



## JOURNEY TO THE UNTOUCHED SPACE

Tipco Foods Public Company Limited

Annual Report 2013

WE ARE ON THE  
CUTTING  
EDGE

A JOURNEY  
TO THE UNTOUCHED  
SPACE



## MISSION

### **Bring wellness to society**

Wellness means the state of being in good health, physically and mentally. Wellness can be achieved through our overall way of living, not through any particular activity. Wellness requires self-discipline and time. There is no short-cut. Thus, TIPCO aims not only to sell products but also to learn and understand people's way of living in order to create and propose living patterns that lead to the well-being of people by using products and services to bring wellness to society.

## VISION

### **A market driving company that enhances value to stakeholders**

To realize our mission, TIPCO not only focuses on the needs of consumers but also leads and drives changes in consumers' behaviors and living patterns. Leading and driving the market will enhance value to all stakeholders from employees, customers, trading partners, business alliances, shareholders and lenders to communities and society as a whole. That is, we aim to improve the well-being of each and every party.





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# ORGANIZATION CHART

BOARD OF DIRECTOR

NOMINATION AND  
COMPENSATION  
SUB-COMMITTEE

AUDIT COMMITTEE

RISK MANAGEMENT  
SUB-COMMITTEE

CORPORATE GOVERNANCE  
SUB-COMMITTEE

MANAGING DIRECTOR

EXECUTIVE  
MANAGEMENT

FOODS BUSINESS

FOOD &  
BEVERAGE BUSINESS

RETAIL BUSINESS

AGRICULTURAL PRODUCT,  
PLANT AND HERB EXTRACT  
INGREDIENTS BUSINESS







91  
COUNTRYS



Tipco



Tipco Export Market Tipco New Export Market

In 2013, Tipco Foods Pcl. enhanced market expansion potential in order to achieve leap growth. In so doing, the Company determined an effective plan to cope with trade and investment of the Asian Community as a measure to support the market share which is expected to grow multiple times in the future. At present, the Company continuously provides support for international markets.

NEW  
MARKET



We would like  
all Thai people &  
nations enhances  
wellness.







60°

NEW  
PRODUCT

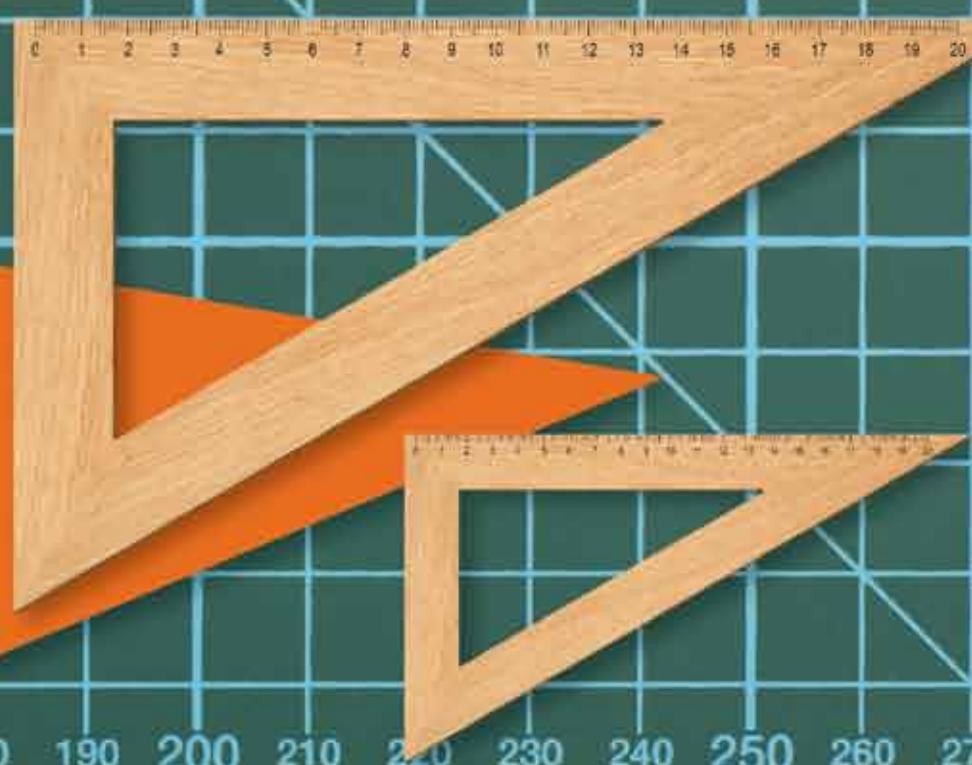


APPROVED



กิน...

กันมัน...







## MOVING FORWARD WITH THE STRONG CORPORATE CULTURE FOUNDATION

With the mission and vision specified in 2013, the Company places importance on personnel as a key factor driving the company towards achievement of established goals. The Company put an emphasis on development of skills and capabilities of individual persons under the strong corporate culture which helps build up oneness and identity. Corporate core values were determined based on appropriate guidelines and serve as a foundation for a sustainable corporate culture.

**Teamwork** – Working as team towards achievement of goals and respecting every opinion

**Innovation** – Focusing on innovation and learning of new things, thinking out of the box and ability to express different opinions

**Passion for Excellence** – Aiming for excellence with proactive thinking and practice and putting all efforts in order to create performance beyond expectations

**Commitment to Customers** – Responsible for customers (internal and external) and always pursuing best practice.

**Openness – Being** open and sharing, listening to opinions of others and communicating creatively for better improvement

The Company stresses importance on the instilling of the above corporate core values through a number of activities and development procedures in order to lay a foundation for the corporate culture among employees of all functions within the Company. These core values have been applied to personnel-related systems ranging from selection, employee motivation, employee capability improvement, performance evaluation, compensation system to creation of working atmosphere and environment. These values are key to the fostering of persons with attitudes and behaviors that are in alignment with core values and the corporate culture in the long run. Such persons are important for driving the Company forward and creating the Company's competitiveness so that the Company is ready to grow sustainably according to its mission and vision.



## LIMITLESS MARKETING OPPORTUNITIES

The Company perceived marketing opportunities and business expansion potential based on various factors such as technology development, communication, social structure change, trends of changing needs, growth of new economies, etc. The Company has focused on the conducting of various business activities which promote development and creation of new marketing activities as follows:

- Development of international quality standards to meet widely accepted practices and conditions of particular regions or countries such as GMP, HACCP, ISO 22000, BRC, IFS, Kosher, Halal, etc.

- Development and production of goods that meet or closely meet the needs or characteristics of consumers in particular countries
- Creation of activities and marketing media that can be accessible to consumers and potential business alliances
- Creation and promotion of good relationships with dealers and trading partners
- Development and improvement of systems and trading processes to ensure alignment with conditions and competitive environment of each market
- Expansion of the line of products in association with the current line of products

The Company always attaches importance to the retention of markets, customers, trading partners and alliances which have a long record of good relationships with the Company. Meanwhile, the Company also develops new markets for products the Company produces and sells at present. In addition, the Company links new business opportunities, products and services to new markets and current main markets. Examples are the expansion of TIPCO ready-to-drink fruit and vegetable juice markets to cover various countries in the Asian region through business alliances with experiences in the building of the market base in each country, the design of new packages of fruits and pineapples such as vertical packets and plastic cups which contribute to the acquisition of new markets, both export and domestic, and the expansion of the Homsuwan pineapples into the retail business and various shopping malls to gain wider recognition.



## PRODUCTS WITH MORE OUTSTANDING FEATURES

The Company emphasizes the importance of the addition of new lines or new products to the existing lines as well as products with more outstanding features. This will help generate higher income and drive the continuous growth of market share. With the Company's aim to develop products that are of high quality and beneficial to consumers, the Company puts efforts

in various activities ranging from research and development process, selection of sources of materials, inspection and quality assurance process, production technology and storing to delivery in order to obtain products with best quality. During the past year, the Company expanded the line of products as follows:

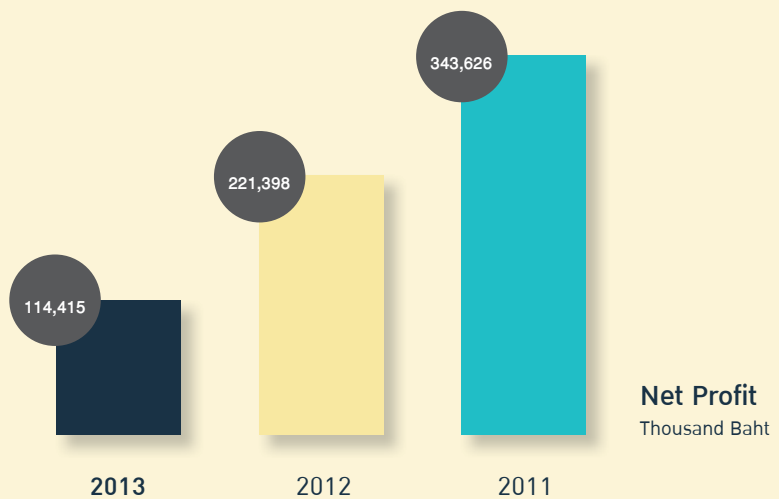
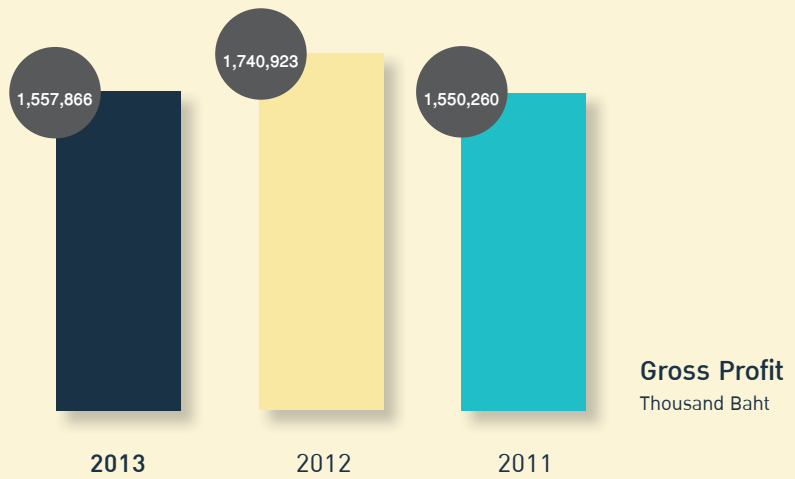
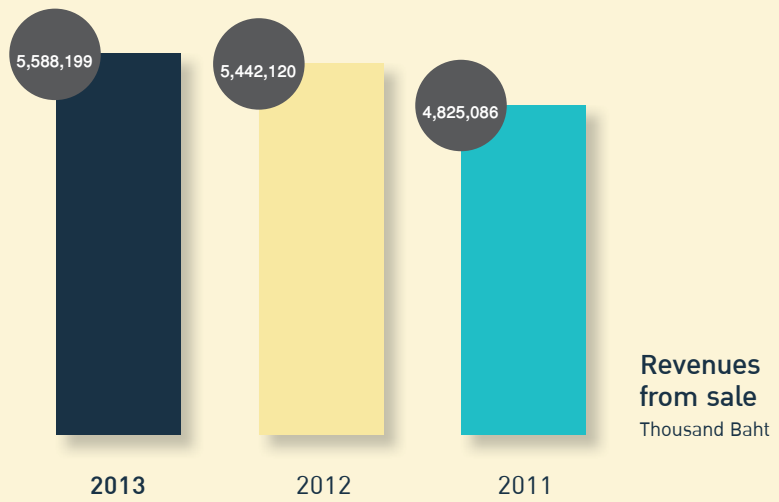
- Coconut products: Exported canned coconut milk with the quality similar to the fresh coconut milk thanks to high production technology.
- Canned coconut juice for export selected from high premium coconut from the best sources.
- Pineapples in pieces and mixed fruits in syrup which undergo the retort sterilization process and are contained in vertical packets and plastic cups.
- Ready-to-drink oolong tea named T Plus under the Suntory brand with the feature to block the absorbing of fat of up to 20% into the body. This product has received a warm response.
- 100% ready-to-drink fruit juice under the Tipco Super Kid brand which is a modified formula for youth.
- Extracts from various fruits such as mangosteen, aloe vera, roselle and butterfly pea.

## FINANCIAL HIGHLIGHT

Thousand Baht

As of for the year ending 31 December	2013 (Consolidated)	2013 (Company)	2012 (Consolidated)	2012 (Company)	2011 (Consolidated)	2010 (Consolidated)	2009 (Consolidated)
<b>Common Share</b>							
Per share Per value *	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Book value	4.86	3.29	4.58	3.47	4.27	3.46	3.40
Basic earnings per share	0.2371	(0.1578)	0.4588	0.1380	0.7121	0.3045	0.4272
Diluted earnings per share	0.2371	(0.1578)	0.4588	0.1380	0.7121	0.3045	0.4272
<b>Operation Results (Thousand Baht)</b>							
Revenues from sale	5,585,288	2,260,587	5,441,970	2,395,287	4,825,056	4,713,779	4,457,005
Total Revenues	5,588,199	2,268,038	5,442,120	2,397,625	4,825,086	4,713,779	4,457,005
Gross Profit	1,557,866	105,853	1,740,923	356,609	1,550,260	1,181,897	1,253,577
Earning before interest and tax	241,926	(14,192)	367,875	139,246	463,593	235,713	306,960
Net Profit	114,415	(76,146)	221,398	66,593	343,626	146,951	206,162
<b>Balance Sheets (Thousand Baht)</b>							
Current Assets	2,158,227	1,046,635	2,220,165	1,180,028	2,121,119	1,489,590	1,754,267
Total Assets	6,158,732	3,201,077	6,033,458	3,336,145	5,792,137	4,797,587	4,670,420
Current Liabilities	3,071,065	1,427,216	2,636,214	1,204,643	2,198,866	1,642,550	1,477,456
Total Liabilities	3,350,755	1,615,293	3,394,072	1,663,821	3,333,112	2,745,831	2,679,678
Issued and paid-up share capital	482,580	482,580	482,580	482,580	482,580	482,580	482,580
Shareholder's equity of the parent	2,347,347	1,585,785	2,211,728	1,672,324	2,062,011	1,670,651	1,641,444
Shareholder's equity	2,807,977	1,585,785	2,639,387	1,672,324	2,459,025	2,051,757	1,990,742
<b>Financial Ratios</b>							
Gross Profit margin (%)	27.9%	4.7%	32.0%	14.9%	32.1%	25.1%	28.1%
EBIT margin (%)	4.3%	(0.6%)	6.8%	5.8%	9.6%	5.0%	6.9%
Net Profit margin (%)	2.0%	(3.4%)	4.1%	2.8%	7.1%	3.1%	4.6%
Dividend Payout ratio (%)	0.0%	0.0%	0.0%	0.0%	16.9%	0.0%	35.1%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%	3.1%
Return on Equity (%)	4.9%	(4.8%)	10.0%	4.0%	16.7%	8.8%	12.6%
Return on Fixed assets (%)	4.3%	(7.5%)	8.3%	6.6%	13.0%	5.8%	8.8%
Return on Total assets (%)	1.9%	(2.4%)	3.7%	2.0%	5.9%	3.1%	4.4%
Time interest earned	2.7	(0.3)	3.6	2.3	4.9	4.1	4.6
P/E as of Dec 31	29.9	(45.0)	11.9	39.5	5.3	13.9	11.2
Current ratio	0.7	0.7	0.8	1.0	1.0	0.9	1.2
Quick ratio	0.3	0.2	0.3	0.3	0.3	0.4	0.5
Debt - equity ratio	1.2	1.0	1.3	1.0	1.4	1.3	1.3





## MESSAGE FROM THE CHAIRMAN



**“ In 2013, Thailand experienced fluctuations and economic slowdown due to the world economic crisis and Thailand’s economic, social and political factors. The world GDP was at 2.9% while Thailand’s GDP was also at 2.9%. The 2013 GDP dropped from 6.5% in 2012. However, throughout the last 3 years, the Company achieved ongoing growth in terms of sales, both domestic and export. In 2012, domestic and export sales grew at the same rate of 12% while in 2013 domestic sales were 5% higher than the previous year and the export sales decreased slightly. ”**

As for the 2013 business outlook, the canned pineapple and concentrate pineapple juice export business still experienced problems in terms of sales and profits. The problems were mainly caused by the fact that the supply of pineapples in Thailand was less than expected and the export price did not increase at the same rate as the fresh pineapple purchase price in the market even though the market in the United States of America revived slightly. Therefore, the Company adjusted the short-term and medium-term policies on food business such that focus is made on the expansion of export of fruits in packages, the research and development and placement of new products into the market to increase opportunities for export and domestic sales growth, and the development of products from recycled materials to ensure maximum value added.

As for the ready-to-drink beverage business, this year marked another year of great success in the domestic sales growth. Despite the impact from situations in Thailand at a certain level, TIPCO fruit juice remained the domestic market share leader as the Company developed new products including TIPCO 100% fruit juice under the Tipco Super Kid brand for customers who are young students and oolong tea product with OTPP nutrient named T Plus under the Suntory brand. The Company adopted a fully integrated communication approach which covers various kinds of marketing activities while reinforcing its presence by expanding market base to the countries in the Asian region. During the past two years, the Company achieved tremendous success in South Korea as it could create sales and wide recognition of its products including fruit juice and vegetable juice under the Tipco brand in the market.

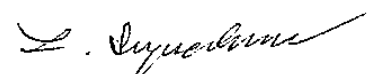
**“As for the ready-to-drink beverage business, this year marked another year of great success in the domestic sales growth.”**

Throughout all these years, the Company’s Board of Directors continuously focused on and studied the industrial trends in relation to global and Thailand economic outlook and used such information as a guideline for determining policies on driving, improving and developing the business structure, management, marketing strategies, collaboration with business alliances and human resources management in order to keep up with changes and move towards the long-term business goals of the four business groups, namely food

business, ready-to-drink beverage business, retail business and agricultural and plant-extract business. The Company also stressed importance on the development of new business opportunities which promoted and contributed to the Company’s sustainable growth. The Company

additionally reinforced the concept of development of goods and services that help improve the quality of life.

As the representative of the Company’s Board of Directors, I would like to thank all executives, employees, entities, business alliances and other involved parties for hard efforts and strong commitment to perform duties actively and for steering the organization to weather all obstacles to achieve the established goals. I also would like to thank stakeholders, financial institutions, customers and trading partners for continued support in operations and trust in our products and services which have fostered the Company’s prosperity and growth until present.



**(Laksana Supsakorn)**

Chairman of the Board of Directors



## BOARD OF DIRECTORS



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|----------------------------|--|
| 1. Mr. Surachet Supsakorn  | >> Director Member of the Nmination and Remuneration Sub-Committee |
| 2. Mr. Sitilarb Supsakorn  | >> Director  |
| 3. Mrs. Anurat Tiamtan     | >> Director  |
| 4. Miss. Laksana Supsakorn | >> Chairman of the Board   |
| 5. Miss. Roumsin Supsakorn | >> Director  |
| 6. Mr. Somchit Serththin   | >> Director  |

## BOARD OF INDEPENDENT DIRECTORS



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|-----------------------------|---|
| 1. Mr. Paisal Pongprayoon   | >> Independent Director / Member of the Nomination / Remuneration Sub-Committee                     |
| 2. Mr. Chalit Limpanavech   | >> Independent Director   |
| 3. Mrs. La-or Chaowanamayta | >> Independent Director   |
| 4. Mr. Virat Phairatphiboon | >> Independent Director / Chairman of the Audit Committee   |
| 5. Mr. Pichawat Chomchuen   | >> Independent Director / Audit Committee / Chairman of the Nomination & Remuneration Sub-Committee |

## EXECUTIVE MANAGEMENT OF TIPCO FOODS PUBLIC COMPANY LIMITED



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|---------------------------------|---|
| 1. Mr. Prasong Aimmanoj         | >> Chief Financial Officer                          |
| 2. Mr. Phicharn Sluckpetch      | >> Secretary of the Board of Directors / Controller |
| 3. Mr. Ekaphol Pongstabhon      | >> Managing Director                                |
| 4. Mr. Pornchai Phulsuksombati  | >> Food Business Director                           |
| 5. Mr. Bancha Suratanachaikul   | >> Consumer Business Director                       |
| 6. Ms. Keanapa Jittiruangvichai | >> Senior Marketing Manager–Consumer Business       |



## EXECUTIVE MANAGEMENT OF TIPCO F&B COMPANY LIMITED



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|-----------------------------------|---|
| 1. Mr. Seishi Ueno                | >> Chief Operating Officer                        |
| 2. Miss.Thanittha Pongwattanasuk  | >> Senior Marketing Manager (Tipco)               |
| 3. Mr. Kiranat Kittibunlu         | >> Senior Marketing Manager (Suntory)             |
| 4. Miss.Nitima Aungatichart       | >> Chief Financial Officer of Tipco F&B Co., Ltd. |
| 5. Miss.Worapatprin Chinpongsonon | >> Senior Manager-Sale and Trade Marketing        |
| 6. Mr. Peerapong Archawapongsawat | >> Commercial Director-Beverage & Retail          |

## BOARD OF DIRECTORS



### Miss Laksana Supsakorn

Chairman of the Board / 61 years

#### Education:

- >> M.B.A. Wharton Business School, University of Pennsylvania, USA
- >> Bachelor Degree, Accounting (Honor), Chulalongkorn University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Director Accreditation Program (DAP)
- >> General Member of Thai Institute of Directors

#### Shareholding in Company:

- >> 33,861,267 shares equal to 7.02%

#### Family Relationship with Management:

Sister of Mrs. Anurat Tiamtan, Mr. Sitilarb Supsakorn and Miss. Roumsin Supsakorn and sister-in-law of Mr. Somchit Serththin

#### Holding a Position of Director Listed Company:

- >> Tipco Asphalt Public Company Limited

#### Holding a Position of Director Other Company:

- >> Tipco F&B Company Limited
- >> Siam Container Terminal Company Limited
- >> Peyanarongwit Company Limited
- >> Vanichapark Company Limited
- >> Thanomwongse Service Company Limited

#### Related Experience

2013 – Present

Chairman of the Board, Tipco Foods Public Company Limited

2013 – Present

Chairman of the Board, Tipco F&B Company Limited

2013 – Present

Chairman of the Board, Tipco Asphalt Public Company Limited

2012 – Present

Director, Siam Container Terminal Company Limited

2012 – Present

Director, Peyanarongwit Company Limited

2011 – Present

Director, Vanichapark Company Limited

2003 – Present

Director, Thanomwongse Service Company Limited

\*Appoint members of the board on March 22<sup>th</sup> 1985



### Mrs. Anurat Tiamtan

Director / 64 Years

#### Education:

- >> Master's Degree of Science in Chemistry from The American University, Washington D.C., USA
- >> Bachelor's Degree of Science with Honours in Chemistry from Kasetsart University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> 2004 Director Certification Program (DCP)
- >> 2001 Chairman 2000

#### Shareholding in Company:

- >> 26,966,765 shares equal to 5.59%

#### Family Relationship with Management:

Sister of Mr. Sitilarb Supsakorn, Miss Laksana Supsakorn, Miss. Roumsin Supsakorn and sister-in-law of Mr. Somchit Serththin

#### Holding a Position of Director Listed Company:

- >> No

#### Holding a Position of Director Other Company:

- >> Thanomwongse Service Company Limited
- >> Siam Container Terminal Company Limited

#### Related Experience

2013 – Present

Director, Tipco Foods Public Company Limited / Thanomwongse Service Company Limited

2008 – Present

Director, Siam Container Terminal Company Limited

2003 – 2013

Chairman of the Board, Tipco Foods Public Company Limited

2003 – 2013

Chairman of the Board, Tipco Asphalt Public Company Limited

2003 – 2013

Chairman of the Board, Thanomwongse Service Company Limited

\*Appoint members of the board on March 22<sup>th</sup> 1985



### Mr. Surachet Supsakorn

Director Member of the Nomination and Remuneration Sub-Committee / 52 Years

#### Education:

- >> Master's Degree of Business Administration in Finance, Kasetsart University
- >> Bachelor's Degree of Business Administration in Accounting, Rajamangala University of Technology Krungthep

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> 2004 Director Certification Program (DCP), Diploma, IOD
- >> 2003 Director Certification Program (DCP), Certificate of Completion, IOD
- >> Oil the situation 2006
- >> Thailand's Economic Outlook

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

Cousin of Mrs. Anurat Tiamtan, Mr. Sitilarb Supsakorn, Miss Laksana Supsakorn, Miss. Roumsin Supsakorn and cousin of wife Mr. Somchit Serththin

#### Holding a Position of Director Listed Company:

- >> United Paper Public Company Limited

#### Holding a Position of Director Other Company:

- >> Thanomwongse Service Company Limited

#### Related Experience:

2011 – Present

Managing Director, Thanomwongse Service Company Limited

2004 – Present

Chairman of the Audit Committee of United Paper Public Company Limited

2001 – 2010

Assistant Managing Director, Thanomwongse Service Company Limited

2000

Senior Manager of Management, Thanomwongse Service Company Limited

1994 – 1999

Special Instructor – Department of Business Administration, Chandrakasem Rajabhat University

1992 – 1997

Special Instructor - Faculty of Business Administration, Rajamangala Institute

\*Appoint members of the board on August 14<sup>th</sup> 2002



### Mr. Somchit Serththin

Director / 61 years

#### Education:

- >> Bachelor's Degree of Business Administration, Babson College, Massachusetts, USA

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Director Certification Program (DCP)
- >> Director Accreditation Program (DAP)

#### Shareholding in Company:

- >> 11,599,846 shares equal to 2.4%

#### Family Relationship with Management:

Brother in Law of Mrs. Anurat Tiamtan, Mr. Sitilarb Supsakorn, Miss Laksana Supsakorn, Miss. Roumsin Supsakorn

#### Holding a Position of Director Listed Company:

- >> Tipco Asphalt Public Company Limited

#### Holding a Position of Director Other Company:

- >> Tipco Biotech Company Limited
- >> Tipco F&B Company Limited

#### Related Experience:

2013 – Present

Director, Tipco F&B Company Limited

2007 – Present

Director, Tipco Biotech Company Limited

2005 – Present

Director, Tipco Foods Public Company Limited

2001 – Present

Chief Executive Officer, Tipco Asphalt Public Company Limited

1986 – Present

Director, Tipco Asphalt Public Company Limited

1980 – Present

Senior Director of Credit Department, Chase Manhattan Bank N.A. for Taipei branch

\*Appoint members of the board on September 28<sup>th</sup> 2004



### Miss Roumsin Supsakorn

Director / 60 years

#### Education:

- >> Master's Degree of MBA The American University, Washington DC, USA
- >> Bachelor's Degree of B.S. Boston University, Boston, Massachusetts, USA

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Director Accreditation Program (DAP)

#### Shareholding in Company:

- >> 48,437,398 shares equal to 10.04%

#### Family Relationship with Management:

Sister of Mrs. Anurat Tiamtan, Mr. Sitilarb Supsakorn, Miss Laksana Supsakorn and sister-in-law of Mr. Somchit Serththin

#### Holding a Position of Director Listed Company:

- >> None

#### Holding a Position of Director Other Company:

- >> Siam Container Terminal Company Limited
- >> Thanomwongse Service Company Limited

#### Related Experience:

2012 – Present

Director, Siam Container Terminal Company Limited

1985 – Present

Director, Tipco Foods Public Company Limited

1982 – Present

Director, Thanomwongse Service Company Limited

1988 – 2000

Director, Siam Container Transport and Terminal Company Limited

1988 - 1990

Director, Ekachai Container Terminal Company Limited

\*Appoint members of the board on 1985



### Mr. Sitilarb Supsakorn

Director / 63 years

#### Education:

- >> Bachelor's Degree of Business Administration, Babson College, Massachusetts, USA

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> 2012 Director Accreditation Program (DAP)

#### Shareholding in Company:

- >> 57,555,643 shares equal to 11.93%

#### Family Relationship with Management:

Brother of Mrs. Anurat Tiamtan, Miss Laksana Supsakorn and Miss Roumsin Supsakorn and brother-in-law of Mr. Somchit Serththin

#### Holding a Position of Director Listed Company:

- >> Tipco Asphalt Public Company Limited

#### Holding a Position of Director Other Company:

- >> Siam Container Terminal Company Limited
- >> Thanomwongse Service Company Limited

#### Related Experience:

2013 – Present

Director, Tipco Foods Public Company Limited

2012 – Present

Director, Siam Container Terminal Company Limited

2001 – Present

Executive Director, Tipco Asphalt Public Company Limited

1996 – Present

Director, Thanomwongse Service Company Limited

2004 – 2012

Director, Ekachai Container Terminal Company Limited

1998 – 2013

Director, Siam Container Transport and Terminal Company Limited

\*Appoint members of the board on March 22<sup>th</sup> 1985



## BOARD OF INDEPENDENT DIRECTORS



### Mr. Virat Phairatphiboon

Independent Director / Chairman of the Audit Committee / 65 years

#### Education:

- >> Bachelor's Degree in Economics and Business Administration, Adam State College, Colorado, USA
- >> Executive Development Program, Princeton University, USA

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> 2008 Role of the Compensation Committee Program (RCC)
- >> 2004 Audit Committee Program (ACP)
- >> 2002 Director Certification Program DCP

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

- >> No

#### Holding a Position of Director Listed Company:

- >> Bank of Ayudhya Public Company Limited

#### Holding a Position of Director Other Company:

- >> No

#### Related Experience:

2007 – Present

Nomination and Remuneration Committee Member  
Bank of Ayudhya Public Company Limited  
Independent Director / Chairman of the Audit Committee

Tipco Foods Public Company Limited

1999 – Present

Independent Director Audit Committee Member  
Bank of Ayudhya Public Company Limited  
2000

President

CIMIC Finance and Securities Public Company Limited

1995

Senior Executive Vice President

Siam Motors

1992

Vice President

Chase Manhattan Bank N.A. for Bangkok branch

\*Appoint members of the board on September 7<sup>th</sup> 2007



### Mr. Chalit Limpanavech

Independent Director / 61 years

#### Education:

- >> Master's Degree in Public Administration from Chulalongkorn University
- >> Bachelor's Degree of Business Administration in Marketing from Assumption University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Director Certification Program DCP
- >> Financial Statements for Director
- >> Audit Committee Program

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

- >> No

#### Holding a Position of Director Listed Company:

- >> No

#### Holding a Position of Director Other Company:

- >> No

#### Related Experience:

2011 – Present

Vice President for Academic Affairs, Marketing Association of Thailand.

2011 – Present

Chairman of marketing Management Group of the Thai Management Association (TMA)

2003 – 2010

Audit Director of Chuo Senko Advertising (Thailand) Public Company Limited

2003 – 2013

Dean of the Faculty of Communication Arts, Assumption University

1978 – 2002

Chairperson in Marketing Department of Faculty of Business Administrations at Assumption University

1975 – 1989

Account Executive and Executive Director, Lintas (Thailand) Company Limited

\*Appoint members of the board on April 24<sup>th</sup> 2008



### Mr. Pichawat Chomchuen

Director / Audit Committee / Chairman of the Nomination & Remuneration Sub-Committee / 63 years

#### Education:

- >> Master's Degree in Political Science, Eastern New Mexico University, New Mexico, USA
- >> Bachelor's Degree in Political Science, Thammasat University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Directors Certification Program, IOD
- >> The role and function consultancy solutions company
- >> Board Performance Evaluation and Director Compensation
- >> Quality of financial statements and establishing credibility of the business.

#### Shareholding in Company:

- >> 50,000 shares equal to 0.01%

#### Family Relationship with Management: >> No

#### Holding a Position of Director Listed Company: >> No

#### Holding a Position of Director Other Company: >> No

#### Related Experience:

2012 – Present

Independent Director an audit committee member and chairman of the Nomination and Remuneration Sub-committee of Tipco Foods Public Company Limited  
1987

Managing Director of FORTIS Company Limited and I.T.M.C Company Limited

1987

Consulting companies Improvement organization development.

Business administration and marketing, financial management and staff development. Budget restructuring and reorganization and Dispute labor

1984

Associate Judge of the Labor Court

1982

Data General Company Limited / Seagate Technology (Thailand) Company Limited

1980

Managing Director of FORTIS Company Limited and I.T.M.C Company Limited

1978

Human resources director of Bata Shoe (Thailand) Public Company Limited

1976

University Lecturer and lectures in various educational institutions and training.

1976

Arbitrator and arbitration of labor disputes

\*Appoint members of the board on April 26<sup>th</sup> 2000



### Mr. Paisal Pongprayoon

Independent Director / Member of the  
Nomination / Remuneration Sub-Committee /  
64 years

#### Education:

- >> Master's Degree in Engineering  
concentrated in Industrial Engineering  
from Fairleigh Dickinson, USA
- >> Bachelor's Degree: Engineering  
concentrated in Civil Engineering  
from Villanova University, USA

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Director Accreditation Program (DAP)

#### Shareholding in Company

>> No

#### Family Relationship with Management:

>> No

#### Holding a Position of Director Listed Company:

>> No

#### Holding a Position of Director Other Company:

>> No

#### Related Experience:

2012 - Present

Independent Director  
Tipco Foods Public Company Limited

2000 - 2010

Head of Business Partner: True Corporation  
Public Company Limited

1997 - 1999

Managing Director, Samart Cable System  
Public Company Limited

1993 - 1997

Director in Commercial Section of Telecom  
Asia Corporation Public Company Limited

1992 - 1993

Manager of real estate development projects,  
Thaiwa Engineering Company Limited

1991 - 1992

Managing Director, Hi-Tech Industries Estate  
Public Company Limited

1989 - 1991

Special Projects Manager, Sino-Thai Engineering  
& Construction Public Company Limited

1985 - 1989

Senior Manager Stone and Webster Engineering  
Corporation, Massachusetts, USA

\*Appoint members of the board on April 2<sup>nd</sup> 2012



### Mrs. La-or Chaowanamayta

Independent Director / Audit Committee /  
59 years

#### Education:

- >> Mini MBA
- >> Bachelor's Degree of Science in Food  
Technology from Chulalongkorn University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Directors Certification Program, IOD
- >> Board Reporting
- >> Business Risk Assessment
- >> Supply Chain Management
- >> Strategic Planning
- >> Introduction to Lean Management
- >> Creative Thinking
- >> Effective Plant Management

#### Shareholding in Company: >> No

#### Family Relationship with Management: >> No

#### Holding a Position of Director Listed Company: >> No

#### Holding a Position of Director Other Company:

- >> Natda Pirom Company Limited
- Sirin Pleasure Company Limited

#### Related Experience:

2012 - Present

Independent Director and Audit Committee  
Tipco Foods Public Company Limited

2011 - Present

Executive Director, Natda Pirom Company Limited

2006 - 2011

Plant Manager, Sakol Bottling Company Limited

2005 - Present

Executive Director, Sirin Pleasure Company Limited

2004 - 2005

Quality Management Representative, Sakol Group  
2004

General Manager, Thai Garment Export Company Limited  
2004

Freelance Consultant, the Quality System ISO, GMPs, QA  
2001 - 2004

Manufacturing Director, Tipco Food Group

1997 - 2004

Technical sub-committee member of Thai Food  
Processors Association

1993 - 2004

Sub-committee on member of Thai Industrial  
Standards Institute

1982 - 1986

Superintendent, Dole Thailand Company Limited

\*Appoint members of the board on April 2<sup>nd</sup> 2012

## EXECUTIVE MANAGEMENT OF TIPCO FOODS PUBLIC COMPANY LIMITED



### Mr. Ekaphol Pongstabhoh

Director / Managing Director / 49 years

#### Education:

- >> Master's Degree: Finance and Marketing from Kellogg School of Management, Northwestern University, USA
- >> Bachelor's Degree: Science in Chemical Engineering from Chulalongkorn University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Director Certificate Program 141/2011, IOD
- >> Collective Bargaining for Successful Labor Relations
- >> AMF International Marketing Conference
- >> Powerful Psychology in Branding & Marketing
- >> Tip Retail Go Asean do to succeed.

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

- >> No

#### Holding a Position of Director Listed Company:

- >> No

#### Holding a Position of Director Other Company:

- >> Tipco Foods Public Company Limited
- >> Tipco F&B Company Limited
- >> Tipco Retail Company Limited
- >> Tipco Biotech Company Limited

#### Related Experience:

##### 2012 – Present

Director / Managing Director,  
Tipco Foods Public Company Limited  
Tipco F&B Company Limited  
Tipco Retail Company Limited  
Tipco Biotech Company Limited

##### 2009 – 2012

Managing Director,  
Thai Film Industries Public Company Limited

##### 2006 – 2012

Acting Managing Director,  
Thai Copper Industries Public Company Limited

##### 2000 – 2006

Managing Director, DHL Express Vietnam  
Regional Sales Manager, DHL Express Singapore  
National Sales Manager, DHL Express Thailand

##### 1994 – 1999

General Manager of Corporate Planning,  
Bangkok Steel Company Limited

##### 1984 – 1993

National Sales Manager,  
Siam Cement Public Company Limited  
Marketing Manager,  
Siam Cement Public Company Limited

\*Appoint members of the board on May 1<sup>st</sup> 2012



### Mr. Phicharn Sluckpetch

Secretary of the Board of Directors / 57 years

#### Education:

- >> Master's and Bachelor's Degree in Accounting from Thammasat University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Company Secretary Program
- >> Effective Minute Taking

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

- >> No

#### Holding a Position of Director Listed Company:

- >> No

#### Holding a Position of Director Other Company:

- >> No

#### Related Experience:

##### 2006 – Present

Senior Manager in Accounting & Internal Control, Tipco Food Public Company Limited

##### 2004 – Present

Secretary of the Board of Directors, Tipco Food Public Company Limited

##### 1990 – 2005

Manager of Finance and Accounting, Tipco Food Public Company Limited

##### 1989

Dhara Pipe Company Limited

##### 1989 – 1988

Siam Cement Company Limited

\*Appoint members of the board on March 25<sup>th</sup> 2003

## EXECUTIVE MANAGEMENT OF TIPCO FOODS PUBLIC COMPANY LIMITED



### Mr. Prasong Aimmanoj

Chief Financial Officer / 47 years

#### Education:

- >> Master of Business Administration, Cleveland State University
- >> Bachelor of Art, Sociology and Anthropology, Thammasat University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> Director Accreditation Program 62/2007

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

- >> No

#### Holding a Position of Director Listed Company:

- >> No

#### Holding a Position of Director Other Company:

- >> Tipco F&B Company Limited
- >> Tipco Retail Company Limited

#### Related Experience:

##### 2013 - Present

Chief Financial Officer,  
Tipco Foods Public Company Limited  
Director, Tipco F&B Company Limited  
Director, Tipco Retail Company Limited

##### 2010 - 2013

Board Director,  
Thai Film Industries Public Company Limited

##### 2009 - 2013

Senior Deputy Managing Director,  
Thai Film Industries Public Company Limited

##### 2006 - 2009

Board Director,  
Master Ad Public Company Limited

##### 2004 - 2009

Chief Financial Officer,  
Master Ad Public Company Limited

##### 2003 - 2004

Group Project Manager, Reed Tradex Co., Ltd.

##### 1995 - 2003

Corporate Planning & Development Manager,  
Inter Far East Engineering Public Company Limited

\*Appoint members of the board on -



### Mr. Pornchai Phulsuksombati

Food Business Director / 57 years

#### Education:

- >> Master's Degree, Business Administration: Chulalongkorn university
- >> Bachelor's Degrees, Science and Veterinary Medicine : Chulalongkorn university

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> No

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

- >> No

#### Holding a Position of Director Listed Company:

- >> No

#### Holding a Position of Director Other Company:

- >> No

#### Related Experience:

##### 2013 - Present

Food Business Director,  
Tipco Food Public Company Limited

##### 2000 - 2003

Director of Business Development  
and Financial Support,  
Tipco Food Public Company Limited

##### 1998 - 2000

General Manager,  
Suram Trading Corporation

##### 1997 - 1998

Commercial Director,  
Thai Copper Industries

\*Appoint members of the board on -



### Mr. Bancha Suratanachaikul

Consumer Business Director / 54 years

#### Education:

- >> Master's Degree, Business Administration: Thammasat University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

- >> No

#### Shareholding in Company:

- >> No

#### Family Relationship with Management:

- >> No

#### Holding a Position of Director Listed Company:

- >> No

#### Holding a Position of Director Other Company:

- >> No

#### Related Experience:

##### 2013 - Present

Director - Consumer Business,  
Tipco Food Public Company Limited

##### 2010 - 2013

Senior Vice President,  
LF Asia (Thailand) Company Limited

##### 2004 - 2010

Director - Beverage Business,  
Tipco F&B Company Limited

##### 1996 - 2003

General Manager - Marketing,  
Dumex Company Limited

##### 1988 - 1995

Marketing & Sales Director,  
Bristol Myers (Thailand) Company Limited

##### 1979 - 1988

Product Manager,  
Inchcape Marketing (Thailand) Company Limited

\*Appoint members of the board on -



## EXECUTIVE MANAGEMENT OF TIPCO F&B COMPANY LIMITED



### Mr. Seishi Ueno

Chief Operating Officer  
Tipco F&B Co., Ltd. / 61 years

#### Education:

- >> Master's Degree: M.B.A., New York University, Leonard N. Stern School of Business, U.S.A.
- >> Bachelor's Degree: Commerce, Doshisha University, Kyoto, Japan

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

>> No

#### Shareholding in Company:

>> No

#### Family Relationship with Management:

>> No

#### Holding a Position of Director Listed Company:

>> No

#### Holding a Position of Director Other Company:

>> No

#### Related Experience:

2013 –Present

>> Chief Operating Officer, Tipco F&B Co., Ltd.

2011 – 2013

Executive Officer, Overseas Business Division II, Calbee, Inc., Tokyo, Japan

2010 – 2011

Executive General Manager, International Strategy Division, Suntory Limited, Tokyo, Japan

2007-2010

President and CEO, Suntory International Corporation, New York, U.S.A.

2002 – 2007

Executive General Manager, Food and Beverage Division, Suntory Limited, Tokyo, Japan

1997-2002

Vice President, Sales and Marketing, Suntory International Corporation, New York, U.S.A.



### Mr. Peerapong Archawapongsawat

Commercial Director – Beverage & Retail  
Tipco F&B Co., Ltd. / 43 years

#### Education:

- >> Master's Degree: International Business, University of New Orleans, USA
- >> Bachelor's Degree: Marketing, Assumption University

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

>> No

#### Shareholding in Company:

>> No

#### Family Relationship with Management:

>> No

#### Holding a Position of Director Listed Company:

>> No

#### Holding a Position of Director Other Company:

>> No

#### Related Experience:

2012 –Present

Commercial Director – Beverage & Retail – Tipco Foods PCL.

2005 - 2012

Senior Manager - Retail Business & Food Services – Tipco Foods PCL.

2003 - 2005

Retail Business Manager – Tipco Foods PCL.

2002 - 2003

Business Development Manager – Tipco Foods PCL.

2000 - 2001

Channel Manager – QSR – Nestle Co., Ltd.

1998 – 2000

Brand Manager – Carnation – Nestle Co., Ltd.

1997 - 1998

Assistant Brand Manager – Bear Brand – Nestle Co., Ltd.

1994 - 1995

Assistant Brand Manager – Milo – Nestle Co., Ltd.

1992 – 1994

Senior Sales Representative – Nestle Co., Ltd.



### Miss. Nitima Aungatichart

Chief Financial Officer  
Tipco F&B Co., Ltd. / 47 years

#### Education:

- >> M.B.A. (Master of Business Administration) Thammasat University - 1997,
- >> Graduate Diploma in Audit-1990,
- >> B.B.A. in Accounting from Thammasat University -1989,

#### Seminars on Director Roles Responsibilities / Thai Institute of Directors:

>> Corporate Secretary

>> Investor relations

#### Shareholding in Company:

>> No

#### Family Relationship with Management:

>> No

#### Holding a Position of Director Listed Company:

>> No

#### Holding a Position of Director Other Company:

>> No

#### Related Experience:

2013 – presen

Chief Financial Officer

Tipco F&B company limited

2005 – 2013

Treasurer or Senior Manager: Finance & Planning Tipco Foods Public Company Limited

1999 - 2005:

Finance & Planning Manager

Tipco Foods PCL

1998 - 1999:

Financial controller (Thailand)

Media Trans Asia (Thailand) and its affiliated companies.

1995 - 1998

Financial Service Manager

Siam Media and Communication

Siam Sat Network co., Ltd.

1989 - 1994

Auditor ; Coopers & Lybrand (Thailand)

Accountants and Management Consultants

# 1. GENERAL COMPANY INFORMATION

## 1.1 Company Information

### Tipco Foods Public Company Limited

(former name "Tipco Foods (Thailand) Public Company Limited")

Operates the main business in producing and exporting of canned pineapple, pineapple juice concentrate and canned mixed fruits.

Current paid-up capital is Bt 482.58 million.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District , Bangkok. 10400

Public Company No: 38

Home Page : [www.tipco.net](http://www.tipco.net)

Telephone No : 0-2273-6200

Fax No. : 0-2271-4304, 0-2271-1600

Factory : 212 Moo 16, Tambon Aou Noi, Muang District, Prachuab Kirikan Province. 77210

Factory : 205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province. 50180

## 1.2 Subsidiary and Associated Companies

### Tipco Asphalt Public Company Limited

Operates the business in manufacturing asphalt emulsion and distribution of petroleum products.

Currently the Company holds 24.32 percent shares. Total paid-up capital is Bt 1,525.48 million.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok 10400

### Tipco F&B Company Limited

Operates the business in producing and distribution of ready - to-drink beverage products.

Currently the Company holds 50 percent shares. Total paid-up capital is Bt 600 million.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok. 10400

Factory : 212 Moo 16, Tambon Aou Noi, Muang District, Prachuab Kirikan Province. 77210

Factory : 90/1 Moo 7, Tambon Sanubtueb, Wang Noi District, Ayutthaya Province. 13170

### Tipco Biotech Company Limited

Operates the business of herbal extraction substance and agriculture business.

Currently the Company holds 99.99 percent shares. Total paid-up capital is Bt 36.8 million.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok.

Factory : 504 Tambon Prachuab Kirikan , Muang District, Prachuab Kirikan Province

### Tipco Retail Company Limited

Operates the retail business.

Currently the Company holds 50.99 percent shares and 49 percent shares by TIPCO F&B Co, Ltd.

Total paid-up capital is Bt 50 million.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok. 10400

### TFB Distributionl Company Limited

Operates wholesale and retail business. Currently the Company holds 50 percent shares by TIPCO F&B Co.,Ltd.

(Tipco F&B Co.,Ltd. holds 100 percent shares of TFB Distributionl Co.,Ltd) Total paid-up capital is Bt 0.25 million.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok. 10400

## 1.3 References:

Company Registra :	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, 4, 6-7 Fl., Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone: 0-2229-2800
Auditor :	Mr. Pornchai Kittipanya-ngam, CPA No. 2778 and/or Mrs. Suwanee Kittipanya-ngam, CPA No. 2899 87 Modern Town Bldg., 9 - 10 Fl., Soi Ekamai 3, Klongton, Bangkok 10110 Telephone: 0-2382-0414
Legal Advisors :	Mr. Tawadchai Jaranakranya Ch. Chana Songkram Law Firm 52/3 Su-main Road, Bangkok Telephone: 0-2282-2955

## 2. Other Information

- Nil -

Investors can study more information from the Company Annual Report (Form 56-1)  
posted on [www.sec.or.th](http://www.sec.or.th) , or the Company's website [www.tipco.net](http://www.tipco.net)





## POLICY AND BUSINESS OPERATION OVERVIEW

**Tipco Foods Public Company Limited** was established on 22 March 1976 with initial registered capital of Baht 10 million. Currently, the Company's registered capital stands at Baht 500 million, with paid-up capital of Baht 482.6 million. The Company and its subsidiaries have business operations in producing canned pineapple, pineapple juice concentrate, mixed fruit juice, ready-to-drink beverage, natural mineral water, and plant extracts, and distributing such products in both domestic and overseas markets. Tipco was the world's first pineapple processing company that received ISO 9002 certification, which was subsequently upgraded to ISO 9001 Version 2000. The Company was awarded HACCP (Hazard Analytical Critical Control Point) by SGS (Thailand). The Company also received SGF TRMAV (Sure – Global – Fair) certification to assure that the product quality is in accordance with international standard. In December 2006, Tipco was the first canned pineapple company in Thailand that received ISO 22000 Food Safety Management System certification and in the world that was undergone the integrated audit for all ISO 9001:2000, GMP, HACCP and ISO 22000 certification schemes concurrently. On 5 July 2007, Tipco marked another success as the first food company in Thailand that received "Single Food Audit Pack" certification that passed all systems consisting of ISO 9001, ISO 22000, HACCP, GMP and IFS in one audit. In 2008, Tipco was certified to the Food Safety and Food Security standard issued by the FAI (Food Audit International) with "Excellent" rating. The Company also received the Organic Aloe Vera Certified by the Department of Agriculture and Organic Agriculture Certification Thailand in aloe vera plantation. In 2009, the canned pineapple factory was certified to Thai Labour Standard (TLS 8001-2003), Completion Level Initiative Phase. In 2013, the factory in Prachuap Khiri Khan province received the Best Practice Workplace on Labour Relations and Labour Welfare Award for the 3rd consecutive year, and the Best Practice Workplace on Safety, Occupational Health and Environment at the country level from the Department of Labour Protection and Welfare. Moreover, the Company received the honors plaque from the "Waste Reduction in Production Process and Productivity Improvement" program from the Department of Skill Development.

**Tipco** was awarded for the promotion of Corporate Social Responsibility (CSR) to prepare readiness for entering the ASEAN community from the Department of Social Development and Welfare, Ministry of Social Development and Human Security. The Company also received CSR-DIW Continuous Award 2013 for the 4th consecutive year as the entrepreneur operating CSR work continuously and sustainably, and being ready to comply with international standard comparable to ISO 26000 towards sustainable development from the Department of the Industrial Works, Ministry of Industry. Tipco was evaluated the corporate governance performance in 2013 by the National Corporate Governance Committee and obtained the overall score of 89% or at the "very good" level.

In addition, **Tipco** has an effective risk management system and systematic approach in risk prevention and elimination for business operations. Since 2009, Tipco has placed an emphasis on internal Demand & Supply Management process improvement at the beginning of demand forecast to product delivery to customers. The goal of Tipco in operating business is to produce the best quality products to the markets, by ensuring the use of high quality raw materials and efficient production control, and sell at reasonable prices to fulfill the ultimate needs



of consumers. As a result, Tipco F&B Co., Ltd. won the Logistics Management Award 2011 of the Department of Primary Industries and Mines, Ministry of Industry.

This year, **Tipco** has altered the social and labour standards to be in accordance with the requests and standards of European customers by joining the BSCI (Business Social Compliance Initiative) and SMETA (Sedex Members Ethical Trade Audit) organizations as a member. Thus, the Company is required to conduct business operation and production according to the guidelines and monitoring systems that focus on environmental, social and labour care.

As regards the development and improvement of the manufacturing process, the factory enhances the machinery's efficiency and reduces production cost by implementing the state-of-the-art and efficient technology including the installation of new machines to accommodate future growth. With the consistency in product quality and production standard all along, the Company can maintain relationships with the big customers that have continued sales for over the past 37 years. It is well recognized that Tipco produces only the high quality products with competitive price.

**Tipco's** success stems from the commitment of our staff and management team that are ready to offer the best things to our customers. The customer satisfaction is our pride. We also have continuous development in producing high quality products to the market. With our team of professionals and continuous personal development programs, our inspiration continues. We have prepared to launch the new products and innovative solutions to consumers in the following years. We promise that we will always adhere to the customer desire and contribute to the ongoing enhancement of the consumer way of life.

## Key Change and Development

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**1989** The Company was listed on the Stock Exchange of Thailand, leading to a change in the equity structure with the public offering of shares. Although the group of majority shareholders remains essentially the same, their shareholding proportion was diluted.

**1993** Tipco F&B Co., Ltd. was established as a subsidiary of the Company due to the investment diversification into the ready-to-drink fruit juice business. The fruit juice products received good feedback from domestic consumers. The Company has been committed to ongoing research and development of new products in order to fulfill the needs of consumers. The Company has adopted the policy of introducing one new product a year at a minimum starting from 1997. In 2007, the Company entered into alliance with Suntory Co., Ltd. Thus, the Company has the joint goal to expand the markets of the products that the Company has expertise and the outstanding products of Suntory Co., Ltd. to domestic and ASEAN markets using the modern factory at Wang Noi district, Ayutthaya province, as the manufacturing location. Tipco continues to grow continually in beverage business line with the key strategy focusing on the product quality and new product launch. The professional product development team and the investment and development in modern technology have strengthened Tipco brand to always earn trust and confidence from the consumers.

**2004** The company expanded into retail business of freshly made fruit smoothies under the “Squeeze Juice Bar” brand. There were 10 branches at the beginning. Tipco Retail Co., Ltd. was established in 2007 to support the expansion of this business. At present, there are 56 branches of Tipco Squeeze Juice Bar, consisting of 47 company-owned branches and 9 franchises. The company revised the strategy by adapting the menu and style of the current branches that create continuous sales and profits and determined the long-term business plan for the new branches. By expanding each of the new branches, the shop was resized and the menu is modified to best suit the branch of each channel.

**2007** The Company invested in Tipco Biotech Co., Ltd. that have valuable assets consisting of the plantation area of 6,899 rai, 1 ngan and 20.4 square wah, the biological laboratory named Tissue Culture Lab used for selection and expansion of plant varieties, and the plant extract factory.

**2009** The Company introduced the new variety of pineapple named “Homsuwan”, which has been very well received by consumers due to its outstanding characteristics such as strong aroma, evenly golden colour, firm texture, dry but juicy flesh, shallow eyes, uniform ripeness, and containing of 4 times higher vitamin C than the Sriracha variety. The Company also has the largest solvent extraction factory from plants and herbal plants with high safety and efficiency standards. The company provides comprehensive services to the customers starting from acquiring raw materials, drying, grinding and producing the extracts, as well as the joint development of extraction process with the customers from laboratory experiment to actual industrial-scale production.

**2013** The Company continued to focus on the potential development of Tipco Biotech Co., Ltd. by improving the quality system in production and expansion of marketing activities continuously. This plant extract factory is the largest factory in Thailand that extracts oil from plants and herbal plants by means of solvent with high safety and efficiency standards. The Company offers the customers a comprehensive range of services. It was also certified to the Good Manufacturing Practice (GMP) by the National Food Institute.

## Certification According to Quality Management System International Standards in Chronological Order

<b>1994</b>	ISO 9002 by Thai Industrial Standards Institute (TISI), and RWTUV Institute in Germany, as the world's first canned pineapple factory that received this certification.
<b>1995</b>	HACCP by SGS (Thailand)
<b>2000</b>	ISO 9002 for the pineapple juice and pineapple juice concentrate by SGF International E.V./IRMA in Germany
<b>2002</b>	HALAL by the Central Islamic Committee of Thailand (CICOT) KOSHER by Thai Kashurt Service Co., Ltd.
<b>2002/2003</b>	BRC Standards for quality management and safety according to the requirements of the British Retail Consortium for food producers who supply to the United Kingdom by SGS (Thailand) and EFAIA (SAI GLOBAL)

- 2003** ISO 9001 version 2000 by SGS (Thailand)
- 2004** International Food Standard (IFS) for quality management and safety according to the requirements established by the German and French retailers for food producers who supply to the European countries by SGS (Germany)
- 2006** ISO 22000 Food Safety Management by SGS (Thailand), as the first food producer in Thailand that received this certification
- 2007** Certification through an integrated audit against 5 standards, i.e. ISO 22000, ISO 9001, GMP, HACCP, and IFS (Single Food Audit Pack) by SGS (Thailand). Tipco was highlighted by SGS as the global model for such integrated audit. In the same year, Tipco was also certified for food safety under GMA-SAFE program of the United States by the Food Audit International (FAI).
- 2007/2008** Certified organic standards for aseptic crushed aloe vera, from plantation to production in factory, by the Department of Agriculture
- 2008/2009** Certified IFOAM Organic Standards for aseptic crushed aloe vera, from plantation to production in factory, by the Organic Agriculture Certification Thailand
- 2009** Certification under the Food Safety and Food Security Audit program of the United States by FAI (Thailand) with “Excellent” rating
- 2010** ISO 9001 version 2008 by SGS (Thailand)
- 2011** Environmental Governance Award for the factory in Prachuap Khiri Khan province  
Certificate of Thai Labour Standard (TLS 8001-2010), Completion Level Initiative Phase  
Best Practice Workplace on Labour Relations and Labour Welfare Award
- 2012** The factory in Prachuap Khiri Khan province expanded the scope of certification of new products such as the coconut water product that passed the GMP / HACCP / BRC / IFS standards, and the fruit in plastic cup product that passed GMP / HACCP / IFS standards. Also, the pineapple products passed the standards set by the factories of TESCO and YUM. Apart from passing the manufacturing process standard, the pineapple, mixed fruit, pineapple juice concentrate and aloe vera products were successfully marked with STAR-K symbol of Kosher.
- 2013** In June, Tipco received BRC (British Retail Consortium) certification of food safety and quality system for retail business in the United Kingdom. In addition, the plant extract factory was certified to the Good Manufacturing (GMP) by the National Food Institute.

## NATURE OF BUSINESS

### Tipco Foods Public Company Limited

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The producer and distributor of food products as follows:

1. Canned pineapple
2. Pineapple juice concentrate
3. Aseptic crushed pineapple
4. Pineapple in plastic cup
5. Pineapple in retort pouch
6. Canned tropical fruit salad
7. Tropical fruit salad in plastic cup
8. Canned aloe vera
9. Aseptic crushed aloe vera
10. Canned coconut milk and coconut water

### Tipco F&B Company Limited

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Is the subsidiary company established by the joint investment between Tipco Foods Public Company Limited and Suntory Beverage & Foods Limited. The Company is the producer and distributor of ready-to-drink beverage consisting of the following products:

1. Tipco: 100% fruit juice
2. Tipco Veggie: 100% mixed vegetable and fruit juice
3. Tipco Superkid: 100% fruit juice and mixed vegetable and fruit juice for kids
4. Tipco Super Fruit Essence: pomegranate extract juice and prune and fig extract juice
5. Tipco Fruit Plus, 100% canned fruit juice and mixed vegetable and fruit juice with aloe vera
6. Tipco Squeeze: 100% pasteurized fruit juice and mixed vegetable and fruit juice
7. Tipco Cool Fit: 40% mixed vegetable and fruit juice
8. Aura: Natural mineral water
9. Suntory Tea Plus: Oolong Tea, OTPP, in aseptic PET bottle

### Tipco Retail Company Limited

---

Is the subsidiary company established by the joint investment between Tipco Foods Public Company Limited and Tipco F&B Company Limited operating retail business under the brand of "Squeeze Juice Bar by Tipco". The Company sells the products of fresh fruit puree smoothies, fresh yoghurt, Happy yoghurt, by attaching great importance to quality and health benefit beyond good taste. The Juice Bar is also the channel for selling the products of the Company Group such as Tipco fruit juice, Homsuwan pineapple, etc.



## Tipco Biotech Company Limited

is the subsidiary company for agriculture and plant extracts business. The Company places emphasis on research and development of plant varieties and plantation. One part is to support the development of raw materials used in food and beverage business line. The Company has a farm for developing pineapple varieties and planting pineapples – Pattavia variety for canned pineapple production and Homsuwan variety for selling in the department store and Squeeze Juice Bar by Tipco. In addition, the Company has business on plant extraction from a variety of plants for the ingredients in food, beverage, cosmetics, supplementary food and pharmaceutical products. The Company has the largest solvent plant-extraction factory in Thailand with high safety and efficiency standards, and provides the comprehensive services to the customers ranging from acquiring raw materials, drying, grinding, to producing the extracts. The Company also offers the service to jointly develop the extraction process with the customers starting from the laboratory experiment to industrial-scale production.

## REVENUE STRUCTURE

The structure of revenue from sales of products or provision of services to external parties in the past 3 years:

(Unit: Million Baht)

Product/ service	Operated by	% stake held by the Company	2011		2012		2013	
			Revenue	%	Revenue	%	Revenue	%
Canned pineapple and pineapple juice concentrate	Tipco Foods Pcl.		1,684.74	34.92	1,734.53	31.87	1,631.28	29.19
Mixed fruits, others	Tipco Foods Pcl. Tipco Retail Co., Ltd. Tipco Biotech Co., Ltd.	75.49 100.00	661.62	13.71	508.30	9.34	553.11	9.90
Ready-to- drink beverage	Tipco F&B Co., Ltd.	50.00	2,478.73	51.37	3,199.29	58.79	3,403.81	60.91
Total			4,825.09	100.00	5,442.12	100.00	5,588.20	100.00

## Development in the Past Year

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In 2013, **Tipco Foods Public Company Limited** set up the new business in the canned freshly squeezed coconut milk where the first actual production officially started in April. The main advantage of this production line is the nearness to the raw material source in Prachuap Khiri Khan province, which is the Thailand's largest source of coconuts. With nearly four decades of experience in the production of canned fruits, Tipco's production of canned freshly squeezed coconut milk received British Retail Consortium (BRC) certificate in June. BRC is a Global Standard for Food Safety for retail business in the United Kingdom that has been recognized worldwide. In the first year, our product has been well received so far by customers worldwide, such as France, the Netherlands, Germany, Brunei, Hong Kong, China, Panama, Canada and South Africa. This year, the mango in 4-oz plastic cup is added into the plastic cup product group where the United States is the primary market. The canned coconut water product has also been growing steadily.

The fruit juice products slightly grew in 2013. However, the overall growth of fruit juice market share is primarily driven by 100% fruit juice product. This shows that consumers pay more attention to healthcare. Thus, Tipco F&B Co., Ltd. focuses on developing the products to better meet customer needs by age group. Tipco Superkid is an example that the 100% fruit juice product recipe for kids was enhanced and the license from the greatest cartoon characters of all time, i.e. Mickey Mouse from Disney was obtained in order to attract kids to try drinking the product. The marketing materials about nutrition were established for educating the kids in schools and points of sale, and were very well received by the target group as well as the distributing stores. The sales channels of convenience stores were expanded more thoroughly. This year, the Company in cooperation with Suntory developed the ready-to-drink tea and launched it to the market under the brand of "Tea Plus". It is produced from oolong tea containing OTPP (exclusive right of production by Suntory Japan). The distinctive hallmark of "Tea Plus" is the authentic aroma of oolong tea with a potent ability to inhibit fat absorption into the body of up to 20%. Tea Plus has 3 flavors consisting of Original, Gardenia and Lemon, and Sugar free. The product has been sold since Q4 2013 and has received good feedback from customers.

**Tipco Retails Company Limited** slowed down the retail business expansion in 2013. The Company adjusted its business model to suit the business environment that has been dramatically changed by reducing the number of branches from 56 branches to 49 branches and focusing on the locations of branches to fulfill business goals at the highest level. The Company recognizes Squeeze Juice Bar by Tipco as another channel in selling the products and providing more market opportunities for all business lines of Tipco Group, with the branches and channels that we can manage on our own. This also helps strengthen Tipco's competitiveness in overall.

This year, Homsuwan pineapple of **Tipco Biotech Company Limited** could generate double sales. Even though the product yield increased and there was more delivery to the market, it was not enough to fulfill the demand of consumers that love the distinctive characteristics and unique flavor of Homsuwan pineapple. The Company has put best efforts to continuously improve the quality management systems and received the GMP certification in 2013. In addition, as regards the plant extract business which is the new business under Tipco brand, the Company attended the well-known trade shows for extract business, including "Food Ingredients Asia 2013" and "In-cosmetics Asia 2013", and the Company's extract products received an overwhelming response from the attendees.

## INDUSTRY OUTLOOK AND FUTURE COMPETITION

### Food Business

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In 2013, Thailand exported the canned pineapple product totaling approximately Baht 15,100 million, a decrease of Baht 1,400 million from 2012, mainly from lower yield of fresh pineapple. The forecast yield of fresh pineapple in 2013 is 1.8 million tons. In 2014, a shortage of raw materials is expected due to recent drought trends and the total yield of fresh pineapple will be close to that of 2013. This makes the raw material price relatively higher than normal. However, the selling price is likely to rise following the price of raw materials. Projecting the demand recovery in the United States and European markets, Tipco Foods Public Company Limited continues to focus on maintaining such markets where there are existing base of customers, business partners and alliances that have done business together for a long time. Meanwhile, the Company aims to expand into the markets that have high growth and profitable margin such as Asia, the Middle East, and domestic market, and to develop canned fruits and fruits in plastic package and various processed products such as mango, papaya, coconut, aloe vera, etc. to increase market opportunities and achieve sales targets.

### Beverage Business

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In 2014, the expected growth rate of 100% fruit juice is approximately 8%, mineral water 18% and bottled tea drink 15% of the overall beverage market. However, domestic factors particularly the political situation are the variables affecting overall growth rate. The competition in ready-to-drink beverage remains high as competitors are competing to acquire and maintain market share. Tipco F&B Co., Ltd. will continue to hold the top position in market share of the 100% fruit juice by reinforcing the brand value, premium quality of raw materials and manufacturing processes that offer health benefits to consumers. The Company will also develop and launch new products to expand the market base and customer target group to increase market share. However, the Company has expanded its market base in fruit juice and vegetable juice products to various countries in Asia such as South Korea, China, Indonesia, the Philippines, etc.

As regards Aura mineral water, the Company has expanded production capacity in 2014 to accommodate the high growth of the market. Aura mineral water is produced from one of the best sources of natural cold spring in Thailand. This year, the Company will have more marketing campaigns.

The Company has continued to execute marketing activities continuously in 2013 for bottled Oolong tea OTTP with the brand “Suntory Tea Plus” after successful product launch late last year. The tea drink is focused on the health benefits and the taste is pleasant and refreshing to consumers.

## Retail Business

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The lifestyle of city people on working and eating out is still an ongoing trend but may be affected by political situation. Thus, overall spending and retail sales are impacted. With higher costs in space and labour, Tipco Retail Co., Ltd. has adjusted the management and marketing strategies including the shop style, location, goods and services, in response to the current situation and business trend in the future. The Company has also built the recognition of the stores and developed new products to fulfill the needs of target customers, aiming to increase regular customers and drive transaction frequency and value.

## Agricultural and Plant-Extract Businesses

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As healthcare and beauty have been in positive trend, the domestic market of relevant products and services has been growing for several years. This is the opportunity for Tipco Biotech Co., Ltd. to boost sales from plant-extract business as plant extracts serve as raw materials for the producers of food, beverage, cosmetics and pharmaceutical products in the country. At the same time, the Company also focuses on creating partnerships with international alliances and partners that require the plant extracts that can be found in only specific areas or have lower costs.



## EXPLANATION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

### Annual operating results

In 2013, the Company's net profit totaled Baht 114.4 million, a decrease of Baht 107 million (or 48%) compared to the previous year, due to the decrease in sales and profits in the canned fruit export business as a result of the increase in the price of pineapples used as raw materials during the second half of the year and the sales price which could not be adjusted upwardly in line with the increasing material prices. The revenue from sales and services totaled Baht 5,588.2 million, an increase of Baht 146.1 million from the previous year (or 2.7%). The increase in revenue was due to the beverage and the agricultural and plant-extract businesses. Other income amounted to Baht 305.6 million, an increase of Baht 60.3 million compared to 2012 (or 24.6%). Cost of goods sold and services totaled Baht 4,030.3 million, an increase of Baht 329.1 million (or 8.9%), resulting in a gross profit of Baht 1,557.9, a decrease of Baht 183.1 million (or 10.5%).

### Revenue Analysis

#### Analysis of Total Sales Revenue

Sales revenue	2011		2012		2013		Growth rate (%)	
	Revenue	%	Revenue	%	Revenue	%	2555/2554	2556/2555
Domestic	2,917.3	60.5	3,292.3	60.5	3,460.6	61.9	12.9	5.1
Export	1,907.8	39.5	2,149.8	39.5	2,127.6	38.1	12.7	-1.0
Total	4,825.1	100.0	5,442.1	100.0	5,588.2	100.0	12.8	2.7

#### Proportion of Domestic Sales Revenue to Export Sales Revenue

In 2013, the proportion of domestic sales revenue to export sales revenue was equal to 62:38 with the increase in the domestic sales as compared with 2012. This was because the export sales of the canned fruit products and the concentrated fruit juice products decreased while the growth rate of the domestic ready-to-drink beverage sales was higher as compared with 2012.

## Total sales in 2013

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In 2013, total sales grew 2.7% due to the increase in sales in the ready-to-drink beverage business, both domestic and export.

### 1. Food Business

The canned pineapple and concentrated pineapple juice export sales decreased partly because of the lack of materials, i.e. fresh pineapples. The shortage of pineapples in the region was caused by the Thailand's drought climate resulting in the small supply of pineapple into the market as well as the natural disaster in the Philippines which is one of the world's main pineapple exporters. As a result, the fresh pineapple price in Thailand increased unusually during the 4th quarter, the regular pineapple production season. Meanwhile, the export price did not increase in line with the increase in the cost of fresh pineapples going to the factory. This situation continued from 2012 when the economies of the United States of America and Europe were sluggish although the export prices started to rebound from the end of the 2nd quarter of 2013 as a result of the slight recovery of the market in the United States of America following its reviving economy. The highly competitive environment put pressure on prices since the demand level still did not rise back to the expected level. However, the sales in certain markets grew well such as South Korea and China. The Company also expanded its market base to cover markets of countries in Eastern Europe and South Africa.

With an aim to expand the scope of food business to cater to the needs of a wider range of customers, in 2013 the Company exported new products such as canned coconut milk as the Company was located close to the sources of materials and had experiences in the production of canned fruit products. The production line of the new products gained recognition and had competitive advantages. The sales of new products were expected to have a potential to grow further. In addition, as for the fruits in plastic cups products segment, the Company added a new product which is mango in 4-oz plastic cup to meet the demand of the market.

### 2. Ready-to-Drink Beverage Business

Both domestic and export sales grew although the overall domestic economy was still in a slowdown period. Sales increase was owing to the 100% fruit juice segment. The Company still focused on the improvement of awareness and understanding of benefits of fruit juice among consumers. Furthermore, the Company developed a wide range of products to cater to the higher demands of the consumers. In 2013, the Company issued new products as follows:

1. The 100% juice category: The formulas of the juice products for kids under the Super Kid brand were improved and the copyright of the Disney cartoon characters for the production of the Company's products was obtained.

2. The tea category: The oolong tea product named "T Plus" under the Suntory brand with the OTTP nutrient in the PET bottle with 3 flavors, namely "original", "sugar-free", and "gardenia with lemon".

The newly issued products received a very warm welcome. The fruit juice products under the Super Kid brand featuring the Disney cartoon characters drew high attention from kids which are the main target group. The oolong tea product named T Plus, despite its launch to the market during the 4th quarter, was a key factor in boosting sales considerably.

The export sales in the ready-to-drink beverage business saw an increasing trend as well due to the continued support from countries like South Korea and China.

As regards the Aura mineral water product, the business saw high sales growth. However, in 2013, the Company experienced the inadequate production capacity, making the Company unable to accommodate the higher sales. The Company thus had to invest in new machines in order to be ready for full production capacity to support the market share which was expected to grow significantly. The machines were expected to be completely installed and the production would start in the first quarter of 2014.

### 3. Retail business

The sales of the Squeeze Juice Bar slowed down due to the overall retail business environment where daily wages were adjusted upwardly to Baht 300 and space rental prices rose considerably since 2012. Also, as a result of the political situation at the end of 2013, the Company postponed its business expansion and focused on adjustment of its business model to be in line with the changing business environment at the end of 2013. In so doing, the Company, for example, adjusted the space areas, identified new potential areas such as hospitals and fitness centers, and changed catalogs and price list. The Squeeze Juice Bar had a total of 59 branches of which 48 were operated by the Company and 11 were franchises.

### 4. Agricultural and Plant Extract Businesses

As regards the fresh fruit business, in 2013 Homsuwan pineapple grew significantly as compared with 2012 due to its unique and outstanding features. In addition, the Marketing Department focused on placing of the product through distribution channels such as supermarkets, hypermarkets (premium), general leading stores and markets in tourist attractions to ensure that the product reached a much larger scale of target customers.

As regards the plant extract business, in 2013 the Company additionally developed several plant and herbal extract products such as extracts from mangosteen, aloe vera, roselle, emblic, pineapple dietary fiber and coconut dietary fiber as well as adopted new technology in the production of extracts. This helped generated higher sales for the Company. Besides, the Company conducted more marketing activities such as participation in product exhibitions in order to promote image and wider recognition of the Company's presence in the plant extract industry. The Company's plant extract business received high attention from the public.

## Analysis of Other Income

Other Income	2011	2012	2013
Gain from exchange rates	2.4	43.7	-
Reversal of doubtful accounts	-	0.5	-
Loss from reversal of allowance for expired goods	7.8	-	45.8
Gain from sale of investment	-	0.6	10.1
Market promotion support	248.7	144.9	194.9
Revenue from selling raw materials and scraps materials	6.3	6.0	7.4
Others	59.0	49.6	47.4
Total	324.2	245.3	305.6

**Gain from exchange rates:** In 2013, there was no recognition of gain from exchange rates as exchange rates were extremely volatile in the second quarter and Thai Baht value depreciated drastically during the end of the year, causing the burden from conversion of exchange rate based on market price according to the forward contracts made during the first half of the year. While at the end of 2012 Thai Baht value strengthened, leading to the recognition of a relatively high amount of gain from exchange rates.

**Reversal of doubtful accounts:** As one of the doubtful accounts was classified as bad debt, the amount was included in the category of other expenses.

**Loss on reversal of allowance for expired goods:** The allowance set aside by the Company for expired goods was in accordance with the accounting standard based on the remaining useful life which was over-recorded during the previous year and was reversed and booked as income.

**Marketing promotion support:** This was a financial support provided by Suntory Beverage and Food Asia Ltd. (previously known as "Suntory Beverage and Food Ltd.") for advertisement and sales promotion for products under its commercial brand, produced and distributed by the subsidiary company (Tipco F&B Co., Ltd.). This amount included also the special rebate for purchasing goods according to the set target.

**Gain from sale of investment:** This was a profit from the sale of warrants of Tipco Asphalt Pcl.

**Other income:** The Company's recorded sales revenues were on the FOB basis and revenues from shipping and insurance under CIF term were booked as other income while expenses on shipping and insurance were booked under selling and administrative expenses.

## Analysis of Cost of Goods Sold and Gross Profit

	2011		2012		2013	
	Baht Million	% of sales	Baht Million	% of sales	Baht Million	% of sales
Total sales	4,825.1	100.0	5,442.1	100.0	5,588.2	100.0
Cost of goods sold	3,274.8	67.9	3,701.2	68.0	4,030.3	72.1
Gross profit	1,550.3	32.1	1,740.9	32.0	1,557.9	27.9

In 2013, the gross profit ratio declined considerably due to the export of canned pineapple business. The price of fresh pineapple which is the main cost substantially increased due to the domestic supply of pineapple which was less than expected and the natural disaster suffered by the Philippines resulting in inadequate output. Consequently, there was a high completion of pineapple purchase price in the market. But the export prices of canned pineapple and concentrated pineapple juice were not adjusted upwardly in line with the increasing price of fresh pineapple which is the key cost in the selling costs. As for domestic businesses including ready-to-drink beverage business, retail business, and agricultural and plant extract businesses, the gross profit ratio remained almost unchanged as compared to the previous year.



## Selling and Administrative Expenses

Expenses	2011		2012		2013	
	Baht Million	% of sales	Baht Million	% of sales	Baht Million	% of sales
Selling and administrative expenses	1,560.4	32.3	1,741.8	32.0	1,794.2	32.1

In 2013, the selling and administrative expenses increased since during the year the Company established a subsidiary company, namely TFB Distribution Co., Ltd. in which Tipco F&B Co., Ltd. holds 100% of shares, to be engaged in the new business which is the retail and wholesale business. This led to a dramatic increase in the selling expenses. Subsequently, the Company deemed that this business incurred excessive expenses and thus temporarily suspended the business.

## Report on Cash Flow Analysis

Expense	2011	2012	2013
Cash flow from operations			
Profit before income tax	369.8	265.4	152.6
Adjustments to reconcile profit before income tax to net cash provided by operating activities	101.4	238.5	100.2
Adjustments to decrease (increase) in working capital	-638.6	0.8	-100.6
Net cash provided by (used in) operating activities	-167.4	504.7	152.2
Net cash provided by (used in) investing activities	-258.7	-272.8	-145.9
Net cash provided by (used in) financing activities	422.4	-226.2	-16.1
Effects of foreign currency exchange on cash & cash equivalents	0.1	0.1	0.1
Increase (decrease) in cash & cash equivalents	-3.6	5.5	-9.8
Cash & cash equivalents at the beginning of the periods	44.7	41.1	46.7
Cash & cash equivalents at the end of the periods	41.1	46.7	36.9

In 2013, the Company had net cash provided by operating activities of Baht 152 million, a decrease from 2012, due to the decrease in the operating profit, the provisioning of allowance for expired goods, asset impairment and trade creditors. As regards the net cash provided by investing and financial activities, the net cash used decreased in 2013 as compared with 2012 due to the decrease in the investment in fixed assets, the receipt of cash from sale of investment available for sale, the increase in loans from financial institutions compared with the payment of long-term loans, and no dividend payment.

## Liquidity

Liquidity ratio (times)	2011	2012	2013
Current Ratio	1.0	0.8	0.7
Interest Coverage Ratio	4.9	3.6	2.7
Debt to Equity Ratio	1.4	1.3	1.2

In 2013, the current ratio slightly declined as compared with 2012 due to the increase in current liabilities as a result of the higher amount of short-term loans to support additional working capital required for payment of selling and administrative expenses additionally incurred from increasing sales and production and for payment of long-term loans.

**Interest Coverage Ratio:** In 2013, the Company's interest coverage ratio declined from 2012 due to the decrease in the Company's profit before interest and tax.

**Debt to Equity Ratio:** The Company's debt to equity ratio slightly increased in 2013 due to the Company's net profit of Baht 114.4 million as a result of the recognition of share of profit from investment in Tipco Asphalt Pcl. and hence the increase in retained earnings. Also, the Company's equity of 2013 increased as compared to that of 2012 while the Company's liabilities with financial institutions decreased approximately Baht 390 million.

## Profitability

Profitability ratio	2011	2012	2013
Gross profit margin (%)	32.1	32.0	27.9
Net profit margin (%)	7.1	4.1	2.0
Return on equity (%)	16.7	10.0	4.9

**Gross profit margin:** In 2013, the gross profit margin declined as compared with 2012 mainly due to the impact from the canned fruit export business. This was because the average cost of materials increased considerably and the volume of raw materials available for the production was lower than the target, resulting in the increase in the selling costs. However, the Company could not upwardly adjust the selling price to reflect the increase in the selling costs. As regards the ready-to-drink beverage business, the retail business and the agricultural and plant extract businesses, the gross profit margin was almost the same as last year.

**Net profit margin:** In 2013, the Company's net profit margin decrease due to the decrease in the gross profit margin along with the increase in sales promotion expenses following the launches of new products. Part of the expenses was funded through the financial support for market promotion from Suntory Beverage and Food Asia Ltd. (previously known as "Suntory Beverage and Food td.") for advertisement and sales promotion for products under its commercial brand and classified as other income.

**Return on equity:** In 2013, the return on equity went down due to the decrease in the net profit and the increase in the shareholders' equity.

### Asset Quality and Financial Ratio

% of Total Assets	2011	2012	2013
Accounts receivable – net	8%	13%	12%
Inventory	26%	23%	22%
Investments and loans-net	16%	18%	21%
Property, plant and equipment-net	45%	44%	43%
Deposits and guarantees	-	-	-
Others	5%	5%	2%

The ratio of accounts receivable to total assets increased from 2011 to 2012. The average collection period in 2011 was 33 days and in 2012 was 39 days similar to that in 2013. The Company expanded its market to attract new customers in replacement of the existing customers in countries with economic problems. On entering new markets with risks, the Company had to exercise extra caution in considering and granting credits to new customers and strictly follow up on debt payment. Due to the sluggish economic recovery, certain debtors requested to extend the debt payment period to avoid the liquidity problem and the Company granted relaxations as deemed appropriate for regular and long-term customers, hence an increase in the average collection period to 39 days.

In 2011, the ratio of inventory to total assets increased because fresh fruit supply in the market was at a high level, hence a reduction in costs. The Company, therefore, gradually produced and kept finished goods in inventory for further sale according to the inventory management policy, resulting in the increase in the ratio of inventory to total assets and the increase in the number of days in inventory to 165 days. In 2012, the Company gradually exported finished goods in inventory and the fresh and the fresh fruit prices decreased and were unlikely to increase due to the oversupply of fresh fruits in the market. As a result, the Company did not have a policy to keep a high level of inventory, hence the decrease in the number of days in inventory to 135 days.

In 2013, due to the low supply of the raw materials which was inadequate for the production, the Company gradually delivered finished goods to the customers, resulting in the decrease in the number of days in inventory to 121 days.

**Investment:** The Company made an investment in Tipco Asphalt Pcl. in which the company had the policy to hold 20-25% of shares. Such investment was recorded using the equity method in accordance with generally accepted accounting principles. The investment cost was shown in the notes to the financial statements.

Property, plant and equipment: The Company has regularly undertaken repairs and maintenance on a yearly basis. In 2012, additional investment was made to support the existing production line at the beverage factory while at the canned fruit factory, investment was made to support the new production line applicable to pineapple in plastic cup and pineapple in retort pouch. At the Aura mineral water factory, investment was related to repairs and maintenance of existing machines and equipment. In 2013, investments were made to support the existing production line at the ready-to-drink beverage factory, the purchase of additional machines for the coconut milk product, and the Green Energy project at the canned fruit factory. At the mineral water factory, investment was made in the purchase of additional machines for enhanced production capacity which were expected to be completely installed in 2014.

### Operating Efficiency

Operating Efficiency Ratio (%)	2011	2012	2013
Return on assets	5.9	3.7	1.9
Return on fixed assets	13.0	8.3	4.3

In 2011, sales bounced back and the Company did not make additional investment in assets while enjoying and optimizing the benefits of assets it had invested in earlier. Thus, the return on assets and the return on fixed assets increased substantially. In 2012, both ratios decreased due to the decrease in sales in the canned pineapple business and the setting aside of an allowance for expired goods, hence a decrease in the net profit. In 2013, both ratios decreased significantly due to the decrease in the operating results of the canned pineapple business.



## RISK FACTORS

According to the resolution of the Business Risk Assessment Subcommittee's Meeting, business risks are divided into two categories: short-term and long term. The degree of severity of risks can be divided into 5 levels: Level 5-maximum, Level 4-high, Level 3-moderate, Level 2-low, and Level 1-minimum. Details are as follows:

### Short-term business risks

Category	Nature of Risk	Degree of Risk	Reason	Impact and mitigation measure
Production and export of canned pineapple, pineapple juice concentrate and mixed fruit	(A) Cost of fund increase	2	The higher prices of raw materials lead to higher demand for working capital. The sources of funds are short-term loans, resulting in higher financial costs.	As higher financial costs lead to the Company's decreasing profitability, the Company must focus on management of working capital to ensure improved efficiency in terms of policies and tools for management of debtors and inventory.
	(B) Foreign exchange rate volatility	5	The trends of economic recovery in the United States and political problems in Thailand result in Baht depreciation. However, both factors are uncertain. So, exchange rate fluctuations are subject to particular circumstances.	There are risks from loss from exchange rate as uncertain situations may lead to immediate Baht appreciation. Thus, the Company has hedged against risks from short-term sales by using exchange rate management tools such as forward contracts or options contracts in case of high short-term volatility.

Category	Nature of Risk	Degree of Risk	Reason	Impact and mitigation measure
	(C) Higher cost of product	5	With higher competition environment resulting in higher cost of raw materials (pineapple) and much higher direct labour cost, production cost grows substantially.	Higher production cost impacts the Company's profitability because the sales price does not increase proportionally with increasing production cost. The Company must manage conversion cost by adjusting expenses in many areas, for example, reduction of direct raw material cost and direct labour cost, control of variable expenses, e.g. water and electricity, and management of fixed expenses by controlling productivity (number of tons) to be at an appropriate level.
	(D) Shortage of raw materials (Fresh pineapple)	5	Due to higher competition and drought from the El Nino phenomenon, the volume of raw materials (pineapple) to be supplied to the factory is below the planned production level.	The insufficient amount of raw materials for production has led to delayed delivery of products to customers. Thus, the Company has to manage raw materials efficiently. In so doing, the Company controls the volume of raw materials from its member suppliers by providing competitive prices, offering special terms and conditions for volume sales, and finding raw materials from other sources to ensure that there is always sufficient amount of pineapples for the factory. The Company must always monitor climate information (El Nino) from the Meteorological Department and provide regular update to member suppliers so that raw materials are maintained properly and supplied to the factory consistently.

Category	Nature of Risk	Degree of Risk	Reason	Impact and mitigation measure
	(E) Political situations (road blocks)	4	Current political situations, especially issues related to rice pledging scheme, led to rallies held by farmers blocking roads which are the Company's main product delivery routes.	Road closures due to rallies of farmers may cause transportation of the Company's products behind the schedule. The Company must manage transportation by coordinating with carriers in determining backup transportation routes and extending transportation time period. Also, more train transportation should be planned. As for raw materials for production, coordination must be made with sellers in adjusting transportation time period and choosing appropriate transportation methods such as adjustment of size of transporting vehicles or increase of rounds of transportation, etc.
	(F) Quality of water for production	4	Due to drought, sources of water supporting the factory as well as inadequately efficient water production system (sand pile system), the quality of water for the factory is not high. For example, the water has dust and is turbid.	The quality of water for the factory is still substandard. This may impact the quality of products. The Company has compared the quality of raw water from different sources and proposed the information to management in order to request a budget for installing the Ultra Filtration system for enhanced efficiency of water production process and improved water quality.

## Long-term business risks

Category	Nature of Risk	Degree of Risk	Reason	Impact and mitigation measure
Production and export of canned pineapple, concentrated pineapple juice and mixed fruits	(A) Foreign exchange rate volatility	5	Although the current factors indicate trends of Baht depreciation throughout 2014 but in the long run there are many factors that affect Baht movement. Unexpected circumstances may lead to Baht appreciation.	Baht appreciation has led to the decrease in the Company's profit. In this regard, the Company has closely monitored Baht movement. If there is a sign showing Baht appreciation, the Company will hedge against risks associated with long-term sales by considering using a number of financial tools in addition to forward contracts such as contracts to purchase options to sell foreign currencies in case of indication of high volatility.
	(B) Interest rate increase	3	Although at present the Bank of Thailand is likely to maintain or decrease interest rate within this year with a view to boosting economy, there are improving trends of the US economy and it is expected that the US may adjust interest rate upwardly around at the end of 2014. This could pressure Thailand to increase interest rate to prevent capital outflows.	Increasing interest rate leads to higher financial costs, resulting in the decrease in the Company's profitability. The Company will review its debt structure in order to reduce risks from reliance on floating interest rates. For example, medium term loans with fixed interest rates may be used to replace short-term loans with money market rates. In addition, financial tools supporting interest rate management must be considered as appropriate.

Category	Nature of Risk	Degree of Risk	Reason	Impact and mitigation measure
	(C) Financial liquidity	5	With higher working capital needs, the current short-term loans would not be sufficient for the working capital requirements.	There could be the lack of continuity in working capital management. The Company will review and adjust the mixture of long-term and short-term debts. The Company will also manage working capital in terms of management of debtors and inventory for maximum efficiency while managing short-term loans.
	(D) Shortage of raw materials (Pineapple)	4	Due to drought and constant climate changes as well as constantly growing competition, the volume of raw materials may not be sufficient for production as planned.	The low volume of raw materials (pineapple) may lead to delayed production and failure to meet customers' needs. Thus, the Company has developed a plan to speed up the production during Quarters 2 and 4 to achieve maximum production (in tons). Also, the Company initiated a special project to motivate farmers to deliver raw materials. The Company added the "off season" project during Quarter 3 and identified backup sources of raw materials to ensure that there is always sufficient amount of pineapples for the factory.
	(E) Shortage of raw materials (Coconut)	3	Climate changes and higher competition may result in low supply of raw materials for the factory which is not sufficient for the production as planned.	Small supply of raw materials (coconut) leads to failure to achieve production according to the customers' needs. The Company has scheduled production (according to orders) for Quarter 2 when there is still sufficient amount of raw materials in preparation for the export in Quarter 3. The Company also installs pasteurization unit for storage of frozen coconut milk for later use in times of shortage of raw materials. A feasibility study is conducted on use of coconut powder, in replacement of fresh coconut meat, to produce coconut milk.



## DIVIDEND PAYMENT POLICY

The Company and its subsidiaries pay dividends they have positive retained earnings. The dividend payout ratio depends on the Company's operating results and investment projects planned but shall not be less than one third of net profits recorded in the separate financial statements.

Year	2013	2012	2011	2010	2009
Net profit/share	[0.1578]	0.1380	0.3313	[0.2694]	0.1902
Dividend/share	0.00	0.00	0.12	0.00	0.15
Dividend/profit (%)	0%	0%	36.2%	0%	78.9%

## CORPORATE SOCIAL RESPONSIBILITY

The Company conducts its business by adhering to its responsibility to all stakeholders. As part of the community, the Company is committed to environmental and social responsibility by acting as a good citizen who lives with others in society with pride and dignity. The Company instills such concept into employees at all levels, comprising the board of directors, senior executives, managers, supervisors, employees and other stakeholders to live up to the same norm. In addition, the Company established the documents regarding corporate responsibility policies and principles as the guidelines for consistent and earnest compliance in all cases. The undertaking of business operation based on corporate environmental and social responsibility is the motto of each individual stakeholder in Tipco Foods Group according to the policy: "TIPCO develops business along with environment and society".

To ensure the effectiveness of the corporate environmental and social responsibility management and conformance to the policy, the Company appointed the environmental and social promotion working committee consisting of the representatives from management in supporting and promoting the environment and society, the chairman, members and secretary of the committee for each factory and the headquarters. Roles and responsibilities of the committee are defined as follows.

1. Present the environmental and social activities for government agencies and communities in the responsible area to seek for support
2. Coordinate and perform environmental and social activities according to the approved budget.
3. Supervise, monitor, and present the activities to ensure the environmental management of the factory meet the legal requirements and related standards.
4. Be the public relations center to distribute information of environmental and social activities through local media.
5. Prepare an annual activity plan and propose the budget for the environmental and social promotion projects
6. Conduct other assigned activities related to the good image of the company on environmental and social promotion

The environmental and social promotion working committee holds the meeting for planning and monitoring the activities and reports the operational performance to the management regularly. The activity plan is divided into 3 categories.

## 1. Society

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- Support scholarships to the schools in the community
- Support scholarships for children of farmers supplying raw materials
- Conduct community relations visit in conjunction with the surrounding community and government agencies, such as a healthcare visit for the elderly by collaboration with the hospital in the community.
- Support the budget allocated from the Company's budget for each fiscal year to help the communities and society

## 2. Environment

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- Support marine conservation activities in collaboration with Provincial Fisheries Office
- Promote waste reduction programs in schools through education and funding
- Support the project of building a dam

## 3. Religious Places

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- Organize the virtue and ethics promotion program to encourage the employees to give, volunteer, and do good deeds.

In 2013, the Company won the CSR-DIW Continuous Award 2013 from the Ministry of Industry and established the corporate social responsibility report in accordance with the standards of the Management System Certification Institute (Thailand). This demonstrates that the Company remains steadfast in providing its support and contribution in corporate social responsibility.

The Company set the work guidelines according to the policy on the basis of integrity, transparency and fairness, with no conflicts of interest against the Company and stakeholders, including the confidentiality regarding the business operation with stakeholders. It has set up a channel for reporting complaints or fraud.

- Provide a channel for lodging traces or complaints of wrongdoing against law or ethics by means of mailing address, phone and e-mail address of all directors as appeared on the website of the Company.
- Go to meet the community to get opinion
- Have dialogue with local authorities, community leaders and the community
- Provide a process to handle the complaints by verifying information and report to the Board of Directors

As regards the satisfaction and opinion survey of the community that the Company has conducted continuously, the “Community Satisfaction Level (CSL)” overall satisfaction score in 2013 was 4.44 out of 5.00, higher than prior year’s score of 4.22. Prachuap Khiri Khan factory obtained the score of 4.51, higher than prior year’s score of 4.49. Chiang Mai factory obtained 4.40 points, higher than the previous year’s rating of 3.68. Lastly, Wang Noi factory’s score was 4.40, above prior year’s score of 4.37. The Company assigned the responsible departments to take suggestions from the community for further improvement and resolution.

To implement the awareness of the related stakeholders into practice, the Company brought this concept to define a framework for business operations. In 2013, the Company established the new vision and core values of “A market driving company that enhances value to stakeholders comprising employees, consumers, trading partners, business alliances and society”.

**The 5 core values are determined according to the alphabets of Tipco with the meanings as follows:**

**T : Teamwork (Working as a team)**

**I : Innovation (Focusing on innovation)**

**P : Passion for Excellence (Striving for excellence)**

**C : Commitment to Customers (Be responsible to customers) and**

**O : Openness (Be open and sharing)**

The Company continues to focus on the relationship of vision and core values to drive the sustainable growth. The core values state the commitment to the customers, both internal and external, of all units of the Company, to offer the service and quality products, by heart and spirit, to meet satisfaction of the consumers and users. This is the key contributor to the culture of good corporate governance. In 2013, the result of Customer Satisfaction Index obtained from the customer satisfaction survey was in the range of good to excellent. The overall score is 97.1%, the same as last year but is below the 98.0% target.

The Company also recognizes the importance of employees as the main mechanism to drive the continued growth. Hence, the Employee Opinion Survey (EOS) was conducted to survey the employees’ opinions about the organization in terms of image, reputation, employee welfare, administration and good corporate governance. In 2013, the survey score was 4.12 out of the full score of 5.00, lower than 4.17 of the prior year. The component that has the highest score is anti-corruption followed by social and environmental responsibility. The lowest score goes to variable pay, internal communication and workplace environment, where the management team will be in charge of further improvement. In addition, the Company determines and reviews the Core Competency and Managerial Competency of employees to be in accordance with business goals. The project to develop the potential for executives was developed. The employees at other levels of each department have been evaluated

and the individual plans were developed by a measure of Core Competency Index (CCI) in order to reinforce the staff potential and reflect on the career path. The competent employees can learn and develop in every aspect to support the new vision of the Company.

The Company also conducted a satisfaction survey of suppliers and obtained average satisfaction score of 4.75 points from a 5.00-point scale, up from 4.65 points in the previous year. The Company applied all opinions for improvement by determining the person in charge and the timeline for action, and conducted evaluation periodically to ensure the good corporate governance and fair treatment of all stakeholders.

Remark: The score of 1-5 represents the rating as follows: 5 – Very Good, 4 – Good, 3 – Fair, 1 and 2 – Need Improvement.

## **In 2013, the Company carried out a variety of social and environmental activities as per details below.**

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### **Society**

- Provided 300 cases of Aura mineral water to the people participating in the ceremony to celebrate the auspicious occasion of His Majesty the King's birthday anniversary on 5 December 2013 at Klai Kangwon Palace, Hua Hin.
- Provided 4,800 cases of Tipco beverage products in 2013 to the Thai Red Cross Society for welcoming the people who donate blood and supporting various activities of the organization
- Donated 10,800 packs of Tipco beverage products to the victims of Typhoon Haiyan in the Philippines

### **Environment**

- Provided Aura mineral water to the people participating in the activity following the self-sufficiency journey inspired by the King in building a dam at the Queen Sirikit Botanical Garden
- Provided Tipco beverage product for sponsoring various activities including rally, traveling, photography and learning activities for conservation of mangrove forest
- Provided Aura mineral water to support the reforestation activity called "Join Reforestation with Elephants, Return the Kindness to Nam Sa" held at the Botanical Garden Organization, Mae Ram Subdistrict, Mae Rim District, Chiang Mai.



## Education

- A total of 219 scholarships worth Baht 511,500 were granted for children of employees and farmers as well as students in community schools around the factory.
- Provide ongoing support to Ban Bueng School in Prachuap Khiri Khan province for the expense of hiring preschool teachers and supply rice for students' lunch on a monthly basis.

## Arts, Culture and Religious Traditions

- Co-hosted Kathin ceremony, for presenting robes to monks and sponsored the almshouse at the Singkhon Buddhist Monastery, as well as co-hosted Kathin ceremonies at the Baan Bueng Buddhist Monastery and Rod Prasit Temple.
- Provided Tipco beverage products in the program of "Presenting Good Books to Monks Ceremony"
- Supported the products for a range of events including Songkran Festival, Buddhist Lent Day, almshouse offering, etc.

**Tipco Foods Group** also provided support in other activities such as visiting the community, sending employees to attend activities with various organizations including government agencies, schools, temples, etc.

## Disclosure of Prevention Against Involvement of Corruption

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The Board of Director agreed to support the Company to participate in declaration of intent to comply with Anti-Corruption Collective Action in Thailand in 2010, in conjunction with the Thai Institute of Directors, the Thai Chamber of Commerce, the Thai Listed Companies Association, the Thai Bankers Association, and the National Counter Corruption Commission (NACC) as per details below.

1. The Company established the written guidelines of the anti-corruption policy and incorporated them into the Company's code of conduct that was approved by the Board of Directors.
2. The Board of Directors determined the anti-corruption policy by disclosing its intention to join Thailand's Private Sector Collective Action Coalition Against Corruption Council (CAC). The Company ratified the declaration of intent to resist corruption in all its forms.

In addition, the Company has taken actions to prevent the involvement with corruption as follows:

- (1) The Company has communicated to all directors, management and staff by requiring that execution of all processes be in strict compliance with the scope of laws. In case of an error in the operation due to negligence or limited knowledge, the Company shall be subject to punishments imposed by government authorities without attempts to avoid such punishments.
- (2) The Company provides the channel to report any violation or corruption while exercising protection measures for the reporting persons. The details of the policies and actions related to the prevention against involvement with corruption are disclosed in the Company's website under the Corporate Governance topic.

## REPORT OF THE CORPORATE GOVERNANCE SUBCOMMITTEE

The Board of Directors, in its capacity as the Corporate Governance Subcommittee, is committed to ensuring that the Company's operations comply with the good corporate governance guidelines which are stipulated by the Stock Exchange of Thailand and are in line with the international practice.

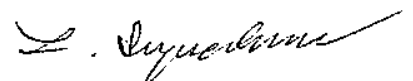
The Company encourages employees at all levels to operate according to the good corporate governance principles with the aim of assuring shareholders, investors, customers and stakeholders that the Company's has adopted efficient, transparent, accountable and fair management mechanism which adds values and promotes sustainable growth of the Company in accordance with its vision and goals of achieving continuous growth and remarkable competitiveness as well as gaining recognition and trust from both local and international customers.

The Company constantly conducted the training program on good corporate governance and code of conduct in an effort to concretely communicate the Company's relevant policies to the management and employees at all levels; to encourage the employees to recognize the importance of good corporate governance and their roles and responsibilities and to comply with the Company's code of conduct; and to consistently cultivate the good corporate governance culture within the Company. In addition, the Company participated in a wide array of anti-corruption initiatives. According to the Employee Opinion Survey (EOS) for 2013, the average score of all entities under the topic of anti-corruption was 4.47 (out of the total of 5.00), which was the highest compared to other topics.

Our consistent adherence to the principle of good corporate governance earned the Company the Top Corporate Governance Report Award from the Stock Exchange of Thailand for five years (2003-2006 and 2010). In 2013, the National Corporate Governance Committee assigned the Company the good governance score of 89 % or "Good" which was above the average score of 88% assigned to peer listed companies in the SET 100 Index. This marked the fifth consecutive year of the Company's accomplishment of the "Excellent" rating. In addition, the Company's 2013 shareholders meeting was rated 98.50 points or "Excellent" by the Thai Investors Association.

In 2013 the company won the CSR-DIW Continuous Award for the fourth consecutive year as an entrepreneur who operates a sustainable social responsibility, ready for ISO 26000 international standard towards Sustainable Development of the Department of Industrial Works , Ministry of Industry, The company also makes a report responsibility in compliance to the Management System Certification Institute (Thailand) . This indicates that the company is operating a social responsibility continuously. Moreover the company focused more on developing the capacity of employees by creating and promoting a happy workplace in the company. TPCO Foods Public Company Limited (the Company) has been awarded the outstanding establishment Labour Relations and Welfare from the Department of Labour Protection and Welfare, continued for three consecutive years. Others awards are the National Award for Safety from Occupational Health. Environment from Department of Labour Protection and Welfare, Award for the Loss Reduction and Productivity increase Project from the Department of Skill Development.

The Company implemented such initiatives to maintain a sustainable growth and to live happily and proudly in society as a socially and environmentally responsible member in accordance with our management policies and our ultimate goal of upholding the good corporate governance philosophy.



**Ms. Laksana Supsakorn**

Chairman of Corporate Governance Subcommittee

## GOOD CORPORATE GOVERNANCE

The Company has adopted the Stock Exchange of Thailand's 2012 Principles of the Good Corporate Governance for Listed Companies by integrating 2006 good corporate governance practices for listed companies into its good corporate governance guidelines, which had originally been implemented from 2006-2012 and revised in 2012, in order to ensure alignment with the good corporate governance principles stipulated by the Organization for Economic Co-operation and Development (OECD) and rules of the ASEAN Community.

In 2010, TIPCO revised its good corporate governance and code of conduct handbook and restructured the organization to promote transparent, accountable and measurable operations. Guidelines related to proper practices and relationship with every group of stakeholders are clearly set are set based on changes in social and economic environments, regulations and standards and are comprehensively included in the handbook. In addition, training programs covering contents of the handbook were conducted for all entities in its food business to ensure that employees thoroughly understand and strictly comply with the principles of good corporate governance and code of conduct as well as to continuously foster the compliance culture in order to build a foundation for Company's sustainable growth and create added values to all groups of stakeholders.

According to the annual corporate governance evaluation for 2013 conducted by the National Corporate Governance Committee, the Company received the total score of 89% or "Very Good" which was above the average score of 88% assigned to peer listed companies in the SET 100 Index. Details of our rating are as follows:

	2013	2012
Rights of Shareholders	94%	97%
Equitable Treatment of Shareholders	95%	92%
Rights of Stakeholders	83%	92%
Information Disclosure and Transparency	88%	92%
Board of Directors' Responsibility	85%	86%

### 1. Corporate Governance Policy

In 2013, the Company reviewed its vision, operating goals, strategies and business plans which required urgent actions in order to suitably respond to the current and future business landscape. The new vision focuses on creating added values to all groups of stakeholders including employees, consumers, trading partners, business alliances and society. In order to realize the vision, the Company emphasized 4 perspectives which are financial management, customer, internal process, and learning and growth of our human resources. In addition, the Company translated its critical success factors and excellence into the actual business operations. Targets of each

individual, department, division or business have been linked to drive the achievement of the Company's goals and vision. Policies such as the policy on quality which focused on creating customer satisfaction through factors which included personnel, operating process, safety, environment, and society have been established in order to foster the commitment to good business practices and being a role model for the community and the nation. The Board of Directors established the Corporate Governance Subcommittee, consisting of all directors of the Company, and formulated the policies on good corporate governance and code of conduct which were disclosed in the Company's annual report and website. To actively encourage employees' compliance with the good corporate governance philosophy, the Company undertook initiatives to promote their awareness and understanding of the good corporate governance principles.

In 2007, the Corporate Governance Subcommittee approved the adoption of the 2006 Principles of the Good Corporate Governance for Listed Companies. Practices under said principles are as follows:

## **Right of Shareholders**

### **Annual Shareholders' Meeting**

In the 2013 Annual General Meeting of Shareholders, 10 directors, including the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Subcommittee, attended the meeting while two directors could not attend the meeting (Mr. Chalit Limpanavech, independent director, received eye surgery and Miss Roumsin Supsakorn was engaged with overseas duties). The Company convened the meeting in accordance with the laws in every detail, from the announcement of the meeting, submission of documents, notification of the meeting agenda and timely provision of adequate information for shareholders in advance of the meeting to the acceptance of the shareholders' assignment of independent directors as their proxies for meeting and voting in the case where shareholders could not attend the meeting. (For more information, please refer to the "Equitable Treatment of Shareholders" section.) The barcode registration system was used for the annual general meeting of shareholders in 2013 for faster processing of data in relation to the number of attending shareholders and the voting result of each agenda. Prior to the commencement of the meeting, the chairman of the meeting informed shareholders of the process of voting on paper ballots. The vote counting process was witnessed by representatives of independent directors, auditors and our employees. The meeting was videotaped to ensure transparency and accountability. Furthermore, all shareholders were given equal opportunities to examine the details of the Company's operations, raise questions, and express opinions. The minutes of the meeting were disclosed on the company's website. Since 2008, the Company has allowed minor shareholders proper time and opportunity to propose agenda items and nomination of candidates for directorship prior to the meeting via its website. The Company's 2013 annual general meeting of shareholders was rated 98.50 points (out of 100 points) or "Excellent". The average score of listed companies was 90.81 points.

### **Equitable Treatment of Shareholders**

Recognizing shareholders' equal rights to receive accurate and adequate information for their consideration within appropriate time frame, the Company submitted the meeting notification, supporting documents of all agenda items, list of ID documents require for the meeting attendance, proxy form and proxy assignment procedure details to shareholders 14 days prior to the meeting date. Starting from the Annual General Meeting of Shareholders No. 1/2006 onwards, the Company disseminated supporting documents of each meeting agenda item via its website prior to the meeting document submission date in order to provide shareholders with faster access to



such information. In 2009, the Company started adopting the practice of publishing such information on its website 30 days prior to the meeting date. Selection of meeting time and venue was based on the consideration of shareholders' convenience. On the meeting date, attendance registration could be made 2 hours prior to the meeting commencement and shareholders could freely express their opinions and raise questions. Voting was made for each agenda item in sequential order according to the predetermined agenda and no agenda item was added without prior notice to shareholders. Shareholders were informed of details of the voting process before voting. Clarification and discussion were made prior to the casting of votes on each agenda item. In this regard, every shareholder had equal right to vote, except for shareholders having conflict of interest. For example, directors having conflict of interest in the directors' remuneration agenda item should refrain from casting votes on such item. From 2008 onwards, information regarding objectives and criteria concerned has been published on the Company's website to allow minor shareholders to propose agenda items and nominate qualified candidates for directorship. In 2013, the Company held 1 annual general meeting of shareholders and the meeting notification provided general details, rationale, additional impact and opinions of directors related to each agenda item to support shareholders' understanding, analysis and decision making. As for shareholders who could not attend the meeting, they could opt for either assigning their proxies to attend the meeting and offer opinions on their behalf or, as an additional option initiated by the Company, assigning independent directors as their proxies with the power to vote on their behalf. The directors have always placed the annual general meeting of shareholders as a top priority and would attend every annual general meeting of shareholders unless unavoidable circumstances prevent their participation therein. The Company's senior management team has regularly and consistently attended the shareholders' meetings.

The meeting minutes represented a complete record of all significant details such as attending directors, clarification provided by the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Managing Director and other relevant directors. The meeting minutes also included questions raised and opinions expressed by shareholders, voting and vote counting processes, the number of approval votes, disapproval votes and abstention votes, and other relevant information. The meeting minutes were submitted to the Stock Exchange of Thailand within 14 days from the meeting date and were posted on the Company's website to allow shareholders to check the accuracy of recorded details of resolutions, discussion and clarifications made at the meeting, and to suggest addition or amendment which should be made to the meeting minutes before the proposal of the minutes to the subsequent shareholders' meeting for adoption.

The voting ballots, documents and evidence were systematically compiled, retained and available for examination and use as reference. The Company announced the resolutions of the shareholders' meeting through the news system of the Stock Exchange of Thailand on the day following the meeting date and clearly indicated the number of approval votes, disapproval votes and abstention votes of each agenda item in order that shareholders who did not attend the meeting could swiftly gain information regarding the meeting resolutions.

As regards the allocation of profits, the Company has the mechanism to assure shareholder of their fair share in the profits earned. The shareholder structure of the Company was clear and presented no cross-shareholding. However, the Company and its related party (TIPCO Asphalt Pcl.) jointly hold shares as a result of investment in ordinary shares of 24.32 percent. Related party transactions were proposed to the Audit Committee for consideration and to the Board of Directors for approval without voting by directors having conflict of interest in such transactions. The Audit Committee has the authority and duty to oversee transactions to prevent against

conflict of interest and to establish inside information management procedures to prevent against use of inside information for personal gain. From 2004 onwards, the requirement of reporting of changes in possession of shares by directors and executives to the Secretary to the Board of Directors has replaced the practice of individual reporting. Directors and executives are required to disclose their possession of the Company's shares at Board of Directors meetings.

### **Roles of Stakeholders**

The Company has attached importance to the rights of both internal and external stakeholders and thus established the **"Code of Business Ethics"** which covered anti-corruption, responsible political involvement, equal and fair treatment of stakeholders, social and environmental responsibilities, compliance with labour laws and respect for employee rights. **Code of practice for 3 key parties** being involved in operations and the Company's stakeholders has also been established. The 3 key parties consist of **the management** (directors, senior executives, managers and supervisors), **employees** and **major shareholders**. In particular, the code of practice for the management indicated practices is related to 7 groups of stakeholders which included shareholders, employees, customers or consumers, trading partners and/or creditors, competitors, environment, and community involvement and development. The code of business ethics and code of practice are based on the commitment towards **quality and integrity**, and emphasize the good corporate governance process to prevent interference of major shareholders in the decision making of executives who operate based on the principles of honesty and professionalism. In addition, TIPCO, realizing its role as a member of the community, has adopted the CSR policy to operate businesses in accordance with CSR principles and undertook activities which supported the policy. Employees have been assigned duties and responsibilities which support CSR activities and policy (Please refer to the CSR policy on the Company's website.) Example of our CSR activities included assistance and support in the form of scholarship for students, educational resources or facility improvement extended to schools located near our factories or other schools as appropriate; financial support or in-kind donations for activities of governmental agencies, schools, temples or other entities; and cooperation with the community in maintaining good environmental standards of our factories to prevent adverse environmental effects on the community, etc.

### **Conflict of Interest**

With a view to preventing conflict of interest, the Company has adhered to the policy on code of business ethics and defined code of practice for various stakeholder groups, especially major shareholders, focusing on the prevention of adverse impact on other stakeholder groups. The Board of Directors is informed of transactions that may pose a conflict of interest and regarded related parties transactions as well as carefully reviews the suitability of each transaction. (Please refer to the elimination of conflict of interest topic in the Equitable Treatment of Shareholders section.) The Company has complied with rules and requirements of the Stock Exchange of Thailand and made amendment to its Article of Association in order to protect the interests of minor shareholders. The amendment was duly approved by the 2003 Annual General Meeting of Shareholders and is as follows:

"The Company's Articles of Association, Section 8, item 48: In the case where the Company or subsidiaries agree to make a related parties transaction, or a transaction related to the acquisition or divestiture of assets of the Company or its subsidiaries in accordance with the announcements the Stock Exchange of Thailand governing related parties transactions of listed companies or the acquisition or divestiture of assets of listed companies; the Company shall comply with applicable rules, regulations and methods contained in such announcement."

In an attempt to prevent against potential conflicts of interest, the Company has had its employees sign a "Conflict of Interest Agreement". The agreement specifies the disciplinary procedures and punishments which include employment termination which will be imposed in the event of intentional violation or breach of the agreement. As an additional preventive measure against use of inside information for personal gain, directors and executives shall disclose their possession of the Company's shares at each Board of Directors meeting every quarter and to the Secretary to the Board of Directors upon change in shareholding.

Related party transactions, according to the definitions set by the Stock Exchange of Thailand, must be reviewed by the Audit Committee and then proposed to the Board of Directors for approval. Directors having conflict of interest in such transactions shall abstain from voting. If such related parties transactions are of high value, they shall be subject to approval from the shareholders' meetings and must be announced in the newspaper. The value of related party transactions shall be marked to market and compared with the market prices determined by at least 3 companies.

### **Business Ethics**

Business ethics are incorporated in the code of business conduct of TIPCO Foods and provide details regarding guidelines and proper practice. The business ethics are based on the ideology of good corporate governance, commitment to excellence and social responsibility. The business ethics are translated into ethical business practices which cover anti-corruption, responsible participation in political process, equitable and fair treatment of stakeholders, and social and environmental responsibility as well as into labour practices and respect for employees' rights. In addition, ethical practices applicable to stakeholders, i.e. the management, employees and major shareholders as well as recommended approaches for handling issues and concerns are determined. All directors and employees are consistently informed of the business ethics and are required to express their acknowledgement and commitment to complying with the business ethics every 2 years. It is the management's duties to ensure that all employees under their supervision strictly comply with applicable requirements. Employees demonstrating non-compliance with the Company's code of conduct shall be subject to punishment in accordance with the Company's regulations.

### **Disclosure and Transparency**

#### **Corporate Governance Policy**

To achieve the Company's goals, to be accountable for functional performance and operations, to promote transparency on the basis of integrity, to create long-term competitiveness, and to strengthen the confidence of stakeholders, the Board of Directors established the good corporate governance policy as follows:

1. The Board of Directors shall be supervised to ensure efficient performance of duties in accordance with the assigned roles and responsibilities;
2. The internal control and business risk management systems shall be implemented efficiently and systematically;
3. Guiding framework shall be provided and strategies/business plans shall be reviewed in collaboration with the management;
4. Conflicts of interest shall be prevented;
5. All shareholders and stakeholders shall receive equitable and fair treatment;

6. Principle of transparency, integrity and accountability shall be observed for business operations;
7. Information, particularly operating results and financial statements, shall be adequately disclosed to stakeholders;
8. The Company's code of conduct manual shall be made available to directors, the management and all employees for their compliance therewith;
9. CSR activities shall be concretely implemented.

The management adopted the policy and communicated it across the organization to ensure correct understanding and compliance of employees.

### **The Board of Directors' Responsibilities**

Yearly, the Board of Directors considers revision of the good corporate governance policy in order to achieve the Company's goals, to be accountable for functional performance and operations, to promote transparency on the basis of integrity, to create long-term competitiveness, to strengthen the confidence of stakeholders, and to ensure alignment with current business environment and practices. In 2009, the Board of Directors passed the resolution to revise item 9 of the good corporate governance policy to be "9. CSR activities shall be concretely implemented."

To ensure that employees at all levels correctly understand and comply with policies related to good corporate governance and code of conducts, such topics are included in orientation programs for new employees and relevant refresher courses are facilitated at least twice a year. In addition, these subjects are incorporated into the Employee Opinion Survey (EOS) to allow employees to express their opinions towards statements such as "You agree with the principles of good corporate governance and code of conduct as well as treatment of shareholders, employees, customers and stakeholders with transparency" and "You agree that business operations should be based on the CSR principle and comply with policies of the organization". In 2013, the ratings of the 2 topics were 4.32 and 4.38 respectively out of the total of 5.00. With a view to adhering to business ethics, the Company, apart from raising anti-corruption awareness among employees, added the statement "You agree and comply with the Company's anti-corruption policies" to the 2013 Employee Opinion Survey (EOS). The score of this topic was 4.47 out of the total of 5.00. Such systemic good corporate governance initiatives are effective foundation for the Company's promotion of consistent compliance and awareness among employees at all levels.

## **2. Board of Directors and Subcommittees**

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### **Composition and scope of duties and responsibilities of the Board of Directors and subcommittees**

The Board of Directors of TIPCO is comprised of highly qualified and capable individuals and. The directors have consistently participated in self-development programs arranged by the Thai Institute of Director Associations (IOD). The Board of Directors partakes in the formulation and endorsement of the corporate vision, strategies, goals, business plans and budget as well as supervises performance of the management to ensure that the Company's operations were undertaken efficiently and effectively in accordance with predetermined business plans and budget. It is the duty of the Board of Directors and the management to be responsible for shareholders. In this regard, the

Company has implemented an effective system to ensure segregation of duties between the Board of Directors and the management, reviewed and evaluated internal control, and undertook risk management and control. TIPCO has complied with the laws, its objectives and regulations, and the resolutions of shareholders' meetings as well as protected the Company's interests based on the good corporate governance philosophy. In addition, 4 subcommittees have been established, namely the Audit Committee, the Nomination and Remuneration Subcommittee, the Corporate Governance Subcommittee, and the Business Risk Assessment Subcommittee. Members of the said subcommittees have qualifications and duties in accordance with the requirements specified by the Stock Exchange of Thailand. Roles, duties and responsibilities of the subcommittee members, the management, the Board of Directors and major shareholders are clearly defined in writing.

### **Authority and Duties of the Board of Directors**

1. Oversee and manage the Company's business undertakings to ensure compliance with relevant laws, the Company's objectives and Articles of Association, and resolutions of shareholders meetings, as well as preserve the Company's interests in accordance with the principles of good corporate governance.
2. Determine the Company's policies and business directions as well as monitor and supervise performance of the management to ensure effectiveness, efficiency and compliance with such policies with a view to maximizing the Company's economic value and shareholders' wealth.
3. Arrange for the organization of an annual general meeting of shareholders within 4 months from the end of the Company's accounting period and convene an extraordinary general meeting of shareholders as necessary.
4. Hold a Board of Directors meeting on a quarterly basis whereas at least one-half of the total number of directors must be present. Decisions at the meetings will be resolved by a majority vote. If votes result in a tie, the Chairman of the meeting shall have a casting vote.
5. Provide recommendations, discuss problems in a collaborative and comprehensive manner, and make decisions with discretion and prudence concerning agenda items proposed at Board of Directors meetings.
6. Arrange for the preparation of the balance sheets and the profit and loss statement at the end of the Company's accounting period and have them audited before submission thereof to the annual general meeting of shareholders for consideration and approval.
7. Appoint the Managing Director and determine his remuneration.
8. Empower the Managing Director to direct the Company's business, to appoint and terminate employment of employees, to determine remuneration in accordance with policies of the Board of Directors, and to grant authority to employees to take actions in accordance with business situations.
9. Consider and approve the capital expenditure and the annual operating budget and supervise the usage of the Company's resources.
10. Determine guidelines and policies for remuneration of senior management.
11. Arrange for the establishment of internal control and audit, have in place control systems related to finance, operations and compliance, and control and manage risks.
12. Arrange for the preparation of reports on financial and other general information that are important to shareholders in a complete, correct and adequate manner, as well as confirm the verification and certification of such reports.



### **Authority and Duties of the Managing Director**

1. Manage and direct the Company's operations in accordance with policies and authorities determined by the Board of Directors.
2. Determine short-term and long-term business goals, annual business plan, expenditure budget, and long-term strategic plan for submission to the Board of Directors for approval.
3. Manage operations through the management to achieve goals according to the business plan as well as to ensure sustainable competitiveness and appropriate returns for shareholders.
4. Allocate resources and recruit high potential personnel for maximum benefits of the Company.
5. Promote and develop a strong organizational culture to support the Company's vision and business growth.
6. Closely monitor the Company's operations, evaluate performance, and report activities undertaken by the management to the Board of Directors on a regular basis and in a timely manner.
7. Consider, screen and present to the Board of Directors for approval the following matters: Policies and business directions of the Company, affairs which may bring about a significant impact on the Company's business after their implementation, and issues related to compliance with laws and regulations of the Stock Exchange of Thailand.
8. Prepare details of the scope of authority for submission to the Board of Directors for approval. The determined scope of authority is aimed at delegating authority to employees to perform duties and make decisions efficiently as well as ensuring flexibility and control management.
9. Prepare reports on financial status and financial statements for submission to the Board of Directors for consideration and approval on a quarterly basis.

### **Authority and Duties of the Audit Committee**

1. Ensure that the Company's financial reports are correct, according to actual facts, complete, adequate and reliable.
2. Ensure that the Company and its management arrange for the establishment of a suitable and efficient internal control system. The committee may, as appropriate, invite directors, executives or staff members concerned to attend its meeting and provide relevant information.
3. Consider, select and nominate an auditor and propose his/her remuneration.
4. Ensure that the Company and its management comply with relevant regulations and laws.
5. Ensure that there is no conflict of interest.
6. Prepare the Audit Committee's report which must be disclosed in the Company's annual report. The Audit Committee's report must be signed by the Chairman of the Audit Committee and contain opinions on matters as required by the Stock Exchange of Thailand.

### **Authority and Duties of the Nomination and Remuneration Subcommittee**

1. Select and nominate persons who are qualified for the position of director according to the Company's operating regulation on selection and nomination of the Company's directors. Also, consider the performance, qualifications and appropriateness of the directors who retire by rotation and are qualified for re-election. Then, propose a list of candidates to the Board of Directors for consideration and approval and to the shareholders meeting for election as directors.

2. Propose remuneration rates and employment conditions including remuneration rates of Chairman of the Executive Committee, Managing Director, and high-level executives of the Company as assigned by the Board of Directors.
3. Provide opinions to the Board of Directors regarding remuneration rates of Chairman of the Board of Directors and directors according to the regulation on consideration of remuneration before approval is granted by the Board of Directors and then the shareholders meeting.
4. Provide recommendations to the Board of Directors regarding successors of the Chairman of the Executive Committee and the Managing Director. Review succession plans for high-level executives, executives and key positions as prepared by the Chairman of the Executive Committee or the Managing Director.
5. Have duties and responsibilities related to the following strategies:
  - 5.1 Human resources strategies for high-level executives
    - 5.1.1 Consider and provide opinions on human resources policies for high-level executives as proposed by the Chairman of the Executive Committee and/or the Managing Director to ensure alignment with business strategies of the Company before submission to the Board of Directors.
    - 5.1.2 Ensure that qualified candidates are included in succession plans of high-level executives, executives and key positions, and ensure that these plans are regularly reviewed by the Chairman of the Executive Committee and the Managing Director.
  - 5.2 Strategies on performance evaluation and remuneration of high-level executives
    - 5.2.1 Review remuneration strategies and propose them to the Board of Directors for endorsement.
    - 5.2.2 Review and propose remuneration to the Board of Directors in order to motivate high-level executives to enhance and develop themselves and their subordinates in terms of potential and to devote themselves to the performance of duties in the short and long terms, which will ultimately contribute to the business development of the Company. Also, consider giving the Company's shares as remuneration.
    - 5.2.3 Provide recommendations to the Chairman of the Executive Committee and the Managing Director regarding guidelines for consideration of salary, welfare and benefits for high-level executives of the Company.
    - 5.2.4 Consider and provide opinions to the Board of Directors on policies and programs on incentives intended for retaining personnel with capabilities, quality and potential.

#### **Authority and Duties of the Corporate Governance Subcommittee**

1. Determine corporate governance policies in accordance with regulations of the Stock Exchange of Thailand.
2. Review corporate governance policies and assess the compliance with such policies on a regular basis.
3. Consider and approve the Company's Code of Conduct.

### **Authority and Duties of the Business Risk Assessment Subcommittee**

1. Ensure that all possible risks which can affect the stability of the Company are avoided.
2. Ensure compliance with the business direction, strategies, and organizational core values.
3. Determine the severity of risks of all activities.
4. Specify clear risk indicators.
5. Inspect risks independently or set up a regular self-assessment system.
6. Compare between potential damage from risks associated with business decisions and the cost of controlling such risks and determine a balanced solution.
7. Encourage employees to communicate feedback or warning to the management immediately when an adverse situation occurs.
8. Benchmark with other companies possessing excellent risk management systems.

List of Audit Committee members possessing knowledge and experience in financial statement review  
Mr. Virat Phairatphiboon (Please refer to the profile in page 26 )

List of directors possessing financial knowledge

Mr. Pichawat Chomchuen, Mr. Somchit Sertthin, Mr. Ekaphol Pongstabhon and Mr. Virat Phairatphiboon  
(Please refer to the profile in page 25-27 )

## **3. Nomination and Appointment of Directors and Top Executive**

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**The process for consideration, nomination and appointment of directors, independent directors and managing director is as follows:**

1. The Board of Directors determines qualifications for directors, independent directors, and managing directors.
2. The Nomination and Remuneration Subcommittee screens and selects persons possessing appropriate qualifications as required by the Board of Directors and proposes the matter to the Board of Directors for consideration.
3. The Board of Directors considers and selects the appropriate candidates for the position of director and proposes the selected candidates to the shareholders meeting for consideration and appointment as directors.
4. The Board of Directors considers the appointment of an appropriate candidate as Managing Director.

### **Qualifications for Independent Directors**

1. Possess the required qualifications for directors.
2. Perform duties and express opinions using independent judgment as well as uphold integrity by taking into consideration the benefit of the Company as a priority. He/she shall not consider only the interests of major shareholders, individual shareholders or him/herself.
3. Possess all qualifications as required by the Stock Exchange of Thailand and best practices as follows:
  - 3.1 Hold no shares in excess of 2% of the total number of shares with voting rights in the Company, affiliated companies, associated companies or persons with possible conflict of interest (including related persons as per Section 258 of the Securities and Exchange Act).

- 3.2 Have no involvement in company management and do not hold a position of a staff member, employee, advisor receiving regular monthly salary, or person with the controlling authority in the Company, affiliated companies, associated companies or persons with possible conflict of interest. He/she must have had no interest or stake in such a manner for at least one year.
- 3.3 Have no business relation and have no interest or stake, whether direct or indirect, in financial or management matters of the Company, affiliated companies, associated companies or persons with a possible conflict of interest of a nature that may compromise independence.
- 3.4 Have no relationship as a close relative of management members and major shareholders of the Company, affiliated companies, associated companies or persons with a possible conflict of interest or those who are appointed as representatives to protect the interests of directors or major shareholders.
- 3.5 Disclose to the Board of Directors any relationship which may compromise independence.

#### **Qualifications for Directors**

- 1. Possess an unblemished record.
- 2. Have a vision and demonstrate a broad business perspective.
- 3. Exhibit good interpersonal skills, a sense of justice, and an amenable personality.
- 4. Possess effective communications skills.
- 5. Demonstrate systematic business thinking and decision making.
- 6. Possess good knowledge and understanding related to financial, commercial or industrial matters as well as experience in the area of business management.
- 7. Have prior experience as director of a company or state enterprise.

#### **Qualifications for Managing Director**

- 1. Uphold integrity and possess an unblemished record.
- 2. Do not hold a position of major shareholder. Possess professional management skills.
- 3. Possess skills and experience in various areas, including international business.
- 4. Exhibit strong leadership, broad vision and good interpersonal and communication skills with an amenable personality.
- 5. Possess the ability to coordinate differences and various skills and capabilities of employees to ensure the achievement of business goals and alignment with the corporate culture.
- 6. Demonstrate skills in marketing, finance and personnel management.
- 7. Demonstrate the proven ability to oversee, supervise and direct the overall operations of the organization.
- 8. Be able to identify business opportunities and excel in problem solving.

#### **Criteria for Consideration and Selection of Directors**

- 1. Candidates must possess the required qualifications.
- 2. Overall, the Board of Directors should be comprised of persons with a variety of skills that are beneficial to the determination of corporate direction and guidance.

### **Procedures and Rules for Election of Directors at Shareholders Meeting**

1. The shareholders meeting shall cast votes to elect each director one by one.
2. In casting votes for election of each director, each shareholder shall have one vote for each share held.
3. In casting votes for election of each director, the person so elected shall receive a majority vote of the shareholders who attend the meeting and are entitled to vote.

### **Company's Articles of Association Regarding the Board of Directors**

16. At every annual general meeting of shareholders, one-third of the number of the directors shall vacate the office. If the number is not a multiple of three, then the number nearest to one-third shall retire from the office. The directors to retire during the first and second years following the registration of the Company shall be determined by drawing lots. In the subsequent years, directors who have served in office the longest will be required to leave their positions. A retiring director may be eligible for re-election.
17. Apart from vacancy upon the expiry of his/her term of office, a director shall vacate the office upon:
  - (1) death;
  - (2) resignation;
  - (3) lack of qualifications or subject to prohibition under Section 68 of the Public Company Limited Act B.E. 2535;
  - (4) being removed by the resolution of shareholders meeting; or
  - (5) being removed by the court order.
18. Any director wishing to resign from office shall submit a resignation letter to the Company. The resignation shall be effective from the date on which the resignation letter reaches the Company. The director who has resigned under the first paragraph may also notify the registrar of his/her resignation for acknowledgement.
19. In case of a vacancy in the Board of Directors for reasons other than the expiration of the director's term of office, the Board of Directors shall elect a person who has the qualifications and does not possess any prohibited characteristics under Section 68 of the Public Company Limited Act B.E. 2535 as a replacement director at the next meeting of the Board of Directors, except in the case where the remaining term of office of such director is less than 2 months. The replacement director shall hold the office only for the remaining term of the director whom he/she replaces.  
The resolution of the Board of Directors under the first paragraph must be passed by a vote of not less than three-fourths of the number of the remaining directors.
20. The shareholders meeting may pass a resolution to remove a particular director prior to the expiry of his/her term of office. Such resolution shall comprise not less than three-fourths of the total votes of the shareholders who attend the meeting and are entitled to vote whereas the combined number of shares shall not be less than one-half of the total number of shares held by the shareholders who attend the meeting and are entitled to vote.
21. It is not required that directors shall be the shareholders of the Company.



### Balance of Power of Non Executive Directors

The Board of Directors consists of 12 directors who are fully equipped with vast knowledge and experiences as follows:

- 1 executive director, representing 8% of all directors
- 11 non-executive directors, representing 92% of all directors

In this regard, the Board of Directors has 5 independent directors, representing 42% of all directors

More than one third of directors are independent directors and non-executive directors represent more than 50% of all directors.

The proportion of directors representing the group of significant shareholders is considered fair to other shareholders.

The Board of Directors has the responsibility to perform its duties in accordance with the law, the objectives and Articles of Association of the Company, as well as the resolutions of Shareholders' Meetings based on the principles of integrity and good corporate governance. The office term of directors is specified in the Company's Articles of Association which prescribe that one third of the directors shall end their office term upon each annual general meeting of shareholders. (Please refer to item 9.2 of "Nomination of Directors and Managing Director.") From 2003 onwards, the directors have conducted self-assessment together with the assessment of the Board of Directors' performance. All directors are committed to self-development with the aim of enhancing their knowledge, skills and performance standards as well as strengthening the Company's performance and good corporate governance.

(Please refer to the "Board Evaluation" topic.)

### Aggregation and Segregation of Duty

The Chairman of Board of Directors and 5 directors, or a total of 6 persons, represent the major shareholder.

The Managing Director is a professional executive and has no connection or relation with the major shareholder. More than one-third of directors are independent director and non-executive directors represent more than 50% of the Board of Directors. This contributes to proper checks and balances. In addition, the duty of governance policy formulation and the duty of routine management are clearly segregated. (Please refer to details regarding roles, authority and duties of the Managing Director, the Board of Directors and subcommittees under the Management Structure section.) The Board of Directors has assigned the Nomination and Remuneration Subcommittee to screen and nominate qualified candidates based on requirements set by the Board of Directors for the positions of managing director and director. The Nomination and Remuneration Subcommittee is also responsible for considering remuneration of directors and the management.

To ensure integrity and transparency of the checks and balances mechanism, the internal audit function has the independence in determining the audit scope and presentation of audit reports directly to the Audit Committee which is comprised of 3 independent directors. (Please refer to the scope of authority and duties of the Audit Committee.)

### **Remuneration Determination Process and Suitability of Remuneration**

The Company has defined a clear and transparent policy on directors' remuneration. The remuneration is within a suitable range of the industry standard and the market average as well as approved by the shareholders. Directors serving in the Audit Committee have received additional remuneration commensurate with their wider scope of responsibilities. The remuneration of the Managing Director and employees is based on their individual performance and reviewed by the Nomination and Remuneration Subcommittee. To ensure the transparency and clarity, policies and principles related to remuneration of the Managing Director and senior executives were proposed to shareholders for their consideration at the Annual General Meeting of Shareholders No. 1/2006 held on 28 April 2006.

The Nomination and Remuneration Subcommittee reviews the directors' remuneration annually by benchmarking the remuneration of the Company with the directors' remuneration of companies of comparable size in the same industry.

## **4. Supervision of operations of subsidiary and associated companies**

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Supervision of operations of the Company and its subsidiaries is based on the operating guidelines which were established in writing by Tipco Food Business Group. Management of business operations of subsidiary and associated companies is as follows:

1. The Board of Directors considers and appoints representatives of the Company to be directors of the subsidiary and associated companies according to investment proportion.
2. The subsidiary companies shall report, on a quarterly basis, the operating performance and internal control to the Audit Committee for further submission to the Board of Directors.
3. Activities among subsidiary and associated companies should be held to ensure that they are aware of aligned action plans.
4. The budgets for the entire food business group should be combined before submission to the Board of Directors of the Company for consideration.
5. Related party transactions must be proposed to the Board of Directors on a quarterly basis through the consideration of the Audit Committee.
6. Job transfers or promotion within the food business group are allowed whereas the work duration shall be counted on a continuous basis.

## **5. Supervision of use of inside information**

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The Company has developed the policy and regulations prohibiting use of information for personal gain or for trading of shares during one month prior to the disclosure of financial statements to the public. Details of the said policy are as follows:

- It is prohibited to seek benefits for oneself or related persons by using non-public information of the organization.
- It is prohibited to disclose confidential information to external parties especially competitors.
- It is required that the first top 5 executives, directors of the Company and members of the Executive Committee report their trading of shares of the Company to the SEC in strict compliance with the specified regulations. Also, directors of the Company must provide collaboration in not trading shares after the Board of Directors meeting and prior to submission of information to the SET or SEC. Nonetheless, from 2004 onwards, the requirement of reporting of trading of shares of the Company by directors and executives or the corporate secretary for further submission to the SEC has replaced the practice of individual reporting. Also, it is required that the possession of shares by directors and executives in each quarter be reported to gain information of changes in possession of shares of the Company (from 2003 onwards).

### **Punishment**

Disciplinary warnings or punishments shall be as per the human resources management guidelines of the Company and its subsidiaries.

## **6. Audit Fee**

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The Audit Committee considers the qualifications and performance of the auditors and presented the information to the Board of Directors on an annual basis to support the appointment of auditors and the determination of audit fees which shall be proposed to the shareholders' meetings for approval. The proposed auditors shall be on the approved auditor list of the Securities and Exchange Commission.

In 2013, the remuneration of the auditor included:

1. Audit fee  
The Company and its subsidiaries paid the audit fee of Baht 2,505,000 in total. Details are as follows:  
The Company's financial statements and the consolidated financial statements: Fee of Baht 1,055,000.  
Financial statements of 5 subsidiaries: Fee of Baht 1,450,000.
2. Non-audit fee  
The Company and its subsidiaries paid the non-audit fee of Baht 320,000.

## **7. Compliance with the good corporate governance principle – other matters**

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### **Risk management:**

Previously, risk management was reviewed every 6 months. However, from 2004 onwards, the review frequency and period have been changed to be based on the nature of risk instead. In addition, the Company has adopted an early warning system and regularly reviewed risks to evaluate changes in severity levels and the efficiency of corrective/preventive measures. Early warning signs have been defined more clearly and colour codes have been used to indicate the severity levels such as the red colour signifies high severity. Besides the identification of severity levels, probability and impact of risk have been evaluated. To develop risk management awareness among

employees at all levels, team meetings are held daily, department meetings and management meetings are held monthly, and the Business Risk Assessment Subcommittee's meetings are held semi-annually. Furthermore, the Audit Committee assigns the Internal Control Audit Department to examine the practicality of risk management practices and to track progress of issue rectifications on a quarterly basis. Issues which require improvement are reported to the Board of Director meeting by the Audit Committee.

**Corporate secretary:**

Relevant officer possessing requisite skills and good knowledge about legal requirements as well as rules, regulations and practices stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission has been appointed by the Company as a corporate secretary and attended training on corporate secretarial practices in 2004.

**Disclosure of agenda for shareholders' meetings:**

Disclosure of agenda for shareholders' meetings shall be made in advance via the Company's website before submission of relevant documents to the shareholders and at least 30 days prior to shareholders' meetings. This practice has been adopted since the Annual General Meeting of Shareholders No. 1/2008 which was held on 24 April 2008.

**Nomination of candidates for independent directors by minor shareholders:**

Since 2006, the Company has provided minor shareholders with the opportunity to nominate candidates for independent directors. The Company submitted a letter to the Stock Exchange of Thailand (SET), requesting the announcement via the SET's website that minor shareholders of the Company may nominate qualified candidates to replace independent directors who will retire by rotation in accordance with the Company's selection process and within applicable timeline. From 2008 onwards, the nomination can be made directly via the Company's website.

**Channels of communication between stakeholders and directors:**

Stakeholders having concerns regarding the accuracy of the financial reports, weaknesses in internal control systems, or non-compliance with laws or professional ethics can directly contact directors according to the contact information of directors which includes their names, positions, addresses, telephone numbers and e-mail addresses, and are published on the Company's website.

**Formulation of clear CSR policy:**

The policy was established in 2006.

**Inclusion of reports on performance and opinions of subcommittees in annual report:**

From 2005 onwards, such reports have been included in the Company's annual reports.

**Chairman of the Board of Directors:**

The requirement prohibiting the Chairman of the Board of Directors from serving as a chairman or member of any subcommittees has been enforced since 2003. The rule that the Chairman shall not serve as the Chairman of the Executive Committee has been effective since 2007.

### **Reporting of operating results to the Board of Directors:**

In the case where the Board of Directors meetings are not held every month, the Company will ensure that the operating results are reported to the Board of Directors on a monthly basis. Such reporting practice was initiated in 2007 and adjusted in 2009.

### **Principle and policy regarding remuneration of the Managing Director and senior executives:**

The principle and policy had been drafted and presented by the Nomination and Remuneration Subcommittee to the Board of Directors for consideration before being proposed to and approved by the Annual General Meeting of Shareholders No. 1/2006.

### **Managing director succession planning:**

The Managing Director is required to regularly report on the succession plans for the position of managing director and other senior executive positions as well as to implement and report the executive development project on an annual basis, starting from 2005 onwards.

In 2008, the Board of Directors, at its meeting, conducted a self-assessment on compliance with the good corporate governance principle which covered 82 items by using the questionnaire as of August 2007 developed by the Corporate Governance Center, Stock Exchange of Thailand. The directors completed the questionnaire prior to the meeting and exchanged relevant opinions regarding during the meeting. In this regard, the directors viewed that compliance in relation to the following was not demonstrated or uncertain:

### **Proposal of meeting agenda by minor shareholders in advance:**

Since 2008, the Company has notified minor shareholders of their right to propose agenda items for Annual General Meetings of Shareholders as well as applicable criteria on its website.

### **The Chairman of the Board of Director being an independent director:**

Compliance with this practice has not yet been demonstrated because the major shareholders are not ready for the change and no independent directors intend to assume the position.

### **Clear office term of directors:**

The limit of consecutive office term of directors has not yet been determined due to concerns regarding difficulty in seeking qualified candidates for the position of director and the number of qualified persons listed by the IOD as chartered directors is very small.

### **Clear office term of members of subcommittees:**

The office term has not yet been clearly set due to the same reasons for lack of clear office term of directors.

### **Policy on service as directors of other companies in a suitable manner:**

According to the applicable policy, a director can serve as a director of up to 3 listed companies. However, there is no restriction on service as directors of companies which are not listed companies.

**Compensation for loss suffered by stakeholders due to the Company's infringement of their legal rights:**

It is specified in the code of conduct that if the Company's legal acts result in the infringement of stakeholders' rights, the court shall decide whether associated loss is caused by the Company.

**Meeting of non-executive directors held on the basis of necessity without management present to discuss management issues of interest as well as reporting of the meeting outcomes to the Managing Director:**

Non-executive directors has held such meeting at least once a year, starting from 2009 onwards.

**Meetings of the Board of Directors and Subcommittees**

List of directors (Attendance/total number of meetings)	Audit Committee	Nomination and Remuneration Committee	Board of Directors	Shareholders meeting attendance
Ms. Laksana Supsakorn	4/4	2/2	5/5	1/1
Mrs. Anurat Tiamtan			5/5	1/1
Mr. Virat Phairatphiboon			5/5	1/1
Mr. Surachet Supsakorn			5/5	1/1
Mr. Somchit Sertthin			5/5	1/1
Mr. Chalit Limpanavech			4/5	-
Ms. Roumsin Supsakorn	4/5	2/2	5/5	-
Mr. Sitilarb Supsakorn			5/5	1/1
Mr. Paisal Pongprayoon			5/5	1/1
Mrs. La-or Chaowanametha			4/5	1/1
Mr. Pichawat Chomchuen			4/5	1/1
Mr. Ekaphol Pongstabhon	5/5	2/2	5/5	1/1

**Board Evaluation**

The Board of Directors of TIPCO Food Pcl. conducted an annual performance evaluation as follows:

Each director conducted self-evaluation and evaluated the performance of the Board of Directors by using the form developed by the Thai Institute of Director Associations (IOD) in terms of the completeness of their performance in the capacity as the Board of Directors and the Corporate Governance Subcommittee.

The Board of Directors evaluated its roles and performance by discussing and reviewing agenda items and key achievements such as the operating results of the past year compared to business plans, the effectiveness of risk management, the development of strategy, and the approval of business plans and significant investment, etc. as well as goals which were not yet fulfilled such as assigning of an independent director as the Chairman of the Board of Directors, composition of Board of Directors with more than 50% of directors being independent directors, participation of all directors in shareholders' meeting.



The directors evaluated the performance of the Chairman of the Board of Directors by way of discussion. In this regard, the directors admired that the Chairman performed her duties appropriately, promoted a highly productive meeting atmosphere, demonstrated fairness and objectivity, and allowed all directors to freely express their opinions without setting the time limit on each agenda. These contributed to their sense of accomplishment and worthiness as they were given the opportunity to best contribute to the organization.

The Audit Committee conducted self-evaluation and agreed that it fulfilled its duties as assigned and complied with rules and requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission. In addition, the Audit Committee held meetings with the external auditor and the internal auditor, both jointly and separately, and with the directors without management present. The meeting results were reported to the management for improvement and rectification. The Audit Committee also undertook the responsibility of auditing financial statements and examining conflict of interest.

The Nomination and Remuneration Subcommittee conducted self-evaluation and identified that its performance fully complied with established policies.

The Managing Director conducted self-evaluation and was evaluated by the Nomination and Remuneration Subcommittee and the Board of Directors. The evaluation was based on his performance and achievements such as the Company's operating results, business performance scorecard, individual goals (SMART goals), achievement of business targets, budget and action plans etc.

The Board of Directors evaluated the performance of the Audit Committee and opined that the Audit Committee could effectively and completely fulfill its duties, enabled the Company to be aware of all associated risks, and provided recommendations which were based on correct and sound principles.

The Board of Directors evaluated the performance of the Nomination and Remuneration Subcommittee and opined that the Nomination and Remuneration Subcommittee could provide the Company with useful opinions and recommendations in different aspects such as human resources management and salary structure.

During the performance evaluation process, no significant areas for improvement were identified.

The Board of Directors concluded that it operated effectively with proper understanding of its roles and responsibilities as well as insight into the Company's business and environment, and that each director demonstrated dedication and contribution to the performance of the Board of Directors.

### **Investor Relations**

The Board of Directors has attached importance to accurate and timely disclosure of information which included financial reports and generation information in a transparent manner. The Company established a unit to be specifically responsible for investor relations activities. The said unit is supervised by Chief Financial Officer, Mr. Prasong Aimmanoj, mainly responsible for coordination with investors. To inquire about the Company's information, investors may contact us via telephone at 02-2736816 or via website at [www.tipco.net](http://www.tipco.net) or via e-mail at [prasong@tipco.net](mailto:prasong@tipco.net). In 2014, the Company has improved its website to facilitate ease of access to information of the Company and set up the investor relation section as a separate section on the website.

## SHAREHOLDING STRUCTURE

### Shareholding Structure (15/03/2013)

No.	Name	No. of Shares	%
1.	Ms. Roumsin Supsakorn	60,833,319	12.61
2.	Mr. Sitilarb Supsakorn	60,265,043	12.49
3.	Mrs. Rieam Supsakorn	39,039,299	8.09
4.	Ms. Laksana Supsakorn	33,621,968	6.97
5.	Ms. Piyaratana Supsakorn	30,618,528	6.35
6.	Mrs. Anurat Tiamtan	26,966,765	5.59
7.	Mr. Napat Supsakorn	24,155,203	2.65
8.	Thai NVDR Company Limited	12,801,407	2.59
9.	Mr. Somchit Sertthin	11,599,846	2.40
10.	Mr. Sommard Tubejinda	11,500,000	2.38

### Persons with Mutual Interest and Related Transactions

Stake holding interest of management is considered in relation to connected companies, subsidiaries and associated companies. Certain business are suppliers providing product or materials transport services in which the cost of such products or services provided to the company is calculated at market rates stated in mutual price policies referring to the Notes to Financial Statements No. 5, and with no contractual obligations between the Board of Directors with stake-holding interest owing to their status as Directors or shareholders are:

1. Ms. Laksana Supsakorn
2. Mrs. Anurat Tiamtan
3. Mr. Surachet Supsakorn
4. Mr. Somchit Sertthin
5. Ms. Roumsin Supsakorn
6. Mr. Sitilarb Subsakorn

Details of connected relations among the Company's Directors with related companies are summarized mainly as the table below:

Related company	Type and Nature of Business	Relationship with the related companies	Relationship with the company/shareholder name and equity stake of the related company's total share
Thanomwongse Service Co., Ltd.	Distributor of petroleum products, constructor of buildings, roads and surface maintenance	Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan director Ms. Roumsin Supsakorn director Mr. Sitilarb Supsakorn director Mr. Surachet Supsakorn Director	15.23% held by Ms. Laksana Supsakorn 15.23% held by Mrs. Anurat Tiamtan 15.23% held by Ms. Roumsin Supsakorn 15.23% held by Mr. Sitilarb Supsakorn 1 share held by Mr. Surachet Supsakorn
Tipco Asphalt PCL.	Producer and distributor of asphalt and distributor of fuel products	Ms. Laksana Supsakorn Director Mr. Somchit Sertthin Director Mr. Sitilarb Supsakorn Director	24.33% held by Tipco Foods PCL.
Siamcontainer Terminal Co., Ltd.	Provides to Full Functional Services and Main Services are : Container Terminal Service, Warehouse management System, Transportation Service	Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan Director Ms. Roumsin Supsakorn Director Mr. Sitilarb Supsakorn Director	16.65% held by Ms. Laksana Supsakorn 16.65% held by Mrs. Anurat Tiamtan 16.65% held by Ms. Roumsin Supsakorn 16.65% held by Mr. Sitilarb Supsakorn

## ORGANIZATION STRUCTURE

### Board of Directors

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1.	Ms. Laksana Supsakorn	Chairman
2.	Mrs. Anurat Tiamtan	Director
3.	Mr. Somchit Sertthin	Director
4.	Ms. Roumsin Supsakorn	Director
5.	Mr. Sitilarb Supsakorn	Director
6.	Mr. Surachet Supsakorn	Director
7.	Mr. Virat Phairatphiboon	Independent Director
8.	Mr. Chalit Limpanavech	Independent Director
9.	Mr. Pichawat Chomchuen	Independent Director
10.	Mr. Paisal Pongprayoon	Independent Director
11.	Mrs. La-or Chaowanametha	Independent Director
12.	Mr. Ekaphol Pongstabhon	Managing Director
13.	Mr. Phicharn Sluckpetch	Secretary

### Audit Committee

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1.	Mr. Virat Phairatphiboon	Chairman
2.	Mr. Pichawat Chomchuen	Member
3.	Mrs. La-or Chaowanametha	Member
4.	Ms. Wantanee Puapadong	Secretary

### Nomination and Remuneration Subcommittee

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1.	Mr. Pichawat Chomchuen	Chairman
2.	Mr. Surachet Supsakorn	Member
3.	Mr. Paisal Pongprayoon	Member

### Corporate Governance Subcommittee

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All members of the Board of Directors shall serve as members of the Corporate Governance Subcommittee.

## Business Risk Assessment Subcommittee

- |     |                                |          |
|-----|--------------------------------|----------|
| 1.  | Mr. Pornchai Phulsuksombati    | Chairman |
| 2.  | Mr. Peerapong Archawapongsawat | Member   |
| 3.  | Ms. Nitima Aungatichart        | Member   |
| 4.  | Mr. Prasong Aimmanoj           | Member   |
| 5.  | Mr. Bancha Suratanachaikul     | Member   |
| 6.  | Mr. Mikio Suda                 | Member   |
| 7.  | Mr. Prayook Amonrit            | Member   |
| 8.  | Ms. Apasara Sujaritvanich      | Member   |
| 9.  | Mr. Parit Harnphadungkit       | Member   |
| 10. | Mr. Phicharn Sluckpetch        | Member   |
| 11. | Mr. Teerapong Saisin           | Member   |
| 12. | Mr. Det Yoocha                 | Member   |
| 13. | Mr. Athapol Thongprasert       | Member   |
| 14. | Mr. Samarn Sudsaeng            | Member   |
| 15. | Ms. Cholada Charoensri         | Member   |

Committee	Position	Committee Meetings	
		Total number of meetings	Attendance
Ms. Laksana Supsakorn	Chairman of the Board of Directors	5	5
Mrs. Anurat Tiamtan	Director	5	5
Mr. Surachet Supsakorn	Director	5	5
	Member of the Nomination and Remuneration Subcommittee	2	2
Mr. Somchit Sertthin	Director	5	5
Ms. Roumsin Supsakorn	Director	5	5
Mr. Sitilarb Supsakorn	Director	5	5
Mr. Virat Phairatphiboon	Independent Director	5	5
	Chairman of the Audit Committee	5	5

Committee	Position	Committee Meetings	
		Total number of meetings	Attendance
Mr. Pichawat Chomchuen	Independent Director	5	4
	Member of the Audit Committee	5	5
	Chairman of the Nomination and Remuneration Subcommittee	2	2
Mrs. La-or Chaowanametha	Independent Director	5	4
	Member of the Audit Committee	5	4
Mr. Paisal Pongprayoon	Independent Director	5	5
	Member of the Nomination and Remuneration Subcommittee	2	2
Mr. Chalit Limpanavech	Independent Director	5	4
Mr. Ekaphol Pongstabhon	Managing Director	5	5

Remark : - Mr. Pichawat Chomchuen resigned on 31 January 2014 as informed the Stock Exchange of Thailand on 4 February 2014  
- Mr. Paisal Pongprayoon was appointed as a Member of the Audit Committee on 21 February 2014 according to the resolution of the Board of Directors Meeting No. 1/2014

## Management Team

- |    |                                |   |
|----|--------------------------------|---|
| 1. | Mr. Ekaphol Pongstabhon        | Managing Director                       |
| 2. | Mr. Prasong Aimmanoj           | Financial Management Director           |
| 3. | Mr. Pornchai Phulsuksombati    | Business Director – Food                |
| 4. | Mr. Peerapong Archawapongsawat | Commercial Director – Beverage & Retail |
| 5. | Mr. Bancha Suratanachaikul     | Business Director – Consumer Products   |

## Corporate Secretary

Mr. Phicharn Sluckpetch was appointed as corporate secretary on 25 March 2004 according to the resolution of the Board of Directors. The Company has assigned individual possessing suitable qualifications and experience to assume the duties of corporate secretary. The requisite qualifications and responsibilities of this position are:



### Qualifications

- Bachelor's Degree (in Accounting or Law);
- Knowledge of legal principles and requirements related to the Company and the SEC;
- Good interpersonal and communication skills
- Previous experience in this position
- Knowledge of good corporate governance

### Responsibilities

- Oversee operations related to the meetings of the Board of Directors, the Audit Committee and the Nomination and Remuneration Subcommittee, including the shareholders' meeting
- Prepare and retain minutes of the Board of Directors meetings
- Oversee the disclosure of information and reporting in accordance with the law, relevant regulations and the good corporate governance principle
- Provide preliminary recommendations and advice on legal issues, operating procedures and good corporate governance practices for the Board of Directors
- Circulate resolutions and policies of the Board of Directors to relevant parties as well as follow up on progress and report the progress to the Board of Directors
- Communicate with and provide for directors information concerning the Company's business
- Arrange orientation sessions for new directors and provides support for continuous development of directors
- Coordinate matters with external consultants such as legal counsel

## Remuneration of Directors and Executives

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The Company has defined a clear and transparent policy on directors' remuneration. The remuneration is within a suitable range of the industry standard and the market average as well as approved by the shareholders. Directors serving in the Audit Committee have received additional remuneration commensurate with their wider scope of responsibilities. The remuneration of the Managing Director and employees is based on their individual performance and reviewed by the Nomination and Remuneration Subcommittee. To ensure the transparency and clarity, policies and principles related to remuneration of the Managing Director and senior executives were proposed to shareholders for their consideration at the Annual General Meeting of Shareholders No. 1/2006 held on 28 April 2006.

In 2013, the remuneration of the Board of Directors and executives is as follows: (Directors did not receive any remuneration from the subsidiary companies.)

### 1. Monetary Remuneration (per annum)

Monetary remuneration includes meeting allowance, which is paid by the number of meetings attended as follows:

Name	Position	Remuneration (Baht)			
		Board of Directors	Audit Committee	Nomination and Remuneration Subcommittee	Total
Ms. Laksana Supsakorn	Chairman	310,000			310,000
Mrs. Anurat Tiamtan	Director	290,000			290,000
Ms. Roumsin Supsakorn	Director	240,000			240,000
Mr. Somchit Sertthin	Director	240,000			240,000
Mr. Surachet Supsakorn	Director Member of Nomination and Remuneration Subcommittee	240,000		30,000	270,000
Mr. Virat Phairatphiboon	Independent Director Chairman of the Audit Committee	240,000	200,000		440,000
Mrs. La-or Chaowanametha	Independent Director Member of the Audit Committee	240,000	120,000		360,000
Mr. Chalit Limpanavech	Independent Director	240,000			240,000
Mr. Paisal Pongprayoon	Independent Director Member of the Nomination and Remuneration Subcommittee	240,000		30,000	270,000
Mr. Pichawat Chomchuen	Independent Director Member of the Audit Committee Chairman of the Nomination and Remuneration Subcommittee	240,000	120,000	50,000	410,000
Mr. Ekaphol Pongstabhon	Managing Director	240,000			240,000
Mr. Sitilarb Supsakorn	Director	240,000			240,000

## Remuneration of executives

In 2013, 11 executives received the remuneration of Baht 26,247,196 in total.

### 2. Other Remuneration

Other remuneration of executive directors and members of the committee

- Nil -

### Other remuneration of executives

In 2013, the employer's contribution to the provident fund paid by the Company, at the ratio of 5% of salary, for 10 executive directors and executives totaled Baht 987,379.

In addition, 4 executive directors and executives were provided with company cars and 7 executives were provided with vehicle allowances totaling Baht 965,010.

## Personnel

The Company has total 2,331 employees. In 2013, the Company paid the employee remuneration totaled Baht 403 million consisting of salary, overtime pay, living allowance, bonus, special pay, social security payment and contribution to provident fund, etc. The subsidiaries paid remuneration to employees in a similar manner worth Baht 300 million in total.

The Company stresses importance of employee's health by providing an annual health check, with expense totaled Baht 671,510 including vaccination against H1N1 influenza virus of Baht 52,210. In the past year, the Company paid for medical expenses (health insurance) amounted to Baht 1,403,701. The Company also encourages the employees to exercise for good health in the long term. The Company promoted the "TIPCO Sport Days" activities held during 6 August - 8 October 2013, with a total budget of Baht 212,000.

2013	Tipco Foods Pcl.	Tipco F&B Co., Ltd.	Tipco Retail Co., Ltd.	Tipco Biotech Co., Ltd.
Operating employee	2,105	478	137	180
Management employee	149	101	10	21
Headquarter employee	77	127	128	3
Total	2,331	706	275	204
Remuneration (Million Baht)	403	227	45	28

## Number of Employees for Last 3 Years

---

During 2010-2012, the number of Company's employees of all regions are as follows:

As of 31 December 2010, total employees are 2,095.

As of 31 December 2011, total employees are 2,000.

As of 31 December 2012, total employees are 2,505.

## Major Labour Dispute for Last 3 Years

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The Company had no labour dispute, protest or strike during the last 3 years.

## Human Resources Development

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The Company's focus is to develop the knowledge, ability and potential conforming to the business strategies and goals, as well as to promote good working atmosphere so that employees are healthy and enjoy their work. The approaches in personnel development include the following.

- Enhance the level of employee's competency to have specialized knowledge and expertise
- Develop staff to have knowledge and expertise to be able to respond to social change
- Collaborate with Suntory Beverage and Food Asia Co., Ltd. in developing talents by having them participate in Suntory-NUS General Management Program arranged in Singapore
- Organize the training in Culture Development Program for high-level executives with a view to promoting them to be a role model and have positive influence on their team members organization-wide
- Organize useful activities in alignment of the concept of a good workplace, e.g. Happy Workplace activities

Apart from various courses to equip employees to be ready to support the Company's business plans, the Company also provided various courses of training totaling approximately Baht 4 million such as marketing, sales, customer services, accounting, finance and personnel administration to maximize the performance of the workforce and the companies in the group.

## INTERNAL CONTROL AND RISK MANAGEMENT

### 1.1 Internal control and internal audit

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The Board of Directors established internal control system to cover all aspects including financial management, operations, compliance with relevant laws, rules and regulations, and risk management. In addition, proper checks and balances system and an effective internal audit system were adopted in order to enhance the efficiency of administration and asset management as well as to ensure fair compensation and returns for all stakeholders. The Company has defined the scope of authority and responsibilities of executives and employees according to the hierarchical order, established written operating procedures, developed employees at managerial level and talents through the Internal Quality Audit ISO 9001: 2000 program in support of cross-functional audit, and established an independent internal audit function. From 2004 onwards, the Company has engaged an external firm to conduct internal audits for the Company. The internal auditor jointly considered internal audit plans with the Audit Committee and directly reports to the Audit Committee.

The Board of Directors adjusted the scope of authority and responsibilities of the Nomination and Remuneration Subcommittee to promote fairness of the selection of competent and qualified candidates for the position of director and managing director as well as to ensure that the remuneration for directors and employees is fair and based on performance. In addition, the Corporate Governance Subcommittee has been established to be responsible for the formulation of the corporate governance policy and code of business ethics. The policy and the result of its implementation have been periodically reviewed. The Company has fostered the culture of good corporate governance as it strongly believes in the principles of quality, integrity, transparency and equitable treatment which will lead to the achievement of sustainable business growth.

### 1.2 Internal Control System

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At the Board of Directors Meeting No. 1/2013 held on 19 February 2013 where 3 independent directors were also present, the Board of Directors evaluated the Company's internal control system and approved the evaluation form prepared by the management as well as the Audit Committee's report. Details can be summarized as follows:

#### **Operational control:**

The Company has clearly defined the authority and operating procedures applicable to operating officers and executives in writing to facilitate audits. Utilization of the Company's resources and assets was controlled and monitored to ensure benefits. Also, the budget management system is implemented and feasibility study is conducted for investment projects before asset investments are made. To ensure effectiveness, the Company adopts the monitoring and tracking system to analyze gaps between the planned budget and the actual results.

Also, there is a clear segregation of duties between operating officers, controllers and assessors to promote proper checks and balances. Internal controls are enforced for financial management and financial reports are presented to division heads concerned.

#### **Internal audit:**

The Company has contracted an external firm to conduct internal audits for the Company with the aim of ensuring that its key operations and financial activities are undertaken in accordance with predetermined guidelines. Compliance with the laws and relevant requirements has been audited. To promote the internal auditor's independence and abilities to conduct audit activities in accordance with the checks and balances principle, the Board of Directors instructed the internal auditor to report directly to the Audit Committee and to determine the scope of audit in collaboration with the Audit Committee.

#### **Risk management:**

The Board of Directors established the Business Risk Assessment Subcommittee which is responsible for determining the risk management scope and policy. The subcommittee holds a meeting with managers of relevant departments to identify and assess business risks every six months (in Q2 and Q4). Also, team meetings are held daily while department meetings, management meetings and senior executive meetings are held monthly. Measures to prevent and manage risks affecting the Company's operations have been identified and early warning signs have been defined. Compliance with relevant laws and requirements has been monitored. Risk management reports have been prepared and made available for examination. From 2004 onwards, the Audit Committee has required the internal auditor to monitor risk management and to identify if the management has adopted approaches as planned and if such approaches effectively contribute to risk mitigation. The results shall be presented to the Audit Committee on a quarterly basis.

#### **The opinion of the Board of Directors regarding adequacy of internal control system**

The Board of Directors opined that the internal control system, business risk management and corporate governance of the Company were at the satisfactory level and could provide reasonable assurance with regard to transparency. The financial statements of the Company and its subsidiaries for the year 2013 which were jointly reviewed by the Audit Committee, the management team and the auditor of the Company presented the financial position and the operating results correctly, completely, reasonably, fairly and in accordance with the generally accepted accounting principles. The Company adopted appropriate accounting policies and consistently applied such policies. The disclosure of information was adequate according to the auditor's opinion on the Company's financial statements specified in the auditor's report.

### **1.3 Internal Audit**

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The Audit Committee at its Meeting No. 3/2004 held on 9 August 2004 appointed Audit and Management Consultant Co., Ltd. to perform duties as the internal auditor of the Company from 3 August 2004 onwards. Audit and Management Consultant Co., Ltd. has appointed Mrs. Pilai Piampongsarn as internal auditor mainly



responsible for internal audit works for the Company. After due consideration of qualifications of Audit and Management Consultant Co., Ltd. and Mrs. Pilai Piampongsarn, the Audit Committee deemed that they possess appropriate qualifications to perform such duties as they have independence and 33 years of experience in internal audit and received trainings and licenses relevant to internal audit operations such as Certified Public Accountant (Thailand) – (CPA No.2336) and Honorary Certified Internal Auditor, Institute of Internal Auditors – (CIA No.30861). Also, the management team has been assigned to coordinate with the said outsource internal auditor.

Consideration and approval, appointment, removal or transfer of the head of the internal audit function of the Company must be subject to approval or endorsement from the Audit Committee.

## **Details regarding head of internal audit function and head of compliance function**

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### **1. Details regarding head of compliance function**

The Board of Directors has appointed Mr. Phicharn Sluckpetch, Corporate Secretary, as head of compliance function. He shall be responsible for acting as a center for supervision of business operations of companies in the group to ensure compliance with laws, rules, regulations and requirements of concerned supervisory bodies such as the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand or other relevant agencies governing the Company's business operations, and for reporting the results to the Audit Committee and the Board of Directors on a quarterly basis. The Board of Directors approved the compliance policy, requiring that the Board of Directors, the Audit Committee, high-level executives, departments or functional units and employees comply with laws. Communication to employees has been made so that they are aware that they have the duty and responsibility to study and understand laws, rules and regulations applicable to their work and to comply with the said rules and regulations strictly, correctly and completely. (The profile of the executive is as per page 24)

### **2. Details regarding head of internal audit function**

The Audit Committee appointed Audit and Management Consultant Co., Ltd. as the Company's internal auditor. Audit and Management Consultant Co., Ltd. has assigned Mrs. Pilai Piampongsarn to be the internal auditor who shall be mainly responsible for internal audit works for the Company. (The profile is as per Attachment 3 in 56-1 form.)

## CONNECTED TRANSACTIONS

Details of related transaction accounts between Tipco Foods PCL. and its subsidiaries with related persons in 2013 include these followings:

Type of transaction	Company/ relationship	Related transaction value (million Baht)	Pricing policy
1. Other incomes	Suntory Beverage & Food Limited in Janpan	130.71	Market prices, equivalent to that quoted for outsiders
	Suntory Beverage & Food Limited in Singapore	0.66	
	Total	131.37	
2. Purchasing products	Tipco Asphalt PCL.	1.14	Market prices, equivalent to that quoted for outsiders
	Total	1.14	
3. Acquiring services and others	Thanomwongse Service Co., Ltd.	8.87	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.62	
	Siamcontainer Terminal Co., Ltd.	0.98	
	Total	10.47	
4. Construction services	Thanomwongse Service Co., Ltd.	11.69	Market prices, equivalent to that quoted for outsiders
	Total	11.69	

Details of related transactions between Tipco F&B Co., Ltd. and related companies include these followings:

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
1. Selling products	Siamcontainer Terminal Co., Ltd.	0.28	Market prices, equivalent to that quoted for outsiders
	Raycol Asphalt Co., Ltd.	0.22	
	Thanomwongse Service Co., Ltd.	2.72	
	Tipco Asphalt PCL.	2.24	
	Rattanajit Co., Ltd.	0.44	
	Thai Bitumen Co., Ltd.	0.27	
	Thai Slurry Seal Co., Ltd.	0.04	
	Tipco Maritime Co., Ltd.	0.09	
	Total	6.30	
2. Acquiring services	Tipco Asphalt PCL.	0.38	Market prices, equivalent to that quoted for outsiders
	Thanomwongse Service Co., Ltd.	9.25	
	Siamcontainer Terminal Co., Ltd.	0.47	
	Total	10.10	

Details of related transactions between Tipco Retail Co., Ltd. and related companies include these followings:

Type of transaction	Company/relationship	Related transaction value (million Baht)	Pricing policy
1. acquiring services and others	Thanomwongse Service Co., Ltd.	2.21	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.12	
	Total	2.23	

Other service transactions were building rental paid to Thanomwongse Service Co., Ltd. This was booked as expense of the Company, Tipco F&B Co., Ltd. and Tipco Retail Co., Ltd. of 8.87 million Baht, 5.52 million Baht and 1.09 million Baht, respectively. The Audit Committee had taken serious consideration to prove that such rental was fair when compared with similar buildings and facilities services available in Bangkok. Approval was made by the Company's Board of Directors, in which related Directors had no voting rights.

The fuel purchasing transaction with Tipco Asphalt PCL, was done after surveying prices with other suppliers in order to make sure that this complied with the Company's procurement standard under ISO quality system.

## **The Necessity and Rationality of the Transactions**

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The related transactions between the Company, subsidiaries and related persons who might conflict of interest are treated as normal business activities and needed to be approved by Audit Committee first and then the Board of Directors. This is in line with all endorsement procedures of the Company involving in price comparison and market price quotation policy.

## **The Measure and Process of Related Party Transactions**

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The related party transactions at the present continuing to the future, must be approved by both the Audit Committee and the Board of Directors. This is in line with all endorsement procedures of the Company involving in price comparison and supplier selection process, in which the Directors who have the conflict of interests must obtain from voting.

## **Policies and Tendencies of Related Party Transactions in the Future**

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The related party transactions, which occur at present and may continue to the future, are treated as normal business activities. There will be neither unusual transactions nor the transfers of interest between the Company, subsidiaries and related persons with possible conflicts of interest. The Company will have the Audit Committee or the Company's auditor or independent expert to examine the suitability of prices and rationality of transactions and to make relevant remarks. Details, values and reasons on these transactions are required to publicly disclose and report to Shareholders' Meeting and in the annual report. The Board of Directors has to comply with securities and exchange laws and regulations, announcement of the Stock Exchange of Thailand. Moreover, the Company has to strict with the disclosure of relevant transactions and acquisitions or sales of significant assets of the Company or subsidiaries in accordance with the accounting standard of the Institute of Certified Accounts and Auditors of Thailand. In case of any related party transactions between the Company, subsidiaries and related persons with possible conflict of interests, the Company must have the Audit Committee to examine the justification of these transactions. In case of any transactions that may be beyond the Audit Committee's capability, the Company will establish independent expert or auditor team to do that before having any conclusions to propose to the Company's Board of Directors or shareholders.

## REPORT OF THE BOARD OF DIRECTORS 'RESPONSIBILITY TO FINANCIAL REPORTING

The Board of Directors of the Company is responsible for the financial statements of the Company and its subsidiaries, including the financial information presented in the Annual Report. The financial statements are prepared in accordance with the generally accepted accounting principles, while the suitable and consistent accounting policies are duly adopted. Cautious judgment and the best possible estimates are exercised in the preparation of the Statements. In addition, significant information is sufficiently shown in the Notes to the Financial Statements. The Statements have been inspected by licensed and independent auditors, who have not made any conditional comments. The Statements therefore accurately and reasonably reflect the financial position and operating performance results of the business, for the benefit of shareholders, general investors and parties with interests in the Company, in a transparent manner.

The Board of Directors has initiated, and continues to maintain, a system of risk management, as well as suitable and efficient internal controls, in order to reasonably ensure that the recording of accounting data is conducted accurately, comprehensively and adequately. This is with the aim of protecting the assets of the business, and to identify weaknesses, to prevent risk from acts and corruption or transactions of a significantly abnormal nature.

To this end, the Board of Directors has appointed the Audit Committee, comprising of 3 Independent Directors, to oversee and be responsible for ensuring the quality of financial reporting, as well as internal controls. The Audit Committee's opinions on this matter are shown in the Audit Committee's Report as appearing in the Annual Report.

The Board of Directors of the Company is of the opinion that the business' internal control systems are of a satisfactory level to engender a reasonable degree of confidence in the consolidated Financial Statements, as well as the Financial Statement of the Company's subsidiaries as of 31 December 2013.



**(Ms.Laksana Supsakorn)**  
Chairman of the Board



**(Mr.Ekaphol Pongstabhon)**  
Managing Director

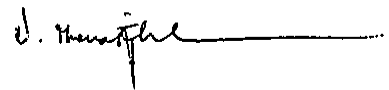
## Report of the Audit Committee

The Audit Committee of Tipco Foods Public Company Limited comprises 3 Independent Directors. Mr. Virat Phairatphiboon serves as Chairman of the Audit Committee, while Mr. Pichawat Chomchuen and Mrs. La-or Chaowanamayta serve as Members of the Audit Committee. The Audit Committee carried out its duties as assigned by the Board of Directors under the regulations of The Securities and Exchange Commission and the Stock Exchange of Thailand.

In 2013, the Audit Committee held 5 formal meetings with the corporate auditors and internal auditors. The Committee also held several consultations with the internal auditors and management, with significant details summarized as follows:-

1. The Audit Committee had reviewed and approved the annual internal audit plan, in order to ensure the sufficiency of internal control systems, with Audit and Management Consultants Co., Ltd., the internal auditors of the Company. An emphasis was placed on managing risks and the internal auditors were assigned the task of reviewing this on a quarterly basis.
2. The Committee reviewed the financial statements and related financial reports to ensure compliance with Thai Financial Reporting Standard and found that information disclosed are sufficient, complete and credible.
3. The Committee reviewed all connected transactions between the Company and related parties and corporation and found that such transactions were carried out in the normal business operation manner, with competitive market price and on an arm's length basis.
4. The Audit Committee opined that an effective system of controls was in place. No shortcomings of a significant nature were found. Management was encouraged to enhance the efficiency of internal control and risk management systems to conform with a changing business environment on an ongoing basis. The Committee also provided support and encouragement to the internal auditors to ensure internal audit activities in 2013 measured up to international standard.
5. The Audit Committee monitored the Company's investment projects by following up and reviewing progress with the management team.
6. The Committee reviewed and ensured that the Company was in compliance with the relevant regulations and laws, in order to provide equity and transparency to Shareholders and all related parties. The Company was found to be in complete compliance with such regulations and laws.
7. The Audit Committee reviewed and submitted a proposal to the Board of Directors to appoint auditors from Bunchikij Accountants Co., Ltd. as the corporate auditors for the year 2013 based on their past performance, excellent reputation and professionalism.

In summary, the Audit Committee had reviewed the operations of the principal business of the Company and held joint discussions with management, internal auditors and the corporate auditors and is satisfied that the Company's internal control systems are sufficient and consistently enhanced. The Company was found to comply with good corporate governance and risk management, while the process of the corporate financial statements preparation was carried out under appropriate and adequate controls. The Company's financial statements were prepared in accordance with Thai Financial Reporting Standard. In addition, the Audit Committee conducted regular reviews of the relevant laws, regulations and rules to ensure that the Company was in compliance with such laws, rules and regulations.



**Virat Phairatphiboon**  
Chairman of the Audit Committee  
24 February 2014



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders and Board of Directors of TIPCO FOODS PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of TIPCO FOODS PUBLIC COMPANY LIMITED and its subsidiaries, and of TIPCO FOODS PUBLIC COMPANY LIMITED, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2013, the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standard 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.

### Emphasis of Matter

I draw attention to Note 3 to the financial statements, the Company and its subsidiaries have adopted Thai Accounting Standards No. 12 “Income taxes”, and the financial statements have been restated. In my opinion, the adjustments made for the preparation of the restated financial statements have been properly applied.

### Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2013 and the financial performance and cash flows for the year then ended of TIPCO FOODS PUBLIC COMPANY LIMITED and its subsidiaries and TIPCO FOODS PUBLIC COMPANY LIMITED, respectively, in accordance with Thai Financial Reporting Standards.

### Other matter

The consolidated financial statement of TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, and the separate financial statement of TIPCO FOODS PUBLIC COMPANY LIMITED as at December 31, 2012, which were presented herein for comparative information, were audited by another auditor of our firm who expressed an unqualified opinion on those statements in his report dated February 19, 2013.



**(Suwanee Kittipanya-ngam)**

Certified Public Accountant

Registration No. 2899

Bunchikij Co., Ltd.

Bangkok

February 19, 2014

TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENTS OF FINANCIAL POSITION**

As at December 31, 2013

Unit : Baht

Consolidated Financial Statements					Separate Financial Statements		
	Note	Dec. 31, 2013	Dec. 31, 2012 Restated	Jan. 1, 2012	Dec. 31, 2013	Dec. 31, 2012 Restated	Jan. 1, 2012
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	4.2 and 6	36,913,985	46,699,175	41,149,809	15,495,930	27,555,705	21,454,864
Current investments	7	673,668	395,191	307,527	0	0	0
Trade and other receivables	4.3 and 8	759,646,693	786,799,817	577,511,511	197,442,414	243,023,283	226,099,806
Short - term loans to related parties	9	0	0	0	51,000,000	31,500,000	289,300,000
Inventories	4.4 and 10	1,340,461,255	1,365,154,174	1,480,003,676	771,018,677	860,134,938	1,023,874,563
Forward exchange contracts	22	0	7,000,926	0	0	7,564,375	0
Other current assets	11	20,531,775	14,116,046	22,146,505	11,677,610	10,249,455	15,478,160
<b>Total current assets</b>		<b>2,158,227,376</b>	<b>2,220,165,329</b>	<b>2,121,119,028</b>	<b>1,046,634,631</b>	<b>1,180,027,756</b>	<b>1,576,207,393</b>
<b>NON-CURRENT ASSETS</b>							
Available-for-sale investments	4.5 and 12	720,282	6,633,875	11,142,199	720,282	6,633,875	11,142,199
Investments in associated company	4.5 and 13	1,274,972,938	1,076,469,639	976,513,405	647,109,739	647,109,739	647,109,739
Investments in subsidiary companies	4.5 and 13	0	0	0	465,336,902	465,361,642	210,811,670
Deposits at bank used as collateral	14	4,000,000	4,000,000	4,180,000	0	0	0
Property, plant and equipment	4.7 and 15	2,634,511,730	2,637,139,788	2,607,003,580	986,020,250	980,532,017	904,247,597
Intangible assets	4.8 and 16	37,787,739	27,655,347	30,279,803	33,413,972	27,080,485	27,388,041
Interest rate swap contract		0	3,454,114	4,254,143	0	3,454,114	4,254,143
Deposits and guarantees	17	11,949,567	23,763,422	15,835,856	2,328,970	2,146,870	2,325,470
Deferred tax assets, net	29	33,563,535	30,166,865	12,870,222	17,942,051	21,958,602	8,516,569
Other non-current assets		2,998,816	4,009,997	8,938,944	1,570,625	1,839,875	3,948,712
<b>Total non-current assets</b>		<b>4,000,504,607</b>	<b>3,813,293,047</b>	<b>3,671,018,152</b>	<b>2,154,442,791</b>	<b>2,156,117,219</b>	<b>1,819,744,140</b>
<b>Total assets</b>		<b>6,158,731,983</b>	<b>6,033,458,376</b>	<b>5,792,137,180</b>	<b>3,201,077,422</b>	<b>3,336,144,975</b>	<b>3,395,951,533</b>

Notes to financial statements are an integral part of these statements.

## TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENTS OF FINANCIAL POSITION**

As at December 31, 2013

Unit : Baht

Consolidated Financial Statements					Separate Financial Statements		
	Note	Dec. 31, 2013	Dec. 31, 2012 Restated	Jan. 1, 2012	Dec. 31, 2013	Dec. 31, 2012 Restated	Jan. 1, 2012
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Bank overdrafts and short-term loans from financial institutions	18	1,734,754,078	1,356,898,529	1,238,070,822	939,754,078	750,000,000	746,000,000
Trade and other payables	19	814,286,607	864,181,503	552,466,741	194,056,789	269,278,539	189,881,667
Account payable for machinery		0	0	69,614,192	0	0	4,151,863
Current portion of long-term liabilities	20	490,090,017	393,338,733	302,995,245	281,621,798	180,615,991	124,656,681
Accrued income tax		3,419,082	3,697,170	8,295,873	0	0	7,825,924
Forward exchange contracts	22	11,873,274	0	10,850,481	7,017,226	0	10,854,624
Other current liabilities		16,642,254	18,097,937	16,572,162	4,766,002	4,748,578	4,215,700
<b>Total current liabilities</b>		3,071,065,312	2,636,213,872	2,198,865,516	1,427,215,893	1,204,643,108	1,087,586,459
<b>NON-CURRENT LIABILITIES</b>							
Long-term liabilities	20	234,283,801	721,134,919	1,091,366,701	152,854,729	431,237,627	606,888,603
Interest rate swap contract		3,718,105	0	0	3,718,105	0	0
Provision for dismantling cost		2,660,000	2,366,250	2,830,000	0	0	0
Employee benefit obligations	21	39,028,205	34,356,758	40,050,132	31,503,833	27,940,192	34,005,459
<b>Total non-current liabilities</b>		279,690,111	757,857,927	1,134,246,833	188,076,667	459,177,819	640,894,062
<b>Total liabilities</b>		3,350,755,423	3,394,071,799	3,333,112,349	1,615,292,560	1,663,820,927	1,728,480,521
<b>SHAREHOLDERS' EQUITY</b>							
Share capital	23						
Authorized share capital							
500,000,000 Ordinary shares of Baht 1 each,		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued and paid-up share capital							
482,579,640 Ordinary shares of Baht 1 each, fully paid		482,579,640	482,579,640	482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interests in subsidiary of the associated company acquired at price lower than book value		1,517,573	1,517,573	1,517,573	0	0	0
Change in the interest in subsidiary of the associated company which not resulted in loss of control of the associate		3,139,507	3,139,507	3,139,507	0	0	0
Capital reserve for share-based payment transactions of the associated company		5,656,439	3,196,988	1,129,990	0	0	0
Retained earnings							
Appropriated for legal reserve	23.2	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		1,821,062,834	1,706,647,844	1,543,158,771	1,055,583,749	1,131,729,293	1,123,045,622
Other components of equity		[16,609,136]	[35,353,563]	[19,514,362]	[2,378,527]	8,015,115	11,845,750
<b>Total equity holders of the parent</b>		2,347,346,857	2,211,727,989	2,062,011,119	1,585,784,862	1,672,324,048	1,667,471,012
Non-controlling interests		460,629,703	427,658,588	397,013,712	0	0	0
<b>Total shareholders' equity</b>		2,807,976,560	2,639,386,577	2,459,024,831	1,585,784,862	1,672,324,048	1,667,471,012
<b>Total liabilities and shareholders' equity</b>		6,158,731,983	6,033,458,376	5,792,137,180	3,201,077,422	3,336,144,975	3,395,951,533

## TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENTS OF COMPREHENSIVE INCOME**

For the year ended December 31, 2013

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements	
		Dec. 31, 2013	Dec. 31, 2012 Restated	Dec. 31, 2013	Dec. 31, 2012 Restated
<b>Revenues from the sales of goods and the rendering of services</b>	25	5,588,199,446	5,442,119,706	2,268,038,088	2,397,625,366
Cost of the sales of goods and the rendering of services		4,030,333,797	3,701,196,706	2,162,185,556	2,041,016,263
<b>Gross profit</b>		1,557,865,649	1,740,923,000	105,852,532	356,609,103
Other incomes	26	305,611,939	245,304,281	186,697,443	195,295,084
<b>Profit before expenses</b>		1,863,477,588	1,986,227,281	292,549,975	551,904,187
Selling expenses		(1,373,626,430)	(1,288,208,433)	(160,451,295)	(186,806,350)
Administrative expenses		(420,623,830)	(453,564,759)	(116,493,673)	(193,014,679)
Management benefit expenses		(29,797,196)	(32,837,428)	(29,797,196)	(32,837,428)
<b>Profit (loss) before Share of profit from investments in associated company</b>		39,430,132	211,616,661	(14,192,189)	139,245,730
Share of profit from investments in associated company		202,495,709	156,258,029	0	0
<b>Profit (loss) before finance costs and income tax</b>		241,925,841	367,874,690	(14,192,189)	139,245,730
Finance costs		(89,357,586)	(102,485,443)	(55,338,394)	(61,861,115)
<b>Profit (loss) before income tax expenses</b>		152,568,255	265,389,247	(69,530,583)	77,384,615
Income tax expenses	29	(5,182,150)	(13,346,324)	(6,614,961)	(10,791,970)
<b>Profit (loss) for the years</b>		147,386,105	252,042,923	(76,145,544)	66,592,645
<b>Other comprehensive income</b>					
Change in fair value of interest rate swap contract		(7,221,760)	(874,069)	(7,221,760)	(874,069)
Available-for-sale investments		(5,770,292)	(4,491,128)	(5,770,292)	(4,491,128)

## TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2013

Unit : Baht

	Note	Consolidated Financial Statements		Separate Financial Statements	
		Dec. 31, 2013	Dec. 31, 2012 Restated	Dec. 31, 2013	Dec. 31, 2012 Restated
Exchange differences on translation of financial statements in foreign currencies		(1,523,236)	(31,232)	0	0
Income tax effect		2,598,410	1,534,562	2,598,410	1,534,562
Share of comprehensive income (loss) in associated company		30,721,784	(12,109,821)	0	0
Income tax effect		(60,479)	132,487	0	0
<b>Other comprehensive income for the years</b>		<b>18,744,427</b>	<b>(15,839,201)</b>	<b>(10,393,642)</b>	<b>(3,830,635)</b>
<b>Total comprehensive income for the years</b>		<b>166,130,532</b>	<b>236,203,722</b>	<b>(86,539,186)</b>	<b>62,762,010</b>
Profit attributable to :					
Equity holders of the parent		114,414,989	221,398,047	(76,145,544)	66,592,645
Non-controlling interests		32,971,116	30,644,876	0	0
		147,386,105	252,042,923	(76,145,544)	66,592,645
<b>Total comprehensive income attributable to :</b>					
Equity holders of the parent		133,159,416	205,558,846	(86,539,186)	62,762,010
Non-controlling interests		32,971,116	30,644,876	0	0
		166,130,532	236,203,722	(86,539,186)	62,762,010
<b>Basic earnings per share</b>					
Profit of shareholders' equity-parent company	(Baht)	0.237	0.459	(0.158)	0.138

TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONSOLIDATED FINANCIAL STATEMENTS)

For the year ended December 31, 2013

Unit : Baht

	Issued and paid-up share capital	Non-controlling interest in subsidiary of the associated company acquired at price lower than book value	Change in the interest in subsidiary of the associated company which not resulted in loss of control of the associate	Capital reserve for share-based payment transactions of the associate	Retained earnings		Other components of equity					Total equity holders of the parent	Non-controlling Interest	Total Shareholders' Equity
							Other comprehensive income				Total other components of equity			
							Fair value of interest rate swap contract	Available-for-sale investments	Exchanges differences on translation of financial statement in foreign currencies	Share of comprehensive income in associate				
					Appropriated Legal reserve	Unappro-priated								
<b>Balance as at December 31, 2011</b> -as previously reported Impact of change in accounting policy Income tax (Note 3) Income tax - in associated company Inventories - in associated company	482,579,640	1,517,573	3,139,507	1,129,990	50,000,000	1,489,476,487	4,604,880	10,779,211	1,554,468	[33,329,460]	[16,390,901]	2,011,452,296	394,836,885	2,406,289,181
						14,231,736	[1,059,122]	[2,479,219]			[3,538,341]	10,693,395	2,176,827	12,870,222
						36,767,978				414,880	414,880	37,182,858		37,182,858
						2,682,570						2,682,570		2,682,570
<b>Balance as at December 31, 2011 - After adjusted</b> Share-based payment transactions of the associated company Dividend Payment Total comprehensive income for the year 2012 (as Restated)	482,579,640	1,517,573	3,139,507	1,129,990  2,066,998	50,000,000	1,543,158,771	3,545,758	8,299,992	1,554,468	[32,914,580]	[19,514,362]	2,062,011,119  2,066,998	397,013,712	2,459,024,831  2,066,998
						(57,908,974)						(57,908,974)		(57,908,974)
						221,398,047	[561,109]	[3,269,526]	[31,232]	[11,977,334]	[15,839,201]	205,558,846	30,644,876	236,203,722
<b>Balance as at December 31, 2012 - After adjusted</b>	482,579,640	1,517,573	3,139,507	3,196,988	50,000,000	1,706,647,844	2,984,649	5,030,466	1,523,236	[44,891,914]	[35,353,563]	2,211,727,989	427,658,588	2,639,386,577
<b>Balance as at December 31, 2012</b> -as previously reported Impact of change in accounting policy Income tax (Note 3) Income tax - in associated company	482,579,640	1,517,573	3,139,507	3,196,988	50,000,000	1,653,483,168	3,730,811	6,288,083	1,523,236	[45,306,794]	[33,764,664]	2,160,152,212	423,554,456	2,583,706,668
						28,066,513	[746,162]	[1,257,617]			[2,003,779]	26,062,734	4,104,131	30,166,865
						25,098,164				414,880	414,880	25,513,044		25,513,044
<b>Balance as at December 31, 2012 - After adjusted</b> Share-based payment transactions of the associated company Total comprehensive income for the year 2013	482,579,640	1,517,573	3,139,507	3,196,988  2,459,451	50,000,000	1,706,647,845	2,984,649	5,030,466	1,523,236	[44,891,914]	[35,353,563]	2,211,727,990  2,459,451	427,658,587	2,639,386,577  2,459,451
						114,414,989	[5,777,408]	[4,616,234]	[1,523,236]	30,661,305	18,744,427	133,159,416	32,971,116	166,130,532
<b>Balance as at December 31, 2013</b>	482,579,640	1,517,573	3,139,507	5,656,439	50,000,000	1,821,062,834	[2,792,759]	414,232	0	[14,230,609]	[16,609,136]	2,347,346,857	460,629,703	2,807,976,560



TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (SEPARATE FINANCIAL STATEMENTS)**

For the year ended December 31, 2013

Unit : Baht

	Retained earnings			Other components of equity		Total other components of equity	Total Shareholders' Equity
	Issued and paid-up share capital	Appropriated Legal reserve	Unappropriated	Othe comprehensive income			
				Fair value of interest rate swap contract	Available-for-sale investments		
Balance as at December 31, 2011							
-as previously reported	482,579,640	50,000,000	1,110,990,712	4,604,880	10,779,211	15,384,091	1,658,954,443
Impact of change in accounting policy							
Income tax (Note 3)			12,054,910	(1,059,122)	(2,479,219)	(3,538,341)	8,516,569
<b>Balance as at January 1, 2012 - After adjusted</b>	482,579,640	50,000,000	1,123,045,622	3,545,758	8,299,992	11,845,750	1,667,471,012
Dividend Payment			(57,908,974)				(57,908,974)
Total comprehensive income for the year 2012 (as Restated)			66,592,645	(561,109)	(3,269,526)	(3,830,635)	62,762,010
<b>Balance as at December 31, 2012 - After adjusted</b>	482,579,640	50,000,000	1,131,729,293	2,984,649	5,030,466	8,015,115	1,672,324,048
<b>Balance as at December 31, 2012</b>							
-as previously reported	482,579,640	50,000,000	1,107,766,912	3,730,811	6,288,083	10,018,894	1,650,365,446
Impact of change in accounting policy							
Income tax (Note 3)			23,962,381	(746,162)	(1,257,617)	(2,003,779)	21,958,602
<b>Balance as at December 31, 2012 - After adjusted</b>	482,579,640	50,000,000	1,131,729,293	2,984,649	5,030,466	8,015,115	1,672,324,048
Total comprehensive income for the year 2013			(76,145,544)	(5,777,408)	(4,616,234)	(10,393,642)	(86,539,186)
<b>Balance as at December 31, 2013</b>	482,579,640	50,000,000	1,055,583,749	(2,792,759)	414,232	(2,378,527)	1,585,784,862

## TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENTS OF CASH FLOWS**

For the year ended December 31, 2013

Unit : Baht

	Note	Consolidated Financial Statements		Separate Financial Statements	
		Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
			Restated		Restated
<b>Cash flows from operating activities :</b>					
Profit (loss) before income tax		152,568,255	265,389,247	(69,530,583)	77,384,615
Adjustments to reconcile profit before income tax to net cash provided by operating activities					
Depreciation and amortization		236,540,467	220,722,404	118,464,208	106,413,301
Withholding tax - written off		156,182	20,986	0	716
Bad debts		0	506,762	0	506,762
Doubtful accounts (reversal)		0	(528,537)	0	(528,537)
Loss on expired goods (reversal)		(45,807,882)	54,758,396	(26,415,724)	45,023,794
Loss on decline in value of inventories		7,972,619	0	7,972,619	0
(Gain) loss on exchange rate		21,640,129	(12,008,415)	13,115,572	(12,505,745)
Gain from liquidation of subsidiary		(1,523,236)	0	(705,933)	26,821,005
Gain on sales of available-for-sale investments		(10,067,850)	(591,804)	(10,067,850)	(591,804)
(Gain) loss on sales of fixed assets and writting off		(728,128)	4,678,351	(1,929,523)	(1,616,863)
Loss on impairment of assets		0	20,203,995	0	0
Employee benefit expenses		5,824,557	5,527,196	4,201,431	4,037,303
Dividend income		0	0	(37,113,166)	(46,391,458)
Share of profit from investments in associated company		(202,495,709)	(156,258,029)	0	0
Interest income		(99,754)	(97,249)	(1,532,115)	(10,067,518)

## TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENTS OF CASH FLOWS

For the year ended December 31, 2013

Unit : Baht

	Note	Consolidated Financial Statements		Separate Financial Statements	
		Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
			Restated		Restated
Interest expenses		88,771,674	101,582,457	55,159,822	61,682,543
		252,751,324	503,905,760	51,618,758	250,168,114
Change in operating assets and liabilities					
(Increase) decrease in assets					
Trade and other receivables		21,471,884	(205,129,433)	47,995,330	(12,558,368)
Inventories		63,643,105	58,523,416	107,476,618	117,965,869
Other current assets		795,761	10,285,996	1,735,375	3,617,650
Deposits and guarantees		(1,267,056)	(7,566)	(182,100)	178,600
Other non-current assets		892,973	3,166,049	269,250	269,250
Increase (decrease) in liabilities					
Trade and other payables		(84,448,453)	276,641,517	(80,991,807)	53,550,290
Other current liabilities		1,221,055	1,525,777	(3,915,301)	13,882,237
Employee benefit obligations		(1,153,110)	(11,220,570)	(637,790)	(10,102,570)
Exchange differences on translation of financial statements in foreign currencies		0	(31,232)	0	0
Cash generated from operations		253,907,483	637,659,714	123,368,333	416,971,072
Interest paid		(92,807,578)	(98,826,280)	(56,606,724)	(61,073,563)
Refund of prepaid company income tax		0	1,838,872	0	1,838,872
Income taxes paid		(8,920,958)	(35,997,758)	(2,488,373)	(32,780,902)
<b>Net cash provided by operating activities</b>		<b>152,178,947</b>	<b>504,674,548</b>	<b>64,273,236</b>	<b>324,955,479</b>

## TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENTS OF CASH FLOWS**

For the year ended December 31, 2013

Unit : Baht

	Note	Consolidated Financial Statements		Separate Financial Statements	
		Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
			Restated		Restated
<b>Cash flows from investing activities :</b>					
(Increase) decrease in current investments		(278,477)	92,336	0	0
Increase in short-term loans to related parties		0	0	(19,500,000)	(23,200,000)
Sales of Available-for-sale investments		10,211,150	609,000	10,211,150	609,000
Cash received from liquidation of subsidiary		0	0	0	62,071
Sales of fixed assets		6,156,406	2,919,110	2,267,245	2,687,287
Purchases of fixed assets		(194,618,263)	(244,589,952)	(112,297,182)	(171,303,924)
Payment for intangible assets		(4,610,109)	(820,050)	(4,225,210)	(514,400)
Payment for deposit of machinery		0	(7,920,000)	0	0
Repayment for account payable for machinery		0	(69,614,192)	0	(4,151,863)
Dividend received		37,113,166	46,391,458	37,113,166	46,391,458
Interest received		99,754	97,249	1,532,115	10,067,518
<b>Net cash used in investing activities</b>		<b>(145,926,373)</b>	<b>(272,835,041)</b>	<b>(84,898,716)</b>	<b>(139,352,853)</b>
<b>Cash flows from financing activities :</b>					
Increase (decrease) in bank overdrafts		2,855,549	(172,294)	4,754,078	0
Increase (decrease) in loans from financial institutions		375,000,000	119,000,000	185,000,000	4,000,000

## TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENTS OF CASH FLOWS

For the year ended December 31, 2013

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements	
		Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
	Note		Restated		Restated
Repayment for long - term machinery payable		(9,260,016)	(9,260,016)	0	0
Repayment for liabilities under finance lease		(5,188,035)	(4,112,472)	(3,263,771)	(2,529,642)
Proceeds from long - term loans		0	20,000,000	0	0
Repayment for long - term loans		(379,538,461)	(293,769,231)	(178,000,000)	(123,000,000)
Dividend paid		0	(57,908,974)	0	(57,908,974)
<b>Net cash provided by (used in) financing activities</b>		(16,130,963)	(226,222,987)	8,490,307	(179,438,616)
<b>Effect from exchange rate in cash and cash equivalents</b>		93,199	(67,154)	75,398	(63,169)
<b>Increase (decrease) in cash and cash equivalents, net</b>		(9,785,190)	5,549,366	(12,059,775)	6,100,841
<b>Cash and cash equivalents as at January 1,</b>		46,699,175	41,149,809	27,555,705	21,454,864
<b>Cash and cash equivalents as at December 31,</b>	4.2 and 6	36,913,985	46,699,175	15,495,930	27,555,705
<b>Supplemental disclosures of cash flows information</b>					
Non-cash items :					
Lease contract liabilities		3,268,832	6,441,960	3,268,832	5,136,960

TIPCO FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## **NOTES TO FINANCIAL STATEMENTS**

### **(CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS)**

For the year ended December 31, 2013

#### **1. General information**

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1.1 The Company was incorporated in Thailand on March 22, 1976, and has been listed in the Stock Exchange of Thailand since 1989. The operations of the Company and its subsidiaries are manufacturer and distributor the products of pineapple in syrup, pineapple juice, mixed fruit juice and natural mineral water.

1.2 The address of the company and its subsidiaries are 118/1 Rama 6 Rd., Samsen Nai, Bangkok 10400 and the factories are as follow:

- 212 Phetkasem Rd., Moo 16, Aownoi, Amphur Muang, Prachaubkhirikhan 77210
- 504 Phetkasem Rd., ., Prachaubkhirikhan, Amphur Muang, Prachaubkhirikhan 77000
- 205/1 Moo 2, Pongyaeng, Amphur Mae-Rim, Chiang Mai 50180
- 90/1 Moo 7, Phaholyothin Rd., Sanubtueb, Amphur Wangnoi, Ayuthaya 13170

1.3 The major shareholders of the Company is Supsakorn family.

#### **2. Basis for preparation and presentation of the financial statements**

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2.1 The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles, which are issued under the Accounting Professions Act B.E.2547, and have been presented under the Accounting Act B.E. 2543, and according to the requirements of the Securities and Exchange Commission, and the regulation of the Stock Exchange of Thailand.

2.2 The financial statements are presented for Thai currency reporting purposed and prepared in Thai language. This English translation of financial statements has been prepared for the convenience of the readers who were not conversant with Thai language.

## 2.3 Basis of preparation of the consolidated financial statements

The consolidated financial statements included the accounts of the company and the subsidiaries as follow:

Name	Paid – up share capital		% of investments	
	2013	2012	2013	2012
SUBSIDIARIES				
Tipco Marketing Co., Ltd.	0	24,740	0	100.00
Tipco Biotech Co., Ltd.	50,000,000	50,000,000	99.9988	99.9988
Tipco F&B Co., Ltd.	600,000,000	600,000,000	50.00	50.00
Tipco Retail Co., Ltd.	50,000,000	50,000,000	75.50	75.50
INDIRECT SUBSIDIARIES				
TFB Distribution Co., Ltd. (indirect portion by Tipco F&B Co., Ltd.)	1,000,000	0	50.00	0

Outstanding intragroup balances, significant intragroup transactions, and the investment of the Company in subsidiary companies and shareholders' equity of the subsidiaries have been eliminated in this consolidation.

The financial statements of the subsidiaries are prepared by using the same significant accounting policies as applied to the Company.

## 2.4 Notifications of applying the Financial Reporting Standards

2.4.1 The Financial Reporting Standards which are effective for accounting periods beginning on or after January 1, 2013 are as follow :

### 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 Change in Foreign Exchange Rate

### Financial Reporting Standards

TFRS 8	Operating Segments
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### Standard Interpretations Committee

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

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### Accounting Treatment Guidance

#### Accounting Treatment Guidance for Transfers of Financial Assets

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These Financial Reporting Standards will have no material impacts on the financial statements for this accounting period, except that mentioned in note to the interim financial statements No 3.

- 2.4.2 The Financial Reporting Standards which are effective for accounting periods beginning on or after January 1, 2014 and 2016 are as follow:

#### Accounting Standards (effective beginning on or after January 1, 2014)

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Investments in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 38 (revised 2012)	Intangible assets

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### **Financial Reporting Standards (effective beginning on or after January 1, 2014)**

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

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### **Financial Reporting Standard Interpretations Committee (effective beginning on or after January 1, 2014)**

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

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### **Financial Reporting Standard Interpretations Committee (effective beginning on or after January 1, 2014)**

TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

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### **Standard Interpretations Committee (effective beginning on or after January 1, 2014)**

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

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## Financial Reporting Standard (effective beginning on or after January 1, 2016)

TFRS 4

Insurance Contracts

The Company and its subsidiaries would not yet adopt the above standards before the effective date. The management of the Company and subsidiaries are in the process of evaluation the impacts of these accounting standards on the financial statements in the year when they are initially applied.

2.5 Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure for contingent assets and liabilities. The actual results may differ from such estimates.

### 3. Changes in accounting policies

From January 1, 2013, The Company and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards as mentioned in note 2.4.1 to the financial statements, the Company and its subsidiaries have changed their accounting policies as follow :

#### TAS 12 Income Taxes

These standard requires the Company and its subsidiaries to account for deferred tax assets and liabilities, which calculated in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes.

The impact of change the accounting policy to the financial statements, are as follow :

	Consolidated Financial Statements			Separate Financial Statements		
	Dec. 31, 2013	Dec. 31, 2012 (Restated)	Jan. 1, 2012	Dec. 31, 2013	Dec. 31, 2012 (Restated)	Jan. 1, 2012
Statements of financial position						
Increase in deferred tax assets	35,077,813	33,646,301	17,439,865	19,456,329	25,438,038	13,086,212
Increase in deferred tax liabilities	1,514,278	3,479,436	4,569,643	1,514,278	3,479,436	4,569,643
Increase in retained earnings	32,968,904	28,066,512	14,231,736	17,347,419	23,962,381	12,054,910
Decrease in others	594,632	(2,003,779)	(3,538,341)	594,632	(2,003,779)	(3,538,341)
comprehensive income						

Unit : Baht

Unit : Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012 (Restated)	Dec. 31, 2013	Dec. 31, 2012 (Restated)
Statement of comprehensive income for years				
Increase (decrease) in income tax expenses	(798,260)	(15,762,081)	6,614,961	(11,907,471)
Increase (decrease) in comprehensive income	3,396,670	17,296,643	(4,016,551)	13,442,033
Increase (decrease) in Basic earnings per share	0.0017	0.0327	(0.0317)	0.0247

#### 4. Summary of significant accounting policies

##### 4.1 Measurement basis used in preparing financial statements

Historical cost is used as measurement basis in preparing these financial statements except some items indicated in relevant notes.

##### 4.2 Cash and cash equivalents

Cash represents cash on hand and demand deposits with banks.

Cash equivalents comprise fixed deposit and short-term highly liquid investments which are not restricted in their uses, and that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value, such as deposit expiring less than 3 months from acquisition date or investments.

##### 4.3 Trade receivables

Trade receivables are stated at net realizable value which are the amount of invoices netted from the allowance for doubtful account. Allowance for doubtful account is based on the estimated uncollectible amounts by considering from the present financial status of each account receivable.

Besides, the management of company and its subsidiaries will also provide the allowance for doubtful accounts by considering from the status of each account receivable.

##### 4.4 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The costs of purchased inventories comprise the purchase price and other costs directly attributed to the acquisition of goods. Manufacturing cost of finished good and work in process comprise from raw materials, labour and manufacturing overhead. The cost of inventories are calculated as follow :

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Raw material, spare parts and factory supplies	- Valued at cost price under average method.
Work in process	- Valued at production cost price under average method.
Finished goods	- Valued at production cost price under average method.

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The Company and its subsidiary provided the allowance for expired goods from the goods which were considered to expire and expected to damage.

#### 4.5 Investments

Available-for-sale investments represent investments in marketable equity securities-available for sale, which was accounted for at fair value (the lasted bid price) as at the close of business on the Statements of Financial Position date by reference to the Stock Exchange of Thailand. Unrealized gain (loss) on adjustment the value of investments are recognized in shareholder' equity

Investments in associated company in the Consolidated financial statements are accounted for by the equity method. (See attachment No. 1)

Investments in subsidiaries and associated companies in the Separate financial statements are accounted for by the cost method less allowance for decline in value of investments. (See attachment No. 2)

#### 4.6 Lease agreements

##### Financial leases

The leases of assets, which the substantial all the risks and rewards associated with the ownership of the assets have been transferred to the lessee, title may or may not eventually be transferred to the lessee under the finance lease arrangements, are classified as finance leases. The lessee is to record the finance lease as an asset and obligation at an amount equal to the fair value of the leased asset or the present value of the minimum lease payment whichever is lower. The interest expense is charged to the profit or loss over the lease period. The leased asset is depreciated over the useful life of the asset.

##### Operating leases

The leases of assets, which the substantial all the risks and rewards associated with the ownership of the assets have not been transferred to the lessee, are classified as operating leases. The payments made under operating leases are charged to the profit or loss on a straight-line method over the period of the lease.

#### 4.7 Property, plant and equipment

Property is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets. Depreciation is calculated by straight-line method based on the estimated useful lives of the assets and in accordance with the estimated production capacity of machinery as the following :

Land development	10 Years
Building and complement	10-25 Years
Machinery and equipment	
- Straight-line method	10-20 Years
- Estimated production capacity	919.04 million bottles
Tools and equipment	5-20 Years
Furniture and office equipment	3-10 Years
Vehicles	5-10 Years

An initial estimate of the costs of dismantling and removing the item and restoring the site, when the Company and its subsidiaries have obligation to do, have been included in cost of property, plant and equipment.

Cost of addition, improvement, repair or extension of lease agreement that increase the future economic benefit are recognized as assets.

Depreciation is separately calculated on each component of assets, when the cost of each component is significant in relation to the total cost of the item.

The useful life and residual value of assets, and depreciation method are reviewed at least at each financial year-end.

Depreciation is recognized as expense for each accounting period.

#### 4.8 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and allowance for loss on impairment of assets (if any). Amortization is charged to the statements of income by the straight-line method from the date that intangible assets are available for use over the estimated useful lives of the economic benefit of the assets, Unless such lives are indefinite, intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each statement of financial position date. The estimated useful lives are as follows:

Computer Softwares	3-10 Years
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The Company and its subsidiaries recorded the amortization as expenses for each accounting period.

#### 4.9 Impairment of assets

The Company and its subsidiaries should assess the impairment of assets i.e. Property, Plant and Equipment and Intangible assets whenever there is indication that an asset may be impaired, the impairment will be assessed by estimating the recoverable amount of asset, if it is below the carrying amount of the asset, it signs an asset is impairment. The company should recognize the impairment loss in the profit or loss.

Recoverable amount of assets is the higher of an asset's net selling price and its value in use, and it is determined from an individual asset or a cash-generating unit.

#### 4.10 Liabilities, provisions and expenses

The Company and its subsidiaries recognizes liabilities, provisions and expenses in the financial statements when it has legal obligation or possible obligation arising from past events, the settlement of which is expected to be made in the amount that can be estimated with sufficient reliability.

The Company and its subsidiaries recognize accrued the dividend, approved by the resolution of ordinary shareholders' meeting.

#### 4.11 Revenue recognition

Revenue from sales of goods is recognized when significant risks and rewards of ownership have been transferred to the buyer based on the invoices value less discount, goods return, and amounting to the estimates (if any).

Revenue from services is recognized when the outcome of a service can be estimated reliably based on the stage of completion of the transaction at the balance sheet date. When the outcome of a service can not be estimated reliably, revenue is recognized only to the extent of expenses that are recoverable.

Interest income is recognized on the period of time.

Rental income is recognized on the period of agreement.

Dividend income is recognized when the right of receiving dividend is announced.

#### 4.12 Employee benefits

##### Short – term employee benefits

Short – term employee benefits, which fall due wholly within 12 months after the end of period in which the employees render the related service, are recognized as expenses when incurred.

##### Postemployment benefits

The Company and its subsidiaries and their employees have jointly a provident fund. The contributions from employees are deducted from monthly salaries and contributions by the Company and the subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognized as expenses when incurred.



The severance payments retirement under the labor law as a defined benefit plan, was calculated by a qualified actuary by using the projected unit credit method.

The Company and its subsidiaries recognizes the actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to postemployment benefit plans in profit or loss.

#### 4.13 Income tax

Income tax expense represents the aggregate of current income tax expense and deferred tax.

Current income tax expense and deferred tax are recognized in profit or loss, except for the extent that they related to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax represents the amount of expected income tax payable or recoverable on the taxable profit or loss for the period, using tax rates in accordance with the regulation in the Revenue Code.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities is recognized for all income taxes payable in the future periods in respect of taxable temporary differences.

Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4.14 Translation of foreign currency transactions

Foreign currency transactions are translated into Thai Baht at the exchange rate on the transaction date. The remaining balances of assets and liabilities denominated in foreign currency at the end of reporting periods are translated into Thai Baht at the exchange rate of that date. Exchange differences are accounted for as profit or loss in the statements of income.

The foreign investment was translated at the historical rate.

Equity in profit (loss) of foreign subsidiary company was translated at the average exchange rate for the periods of 12 months.

#### 4.15 Translation of foreign currency financial statements

The financial statements of Tipco Marketing Company Limited which was foreign subsidiary company, located in United State of America, were translated into Thai currency, at the ended of the period, the statement of financial position used the closing rate (the average buying and selling rates of Commercial Bank), the statements of comprehensive income used the average exchange rate of the period. Gain or loss on exchange rate are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognized in the statement of comprehensive income as part of the gain or loss on sale:

	Unit : Baht	
	2013	2012
Beginning currency translation differences	1,523,236	1,554,468
<b>Add</b> Increase (decrease) during the period	(1,523,236)	(31,232)
Ending currency translation differences	0	1,523,236

TIPCO MARKETING COMPANY LIMITED has registered for liquidation on 3 June 2013.

#### 4.16 Basic earnings per share

Basic earnings per share are computed by dividing the profit (loss) for the years attributable to equity holders of the parent by the number of weighted average ordinary shares which are issued during of the years (482,579,640 shares).

### 5. Related party transactions

#### 5.1 The relationship of person or related parties

Person or related parties	The relationship
Tipco F&B Co., Ltd.	Holding and co-directors
Tipco Biotech Co., Ltd.	Holding and co-directors
Tipco Marketing Co., Ltd.	Holding and co-directors
Tipco Retail Co., Ltd.	Holding and co-directors
TFB Distribution Co., Ltd.	Holding and co-directors
Suntory Beverage & Food Limited in Japan	Holding and co-directors
Suntory Beverage & Food Asia PTE LTD. in Singapore	Co-shareholder and directors

Person or related parties	The relationship
Tipco Asphalt PCL.	Holding and co-directors
Thanomwongse Service Co., Ltd.	Co-directors
Raycol Asphalt Co., Ltd.	Indirect portion
Thai Slurry Seal Co., Ltd.	Holding by associates' directors
Ekachaicontainer Terminal Co., Ltd.	Co-directors
Thai Crushing Co., Ltd.	Co-directors
Rattanajit Co., Ltd.	Co-directors
Siamcontainer Transport Co., Ltd.	Holding by directors
Bitumen Marine Co., Ltd.	Co-directors
Thai Bitumen Co., Ltd.	Co-directors
Tasco Shipping Co., Ltd.	Co-directors
Vital Well Co., Ltd.	Co-directors
Tipco Maritime Co., Ltd.	Co-directors
Alpah Maritime Co., Ltd.	Co-directors

5.2 The company and its subsidiaries's policy about the price charge to the related parties are as follows:

Type of transactions	Policies of price setting
Transactions between the company and its subsidiaries	
- Sales and services to the subsidiary companies	Cost plus contribution margin
- Sales and services from the subsidiary companies	Cost plus contribution margin
Transactions related to the company, its subsidiaries with the related parties	Market price

The financial statements included related party transactions by considering the following: intercompany shareholding or the same group of shareholders, directors or management team. Besides, the related parties are considered when one of parties has the ability to control the other party or can exercise significant influence over the other party in making financial and operating decisions. Some part of the Company's assets, liabilities, revenues and expenses arose from transaction with the persons and related parties. The effects of these transactions are reflected in the accompanying financial statements on the basis determined by the normal business.

Unit : Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Balance at the end periods				
Trade receivables				
- Subsidiary company				
Tipco F&B Co., Ltd.			12,993,806	16,830,321
Tipco Retail Co., Ltd.			888,066	753,927
Tipco Biotech Co., Ltd.			39,362	671,009
-Related companies				
Tipco Asphalt PCL.	1,018,639	62,949		
Thai Slurry Seal Co., Ltd.	18,724	0		
Thanomwongse Service Co., Ltd.	1,076,141	493,069		
Rattanajit Co., Ltd.	42,600	110,761		
Siamcontainer Transport Co., Ltd.	292,465	191,040		
Ekachacontainer Terminal Co., Ltd.	0	79,600		
Raycol Asphalt Co., Ltd.	118,644	0		
Tipco Maritime Co., Ltd.	52,240	0		
Thai Bitumen Co., Ltd.	136,382	0		
Bitumen Marine Co., Ltd.	1,098	0		
Other receivables				
- Subsidiary companies				
Tipco F&B Co., Ltd.			2,374,235	3,015,853
Tipco Biotech Co., Ltd.			482,162	547,792
Tipco Marketing Co., Ltd.			0	267,515
Tipco Retail Co., Ltd.			27,671	15,329
TFB Distribution Co., Ltd.			1,858	0

Unit : Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Accounts due from related parties				
- Related company				
Tipco Asphalt PCL.	165,406	35,310	147,750	0
Tasco Shipping Co., Ltd.	3,210	3,210	0	0
Alpha Maritime Co., Ltd.	1,605	1,605	0	0
Raycol Asphalt Co., Ltd.	7,352	1,605	5,747	0
Thai Bitumen Co., Ltd.	11,235	34,163	0	18,113
Bitumen Marine Co., Ltd.	1,605	1,605	0	0
Suntory Beverage & Food Limited in Japan	69,515,058	109,076,385	0	0
Suntory Beverage & Food Asia PTE LTD.	659	330,750	0	0
In Singapore				
Fixed Assets				
-Related company				
Thanomwongse Service Co., Ltd.	11,688,943	2,343,952	0	0
Trade payables				
- Subsidiary company				
Tipco F&B Co., Ltd.			2,715,719	9,285,725
Tipco Biotech Co., Ltd.			4,906,098	3,790,378
TFB Distribution Co., Ltd.			140,171	0
- Related companies				
Tipco Asphalt PCL.	928,143	2,970,950	542,017	2,395,239
Thanomwongse Service Co., Ltd.	5,568,549	1,869,219	4,675,387	1,051,069
Ekachacontainer Terminal Co., Ltd.	0	168,367	0	116,563
Siamcontainer Transport Co., Ltd.	146,788	0	111,743	0
Other payables – related parties				
Tipco Asphalt PCL.	558,551	0	558,551	0
Thanomwongse Service Co., Ltd.	529,375	705,335	270,499	376,523
Suntory Beverage & Food Limited in Japan	376,754	679,409	0	0

Unit : Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Loan receivables				
Tipco Beverage Co., Ltd.				
Balance brought forward			0	272,300,000
Increase in loans receivable in the period			0	8,700,000
Repayment of loans receivable in the period			0	281,000,000
Balance carried forward			0	0
Tipco Biotech Co., Ltd.				
Balance brought forward			31,500,000	17,000,000
Increase in loans receivable in the period			31,700,000	14,500,000
Repayment of loans receivable in the period			12,200,000	0
Balance carried forward			51,000,000	31,500,000
Revenues and expenses for the periods				
Sales				
- Subsidiary company			207,995,959	225,997,135
- Related companies	6,296,685	3,920,888		
Rental income				
- Subsidiary company			2,718,112	1,685,309
Interest income				
- Subsidiary company			1,527,266	10,065,560
Other income				
- Subsidiary company			70,035,461	67,668,923
- Related companies	131,374,408	101,565,308	546,682	266,818
Purchases				
- Subsidiary company			93,515,372	127,603,068
- Related companies	0	14,502,900	1,139,400	13,451,400
Rental and services expenses				
- Related companies	22,890,496	25,739,793	10,465,237	15,466,919
Marketing support expenses				
- Subsidiary company	0	0	54,923,650	50,001,806
Other expenses				
- Related companies	376,814	2,847,104	0	0

## 6. Cash and cash equivalents

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Cash on hand	2,365,603	1,890,590	1,101,349	837,628
Demand deposits	34,548,382	44,808,585	14,394,581	26,718,077
(As at December 31, 2013 and 2012 the interest rate are 0.01 %-0.10% p.a. and 0.01%-0.75% p.a. respectively)				
Total	36,913,985	46,699,175	15,495,930	27,555,705

## 7. Current investments

They represent the fixed deposit (6 months) of the subsidiaries which are free of commitments. (The interest rate as at December 31, 2013 and 2012 are at 1.85% - 1.95% p.a. and 1.95% - 2.10% p.a. respectively).

## 8. Trade and other receivables

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Trade receivables				
- domestic	439,228,614	387,437,939	32,971,660	31,818,487
- foreign	162,155,004	206,740,359	134,678,866	166,605,653
- Related parties	2,756,934	937,419	13,921,234	18,255,257
	604,140,552	595,115,717	181,571,760	216,679,397
<b>Less</b> Allowance for doubtful accounts	6,548,703	6,600,584	6,548,703	6,548,703
Trade receivables, net	597,591,849	588,515,133	175,023,057	210,130,694
- Other receivables				
- Other receivables - others	67,578,799	60,915,784	11,567,713	15,551,380
- Other receivables - related parties	69,706,130	109,484,633	3,039,425	3,864,602
- Prepaid expenses	18,974,416	18,463,306	7,704,251	13,340,228
- Advance to employees	758,667	722,462	54,304	133,504
- Accrued income	5,036,832	8,698,499	53,664	2,875
Total other receivables	162,054,844	198,284,684	22,419,357	32,892,589
Total	759,646,693	786,799,817	197,442,414	243,023,283

Aging schedule as at December 31, 2013

Unit : Baht

	<b>Consolidated Financial Statements</b>	<b>Separate Financial Statements</b>
Not yet due	415,847,846	128,275,011
Overdue 1-90 Days	176,120,196	41,337,811
Overdue 91-180 Days	148,266	0
Overdue 181-270 Days	1,966	0
Overdue 271-360 Days	0	0
Overdue 360 Days	12,022,278	11,958,938
Total	604,140,552	181,571,760

Aging schedule as at December 31, 2012

Unit : Baht

	<b>Consolidated Financial Statements</b>	<b>Separate Financial Statements</b>
Not yet due	457,603,274	181,271,046
Overdue 1-90 Days	122,782,243	22,601,745
Overdue 91-180 Days	1,124,779	372,031
Overdue 181-270 Days	1,993,948	1,428,301
Overdue 271-360 Days	4,196,166	3,855,815
Overdue 360 Days	7,415,307	7,150,459
Total	595,115,717	216,679,397

## 9. Short - term loans to related parties

Loans to Tipco Biotech Co., Ltd. are in the form of promissory notes. The interest rate at 3.25% p.a. and 3.75% p.a. as at December 31, 2013 and 2012 respectively.



## 10. Inventories

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Finished goods	738,081,528	769,363,016	521,702,536	597,377,670
Work in process	145,504,361	131,316,473	44,994,260	47,409,430
Raw materials	437,963,218	487,767,674	209,363,264	241,350,565
Spare parts and factory supplies	45,905,023	41,073,009	24,102,238	22,692,454
	1,367,454,130	1,429,520,172	800,162,298	908,830,119
Less Allowance for loss on decline in value of inventories	7,972,619	0	7,972,619	0
Allowance for expired goods	23,670,066	69,477,946	22,981,660	49,397,833
	1,335,811,445	1,360,042,226	769,207,569	859,432,285
Goods in transit	4,649,810	5,111,948	1,811,108	702,652
Total	1,340,461,255	1,365,154,174	771,018,677	860,134,938

## 11. Other current assets

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Value added tax	13,428,032	10,033,485	6,238,993	7,631,377
Short – term deposits	1,419,249	291,850	0	0
Prepaid company income tax	2,255,537	2,255,538	2,255,537	2,255,538
Withholding tax	2,662,478	168,256	2,488,373	0
Others	766,479	1,366,917	694,707	362,540
Total	20,531,775	14,116,046	11,677,610	10,249,455

## 12. Available - for - sale investments (Consolidated and Separate financial statement)

Unit : Baht		
For the year ended 31 December	2013	2012
Opening cost amount	345,792	362,988
Additions	0	0
Disposals	(143,300)	(17,196)
Closing cost amount	202,492	345,792
Changes in fair value	517,790	6,288,083
Investment at fair value	720,282	6,633,875

The Company has received free warrants for purchasing new ordinary shares in totally 3,711,316 units, which the term is 3 years (expire in 2014). The Company classified the investment as available-for-sale, which were accounted for at fair value.

As at December 31, 2013 and 2012, the remaining warrants are 706,159 units and 1,206,159 units respectively.

## 13. Investments in subsidiaries and associated companies

Investments in associated company in the Consolidated financial statements are accounted for by the equity method. [See attachment No. 1]

Investments in subsidiaries and associated companies in the Separate financial statements are accounted for by the cost method less allowance for decline in value of investments. [See attachment No. 2]

TIPCO MARKETING COMPANY LIMITED has registered for liquidation with The State of Delaware in the United States of America on 3 June 2013.

On 2 April 2012, the shareholders' meeting passed a resolution to approve the transfer of entire business of Tipco Beverage Company Limited to the Company, effective on 22 November 2012. Tipco Beverage Company Limited has filed for liquidation of the company with the Ministry of Commerce on 6 December 2012. The Company received the return of share capital amounting to Baht 23.18 million and recorded the cash receipt net of investment in Tipco Beverage as "Loss from liquidation of subsidiary". Besides, Tipco Beverage Company Limited has transferred the investment in Tipco F&B and the investment in Tipco Retail to the Company, which were offset with loans to Tipco Beverage Company Limited and accrued interest according to Transfer Business Agreement dated 22 November 2012, the net amount to paid is Baht 23.12 million.

However, the equity interest in Tipco F&B and in Tipco Retail in the Consolidated Financial Statements have not changed.

The financial statements of associated company, named Tipco Asphalt PCL. as at December 31, 2013 and 2012 were audited by the another auditor, which the financial statements reflected investment in associated company by the equity method are as follows :

Unit : Baht

Consist of	Consolidated Financial Statements	
	2013	2012 (restated)
Investment in associated company	1,274,972,938	1,076,469,639
Percentage of total assets in consolidation	20.70	17.84
Equity in profit for the years of associated company		
For the year ended December 31,	202,495,709	156,258,029
Percentage of total revenues in consolidation	3.32	2.67

The financial statements of associated company are as follows :

Unit : Thousand Baht

Consist of	Consolidated Financial Statements	
	2013	2012
Total assets	20,273,519	18,669,755
Total liabilities	14,382,582	13,627,062
Total revenues	34,094,167	38,378,964
Profit for the period	861,607	675,849

#### 14. Deposits at bank used as collateral

They represent the fixed deposit (6 months) of Tipco Biotech Co., Ltd. which were used as collateral for issuing Bank of Guarantee as indicated in Note 35 to financial statements.

#### 15. Property, plant and equipment

(See attachment No. 3)

## 16. Intangible assets

Unit : Baht

### Consolidated Financial Statements

Consist of	2012	Purchase	Decrease	Transfer	2013
Cost price-intangible assets					
Computer softwares	10,547,445	7,883,707	1,175,263	4,862,742	22,118,630
Trademarks	26,051,203				26,051,203
Total	36,598,648	7,883,707	1,175,263	4,862,742	48,169,833
Accumulated amortization-intangible assets					
Computer softwares	8,943,301	2,614,018	1,175,225		10,382,094
Total	8,943,301	2,614,018	1,175,225		10,382,094
Total intangible assets	27,655,347				37,787,739

Unit : Baht

### Separate Financial Statements

Consist of	2012	Purchase	Decrease	Transfer	2013
Cost price-intangible assets					
Computer softwares	7,971,264	7,498,808	1,175,263	336,892	14,631,701
Trademarks	24,463,244				26,463,244
Total	34,434,508	7,498,808	1,175,263	336,892	41,094,945
Accumulated amortization-intangible assets					
Computer softwares	7,354,023	1,502,175	1,175,225		7,680,973
Total	7,534,023	1,502,175	1,175,225		7,680,973
Total intangible assets	27,080,485				33,413,972

## 17. Deposits and guarantees

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Anti dumping tax *	0	17,502,870	0	0
<b>Less</b> Allowance for loss on Anti dumping tax	0	(12,424,194)	0	0
Net	0	5,078,676	0	0
Deposit for machinery	0	7,920,000	0	0
Others	11,949,567	10,764,746	2,328,970	2,146,870
Total	11,949,567	23,763,422	2,328,970	2,146,870

\* The guarantees of the subsidiary represent the guarantee of Anti dumping tax for the product which were sold in The United State of America from the year 1996 to 2002.

The subsidiary has provided the allowance for loss on Anti dumping tax because the subsidiary has requested for the refund of guarantee, but it seems to be lost.

In this accounting period, the subsidiary which is mentioned above has registered for liquidation already.

## 18. Bank overdrafts and short-term loans from financial institutions

As at December 31, 2013

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	Amount	Interest rate at	Amount	Interest rate at
Bank overdrafts	4,754,078	MOR	4,754,078	MOR
Loans from financial institutions :				
-Promissory notes	1,730,000,000	MMR	935,000,000	MMR
Total	1,734,754,078		939,754,078	

As at December 31, 2012

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	Amount	Interest rate at	Amount	Interest rate at
Bank overdrafts	1,898,529	MOR	0	MOR
Loans from financial institutions :				
- Loan agreements	300,000,000	MMR	0	
- Promissory notes	1,055,000,000	MMR	750,000,000	MMR
Total	1,356,898,529		750,000,000	

## 19. Trade and other payables

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Trade payables				
- Others	363,675,117	388,255,499	120,374,871	169,612,459
- Related parties	6,643,481	5,008,536	13,091,134	16,638,974
Total	370,318,598	393,264,035	133,466,005	186,251,433
Other payables				
- Other payables - others	377,053	432,683	47,186	145,930
- Other payables – related parties	1,464,680	1,384,744	829,050	376,523
- Accrued expenses	417,118,346	439,697,185	41,127,018	56,934,290
- Advance incomes	19,247,778	23,257,196	15,929,771	19,424,703
- Deposit received for goods	5,760,152	6,145,660	2,657,759	6,145,660
Total other payables	443,968,009	470,917,468	60,590,784	83,027,106
Total	814,286,607	864,181,503	194,056,789	269,278,539

## 20. Long-term liabilities

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Long-term loans (Note 20.1)	709,692,308	1,089,230,769	427,000,000	605,000,000
Machinery payable (Note 20.2)	5,863,576	15,123,592	0	0
Lease contract liabilities (Note 20.3)	8,817,935	10,119,290	7,476,527	6,853,618
	724,373,819	1,114,473,651	434,476,527	611,853,618
Less Current portion of long-term loans	479,538,462	379,538,461	278,000,000	178,000,000
Current portion of machinery payable	5,863,576	9,260,016	0	0
Current portion of lease contract liabilities	4,687,980	4,540,255	3,621,798	2,615,991
Total	234,283,801	721,134,919	152,854,729	431,237,627

### 20.1. Loan agreements

20.1.1 As at September 14, 2011, the Company entered into the Loan Agreement with a financial institution for long term-loan facilities in the amount of Baht 300 million for using as working capital. The term of repayment will be within 3 years, the interest rate referenced to THBFIX.

20.1.2 As at December 22, 2009, the Company entered into the Loan Agreement with a financial institution for long term-loan facilities in the amount of Baht 500 million for using as working capital. The term of repayment will be quarterly, the first repayment was in September 2009. The interest rate referenced to THBFIX. Land, building were mortgaged to cover the loans from financial institution.

In May 2011, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan to fixed rate. As at 31 December, 2013 and 2012, the notional amount of Baht 227 million and Baht 305 million was outstanding. The notional amount reduces on a quarterly basis in accordance with the long – term loan repayment schedule.

20.1.3 As at October 22, 2010, Tipco F&B Co., Ltd. entered into the Facility Agreements for long term-loan facilities in the amount of Baht 200 million for purchase of machinery. The term of repayment will be quarterly, the first repayment will be in August 2012. The interest rate referenced to BIBOR.

20.1.4 As at February 19, 2008, Tipco F&B Co., Ltd. entered into the Facility Agreements for long term-loan facilities in the amount of Baht 700 million for repaying the refinanced debt and for purchase of machinery. The term of repayment will be quarterly, the first repayment will be in May 2010. The interest rate referenced to BIBOR.

## 20.2 Machinery payable

The subsidiary entered into the purchase of machinery agreement by installment, the terms of payment are 24 - 69 months, the first repayment was in 2009 and the last payment will be in 2014.

## 20.3 Lease contract liabilities

The Company and the subsidiary entered into the lease contracts with 3 financial institutions, the terms of agreement are 36 - 60 months, the first repayment was in 2008 and the last payment will be in 2016.

## 21. Employee benefit obligations

Movement in the present value of the defined benefit obligations are as follow :

Unit : Baht

Consist of	Consolidated Financial Statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligations at January 1,	34,356,758	40,050,132	27,940,192	34,005,459
Current service costs	3,994,500	3,990,836	2,703,765	2,772,248
Interest costs	1,830,057	1,536,360	1,497,666	1,265,055
Benefits paid by the plan	(1,153,110)	(11,220,570)	(637,790)	(10,102,570)
Defined benefit obligations at December 31,	39,028,205	34,356,758	31,503,833	27,940,192

Expenses recognized in profit or loss are as follow :

Unit : Baht

Consist of	Consolidated Financial Statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	3,994,500	3,990,836	2,703,765	2,772,248
Interest cost	1,830,057	1,536,360	1,497,666	1,265,055
Total	5,824,557	5,527,196	4,201,431	4,037,303



Principal actuarial assumptions at the reporting date

% per annual

**Consolidated and  
Separate financial statement**

	2013	2012
Discount rate	4.10	4.10
Future salary increase	3.00 – 5.00	3.00 – 5.00

## 22. Forward exchange contracts

The Company and the subsidiary entered into the forward exchange contracts and the option contracts which are presented in the financial statements at fair value. Unrealized gain or loss from the forward contracts is recorded in profit or loss.

The outstanding balance of contracts are as follow :

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
The exchange forward contract – Sold (USD)	5,025,012	23,502,593	4,547,593	22,661,426
The exchange forward contract – Sold (EUR)	0	97,600	0	97,600
The exchange forward contract – Bought (USD)	284,916	1,102,799	0	473,044
The exchange forward contract – Bought (EUR)	988,260	0	988,260	0
The call option contract (USD)	2,000,000	0	0	0
The put option contract (USD)	1,000,000	0	1,000,000	0

## 23. Equity

### 23.1 Dividend paid

The ordinary shareholders' meeting No. 1/2012 held on April 2, 2012, passed the resolution to pay the dividend at Baht 0.12 per share in amount of Baht 57,909,557 on April 25, 2012.

### 23.2 Legal reserve

Pursuant to the Public Limited Companies Act B.E. 2535 (1992), the Company must appropriate the annual net profit to be a reserve fund which not less than five percent of the annual net profit deducted by the total deficit brought forward (if any) until reserve reaches an amount of not less than ten percent of the registered capital. The legal reserve had been fully reserved as the Public Limited Companies Act B.E. 2535 (1992) mentioned.

### 23.3 Managing Capital

The company and its subsidiaries have policy to manage the capital by maintaining their ability to continue the business as a going concern and to provide the appropriate capital structure by maintaining debt to equity ratio as stipulated in loan facility agreements. Besides, the company has policy to pay the dividend not less than 1/3 of net profit of the Company's separate financial statements.

## 24. Share of comprehensive income in associated company

Unit : Baht

Consolidated Financial Statements		
	2013	2012 (Restated)
Currency translation differences	(13,342,956)	(43,762,341)
Surplus on change in fair value of interest rate swap contract	(887,653)	(1,129,573)
Total	(14,230,609)	(44,891,914)

## 25. Revenues from the sale of goods and the rendering of services

Unit : Baht

Consist of :	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2012	2012
Revenues from the sale of goods	5,585,403,492	5,442,119,706	2,260,587,170	2,395,287,096
Revenues from the rendering of services	2,795,954	0	7,450,918	2,338,270
Total	5,588,199,446	5,442,119,706	2,268,038,088	2,397,625,366

## 26. Other incomes

Unit : Baht

Consist of :	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Dividend income	0	0	37,113,166	46,391,458
Management fees income	0	0	13,820,096	16,933,441
Royalty income	0	0	54,923,650	50,001,806
Marketing support income	194,868,315	144,933,364	0	593,583
Sale scraps income	7,388,736	6,044,340	3,054,082	2,933,262
Gain on sells of investments	10,067,850	591,804	10,067,850	591,804
Gain on exchange rate	0	43,656,749	5,475,904	36,322,988
Reversal of doubtful accounts	0	530,810	0	530,810
Reversal of loss on expired goods	45,807,882	0	26,415,724	0
Interest income	99,754	97,249	1,532,115	10,067,518
Others	47,379,402	49,449,965	34,294,856	30,928,414
Total	305,611,939	245,304,281	186,697,443	195,295,084

## 27. Staff provident fund

The Company and its subsidiaries joined with a contributory registered provident fund, in accordance with The Provident Fund Act B.E. 2530. The contributions from staffs are deducted from the monthly salaries, with the Company matching the individual's contributions.

## 28. Classification of expenses by nature

Significant expenses by nature are as follow:

Unit : Baht

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Employee expenses	698,750,287	554,743,452	402,091,602	348,835,081
Management benefit expenses	29,797,196	32,837,428	29,797,196	32,837,428
Depreciation	233,103,521	218,699,229	116,550,357	105,526,796
Amortization	2,614,019	1,366,924	1,502,175	821,943
Finance costs	89,357,586	102,485,443	55,338,394	61,861,115
Cost of production and service (Excluded cost of employees and depreciation)	3,006,213,467	2,766,612,680	1,623,715,684	1,533,959,246

## 29. Income tax

The income tax expenses is computed from the profit before income tax, which is in accordance with the regulation in the Revenue Code.

In December 2011, the Royal Decree has been issued, regarding the reduction of income tax rates for net profit, from the rate of 30% to 23% for the year 2012, and 20% for the year 2013 and 2014.

Income tax expenses for the year ended December 31, 2013 and 2012 are as follow:

Unit : Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012 Restated	2013	2012 Restated
Current income tax:	5,980,410	29,108,405	0	22,699,441
Deferred tax:				
Temporary difference and reversal of temporary differences	(798,260)	(19,400,761)	6,614,961	(14,481,664)
Effects of change in the applicable tax rates	0	3,638,680	0	2,574,193
Income tax expense	5,182,150	13,346,324	6,614,961	10,791,970

Reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2013 and 2012 are as follow:

Unit : Baht

**Consolidated Financial Statements**

	2013		2012	
	Rate (%)		Rate (%)	
Accounting profit before income tax		152,568,255		265,389,247
Income tax at applicable tax rate	20	30,513,651	23	61,039,527
Tax effect :				
Unallowed expenses for net profit calculation		1,269,968		16,375,504
Exemption of income/Additional expenses deduction allowed		(12,608,351)		(38,129,098)
Privileges according to the Investment Promotion		(13,194,858)		(10,177,528)
Current income tax		5,980,410		29,108,405
Deferred tax:				
Temporary difference and reversal of temporary differences		(798,260)		(19,400,761)
Effects of change in the applicable tax rates		0		3,638,680
Income tax expenses	3	5,182,150	5	13,346,324

Reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2013 and 2012 as follows: (Continued)

Unit : Baht

Separate Financial Statements				
	2013		2012	
	Rate (%)		Rate (%)	
Accounting profit (loss) before tax		(69,530,583)		77,384,615
Income tax at applicable tax rate		0	23	17,798,461
Tax effect :				
Unallowed expenses for net profit calculation		5,972,156		19,134,167
Exemption of income/Additional expenses deduction allowed		(19,032,520)		(14,233,187)
Current income tax		0		22,699,441
Deferred tax:				
Relating to origination and reversal of temporary differences		6,614,961		(14,481,664)
Effects of change in the applicable tax rates		0		2,574,193
Income tax expenses	(10)	6,614,961	14	10,791,970

The total income tax relating to items that are recognized directly to equity as at December 31, 2013 and 2012 are as follow:

Unit : Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012 Restated	2013	2012 Restated
Change in accounting policy :				
Deferred tax	28,066,513	14,231,736	23,962,381	12,054,910

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

Unit : Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012 Restated	2013	2012 Restated
Deferred tax relating to change in fair value of interest rate swap contract	1,444,352	201,036	1,444,352	201,036
Effects of change in the applicable tax rates	0	111,924	0	111,924
Deferred tax relating to change in fair value of available-for-sale investments	1,154,058	1,032,960	1,154,058	1,032,960
Effects of change in the applicable tax rates	0	188,642	0	188,642
	2,598,410	1,534,562	2,598,410	1,534,562

The components of deferred tax assets and deferred tax liabilities as at December 31, 2013 and 2012 are as follow:

Unit : Baht

	<b>Consolidated Financial Statements</b>		<b>Separate Financial Statements</b>	
	<b>2013</b>	<b>2012 Restated</b>	<b>2013</b>	<b>2012 Restated</b>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	11,473,895	1,309,740	1,309,740	1,309,740
Allowance for loss on decline in value of inventories	1,594,524	0	1,594,524	0
Allowance for obsolete goods	4,638,003	12,889,092	4,596,422	9,879,567
Allowance for asset impairment	3,942,779	5,099,798	847,039	1,058,999
Employee benefit obligations	7,649,566	6,745,977	6,300,767	5,588,038
Difference depreciation for tax purpose	1,564,685	1,673,158	1,564,685	1,673,158
Liabilities under finance lease contracts	1,094,455	564,335	1,094,455	564,335
Unused book losses	0	5,364,201	0	5,364,201
Fair value of forward exchange contracts	2,376,285	0	1,405,076	0
Others	743,621	0	743,621	0
Total	35,077,813	33,646,301	19,456,329	25,438,038
<b>Deferred tax liabilities</b>				
Fair value of available-for-sale investments	103,558	1,257,617	103,558	1,257,617
Assets under finance lease contracts	829,089	494,835	829,089	494,835
Amortization of Trademark	580,000	290,000	580,000	290,000
Others	1,631	1,436,984	1,631	1,436,984
Total	1,514,278	3,479,436	1,514,278	3,479,436
<b>Deferred tax assets, net</b>	<b>33,563,535</b>	<b>30,166,865</b>	<b>17,942,051</b>	<b>21,958,602</b>



### 30. Privileges according to the Investment Promotion Act B.E. 2520

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The Company and its subsidiaries have obtained the certificate for the investment promotion, some privileges for factories in empty can product, canned coconut milk and desiccated coconut for factory at Prachaubkhirikhan and product of vegetable and fruit for factory at Ayuthaya are as following :

1. Exemption from import duty on machinery as approved by the Board of Investment.
2. Exemption from company income tax for 8 years from the date income is first derived, which have been expired in the year 2021.
3. Shareholders of the Company will be exempted from tax on dividend received during the period in which the company is granted exemption from company income tax.

The Company and its subsidiaries have to comply with certain conditions contained in the promotion certificate.

The calculation of profit and loss between promoted and non-promoted businesses are distinguished by the transactions which can be specified. Transactions which cannot be specified are allocated by the proportion of income. Interest income except from saving deposits (over 2% of revenues) and income from sales of scrap are recorded under non-promoted business.

### 31. Revenues report for a Promoted Business

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By the Announcement of the Board of Investment No. 14/1998 dated December 30, 1998 regarding revenues report for a promoted business, the company is required to report the revenues from domestic sales and export sales separately and to report separately the promoted and non-promoted business. The Revenues are as follows :

[See attachment No. 4]

### 32. Long-term lease agreements

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January 1, 2013, the Company and subsidiary entered into the renew lease agreement for TIPCO TOWER, for additional using as the office of the company and subsidiary, the term of agreement is 3 years and the rental and service fees is Baht 476,986/month and Baht 715,484/month respectively.

### 33. Segment information

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Information on operation segments requires the Company and its subsidiaries disclose the segment information based on the internal reports regularly reviewed by the Company and its subsidiaries ' s Chief Operation Decision Maker in order to allocate resources to those segments and to assess the segment's performance.

The Company and its subsidiaries operate in two reportable business segments which are organized by similar products, products of vegetable & fruit and others. The business operations are carried on both in Thailand and overseas. The information on operating segments has been presented as follows:

Business segment information	Unit : Baht				
	Consolidated Financial Statements				
	For the year ended December 31, 2013				
	Segment			Eliminated	Total
	Products of vegetable & fruit	Beverage	Others		
Revenues from sales of goods	2,080,061,551	3,787,655,677	146,576,748	(426,094,530)	5,588,199,446
Cost of the sales	2,008,008,473	2,316,651,764	125,973,394	(420,299,834)	4,030,333,797
Gross profit	72,053,078	14,710,003,913	20,603,354	(5,794,696)	1,557,865,649
Other incomes					305,611,939
Profit before expenses					1,863,477,588
Selling expenses					(1,373,626,430)
Administrative expenses					(420,623,830)
Managements' remuneration					(29,797,196)
Profit before Share of profit from investments in associated company					39,430,132
Share of profit from investments in associated company					202,495,709
Profit before finance costs and income tax					241,925,841
Finance costs					(89,357,586)
Income tax expenses					(5,182,150)
Profit after tax					147,386,105
Non-controlling interests					32,971,116
Profit for the period					114,414,989
Fixed assets	656,477,694	1,754,632,634	77,794,743		2,488,904,870

**Business segment  
information**

Unit : Baht

**Consolidated Financial Statements**

**For the year ended December 31, 2012 (Restated)**

	Segment			Eliminated	Total
	Products of vegetable & fruit	Beverage	Others		
Revenues from sales of goods	2,004,571,074	3,721,775,682	150,447,517	(434,674,567)	5,442,119,706
Cost of the sales	1,696,994,374	2,310,039,898	127,777,349	(433,614,915)	3,701,196,706
Gross profit	307,576,700	1,411,735,784	22,670,168	(1,059,652)	1,740,923,000
Other incomes					245,304,281
Profit before expenses					1,986,227,281
Selling expenses					(1,288,208,433)
Administrative expenses					(453,564,759)
Managements' remuneration					(32,837,428)
Profit before Share of profit from investments in associated company					211,616,661
Share of profit from investments in associated company					156,258,029
Profit before finance costs and income tax					367,874,690
Finance costs					(102,485,443)
Income tax expenses					(13,346,324)
Profit after tax					252,042,923
Non-controlling interests					30,644,876
Profit for the period					221,398,047
Fixed assets	547,218,994	1,765,517,168	82,385,787		2,395,121,949

## Geographic segment information

For the year ended December 31, 2013				
	Sales-export	Sales-Domestic	Eliminated	Total
Revenues from the sale of goods and the rendering of services	2,167,391,339	3,846,893,838	(426,094,530)	5,588,199,446
Segment operating profit	138,874,699	1,424,785,646	(5,794,696)	1,557,865,649

Unit : Baht

For the year ended December 31, 2012				
	Sales-export	Sales-Domestic	Eliminated	Total
Revenues from the sale of goods and the rendering of services	2,277,406,868	3,599,387,405	(434,674,567)	5,442,119,706
Segment operating profit	346,564,781	1,395,417,870	(1,059,651)	1,740,923,000

### 34. Financial instruments

The Company and its subsidiaries' financial instruments on balance sheet are as following:-

#### 34.1 Risk management policies

##### 34.1.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The company and its subsidiaries manage the risk by adopting appropriated credit control policies and procedures.

Credit risk which arise from trade accounts receivable are not much, since the company has a strict policy concerning the analyzing and approving credit for its customer and the debt collection process is also closely tracked by the company. Besides, the major part of the subsidiary's trade accounts receivable are the famous firms.

The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

##### 34.1.2 Interest rate risk

Interest rate risk arises from the potential for a change in market interest rates to having affect the value of the financial assets and liabilities of the Company and its subsidiaries.

The company and its subsidiaries have the significant financial assets and liabilities are classified by type of interest rates, and the fixed interest rates are classified based on the maturity date or the date of new interest rate is fixed if it is fixed before the maturity date, are as follow:

### Consolidated financial statements

Unit : Million Baht

As at December 31, 2013

	Fixed interest rates		Floating	Non-	Total
	Within 1 year	Over 1 – 5 year	interest rate	interest bearing	
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	2	35	37
Current investments	0.7	-	-	-	0.7
Trade and other receivables	-	-	-	760	760
Available-for-sale investment	-	-	-	0.7	0.7
Deposit at bank used as collateral	4	-	-	-	4
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	1,730	-	5	-	1,735
Trade and other payables	-	-	-	814	814
Long – term loans from banks	-	-	710	-	710
Long – term machinery payable	6	-	-	-	6
Financial lease payable	5	4	-	-	10

### Consolidated financial statements

Unit : Million Baht

As at December 31, 2012

	Fixed interest rates		Floating	Non-	Total
	Within 1 year	Over 1 – 5 year	interest rate	interest bearing	
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	2	44	46
Current investments	0.4	-	-	-	0.4
Trade and other receivables	-	-	-	787	787
Available-for-sale investment	-	-	-	7	7
Deposit at bank used as collateral	4	-	-	-	4
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	1,055	-	302	-	1,357
Trade and other payables	-	-	-	864	864
Long – term loans from banks	-	-	1,089	-	1,089
Long – term machinery payable	9	6	-	-	15
Financial lease payable	4	6	-	-	10

## Separate financial statements

Unit : Million Baht

As at December 31, 2013

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within 1 year	Over 1 – 5 year			
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	1	14	15
Trade and other receivables	-	-	-	197	197
Short-term loans to related parties	51	-	-	-	51
Available-for-sale investment	-	-	-	0.7	0.7
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	935	-	5	-	940
Trade and other payables	-	-	-	194	194
Long – term loans from banks	-	-	427	-	427
Financial lease payable	4	3	-	-	7

## Separate financial statements

Unit : Million Baht

As at December 31, 2012

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within 1 year	Over 1 – 5 year			
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	1	27	28
Trade and other receivables	-	-	-	243	243
Short-term loans to related parties	31	-	-	-	31
Available-for-sale investment	-	-	-	7	7
<b>Financial liabilities</b>					
Short-term loans from financial institutions	750	-	-	-	750
Trade and other payables	-	-	-	269	269
Long – term loans from banks	-	-	605	-	605
Financial lease payable	3	4	-	-	7

### 34.1.3 Foreign exchange rate risk

The Company and its subsidiaries' exposure to foreign currency risk mainly relating to purchase/sale which are denominated in foreign currencies. The Company and its subsidiaries hedged against currency risk by entering into forward exchange contracts with maturities of less than 1 year.

Foreign exchange contracts of the Company and its subsidiary outstanding at December 31, 2013 are as follow:

Foreign currency	Bought contracts	Sold contracts	Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US Dollar	284,916	5,025,012	32.4450-32.5600	30.0210-32.3900
Euro	988,260	0	44.9900	0

Option contract of the Company and its subsidiary outstanding at September 30, 2013 are as follow:

Foreign currency	Call option	Put option	Contractual exchange rate	
			Call option	Put option
			(Baht per 1 foreign currency unit)	
US Dollar	2,000,000	1,000,000	30.85	31.00

The right to exercise under the contract depends on spot exchange rate on the due date.

The balances of financial assets and liabilities of the Company and its subsidiaries denominated in foreign currencies as at December 31, 2013 are as follow:

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2013 (Baht per 1 foreign currency unit)
US Dollar	4,996,635	1,329,583	32.76
Australia Dollar	2,952	0	29.13
Euro	6,072	60,732	44.96
Yen	273,602	7,007,250	0.312
Won	1,600,972	0	0.030

Foreign exchange contracts of the Company and its subsidiary outstanding at December 31, 2012 are as follow:

Foreign currency	Bought contracts	Sold contracts	Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US Dollar	1,102,799	23,502,593	31.5800-31.8150	30.9558-32.3818
Euro	0	97,600	0	40.4800 – 40.6923

The balances of financial assets and liabilities of the Company and its subsidiaries denominated in foreign currencies as at December 31, 2012 are as follow:

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2012
			(Baht per 1 foreign currency unit)
US Dollar	6,779,077	1,361,640	30.58
Australia Dollar	2,042	55,448	31.72
Euro	44,396	90,368	40.50
Yen	144,877	2,761,559	0.3540
Won	2,595,562	0	0.0285

#### 34.2 Fair value of financial instruments

Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

Financial assets and financial liabilities held for the short-term maturities, such as cash on hand and deposits at financial institutions, accounts receivable and payable, and short-term loans, the carrying amounts in the statements of financial position approximate at the fair value.

Investment in Debt Securities and Non-marketable Securities Equity Instruments or that do not have a quoted market price in an active market, presented the carrying amounts in the statements of financial position at their fair values, or at the net asset value attributable to investments, or at the discount cash flow of the present value.



Long-term loans, which have the fixed interest rate, the carrying value approximate at their fair values, calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position. Long-term loans at fair value, which have the variable interest rate or the nearly interest rate applied at that time by the market to instruments, the carrying value approximate at their fair value, presented in the statements of financial position.

### 35. Commitments

Consist of	Consolidated Financial Statements		Separate Financial Statements	
	2013	2012	2013	2012
Letter of guarantee (BAHT)	21,112,237	25,347,397	11,582,932	11,524,232
Letter of credit (EUR)	192,500	0	192,500	0

### 36. Approval of financial statements

These financial statements were approved for issue on February 19, 2014, by the authorized directors.

## Attachment No. 1

### 13. Investments in subsidiary and associated companies - equity method

Unit : Thousand Baht

#### Consolidated Financial Statements

Name	Business	Relationship	Paid-up share capital		%		Investments (Equity method)	
			2013	2012	2013	2012	2013	2012
The local subsidiary companies								
TIPCO F&B COMPANY LIMITED	Manufacturer of Fruit Juice	Shareholder	600,000	600,000	50.00	50.00	441,917	403,733
TIPCO RETAIL COMPANY LIMITED	Retail of Foods and Beverage	Shareholder	50,000	50,000	75.50	75.50	23,343	30,921
TIPCO BIOTECH COMPANY LIMITED	Pharmaceutical ingredients	Shareholder	36,800	36,800	99.99	99.99	139,999	146,219
The foreign subsidiary company								
TIPCO MARKETING COMPANY LIMITED (USD)	Agent	Shareholder	0	25	0.00	100.00	0	[761]
(Registered/registered for liquidation on 3 June 2013)								
Total							605,259	580,112
Less Eliminated intragroup transactions							605,259	580,112
							0	0
The local associated company								
TIPCO ASPHALT PUBLIC COMPANY LIMITED	Manufacturer of Asphalt	Shareholder	1,525,480	1,525,480	24.3236	24.3288	1,274,973	1,050,956

## Attachment No. 2

### 13. Investments in subsidiary and associated companies - cost method

Unit : Thousand Baht

#### Separate Financial Statements

Name	Business	Relation-ship	Paid-up share capital		%		Investments (Cost method)		Dividend received	
			2013	2012	2013	2012	2013	2012	2013	2012
The local subsidiary companies										
TIPCO F&B COMPANY LIMITED	Manufacturer of Fruit Juice	Shareholder	600,000	600,000	50.00	50.00	279,050	279,050	0	0
TIPCO RETAIL COMPANY LIMITED	Retail of Foods and Beverage	Shareholder	50,000	50,000	51.00	51.00	25,500	25,500	0	0
TIPCO BIOTECH COMPANY LIMITED	Pharmaceutical ingredients	Shareholder	36,800	36,800	99.99	99.99	160,787	160,787	0	0
The foreign subsidiary company										
TIPCOMARKETING COMPANY LIMITED (USD)	Agent	Shareholder	0	25	0	100	0	25	0	0
[Registered/registered for liquidation on 3 June 2013]							465,337	465,362	0	0
The local associated company										
TIPCO ASPHALT PUBLIC COMPANY LIMITED	Manufacturer of Asphalt	Shareholder	1,525,480	1,525,480	24.3236	24.3288	647,110	647,110	37,113	46,391
							1,112,447	1,112,472	37,113	46,391

## Attachment No. 3

15. Property, plant and equipment, net

Consist of :

Unit : Baht

	Consolidated Financial Statements					Separate Financial Statements				
	2012	Increase (Decrease) in the period			2013	2012	Increase (Decrease) in the period			2013
		Purchases	Disposal	Transfer			Purchases	Disposal	Transfer	
Cost of assets										
Land-original cost	286,731,469				286,731,469	165,588,486				165,588,486
Land development	57,904,442	153,550			58,057,992	54,589,902				54,589,902
Building and complement	1,073,107,028	13,246,483	425,751	54,451,309	1,140,379,069	572,312,553	3,734,328	425,752	42,307,674	617,928,803
Machinery and equipment	2,534,990,489	54,880,528	4,800,139	131,864,389	2,716,935,267	1,185,584,477	35,371,010	4,746,467	118,454,700	1,334,663,720
Tools and equipment	286,296,860	23,079,186	16,343,420	12,093,664	305,126,290	116,545,063	8,807,484	4,161,602	8,763,276	129,954,221
Furniture and office equipment	89,185,203	9,935,261	12,435,710	2,869,364	89,554,118	55,830,804	5,336,403	8,989,999	582,869	52,760,077
Vehicles	61,745,972	3,861,754	15,966,470		49,641,256	46,564,977	204,600	13,588,342		33,181,235
Total	4,389,961,463	105,156,762	49,971,490	201,278,726	4,646,425,461	2,197,016,262	53,453,825	31,912,162	170,108,519	2,388,666,444
Accumulated depreciation										
Land development	24,949,802	4,249,085			29,198,887	24,623,922	4,016,657			28,640,579
Building and complement	464,772,488	50,296,490	342,042		514,726,936	337,674,156	27,670,097	342,042		365,002,211
Machinery and equipment	1,153,727,321	129,817,465	4,441,527		1,279,103,259	859,683,718	64,435,619	4,438,000		919,681,337
Tools and equipment	177,786,265	35,532,169	14,382,379		198,936,055	76,948,455	13,175,690	4,031,611		86,092,534
Furniture and office equipment	66,822,984	8,925,708	12,008,195		63,740,497	42,898,649	4,699,921	8,909,009		38,689,561
Vehicles	49,487,803	4,282,604	14,624,167		39,146,240	38,872,096	2,552,374	13,588,337		27,836,133
Total	1,937,546,663	233,103,521	45,798,310		2,124,851,874	1,380,700,996	116,550,358	31,308,999		1,465,942,355
Less Impairment of assets	2,452,414,800				2,521,573,587	816,315,266				922,724,089
	35,292,089				35,292,089	15,088,095				15,088,095
	2,417,122,711				2,486,281,498	801,227,171				907,635,994
Assets in transit and in progress	220,017,077	106,401,262		[207,247,335]	119,171,004	179,304,846	42,648,279		[170,591,607]	51,361,518
Machinery in transit	0	29,059,228			29,059,228	0	27,022,738			27,022,738
Total property, plant and equipment, net	2,637,139,788				2,634,511,730	980,532,017				986,020,250

As at December 31, 2013 The cost of plant and equipment, which were depreciated in fully amount in Consolidated Financial Statements is in the amount of Baht 1,551 million (2012 : Baht 1,508 million) and in Separate Financial Statements is in the amount of Baht 917 million (2012 : Baht 879 million )

Attachment No. 4

31. Revenues report for a Promoted Business

Unit : Baht

Consolidated Financial Statements

	2013			2012		
	Exemption from company income tax	Non - Promoted Business	Total	Exemption from company income tax	Non - Promoted Business	Total
Sales - Domestic	2,668,456,663	792,185,475	3,460,642,138	2,502,203,145	790,112,761	3,292,315,906
Sales - Export	417,324,546	1,710,232,762	2,127,557,308	327,772,539	1,822,031,261	2,149,803,800
	3,085,781,209	2,502,418,237	5,588,199,446	2,829,975,684	2,612,144,022	5,442,119,706

Unit : Baht

Separate Financial Statements

	2013			2012		
	Exemption from company income tax	Non - Promoted Business	Total	Exemption from company income tax	Non - Promoted Business	Total
Sales - Domestic	255,892	496,940,469	497,196,361	2,537,389	445,687,468	448,224,857
Sales - Export	20,890,033	1,749,951,694	1,770,841,727	0	1,949,400,509	1,949,400,509
	21,145,925	2,246,892,163	2,268,038,088	2,537,389	2,395,087,977	2,397,625,366





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