2011 profit	Annual General Meeting of the shareholders on 24 April 2012	243,000	0.54	23 May 2012
Interim dividend on 2012 profit for the six-month period ended 30 June 2012	The meeting of the Company's Board of Directors no. 9/2012 on 25 September 2012	193,500	0.43	24 October 2012
Total dividend payments for 2012		436,500		

28. 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.	1663(3)/2547	1973(3)/2550	1343(2)/2555
Date	18 August 2004	26 September 2007	22 March 2012
1. Promotional privileges for	Manufacture of ready-made or instant food products made from vegetables and fruits	Manufacture of ready-made foods	Manufacture of bakery 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 January 2014)	8 years (will expire on 2 June 2017)	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	1 year	Not granted
2.5 Exemption from import duty on goods imported for re-export commencing as from the first import date	1 year	1 year	Not granted
3. Commencing date	3 January 2006	3 June 2009	Not yet commenced

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

(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	2013	2012	2013	2012	2013	2012
Sales						
Domestic sales	4,297	3,709	2,091	2,184	6,388	5,893
Total sales	4,297	3,709	2,091	2,184	6,388	5,893

29. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by Thanachart Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 21.2 million (2012: Baht 20.0 million) to the fund.

30. Operating segment information

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

The one main reportable operating segment of the Company is manufacture and sales of bakery products and the single geographical area of its operations is Thailand. The distribution channels are through wholesale, retail and export. The wholesale for the year ended 31 December 2013 amounted to approximately Baht 5,859 million, or 91.0% of total revenues (2012: Baht 5,384 million, or 90.6 % of total revenues). The Company's revenues were from a main local customer, representing about 42.1% of total revenues (2012: 40.5% 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.

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2013, the Company had capital commitments in respect of procurement agreements for production machinery and equipment of approximately Baht 6.2 million (2012: Baht 1.6 million and JPY 153.8 million, totaling approximately Baht 57.8 million), in which the delivery is scheduled from January to February 2014. Moreover, joint venture had capital commitments of approximately Baht 0.1 million (2012: Baht 0.1 million), relating to the restaurant interior decoration and software development.

31.2 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Payable within:</u>				
Less than 1 year	15.5	16.6	11.7	12.7
1 to 5 years	8.4	10.8	2.9	9.5
More than 5 years	-	0.3	-	-

31.3 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 fees for the year 2013 amounted to approximately Baht 0.2 million (2012: Baht 0.3 million).

Moreover, the joint venture entered into license and technical assistance agreements with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the license agreement, joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the year 2013 amounted to approximately Baht 3.4 million (2012: Baht 3.2 million).

31.4 Long-term purchase commitments

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

No.	Period	Expired date	Average minimum quantity purchase
	(Years)		(Million BTU)
1	5	31 May 2014	175 per day
2	7	30 November 2017	39,273 per annum
3	7	30 November 2020	23,385 per annum

31.5 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 23.4 million (2012: Baht 20.6 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 19.4 million (2012: Baht 16.1 million) to guarantee electricity use, and Baht 4.0 million (2012: Baht 4.5 million) to guarantee contractual performance under the natural gas purchase agreement, among others.

31.6 Litigation

As at 31 December 2013, the Company was sued for damages totaling approximately Baht 35.5 million in relation to traffic accidents.

At present, claims made in most of the cases total approximately Baht 30 million, the Court of First Instance has ordered that the cases be temporarily struck, to await the final judgment in a criminal case which is still in the appeal process.

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

The Company has insurance that partially covers such claims for damages and the management believes that the Company will not suffer material losses (if any) as a result of this litigation. Therefore, the Company has not set aside provision for the contingent liability in its accounts.

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, long-term investments, bank overdrafts, 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 statements 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 reprising date if this occurs before the maturity date.

	As at 31 December 2013					
	Fixed interest rates		Floating	Non-interest	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	interest rate	bearing		
	Million Baht					
Financial assets						
Cash and cash equivalents	1,009	-	86	18	1,113	0.45 - 3.25
Short-term investments	134	-	22	-	156	2.58 - 3.45
Trade and other receivables	-	-	-	760	760	-
Long-term investments	-	101	-	36	137	3.32 - 4.25
	<u>1,143</u>	<u>101</u>	<u>108</u>	<u>814</u>	<u>2,166</u>	
Financial liabilities						
Trade and other payables	-	-	-	664	664	-
Liabilities under finance lease agreements	80	92	-	-	172	4.55 - 5.21
Long-term loans from directors/employees	101	-	-	-	101	3.50
	<u>181</u>	<u>92</u>	<u>-</u>	<u>664</u>	<u>937</u>	
	As at 31 December 2012					
	Fixed interest rates		Floating	Non-interest	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	interest rate	bearing		
	Million Baht					
Financial assets						
Cash and cash equivalents	820	-	64	12	896	0.13 - 3.10
Trade and other receivables	-	-	-	708	708	-
	<u>820</u>	<u>-</u>	<u>64</u>	<u>720</u>	<u>1,604</u>	
Financial liabilities						
Trade and other payables	-	-	-	597	597	-
Liabilities under finance lease agreements	84	92	-	-	176	4.65 - 5.21
Long-term loans from directors/employees	145	-	-	-	145	4.00
	<u>229</u>	<u>92</u>	<u>-</u>	<u>597</u>	<u>918</u>	

Foreign currency risk

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

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	
	<u>2013</u> (Thousand)	<u>2012</u> (Thousand)	<u>2013</u> (Baht per foreign currency unit)	<u>2012</u> (Baht per foreign currency unit)
US dollar	897	522	32.9494	30.7775
Euro	11	-	45.3223	40.5563
Pound sterling	3	-	54.2572	49.3458
Japanese Yen	10,919	4,710	0.3159	0.3580

Forward exchange contracts outstanding as at 31 December 2013 are summarised below.

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

There was no forward exchange contract outstanding as at 31 December 2012.

32.2 Fair values of financial instruments

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

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

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 2013, the Company's debt-to-equity ratio was 0.3:1 (2012: 0.3:1).

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2014.