

Form 56-2

Annual Report

2017

Food and Drinks Public Company Limited



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➤ Summary of Financial Information

Financial Information	Unit: Baht		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Current Assets	188,422,872	274,415,273	237,590,175
Investment accounted for under equity method	149,903,723	136,403,379	115,691,201
Property, plant and equipment	336,429,016	576,084,600	556,037,791
Cost of rubber plantation	22,071,740	22,582,590	24,876,926
Other non - current assets	16,169,471	8,507,227	6,667,350
Total Assets	713,898,152	1,017,993,069	940,863,443
Current Liabilities	252,026,712	360,533,405	273,126,990
Liabilities under finance lease agreements, net of current portion	2,112,948	240,457	-
Long-term loan from financial institution, net of current portion	-	2,100,000	900,000
Provision for long-term employee benefits	22,362,959	24,974,611	24,871,328
Deferred tax liabilities	1,449,546	56,742,028	56,959,066
Total Liabilities	277,952,165	444,590,501	355,857,384
Registered Capital	150,000,000	150,000,000	180,000,000
Paid-up Capital	150,000,000	150,000,000	176,243,080
Share Premium	99,425,000	99,425,000	125,668,080
Revaluation Surplus	140,721,100	342,801,100	342,801,100
Legal Reserve	15,431,000	15,431,000	15,431,000
Unappropriated Retained Earnings	30,368,887	(34,254,532)	(75,137,201)
Total Shareholders' Equity	435,945,987	573,402,568	585,006,059
Net Sales	464,270,414	731,236,579	770,818,571
Other income	12,773,141	8,793,639	9,897,374
FX Gain/(Loss)	1,387,179	(13,523)	(1,293,717)
Impairment loss on assets	20,837,371	-	-
Share of profit from investment accounted for under equity method	8,129,969	140,198	(222,907)
Loss before Income Tax	(100,331,100)	(59,850,936)	(42,687,981)
Income tax	(17,840,712)	4,772,483	(193,124)
Net Loss for the Year	(82,490,388)	(64,623,419)	(42,494,857)
Changes in revaluation of land	-	252,600,000	-
Actuarial gain	-	-	2,050,808
Share of profit (loss) from investment in associate	-	-	(35,572)
Less: Income tax effect	-	(50,520,000)	(403,048)
Loss per Share	(5.50)	(4.31)	(2.59)

Financial Ratio

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Gross Margin	4.7 %	8.4 %	10.6 %
Operating Profit	-23.7 %	-8.2 %	-5.3 %
Net Profit	-17.3 %	-8.7 %	-5.4 %
Debt/Equity Ratio	0.6 times	0.8 times	0.6 times
Dividend/Earnings Ratio	0 %	0%	*

* To be approved at the Annual General Shareholders Meeting 1/2018 on 27 April 2018

Message from the Board of Directors

Dear Shareholders

In 2017, the overall political and economy situations are many challenges. Especially for economy situation, Thailand's overall economic condition remained stagnant, competitive in the business continued to be intense and the values of various currencies are not stable. These factors resulted in challenging operating conditions of the business in this year. The company's sale has increased and so is the cost of production. Thus, the company's operating result is better than the previous year. Sales from export had increased 3.0% and domestic sale had increase 2.4%. Total sales amount to Baht 770.8 million i.e. increased 5.4% from the previous year.


Since 2014 until 2017, the company has started to develop a new line product, ready-to-eat, in both chilled and frozen, such that consumers can just heat in microwave and ready to eat. Sales had continued to increase in 2017. This has resulted in higher domestic sales.

The operating result in 2017 has a net loss of Baht 42.5 million. This includes loss of Shares of Profit from Investment of Baht 0.2 million. This is equal to the loss of Baht 2.59 per share. The book value as of 31 December 2017 is equal to Baht 33.19

For 2018, the world economy is expected to continue to be fluctuates. The company still has to follow the situation closely and carefully plan its strategy to balance among its marketing, production, developing products and management in order to maintain its competitiveness. The company will continue to expanding the market into countries in AEC. In addition, there will be emphasis in developing new products for the ready-to-eat products to provide choices for consumers. The company will continue to maintain its relationship with existing customers, while developing new customer base, and support further development of R&D to compete and maintain its position in the market place.

The Company has the determination and intention to progress with the cooperation from the staff, management, and Board of Directors to bring the best to its customers in international recognized quality, prompt delivery, and trusts. In addition, we appreciate the support from our business partners, government agencies, financial institutions, suppliers, and every shareholder. We will continue to pursue our growth along with our vision, and deliver quality products to the marketplace.

The Board of Directors would like to take this opportunity to express our sincere appreciated to all.



Phirasilp Subhapholsiri
Chairman



Kasem Deemaitree
Chief Executive Director

➤ Policy and Overview of the Business

Food and Drinks Public Co., Ltd. was established in 1985. The company's main business is manufacturing food and beverage according to customers' requirement under customer's brand name including company's own brand product. The company's business involved selling to both domestic market and export to more than 10 countries such as Australia, Japan, United Kingdom, USA and countries in AEC; including indirect export through companies in Thailand. The export ratio to domestic market is equal to 47.3 : 52.7 in 2017.

The company's vision is to become one of the most recognized food manufacturers characterized by modern technology, high productivity, quality, safety, competitive pricing and timely delivery. ROE target is 12%, provide good working environment, appropriate return, working efficiently and proud in company's success.

The company continuously develops both new products and extension to existing product line to fulfill customers' requirements by developing product together with existing customers.

In 1993, became public company and listed in the Stock Exchange of Thailand in 1994 with the registered capital of Baht125 million.

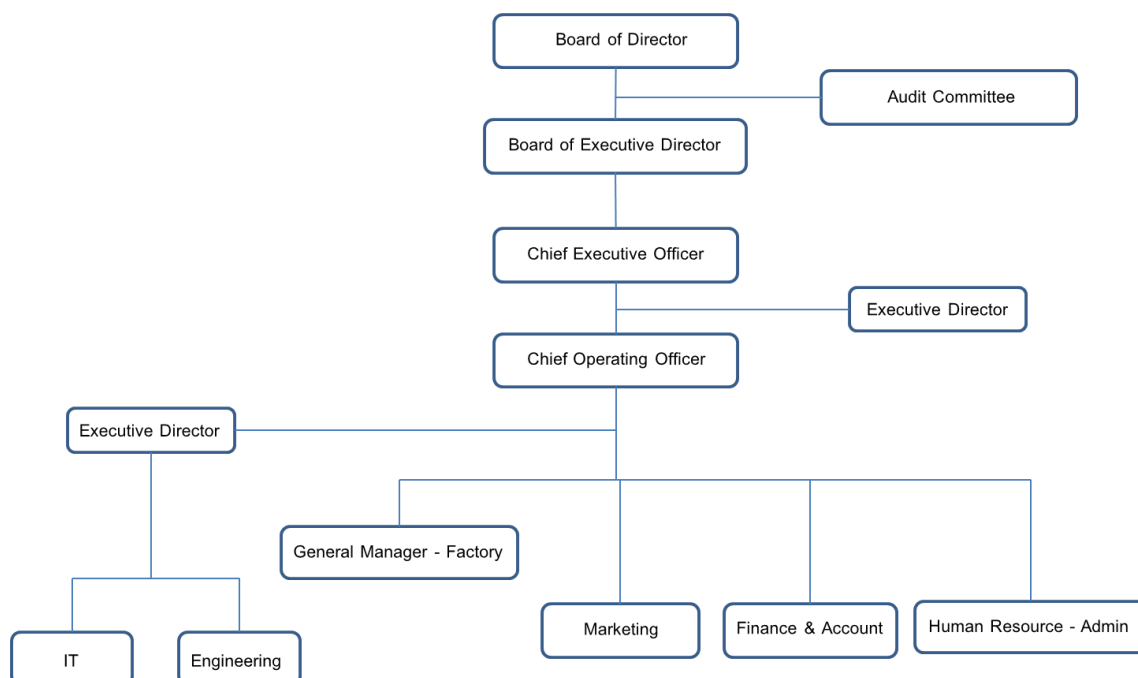
In 2004, the company has expanded the production line to include beverage in plastic bottles; and have a joint venture with Hon Chuan (Thailand) Company Limited to set up Hon Chuan FD Packaging Company Limited in which Food and Drinks Public Company Limited hold 35% for the production of plastic bottles, caps and shrink films.

In 2011, the company has invested in bean sprouting factory for the purpose of producing its own raw materials for export, and sale in the domestic market. In addition, the company has renovated its fruit and vegetable production line in order to keep up with the international standard requirement.

In 2012, the company invested in rubber plantation in the unused land, which was classified as land awaiting for development in order to utilize company's asset to provide return by invested more than Baht 14 million in the first year with additional investment about Baht 4 million every year until it can start to generate income in the next 6-7 years.

In 2013, the company developed new beverage products under brand "ZUMMER". There are 2 types of beverage i.e. plum juice with plum and aloe vera juice with aloe vera bits with honey and lime.

Also in 2013, the company has reorganized its structure for suitability in the current business operation and for the future development.



In 2014, the company developed new product group, Ready-to-eat, in both chilled and frozen format by renovated existing production area with some new machines to suitable for this product group.



In 2015, the company has expanded its beverage line of “Zummer” by adding a new line called “Zummer Mocktail”.



In 2017, the company has increased its registered capital to Baht 180 million with 18,000,000 shares and the paid up capital was Baht 176 million. The result has strengthened the company's financial position.

The company's operating result in 2017 has net loss of Baht 42.4 million including loss sharing from joint venture company in Baht 0.22 million which make net loss per share equal to 2.59 Baht and book value per share as at 31 December 2017 is 33.19 Baht.

➤ **Business Activities**

Important change and improvement

In 2014-2017, the major change in the business is in the production and marketing of Ready-to-eat chilled and frozen food. By concentrate in create company's own brand product such that company's product and reputation will be better known, and to create sustainable long term income and profit in the company. As a result, this will also create employee's pride in their company.

Business activities

Food and Drinks Public Co., Ltd. is in the main business of manufacture and sales of food and beverage products according to customer's order and requirement both for export and local markets. The food products include processed fruits, vegetables, and meat products. The type of products depends on customers' requirement. The product types vary without any specific. The company will consider the capacity of the machineries available, ability to source raw materials, and the regulations required by exporting countries. The company uses the same standard for the production and sales for both export and local markets.

Company's business policy is to concentrate mainly in product quality. Most of the company's product is Premium Grade made from natural raw material. Therefore most of our export customer is high ended – medium customer. Most of customer has long tern relationship more than decade and have a good relationship with the company because they are confident in product quality.

Company's main products are fruit, vegetable, curry paste, curry sauce, spices, cooking sauce, fruit and vegetable beverages. This includes mixing many of above ingredients to make a new product which is company's strategy to reduce the risk on marketing and raw material. The direct export ratio is 46.9% and domestic sales is 53.1%.

The company has permit and license to operate factory and food business. It has received GMP certification from Thai Ministry of Health, HACCP from TQCS International (Group Pty Ltd. and Global Standard for Food Safety (BRC Certificate Body) by NSF Certification from U.K.

The detail of company's products for both export and local markets are as follows

1. Fruits/vegetables/spices and food in sealed containers.

Products are aloe vera, bamboo shoot, mango, and mixed fruits and vegetables.

Spices are lemon grass, chilli, coriander and curry pastes packed in glass jar, retort pouch or can. Media for fruit and vegetable is brine, vinegar, syrup or water.

2. Meat products packed in sealed container.

Products are meat prepared according to customers' requirement, packed in cans or pouches for sale in both domestic and export.

3. Frozen vegetables/fruit and ready to eat

Products are aloe vera, mango, and others that are washed, cut, trimmed, and frozen.

4. Juices and Beverage

Products are fruit and vegetable juices, and ready-to-drink tea packed in can or PET bottle. Some raw materials are from fresh fruits and vegetables used in above products.

5. Ready-to-Eat

Products are food that the consumers can eat right after heating them up in the microwaves. There is chilled and frozen product such as rice with chicken basil stir fried, minced chicken with hot yellow curry paste, steamed glutinous rice in banana leaf, papaya salad. By developed and sold more than 20 menus in 2014, increase to more than 40 menus in 2015 and increase to more than 30 menus in 2016 for an alternative choice to consumer.

Marketing

The market of the company is for both export and local without limiting the type of products. When customers want to export the products, the company will have to consider the rules and regulations of the exporting countries. Therefore, the strategy that the company used for product development for export is to cooperate with customer to produce the products according to customers' concept, and comply with the rules and regulations. This is to ensure that customers will have confidence about the quality. As for domestic market, the company produces products under its own brand name, and under the same quality standard as for export. At the same time, the company also uses the same concept for co-packing products for customers.

Export

Current export market covers all continents and more than 10 countries with countries in AEC (32%) as the biggest market, and follow by Japan (23%), European Union (22%), Australia (14%), the United States of America (7.4%) and others (2%).

Part of the export market is indirect export via trading companies in Thailand. One of the main markets is Australia, which accounted for 34% of direct export.

The exporting products covered all the products that the company produces. The company has the policy to expand to other markets. The reason is not only to increase sales, but also to reduce the risk.

Channels of expanding the market include attending exhibitions, and working with new and existing customers.

Domestic

The company works with various trading companies in the county, and considers this as the major business. Some companies are buy-and-sell. Thus, although the business is a domestic market, but it's also part of the major indirect export market.

In 2005, the company invested in building and machineries for the production of beverages product to launch in domestic market under its own brand and for co-packing under customers' brand both for domestic and export market.

In 2013, the company has relaunched with the new packaging under brand "Zummer". The two products launched were plum in plum juice, and aloe vera in lime juice with honey. The aloe vera juice has aloe vera pulp and fresh lime juice and honey. The product was launched in Thaifex 2013 and received good acceptance from both local and foreign customers. The company uses distributor to sell the products, and hire agencies to advertise and promote the products.

In addition, the company has also registered the Trade Mark of "Zummer", and the mascot naming "Plum-mu", and "Aloe-Ku".

In 2014, the company has developed ready-to-eat products to market under company's brand name, "Besto", and co-packing under customers' brands.

Market and Industry Situation and Competition

Market

The company has been emphasized in medium to high market, which is the group of customers who understand the importance of quality, which is strength of the company. From the beginning, the company will research and develop process, packaging, and technology continuously such that the products will meet the international quality requirement and satisfy customers' requirement.

With such development, the company considers the safety and health of the consumers as the major consideration. Therefore, the company has been certified for GMP (Good Manufacturing Practice), HACCP (Hazard Analysis and Critical Control Point), and BRC (Global Standard for Food safety). The certification provides assurance to customers that the company has the standard and control in place. Importantly, the company also maintains good relationship

with customers by maintaining its quality standard with on time delivery, while cooperating in developing new products.

As for export market, it can be divided into 3 groups i.e. agent or trading companies (broker), distributors, and brand owners. Agents will be the middleman in helping brand owners to source products and receive commission either from the company or from the customers as per pre-arrangement. As for brand owners, they will work directly with the company, but could pay commission to the introductory company, or distributors as per agreed.

At present, the company has exported to more than 10 countries. The major countries are European Union, Japan, Australia, AEC, and the U.S.A.

Sales in 2015 -2017 by Countries

	(Unit: million Baht)		
Country	<u>2015</u>	<u>2016</u>	<u>2017</u>
Countries in AEC	26.9	176.5	118.0
European Union	58.4	58.9	80.5
Japan	45.7	54.5	84.7
Australia	28.4	31.8	52.8
U.S.A. and Canada	14.9	20.3	27.1
Others	1.1	0.8	1.5
Domestic	<u>288.9</u>	<u>388.4</u>	<u>406.2</u>
TOTAL	<u>464.3</u>	<u>731.2</u>	<u>770.8</u>

Competition

Competition in the fruits and vegetables processing industry is very high from both domestic and foreign countries. This is from those factories who are already producing the similar products, and want to increase more items by using the same facilities. For example, pineapple canneries have started packing other type of fruits other than pineapples.

Although Thailand is known for its quality and standard, it has the weakness in price. This is caused by low yield per acres from the farm, and low quality of the crops, agricultural chemical residues, and high minimum wage of currently at Baht 308. Therefore, production cost in Thailand is higher than the competing countries in the same region such as China, Vietnam, and Indonesia.

For spice and condiments market, the competition is also considered high since there are many domestic manufacturers. The difference is in adjusting the formulations and process to meet customers' requirement. More importantly, the quality of the factory is also the main factor.

Beverages in every sector have high competition, especially in the read-to-drink market. The competition is higher in the domestic market by launching new products, and different segment. At present, the competition is targeting fruit and vegetables juices and tea that are good for health. The company has also launched products in the same category for plum juice

and aloe vera juice. The concept is not only healthy but also delicious and natural. The product was launched in May 2013 at Thaifex, and have been exporting to AEC and Japan under Zummer brand. The company will continue to develop new products to support the brand.

Other foreign countries also started to consume the same product. Thus, it's company's opportunity to expand the market for the beverages.

With more and more competition from other countries, Thailand has lost its market share to other countries. In order for the company to maintain its market share, it has to maintain high standard and service. One of them is to have the HACCP certification, which is highly regarded by international quality requirement. The company has been certified by TQCSI certification from Australia.

Since the company has a clear policy in expanding the product types to reduce the risks of concentrating in one product, thus, the company does not have a head-on competitor in the market. Although the company has competitors in each product, but not in all products. Main competitors from foreign countries include China, Indonesia, and Vietnam.

Sourcing

The factory has production capacity of about 60,000 metric tons. The production policy is mainly manufacture according to customers' orders, except those that are seasonal. Then, marketing will consider the orders, supply of raw materials, and market situation.

The company's main supply materials are fruits, vegetables, cans, jars, lids, ingredients, cartons, and labels. The value of the materials can be divided as follow:

Value of the materials Purchased in 2015 - 2017

(Unit: Million Baht)

	<u>2015</u>		<u>2016</u>		<u>2017</u>	
	<u>Value</u>	<u>Ratio</u>	<u>Value</u>	<u>Ratio</u>	<u>Value</u>	<u>Ratio</u>
Raw material - local	230.2	92.3%	483.3	97.9%	409.3	97.2%
Raw material - import	<u>19.3</u>	<u>7.7%</u>	<u>10.2</u>	<u>2.1%</u>	<u>11.6</u>	<u>2.8%</u>
TOTAL	<u>249.5</u>	<u>100.0%</u>	<u>493.5</u>	<u>100.0%</u>	<u>420.9</u>	<u>100.0%</u>

Raw materials are purchased either through farmers directly or via middleman. Location of material supplies depend on the plantation area. For example, aloe vera is from upper South

of Thailand. The quantity and price of raw materials will depend on the weather and demand of the market.

Various packaging materials such as carton, labels, jars, lids, and cans are from local companies and some are imported from Philippines.

Chemicals and other ingredients do not have a high value. They are also purchased from both local companies and some are imported.

The company maintains good relationship with suppliers.

Impact to the Environment from Waste

One of the main concerns in operating the business is the environment and the community. Thus, the company follows the regulations seriously by filing the necessary documents with the Department of Industry for disposing the waste from the factory. At present, the organic materials are disposed at the company's land in making organic fertilizer.

The company has changed the fuel for boiler from using the bunker oil and husk to natural gas. This has reduced the smoke and air pollution.

During 2011 – 2013, the company has joined the carbon footprint for agriculture and food products program with Agriculture Commodity and Food Standards to evaluate and manage carbon footprint in Thai agriculture and food products. Carbon footprint is a tool to evaluate the emission of carbon to the environment, which causes the global warming effect. The target of evaluation under the PAS 2050 standard is to study the emission of carbon throughout a product's life cycle. The information will be used to reduce the emission by improving the production process, which will reduce the energy and reduce the cost. The product that the company used for the study is sweet chilli dipping sauce and aloe vera. The company will continue the study to include other products.

Overview of the Joint Venture Business

In 2004 Food and Drinks Public Co., Ltd. has set up joint venture with Hon Chuan (Thailand) Co., Ltd. to set up Hon Chuan FD Packaging Co., Ltd for production of plastic PET bottles, and shrink film labels. Hon Chuan (Thailand) Co., Ltd. will be responsible for the production and distribution of the packaging materials of bottles, caps and shrink films. The company has 35% shares.

Hon Chuan FD Packaging Co., Ltd has responsibility in production and marketing because Hon Chuan (Thailand) Co., Ltd. is the subsidiary company of Hon Chuan Co., Ltd which is the leading company in Taiwan that have expertise in production and selling plastic packaging for a long time.

Revenue Structure

	<u>2015</u>		<u>2016</u>		<u>2017</u>	
	<u>million Baht</u>	<u>%</u>	<u>million Baht</u>	<u>%</u>	<u>million Baht</u>	<u>%</u>
Export sales	175.4	37.8 %	342.8	46.9 %	364.6	47.3 %
Domestic sales	<u>288.9</u>	<u>62.2 %</u>	<u>388.4</u>	<u>53.1 %</u>	<u>406.2</u>	<u>52.7 %</u>
Total Sales	<u>464.3</u>	<u>100.0 %</u>	<u>731.2</u>	<u>100.0 %</u>	<u>770.8</u>	<u>100.0 %</u>
Share of profit from Investment Accounted for under equity	8.1		0.1		-0.2	

Future Business

The company has the objective to expand the market for both export and local markets, and market products under its own brand by using the existing building, machine and equipment. Nevertheless, the company has the investment plan that requires additional capital to increase the types of products. The investment will include purchase of new machines for improve and expand the production to meet the customers' requirements.

In 2017, the company will continue to develop new products especially for beverage and ready-to-eat.

Other Information

Factory Standard

The company has received GMP certification from the Ministry of Health, HACCP certification from TQCS International (Group) Pty. from Australia, and Global Standard for Food Safety (BRC) from NSF Certification in U.K.

Community Service

The company has the policy to support the community for better development by giving cooperation and other private sectors. Some activities are

1. Scholarship

The program was started in 2003 by giving scholarship to children of company staff and workers. From 2004, the program has been extended to schools in Banbung City.

2. Student Training

The company has started hire students to work in the factory in 2003 to support the government's initiative to train students to working environment and gaining working experience and responsibilities.

3. Blood Donation

The company has cooperated with the municipal health service in Banbung to join the blood donation scheme 4 times a year.

Environment

The company has the waste water treatment area of about 13,000 square meters with the approval of the water after treatment in compliance with the requirement of Department of Industrial Works, Ministry of Industry. In 2006, the company has signed an agreement with Benears Inc for setting a waste water treatment by using new technology from Japan.

As for the waste of raw materials from the production, the company is in the process of studying in using the material for organic fertilizer, while others are being sold to other companies as materials.

The company has invested about Baht 40 million in 2008 to change the boiler, which used to use bunker oil and saw dust as fuel to natural gas. This is not only for cost saving but also for the pollution released to the environment.

In 2011 - 2013, the company has joined the project of studying the Carbon Footprint for food and agricultural products under the supervision of Agricultural Commodity and Food Standard Office. In 2012, the company has joined the follow up project of Developing the Method of Calculating the Carbon Foodprint for agricultural and food products under the supervision of University of Kasetsart and Federation of Industries.

Corporate Social Responsibilities (CSR)

The company sees the importance of Corporate Social Responsibility. Thus, the company has entered the program organized by the Department of Industrial Work, Ministry of Industry.

The company was able to fulfill the requirements, and standards required for CSR-DIW, and received the award and certification together with the community on 25 January 2011.

➤ Risk Factors

Risk management is an important part of the company's business operation. At the Board of Directors' meeting No. 6/2017 has appointed the Sub-Committee for Risk Management as part of the requirement stated by the Stock Exchange of Thailand. The members of the committee are:

1. Mr. Kasem Deemaitree
2. Mrs. Chintana Assadornnithee
3. Mr. Nakhon Mahakhun
4. Miss Huai Hui Lee
5. Mr. Huai Hsin Lee
6. Mr. Theerapat Soopanit
7. Mr. Prasit Jaturaspansaeng
8. Mr. Suchat Tipmontien

The main responsibilities are to assessment the risks of the company, and set up guidelines to management the risks systematically, and efficiently, and review the thoroughness in managing the policies in risk management. This will include the channel of communication to the management and employees in all levels routinely. For the currently year, the committee will have monthly meeting, and report to the Board of Directors quarterly. The main factors of the risks can divided into the following topics:

1. Financial Risk

a) Business Model

The company is facing the risk in its business model due to fierce competition, and resulted in operation loss more 4 consecutive years. The company is considered a suitable business model to ensure that it will be profitable return to its shareholders and related parties. This could also involve managerial structural change in 2018. In order to reduce the risk of business operation, the change in business model will have to be carefully analyzed together with sourcing of suitable personnel.

b) Ability to make profit

- Ability to control cost

When there are too many customers and too many products, it is difficult to control the cost. The reason is when there are too many products, sales volume of each product will be small. Thus, the production will not be able to achieve its efficiency, and results in higher cost. Therefore, the company should develop products to have good quality, and good taste to be acceptable by consumers. This will create a high volume for that product instead of distributing many products with small quantity.

- Interest rate

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

- Currency risk

Due to the company sources its raw materials mainly from the locals in order to support the farmers in every part of the country to have income to support themselves, the main cost and expense are in the Thai Baht currency. The fluctuations of Thai Baht vs. US Dollar do affect the company for the business transactions for import and export with foreign currency. In 2017, Thai Baht is very strong, thus, the company will have to consider and monitor the currencies very closely to reduce the risk.

- Credit Risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base

c) Sufficiency of capital for business operation

The company received credit line of Baht 40 million from EXIM Bank in 2016. With capital increase in 2018 to 180,000,000 Baht and registered shares of 18,000,000 shares at par value of Baht 10 with paid up capital of 176,243,080 Baht. The company's financial position is much stronger.

2. Operational Risk

a) **Production Efficiency**

Large varieties of products according to customers' orders might cause inefficiency in production.

b) **Procurement**

Most of the raw materials used in the production are sourced locally. The company has selected various produces from different parts of the country. There are risks in differences in quality, prices, and volume, depending on the weather situation. This is the risks that are unavoidable. The company tries to reduce the risks of raw materials by:

- Different product lines with different varieties of raw materials in various seasons.
- Marketing Plans by selling according to the seasonality of various raw materials.
- Cooperation with farmers and state agencies to achieve the satisfactory quality and productivity.
- Development programs for sustainability farming, providing knowledge to farmers. The programs will not only provide products with good quality but also quantity for the long term period.

From management of raw material risk continuously, the company is able to manage the impact that it has upon the company's operation.

c) **Personnel**

Due to company's expansion in various areas, it is necessary to have a more efficient HR management. Recruitment and development of personnel according to the business expansion is quite challenging. Anyhow, the management will have to consider about the organizational change to meet the current and future business. Thus, a qualified person for this position is essential for the business.

d) **IT and computer**

Company has provided computer system to support the operation of the company. Users have to take and to ensure that the system is functioning. The management and employees should not download or upload any websites are not relevant to their work or company's business. IT personnel will have the responsibility to ensure that proper training is provided to employees. In addition, the company will have to set up

the system to ensure the safety of the computer system in order to protect any danger such virus to affect the system.

e) Market/competition

The company's main business is contract manufacturing. Sales will depend on the orders from customers and their success. Therefore, the company will assist customers in arranging trade promotions and product development in order to continue the growth of the market. The product development is the major role to create the product differentiation. Although the process will take time and resource, but the customers will have a different product from their competitors.

The company has also started to invest in marketing its own brand. This will reduce the risk of relying on contract manufacturing only.

As the company sees the uncertainty in export market, world economic crisis, and trade barrier in Europe including increasing market share in domestic sales it decided to expand production capacity which has an affected to the ratio of domestic sales continuing growth in the past 3 years. In 2017, the company was able to increase the ratio of domestic sales in comparison to export to 47.3 / 52.7.

The company has improved its efficiency in the production in order to reduce the cost of production while maintaining the quality of the products. This included the quality inspection system to be in line with the international standards in order to be ahead of the competition such as China, which has cheaper products but inferior in quality. The company has operated under the internationally recognized food manufacturing standards including GMP from Thai Ministry of Health, and HACCP from TQCS International (Group) Pty. from Australia and Global Standard for Food Safety (BRC) from NSF from United Kingdom. This is part of the strength of the company.

f) Natural disaster

With the nature disasters occurred in 2011 such as earthquake in Japan, or flood in Thailand, many companies do have to consider such risks in their operations.

Company's factory is located in Banbung, Chonburi, and thus was not affected by the flood. However, some of company's suppliers were affected and causing some disruptions to company's operation. Thus, the company is forced to look at some of the measures for future occurrences.

Company has prepared some measures to counteract with such problem in the future. Anyhow, the company has also bought the insurance to cover such nature disasters if it would occur.

3. Sustainability Risk

The company has been developing quality products continuously while ensuring the safety for consumers in line with responsibilities to the community and environment. The company has joined the Department of Industrial Work, Ministry of Industry to fulfill the requirements, and standards required for CSR-DIW, and received the award and certification together with the community on 25 January 2011. The result is to benefit not only the company but also the community for long term business sustainability as stated in the following topics.

a) Business Model

Company is in the business of manufacturing and distributing food and beverages according to customers' requirement. The sales is both for export and domestic market. The company has set up policies to consider the appropriateness in order to improve the company's business.

b) Vision and Mission

Company's vision is to be one of the most well known food manufacturer with modern technology and high quality with safety at competitive price, prompt delivery, and ROE equals to 12%. Create good working environment and suitable remuneration to employees.

Company's mission is to manufacture food and beverages according to customers' requirement under customers' brand, and company's own brand to expand into both overseas and domestic markets for over 10 countries, and those in AEC.

c) Succession

The board of directors have plans for succession by giving the priorities in part of the selection, evaluation, and preparation of suitable personnel from both within and outside who are suitable for the success of the organization.

d) Directors composition

The directors are composed of those who have the experiences, leadership, visionary, and knowledge in various areas. They are free to provide guidelines and opinions to the best interests of the company. The directors include Board of Directors, Independent directors, and Executive directors.

4. Reputation Risk

The company realized that there is risk in the company's reputation for not able to be profitable from investors and employees. The company does determine to turn the operation to become profitable. There is little risk with company reputation from its trading partners, which this will be audited from time to time.

General Information

Company's Name	Food and Drinks Public Company Limited
Registration Number	0107536001192 (Public Company 193)
Head Office	695/1 Banbung–Bankai Rd. Klongkew, Banbung Chonburi 20220 Tel.: 0-3820-1219–21 Fax.: 0-3820-1020
Bangkok Office	6F Thai Wah 1 21/11, 21/13 South Sathorn Road Tung Mahamek, Sathorn Bangkok 10120 Tel.: 0-2285-0106 Fax: 0-2285-0109
Homepage	www.foodanddrinks.co.th
Type of Business	Food and Drinks Processing Export and Local
Registered shares	18,000,000 ordinary shares Par value = Baht 10.00 Total registered capital is Baht 180 million
Paid-up Shares	17,684,308 ordinary shares Par value = Baht 10.00 Baht 176,843,080 Paid-up Capital
Share Registration	Thailand Securities Depository Company Limited 93 Ratchadapisek Road Kwang Dindaeng, Khet Dindaeng, Bangkok 10400 Tel.: 0-2009-9000 Fax: 0-2009-9991

Auditor	Mr. Pornchai Kittipanya-Ngam (CPA # 2788) or Mrs. Suwanee Kittipanya-Ngam (CPA # 2899), or Mr. Thanakorn Fakfaipol (CPA #4879) Bunchikij Co., Ltd 9 th Floor 87/102-103 Modern Town Building Ekamai Soi 3, Sukhumvit 63 Road, Wattana, Bangkok 10110 Tel.: 0-2382-0414 Fax.: 0-2381-5849
Legal Advisor	Legal Advisory Council Limited. 16 F Olympia Thai Tower 444 Ratchdapisek Road Huay Kwang, Bangkok 10310 Tel : 0-2512-5938-40
Investor Relation	Miss Huai Hui Lee 6F Thai Wah 1 21/11, 21/13 South Sathorn Road Tung Mahamek, Sathorn Bangkok 10120 Tel.: 0-2285-0106 Fax: 0-2285-0109 Email : info@foodanddrinks.co.th

➤ Shareholding Structures

Company's Shares

As of 31 December 2017, the company has capital registered in the amount of Baht 180 million, and paid up capital of Baht 176 million for total of 18 million shares at Baht 10 per share.

Major Shareholders

The company's shareholder structure as of 31 December 2017 is as follows:

Description	Number of shares	Value (Baht)	Percentage
Registered capital	18,000,000	180,000,000	-
Paid up capital as of 31 December 2017	17,624,308	176,243,080	100.00
- top 10 major shareholders	12,881,635	128,816,350	73.09
- other shareholders	4,742,673	47,426,730	26.91

List of top 10 major Shareholders as of 31 December 2017

No.	Name of Shareholder	Shares	%	Director	##
1	Mr. Kasem Deemaitree	3,302,400	18.74	*	A
2	JW International Worldwide Group Ltd	1,749,120	9.92	Represented by Mr. Wong Chun Num	C
3	Ms. Huai Hui Lee	1,730,340	9.82	*	A
4	Mr. Huai Hsin Lee	1,543,375	8.76	*	A
5	Kawasho Food Corporation	1,122,400	6.37	Represented by Mr. Aditep Nontratip	C
6	Mrs. Chintana Asdornnithee	806,160	4.57	*	B
7	Mr. Woravich Deemaitree	715,720	4.06		A
8	Mr. Taveechat Jularnkul	700,000	3.97		
9	Mr. Suthee Wangseangthong	631,120	3.58		
10	Iamsakulrat Co., Ltd.	581,000	3.30		B

Remarks

A – Group Deemaitree : total shares holding is 7,291,835 equals to 41.37%

B – Group Mrs. Chintana Asdornnithee : total shares holding is 1,387,160 equals to 7.87%

C – JW International Worldwide Group Ltd. And Kawasho Foods Corporation are registered company, and do not have the information of Ultimate shareholders to disclose.

➤ Dividend Payment Policy

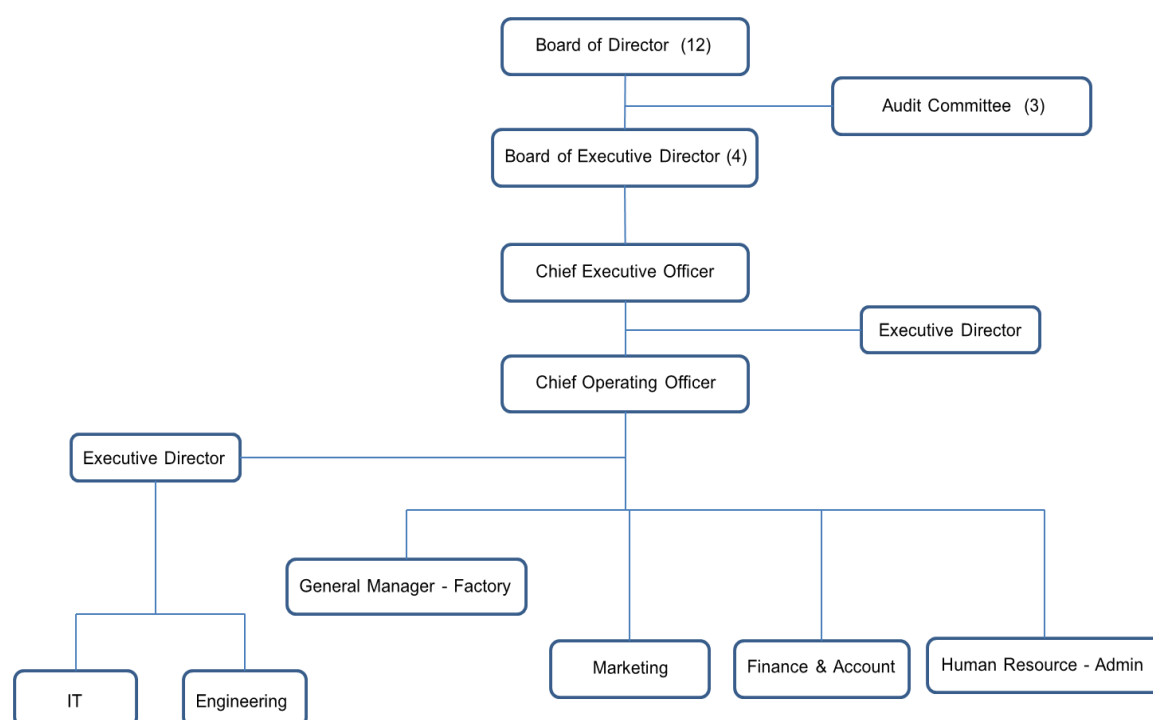
The company has the policy of paying dividend annually for the amount of not less than 60% of net profit after tax and statutory reserve, and reserve for future investments. When the Board of Directors has the suggestion to pay the annual dividend, the matter will be presented to the Shareholders for approval unless it is interim dividend payment. Then, the Board of Directors can approve the payment and report to the shareholders at the next meeting.

YEAR	2014	2015	2016
Net Profit per share	0	0	0
Dividend per share	0	0	0
Dividend / Net Profit (%)	0%	0%	0%

➤ Management Structure

In order to manage the company efficiently and achieving its goals to be the manufacturer and distributing quality food products according to the international standards with good governance, the company has organized the company's structure as follow:

Organization Structure



Management Structure

Food and Drinks Public Company Limited's management structure that is under the supervision of the Board of Directors, has appointed another 5 committees to oversee various areas. They are Board of Director, Audit Committee, Executive committee and the Organizational Development committee. Their names and responsibilities are as follows:

(1) Board of Directors

The Board of Directors is comprised of 12 members with 5 independent directors, 4 executive directors, and 3 non-executive directors.

1. Mr. Phirasilp Subhapholsiri	Chairman, Independent Director
2. Mr. Kasem Deemaitree	Director, Chief Executive Officer
3. Mrs. Chintana Asdornnithee	Executive Director
4. Ms. Huai Hui Lee	Director, Chief Operating Officer
5. Mr. Huai Hsin Lee	Executive Director
6. Mr. Udom Karoonkornsakul	Director
7. Mr. Aditep Nontratip	Director
8. Mr. Chun Nam Wong	Director
9. Mr. Sansern Nilrat	Director and Audit Committee (appointed on 14 August 2017)
10. Ms. Chaovana Vivatpanachati	Independent Director and Audit Committee Chairman
11. Mrs. Vilai Kiatsrichart	Independent Director and Audit Committee (resigned on 14 November 2017)
12. Mr. Sumet Chey-O-nanund	Independent Director and Audit Committee

* Mr. Theerapat Soopanit is the secretary to the board.

Authorized Directors

The directors who are authorized to sign to represent the company are Mrs. Chintana Assadornnithee or Mr. Aditep Nontratip co-sign with Mr. Kasem Deemaitree or Miss Huai Hui Lee or Mr. Huai Hsin Lee with company stamp.

The Responsibility Scope of the Board of Directors

1. Monitor and manage the operation of the company on the basis of good corporate governance
2. Set company's vision and mission for management and employee to have the same goal and consider to review the company's vision and mission every year.
3. Manage and discuss the business strategy as proposed by the executive directors and ensure that the executive directors and management carry out the plans as approved efficiently, added value to the company's business, and give good operational results.
4. Set up shareholders' annual meeting within 4 months from the year-end closing date and any other meetings necessary.

5. Set up board of directors meeting at least four times per year, which change to 6 times per year starting from year 2011. In each meeting, there will be at least 60% of all directors are present. If there is a resolution required, at least 2/3 of the directors have to be present. The resolution is based on the majority vote. If equal, the chairman of the meeting will have one additional vote.
6. Consider and approve annual business plan, including budget for investment, and goals.
7. Report financial data and other information important to shareholders. Ensure that the information is correct, complete and sufficient.
8. Set up and follow up on internal control, internal audit and risks management to ensure the efficiency in the system.
9. Appoint and clarify the differences in responsibility among directors, various sub-committees, management and employee.
10. Oversea the executive directors and management to follow the policies and requirements that were approved or specified from the shareholders according to the requirement of SEC and Stock Exchange of Thailand.

Authorized Directors

- | | | |
|----|----------------------------|-----------------------------------|
| 1. | Kasem Deemaitree | Director, Chief Executive Officer |
| 2. | Mrs. Chintana Asdornnithee | Executive Director |
| 3. | Ms. Huai Hui Lee | Director, Chief Operating Officer |
| 4. | Mr. Huai Hsin Lee | Executive Director |
| 5. | Mr. Aditep Nontratip | Director |

(2) Executive Committee

- | | | |
|----|----------------------------|-----------------------------------|
| 1. | Mr. Kasem Deemaitree | Director, Chief Executive Officer |
| 2. | Mrs. Chintana Asdornnithee | Executive Director |
| 3. | Ms. Huai Hui Lee | Director, Chief Operating Officer |
| 4. | Mr. Huai Hsin Lee | Executive Director |

The Responsibility Scope of Executive Directors

1. Set plans, direction, strategy and budget in company's operations to achieve the target and follow up to ensure that those are practiced and disclose.
2. Review the company's operations from time to time to achieve the business projections.
3. Evaluate any major investments and budgets before presenting to the Board of Directors for consideration.

4. Conduct financial transactions with financial institutions according to the authorization chart for the short term loans, withdraw and opening accounts.
5. Represent the company and operate on behalf of the company to the public.

(3) Audit Committee

- | | | |
|----|-----------------------------|-----------------------------|
| 1. | Ms. Chaovana Vivatpanachati | Chairman of Audit committee |
| 2. | Mr. Sumet Chey-O-Nanund | Audit committee |
| 3. | Mr. Sansern Nilrat | Audit committee |

Remarks : Qualifications of Audit Committee members

The qualifications set out by the Stock Exchange of Thailand for audit committee to have knowledge in accounting are as follows:

1. Miss Chaovana Vivatpanachati have experience in accounting/finance.
2. Mr. Sumet Chey-O-Nanand have experience in accounting/finance.
3. Mr. Sansern Nilrat have experience in accounting/finance.

The Audit Committee will report directly to the Board of Directors, while the Board of Directors is still responsible to the company's operation to the public.

The Responsibility Scope of Audit Committee

1. Ensure the accuracy, completeness and reliability of financial statements and that sufficient information is disclosed.
2. Ensure that the Company has sufficient, appropriate and effective internal controls, risk management, and internal audit systems. Have the authority to review, and investigate related to concern matters, under the scope of responsibility and authorization, by inviting directors, or management, or staff to attend the meeting and provide relevant information.
3. Select and propose the Company's auditors and determine their compensation, including meeting the auditor without the presence of the management at least once a year.
4. Consider and propose to terminate auditors if found not appropriate or suitable
5. Ensure that the Company abides by all rules and regulations, and other regulations and laws related to the Company's business.

6. Ensure that there will be sufficient disclosure of company information, especially related parties transactions or those that might have conflicts of interests. Ensure that the transactions follow the requirement of SEC and Stock Exchange of Thailand, and ensure that they are reasonable and to the company's best interest.
7. Prepare an Audit Committee's Report according to the Scope of Responsibilities assigned by the Board of Directors and report in the Company's annual report, signed by the Chairman of the Audit Committee.

(4) Organizational Development Committee

- | | |
|--------------------------------|----------|
| 1. Mr. Phirasilp Subhapholsiri | Chairman |
| 2. Miss Huai Hui Lee | Director |
| 3. Mr. Huai Hsin Lee | Director |

The Responsibility Scope of Organizational Development Committee

1. Arrange and consider the Organizational structure to present to the executive directors.
2. Arrange and present Company's Vision and Procedures to develop the organization to the Board of Directors.
3. Analyze risks in various areas of the Company to present to the executive directors.
4. Follow up on various projects.
5. Consider Company's strategy

(5) Risk Management Committee

- | | |
|-------------------------------|----------|
| 1. Mr. Kasem Deemaitree | Chairman |
| 2. Ms. Huai Hui Lee | Director |
| 3. Mrs. Chintana Asdornnithee | Director |
| 4. Mr. Huai Hsin Lee | Director |
| 5. Mr. Theerapat Soopanit | Director |
| 6. Mr. Nakorn Mahakun | Director |
| 7. Mr. Prasit Jaturatpunsang | Director |
| 8. Mr. Suchat Thipmoltean | Director |

The Responsibility Scope of Risk Management Committee

1. Set plans, and review policies regarding the management of risks, and those who are related.
2. Ensure and support the works on managing the risks of the company, and manage all related parties to have the same strategies and goals, including any changes.
3. Follow up, evaluate and provide any comments and suggestions and directions of risks that might occur, and set up system to control risks.
4. Report the results of the risks management to the board of directors. If there are any possibilities that it will have major impact to the company or the related parties, it should be reported to the board of directors to consider as soon as possible.
5. Hold meeting at least every quarter.
6. Any other responsibilities assigned by the board of directors.

Company Secretary

The company has appointed Mr. Theerapat Soopanit as the company secretary since 7 December 2015.

The Responsibility Scope of Company Secretary

1. Prepare and keep the following documents:
 - Directors registration
 - Directors' meeting invitation, meeting minutes, and annual reports.
 - Shareholders' meeting invitation, and meeting minutes.
2. Keep all reports about related parties that reported the directors of management
3. Follow any other requirements set by Stock Exchange Commission
4. Disclose information and report according to Disclosure Practice
5. Arrange Board of Directors meetings and Shareholders meetings
6. Contact and liaise with any governing organizations

Management

- | | |
|-------------------------------|-------------------------|
| 1. Mr. Kasem Deemaitree | Chief Executive Officer |
| 2. Mrs. Chintana Asdornnithee | Executive Director |

3. Ms. Huai Hui Lee	Chief Operating Officer, Commercial Director
4. Mr. Huai Hsin Lee	Executive Director
5. Mr. Nakorn Mahakun	General Manager-Manufacturing
6. Mr. Theerapat Soopanit	Chief Financial Officer

The attendance records of Directors

Name of Director	Directors Meeting (11 members)	Audit Committee Meeting (3 members)	Shareholders' Meeting No. 1/2017
Mr. Phirasilp Subhapholsiri	6/7	-	1/1
Mr. Kasem Deemaitree	7/7	-	1/1
Mrs. Chintana Asdornnithee	7/7	-	1/1
Mr. Udom Karoonkornsakul	7/7	-	1/1
Ms. Chaovana Vivatpanachati	5/7	7/7	1/1
Mr. Sumet Chey-O-nanund	7/7	7/7	1/1
Mr. Sansern Nilrat	7/7	2/7*	1/1
Mr. Aditep Nontratip	6/7	-	1/1
Mr. Chun Nam Wong	0/7	-	1/1
Mr. Huai Hsin Lee	7/7	-	1/1
Miss Huai Hui Lee	7/7	-	1/1

* Remark : The company has appointed Mr. Sansern Nilrat as the Audit Committee effective 15 August 2017.

Nomination of Directors and Administrators

1. Nomination of directors, including independent directors, must be approved by the Shareholders. The existing directors will dominate the names and presented to the shareholders. The executives and upper management level will be selected by executive committee, except chief executive officer.
2. At present, the company does not have the nomination committee and the remuneration committee due to company is still quite small, and turnover is also small.
3. Selection of directors is from the shareholders' meeting
4. Shareholders elects and removes directors according to the following rules and procedures:
 - a) The number of votes equal to the number of shares held by each shareholder.
 - b) During the election process, directors can be elected individually, several persons, or as a group, whichever deems appropriate by the Meeting. To pass a resolution, the shareholders shall cast all of their votes according to a). No splitting of votes allowed.
 - c) A simple majority is applied to the election of directors. In the event of a tie, the Chairman of the Meeting has the deciding vote.
 - d) The Shareholders Meeting may pass a resolution to remove any director prior to the end of that director's term. Such resolution requires no less than three-fourths of shareholders present at the meeting with voting rights, and the total shares should not be less than half of those held by the attending shareholders with voting rights.

Directors Remuneration

(1) Financial Remuneration

(1.1) Remuneration for each director

The financial remuneration for 11 directors in 2017 equaled to Baht 1,232,000.00 fixed remuneration.

Name of Director		Annual	Meeting*
1. Mr. Phirasilp Subhapholsiri	Chairman	40,000	72,000
2. Mr. Kasem Deemaitree	Director, Chief Executive Officer	40,000	84,000
3. Mrs. Chintana Asdornnithee	Executive Director	40,000	84,000
4. Miss Huai Hui Lee	Director, Chief Operating Officer	40,000	84,000
5. Mr. Huai Hsin Lee	Executive Director	40,000	84,000
6. Mr. Udom Karoonkornsakul	Director	40,000	84,000
7. Mr. Aditep Nontratip	Director	40,000	72,000
8. Mr. Chun Nam Wong	Director	40,000	0
9. Mr. Sansern Nilrat	Independent Director	40,000	84,000
10. Ms. Chaovana Vivatpanachati	Independent Director	40,000	60,000
11. Mr. Sumet Chey-Onanund	Independent Director	40,000	84,000

* According to the attendance to the meeting.

The fixed remuneration for three Audit Committee members is Baht 200,000 for 2017.

Name of Director		Annual
Ms. Chaovana Vivatpanachati	Audit Committee Chairman	80,000
Mr. Sansern Nilrat	Audit Committee	60,000
Mr. Sumet Chey-O-nanund	Audit Committee	60,000

(1.2) Total remuneration and number of executives and management.

Salary and bonus for 14 executives and managers are Baht 18 million for 2017.

(2) Other Remuneration

None.

Auditors' Remuneration

Auditors' annual appointment and fixing their remuneration is approved at Annual Shareholders' Meeting. The names of auditors proposed and appointed are licensed according to the Stock Exchange of Thailand. In 2017, the shareholders' appoint Bunchikij Co., Ltd. as company auditor with the audit fee of Baht 1,200,000.-

➤ Detail of Directors and Management

Independent Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Phirasilp Subhapholsiri Chairman Independent Director	65	Business Management Yokohama National University DAP 40/2005	-	-	2009 - Present 2013 - Present 1998 – 2008 Present Present Present	Chairman Independent Director President Independent Director Independent Director Independent Director	Food and Drinks PLC. Tipco Asphalt PLC. Bank Thai Public Co., Ltd. Subhadhana Co.,Ltd. Thai-Nichi Ventures Co.,Ltd. Kaizen Consulting Co.,Ltd.
Ms. Chaovana Vivatpanachati Independent Director Chairman Audit Committee Certified Public Accountant	57	Master of Management University of Wollongong Australia Master of Accounting Chulalongkorn University Certified Public Accountant Certificate in Accounting Audit Thammasart University DAP, DCP 58/2003 ACP	-	-	2002 – Present 2014 – Present 2001- Present 1999 – Present 1994 – Present	Independent Director/ Audit Committee Audit Committee Independent Director/ Audit Committee Director Managing Director	Food and Drinks PLC. S.C.I. Electric Manufacturing Co.,Ltd. Inoue Rubber (Thailand) PLC. Moore Stephens DIA Sevi Ltd. Pitisevi Co., Ltd.
Mr. Sumet Chey-O-Nanund Independent Director Audit Committee	75	B. Business Administration Thammasart University DAP 2/2003	-	-	2002 – Present 1996 - Present	Audit Committee Independent Director/ Independent Director	Food and Drinks PLC. Personal business
Mr. Sansern Nilrat Director	64	MBA Kasetsart University DCP 4/2000, 5/2007 ACP 21/2008	-	-	2009 – Present 2014 - Present 2009 - 2012	Director Advisor Head of Proprietary Trading	Food and Drinks Public Co., Ltd. Federation of Thai Capital Market Organizations CIMB Securities Co., Ltd.

Executive Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Kasem Deemaitree Managing Director Authorized Director	84	B.S. Agricultural Chemistry Chung Hsin University Taiwan, R.O.C.	14.79	Father of Mr. Huai Hsin Lee, Ms. Huai Hui Lee	1986 - Present	Chief Executive Officer	Food and Drinks PLC.
Mrs. Chintana Asdornnithee Executive Director Authorized Director	80	High School St. Joseph Convent DAP	4.00	Daughter of Mr. Kamol Iamsakulrat	1985 - Present 1990 - Present	Executive Director Deputy Managing Director	Food and Drinks PLC. Lampang Food Products
Ms. Huai Hui Lee Executive Director Authorized Director	55	MBA George Washington University DCP 19/2002	8.55	Daughter of Mr. Kasem Deemaitree; Sister of Mr. Huai Hsin Lee	2013 – Present 2006 – Present	Chief Operating Officer Director	Food and Drinks PLC. Food Processing Industry Club – Federation of Thai Industries
Mr. Huai Hsin Lee Executive Director Authorized Director	51	B.S. Mechanical Engineering University of Maryland U.S.A.	8.23	Son of Mr. Kasem Deemaitree; Brother of Ms. Huai Hui Lee	2013 – Present	Executive Director Engineering & Information Technology	Food and Drinks PLC.

Directors

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Aditep Nontratip Director Authorized Director	53	Ph.D. Food Science Tokyo University of Fisheries MBA Chulalongkorn University DAP 80/2009	-	-	2009 – Present	Director	Food and Drinks Public Co., Ltd.
					2007 – Present	Managing Director	Kawasho Foods (Thailand) Co., Ltd.
					2002 – 2007	General Manager	Kawasho Foods (Thailand) Co., Ltd.
Mr. Udom Karoonkornsakul Director	83	High School DAP	2.50	-	1994 – Present 1979 – Present	Director Chairman	Food and Drinks PLC. Sahamitree Fish Meal Co., Ltd.
Mr. Chun-Nam Wong Director	71	High School Diploma Hong Kong	-	-	1990 – Present Present	Director Investor	Food and Drinks PLC. JW International Worldwide Group Ltd

Management (Non Directors)

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Nakhon Mahakhun, Ph.D.	69	Ph.D. Food Science & Technology Texas A&M University, U.S.A.	-	-	2004 – Present	General Manager - Factory	Food and Drinks PLC.
Mr. Theerapat Soopanit	56	BA (Accounting) Ramkhamhaeng University MBA Kasetsart University	-	-	2002 – Present	Chief Financial Officer	Food and Drinks PLC.

Company Secretary

Name Position	Age	Education	Shares (%)	Family Relationship With other Directors	Experience		
Mr. Theerapat Soopanit	56	MBA Kasetsart University	-	-	2015 – Present	Company Secretary	Food and Drinks PLC.

Executive Directors have the director position in associate company

Company Name	Associate company
Director's Name	Hon Chuan FD Packaging Co., Ltd.
Mr. Kasem Deemaitree	Director
Mrs. Chintana Asdornnithee	Director

All the directors and the management team do not have any criminal records, or in the process of being suit for criminal charges, or being bankrupt in the last 10 years.

Details of Directors for the Subsidiaries

None.

➤ **Corporate Governance**

The company recognizes the importance of good corporate governance for transparency in operation, and the responsibilities of the Board of Directors to enhance the shareholders' trust and value. The company has committed to comply with corporate governance guidelines issued by the regulatory bodies that govern its operations as a public company, and to the implementation and compliance with such other standards as are appropriate to the conduct of its business.

(1) Shareholders' Rights

The company recognizes the rights of shareholders to cover the basic rights as investors in the listed firm and as owners such as the rights to buy, sell, and transfer the shares; rights to receive the share of dividends equally, rights to sell the shares back to the company equally, and other rights equally; rights to the shareholders' meeting; rights to express opinions; rights to make the major decision such as electing the directors, and approve major decisions as to the directions of the company; and rights to amend the Article of Associations.

Thus, the company has the policy that all shareholders are eligible for information that are correct, complete, sufficient, and on time. In every shareholders' meeting, invitation letter with agendas and directors' recommendation are sent to shareholders 10 days before the meeting. Shareholders' will have time to consider prior to the meeting, and they are able to propose agendas or name of directors or send inquiries to the company. However, the suggestions have to send to the Board of Directors to include in the Annual Shareholders' Meeting in advance of not less than 60 days.

If any shareholders cannot attend the meeting personally, they can give proxy to anyone or recommended audit committee member or managing director to attend and vote on behalf.

For shareholders' meeting, the company will choose the location and time that are convenient to the shareholders to attend as much as possible.

In the meeting, the chairman will provide enough time for every shareholder to ask questions and express any opinions.

In 2017, there was one shareholders' meeting. The meeting was held on 27 April 2017 at company's office in Bangkok. In 2017, five independent directors attended the meeting.

(2) The Equitable Treatment of Shareholders

The company has the policy to create the equal treatment to all groups of shareholders regardless of major shareholders, minor shareholders, and institutional shareholders of foreign shareholders especially the minor shareholders. Therefore, details are set as follows:

1. The votes in the meeting are equal to the number of shares hold. One share is equal to one vote.
2. Prohibit company directors and employees who can benefit from inside information to disclose any inside information to outsiders within 30 days before disclose the financial information to the Stock Exchange of Thailand. In addition, the directors and management are required to report the change of shareholding to the Securities Exchange Commission within 3 days for disclosure purpose.

(3) The Rights of Stakeholders

The company recognizes the importance of every group of stakeholders including the company staff, management, customers, suppliers, competitors, and government agencies. The company realizes the importance of cooperation with all groups of stakeholders enhances the value and the stability of the company.

- Shareholders: Other than the basic rights and legal rights and Article of Association such as rights to attend the meeting, rights to vote, rights to express opinions in the meeting, and rights to dividend, shareholders also entitle to the rights of suggestion and opinions for the business operation. Every comment will be taken into consideration by the Board of Directors.
- Customers: The Company determined to ensure that the customers are satisfied with the quality and price through continuous development, and maintaining the standards determined by the customers, and regulations set by the government. In 2017 the company did customer satisfaction survey to our product and services with the result of more than 81% satisfactory score.

- Competitors: The Company considered the competitors to be a major factor to drive the company to improve its operation in order to satisfy the customers under the requirement of the law. The company believes in fair competition under the law, transparent, and do not conduct any acquiring of trade secrets or engage in any false accusation against any competitors.
- Creditors: the company realizes that setting good and trusting relationship with its creditors to ensure the payment is an important part of the operations.
- Employees: The Company considered its employee as one of the most important assets. The company has the policy to treat all employees equally and fairly with reasonable pay. Therefore, the company has the policy and procedure about safety and hygiene in working environment, there are programs set to develop the skills continuously for personnel to support the expansion of the business. In 2017, the company had training session for the employees about safety, environment, rules and regulations and customer requirements. In 2012, the company has established the provident fund for employee to take care our employee in the long term, and scholarship to employees to continue their study in master degree.
- Community: the company realizes the importance of the community and the environment. The company has a clear policy in helping the community to develop and grow. The company has cooperate with the government agencies and other private sectors to join some community services such as:
 1. Scholarship – the company has started this program since 2003 to the children of the company employees and schools in Banbung areas for good grade students with financial needs.
 2. Student summer working program and training program – the company has started the program since 2003 in order to give training to students who need experience, and extra income during summer vacation.
 3. Blood donation – the company has joined the Health Office in Banbung to donate blood 4 times a year.
 4. Environment – the company has waste water treatment area of 13,000 square meters. The quality of the water after treatment was qualified according to the Ministry of Industry's standard.
 5. Thai Local safe green area Project. Join to plant the tree at reservoir and public used area.

6. In addition, the company is in the process of studying converting vegetable waste from the production for fertilizers. At present, the company sells the vegetables to the companies who can make benefits.

(4) Information Disclosure and Transparency

In addition to the disclosure of financial information and other information to the public according to the requirement of Securities Exchange Commission and Securities Exchange of Thailand, the company also discloses the following:

1. Disclose the duty and responsibilities of each sub committees including the attendance statistics
2. Disclose the remuneration in monetary and non-monetary (if any)
3. Give opportunities to questions and comments through public relations or secretary.
4. Disclose remuneration of auditing firm and auditors

(5) The Directors' Responsibilities

The Board of Directors includes people with knowledge, vision, capability and experiences in different areas that will benefit the most to the company. The board determines and agrees in the vision, mission, target and business plans and oversee the management to follow in order to create the shareholders' wealth.

At present, the ratio of independent director is according to the requirement by the Securities and Exchange Act i.e. not less than one-third of the board.

The Board of Directors holds regular meetings and extraordinary meetings if necessary. The documents need for the meetings are prepared and delivered to the directors at least 7 days in advance. Normally, the meeting takes 2-4 hours. The minutes are recorded and kept and approved by the Board. Invitation letters with agendas, and any information to be included for the meeting, if any in 2017, there were 7 meetings.

The company has appointed 4 sub-committees i.e. Audit Committee, Executive Committee, and Organizational Development Committee, and Risk Management Committee. The company does not have the Compensation Committee but use other appropriate measures for determination. The considerations will be considered in line with the industry standard and the results of operation for determination. When sub-committee is not available, the Board of Directors will be considering the matters.

➤ **Corporate Social Responsibility**

Overall Policy

The company has corporate social responsibility policy to run business with responsible to social, environment and stakeholder as follow

Food and Drinks Public Company Limited has determination to operate with corporate social responsible that effect to many things from operating the business by stick to ethical, transparent business operating, proper labor practice, equal by not choosing practice, can be examined, ethical behavior, respect to human right, create political neutrality, fairness operating, anticorruption including support and participate by communication and concern about stakeholder benefit and affect to community and environment. Determine to produce quality food and services for safely to the consumer by practice according to international standard, law and other related regulations including improve, develop to build continuous and sustainable corporate social responsibility.

Operating

The company is operated according to the policy that mention above such as fairness treat to employee. The company is operated according main policy trading ethical to business partner including financial institute, customer and suppliers.

Anti-Corruption

The company operated according to anti-corruption policy and bribery as follow:

- Employee must not take or promise to take bribery from outsider or other employee by using position or company's duty to get benefit improperly to themselves or others
- Employee must working in good faith not defraud to their own position or working duty
- Employee must not cheating, corruption to their own duty and job.
- Employee must not give or promise to offer a bribe to make them get benefit or relieved from being an offender or the mistake they did.
- Employee must report the clue or any incident that expecting cheating or any action that will harm the company by report to personnel department immediately and that information is consider confidential and will not effect to the reporter.
- Channels of reporting/complaints
If employees found any incidents that could be lead to corruption, they can inform the directors at phone number 02-2850106-9 extension 130. If it is urgent and could possible lead to company's reputation or related to the senior management or directors, they should report to chairperson of audit committee.

Company has procedures to deal with the misconduct as follow:

1. To consider the preliminary information and send to the relevant section to investigate.
2. Company will protect the person who report from any troubles.

3. Company will not demote or punish the person who report, although it might cause the company to lose business opportunities.
4. Company will keep the information as secret.

Responsibility to Consumers

The company determined to produce quality food and services for safety to consumer is important by stick to international standard, law and other related regulation which made the company get certified on Good Manufacturing Practices: GMP) and Hazard Analysis and Critical Control Point (HACCP) from TQCS International (Group) Pty. and British Retailer Consortium (BRC) by NSF from United Kingdom which made company product's has reliable quality

Activity that make benefit to social and environment

Social

Scholarship – the company has started this program since 2003 to the children of the company employees and schools in Banbung areas for good grade students with financial needs

In 2017, the company gave scholarship to the children of company employees and schools in Banbung area, Chonburi Province 310 scholarships in the amount of Baht 276,350.

Student summer working program and training program – the company has started the program since 2003 in order to give training to students who need experience, and extra income during summer vacation

Participated and supported plant the tree activity with the community at reservoir and public used area in Chonburi

Support beverage during Songkran festival at the police services area for the people in Chonburi

Environment

About the environment, the company has improve the waste water treatment system to be efficiency and start operated since 2006 by the company has signed an agreement with Benears Inc for setting a waste water treatment by using new technology from Japan. In order that the company has waste water treatment with the approval of the water after treatment in compliance with the requirement of Department of Industrial Works, Ministry of Industry.

About waste from raw material, the company is using them for the production for fertilizers to use in the plantation of rubber tree. The process has been approved by the Department of Industrial

Work under the permit number 6086/2559 on 10 March 2016 in taking the waste out of the production facility for making fertilizer on the company's land.

Business that has effects on the Environment

- None -

➤ Internal Control and Risk Management

The Board of Directors has the opinion that internal control, risk management, and governance are satisfactory. The company is able to give the confidence about the transparency in operation, financial statements in 2017. The Audit Committee has reviewed with the management and external auditors to show the company's financial reports are correct, complete, and sufficient according to the general accounting rules. The accounting principles are considered constantly and follow accordingly. The disclosure of information is sufficient as auditor has expressed in the financial statements.

The independent auditor "Bunchikij Co.,Ltd" has the opinion that not found any significant deficiencies of internal control system including risk evaluation and other matters to significant in financial statements and auditor's report as at 31 December 2017.

Moreover, The Board of Directors approved to hire Auditor Office of DIA Audit Company Limited to be our Internal Auditor as suggested by the Audit Committee since 2002. In 2017, internal audit team leader is Mr. Apinan Sripramoch (CPA# 5092) has been auditing system on domestic sales control and payment in accordance with the internal control requirement that the company has set up and to advise any improvements.



Related-Party Transactions

Transactions occurred between the companies or persons who might have conflict of interest, or joint-venture's company which transactions occurred between the companies as normal business for the best interest of the company. The policy used in the transactions is based on the market price, or cost plus margin basis.

The company has purchase and sale transactions with Kawasho Corporation, which hold 6.9% shares. The type of products includes those that are same as other customers, and those that are different such as meat sauce. Because meat sauce has its own formulations, the price is calculated by using cost plus margin.

Relation with the related companies

Kawasho Corporation Co., Ltd. held F&D shares	1,122,400 shares or 6.4%
Kawasho (Thailand) Co., Ltd. held F&D shares	<u>100,000</u> shares or 0.5%
Kawasho Group held total	<u>1,222,400</u> shares or 6.9%

The company has purchase and rent and service charge from Hon Chuan FD Packaging Co., Ltd, which is a joint-venture company. The purchase price is according to the market price. The rent is based on the market price from the same area, and service fee is based on the ratio of service fee.

Related parties

Relationship with key management and other related parties were as follows:

Name of entities / person	Country of incorporation/ nationality	relationships	Nature of relationships
Key management personnel	Thai	Related person	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Hon Chuan FD Packaging Company Limited	Thailand	Associate	Common shareholders and/or directors

Kawasho Foods Corporation	Japan	Other related company	Common directors
Mr. Kasem Deemaitree	Thai	Related person	Shareholder and director

The pricing policies for particular types of transactions are explained further below:

Transaction	Pricing policy
Sales of goods	Cost plus margin
Purchase of raw materials	Market price
Purchase of packaging and supplies	Market price
Rental income and other service charges	Contract price
Interest expense	MLR

The related party transactions for each of periods ended 31 December consisted of:

	Unit : Thousand Baht	
	the equity method is applied and separate financial statements	
<i>For the years ended 31 December</i>	2017	2016
Associate		
Rental income and other service charges	3,619	3,725
Purchase of packaging and supplies	9,511	7,323
Other related company		
Sales of goods	23,390	27,920
Purchase of raw materials	997	1,100
Related person		
Interest expense	12	-
Key management personnel		
Short-term employee benefits	17,017	17,125
Post-employment benefits	942	808
Total key management personnel compensation	17,959	17,933

Balances as at 31 December with related parties are as follows:

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Trade receivable		
Other related company	-	1,678
Total	-	1,678
Other receivable		
Associate	313	666
Total	313	666
Trade payables		
Associate	58	3,474
Other related company	251	173
Total	309	3,647

Unit : Thousand Baht

**the equity method is applied
and separate**

short-term loans from related party	Interest rate (% per annum)		financial statements	
	2017	2016	2017	2016
Related person	6.25	-	-	-

The Company entered into an agreement for loan facility of Baht 40 million with a related person on 22 February 2017, with interest rate at the commercial bank minimum loan rate (MLR) and no collateral.

Movements during for the years ended 31 December of short-term loans from related person are as follows:

Unit : Thousand Baht

	the equity method is applied and separate financial statements	
	2017	2016
Related party		
At 1 January	-	-
Increase	5,000	-
Decrease	(5,000)	-
At 31 December	-	-

1 Investment in associate

Unit : Thousand Baht

	the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
At 1 January	136,403	149,904	68,203	68,203
Share of profit (loss) from investment in associate	(223)	140	-	-
Share of comprehensive income (loss) from investment in associate	(28)	-	-	-
Dividend income	(20,461)	(13,641)	-	-
At 31 December	115,691	136,403	68,203	68,203

Investment in associate as at 31 December 2017 and 2016 and dividend income during for the years then ended are as follows:

As at 31 December 2017

Unit : Thousand Baht

	Paid-up		Valuation		
Country	share	Investment			
of	capital	Ownership	Cost	Equity	Dividend

Company	Nature of business	incorporation	(in Baht)	(%)	method	method	income
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	115,691	20,461

As at 31 December 2016

Unit : Thousand Baht

Company	Nature of business	Country of incorporation	Paid-up share capital (in Baht)	Investment Ownership (%)	Valuation		Dividend income
					Cost	Equity	
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	136,403	13,641

Summary of financial information of the associate

Unit : Thousand Baht

Hon Chuan FD Packaging Company Limited		
	2017	2016
Income	298,256	276,464
Profit (loss) for the years from continuing operations	(527)	272
Other comprehensive income	(81)	-
Current assets	225,909	254,434
Non-current assets	140,718	163,077
Current liabilities	34,436	26,301
Non-current liabilities	1,630	1,581
Net assets	330,561	389,629
Shareholding percentage (%)	35	35
Share of net assets	115,696	136,370
Elimination entries	(5)	33

Carrying amounts of associate based on equity method**115,691****136,403**

The company expect the current related parties transaction are expected to continue and because of OEM product is the normal business therefore there is the approval process the same as other transactions. The related parties are Trading Company and doing the business with the company before held company's share.

For other related-party transactions which not count as a usual business transaction will have to get the approval from the Board of Directors by related director with that transaction has no right to vote on that transaction and disclosed type and value of related-party transaction including disclosed in the Annual Report.

The above transactions are reviewed by the Audit Committee and presented to the Board of Directors. There was no question in the transactions.

➤ Important Financial Ratio

Summary of Major Financial Ratios 2015 – 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>	
<u>Liquidity Ratio</u>				
Current ratio	0.7	0.8	0.9	times
Quick ratio	0.3	0.3	0.4	times
Accounts Receivable turnover	7.9	8.7	8.4	times
Days sales outstanding	45.6	41.4	42.9	day
Inventory turnover	9.8	12.6	11.9	times
Days inventory outstanding	36.7	28.6	30.3	day
Accounts Payable turnover	10.6	8.9	9.4	times
Days Accounts Payable outstanding	34.1	40.4	38.3	day
<u>Profitability Ratio</u>				
Gross Margin	4.7	8.4	10.6	%
Operating Profit	-23.7	-8.2	-5.3	%
Profit Margin on Sales	-17.0	-8.7	-5.4	%
Return on Equity -ROE	-17.3	-12.8	-7.3	%
<u>Efficiency Ratio</u>				
Return on Total Assets -ROA	-12.6	-5.8	-3.4	%
Return on Fixed Assets -ROFA	-12.5	-8.0	-3.0	%
Assets turnover	0.7	0.9	0.8	times
<u>Financial Policy Ratio</u>				
Debt to Equity	0.6	0.8	0.6	times
Cash / Interest payment	0.1	0.1	0.2	times
Dividend payout	0	0	*	%
<u>Per Share</u>				
Book Value	29.06	38.23	33.19	baht
Net Profit	-5.50	-4.31	-2.59	baht

* To be approved at the Annual General Shareholders Meeting 1/2018

➤ Management Discussion and Analysis

Food and Drinks Public Company Limited operating result in 2017 compare to 2016 and Financial Statement as at 31 December 2017 compare to 2016 which has been audited and approved by Certified Auditor and has been approved by the Board of Director can be summarized the major points as follows :

Operating Result

Company's Financial Statement in 2017 has net loss amount to Baht 42.5 million compared to last year financial statement which had net loss of Baht 64.6 million. Net loss ratio in 2017 is 5.4% (in 2016: Net loss ratio was 8.7) The company has loss per share at Baht 2.59 (in 2016: loss per share at Baht 4.31) and book value per share as at 31 December 2017 is equal to 33.19 Baht

Significant changes are as follows:

Revenue from sale in Baht 770.8 million increased by Baht 39.6 million or 5.4% from last year. Export sales increase 3.0% and Domestic increase 2.4% because of world economic recovery, but fluctuation problem in exchange rate. The company paid attention in situation closely and did marketing strategic planning, production and management carefully to be able to compete in the market. In this year, the company developed and launched new product. Made advertising and sales promotion and maintain good relationship with customers to increase sales.

Total revenue in 2017 in the amount of Baht 780.7 million came from selling various products such as vegetable, fruit, spices, ready to eat and beverage (total sales in 2016 was in Baht 740.0 million)

Export sales revenue in the amount of Baht 364.5 million which equals to 47.3% (2016 in the amount of Baht 342.8 million which was 46.9%) of total sales.

Other income in 2017 is in the amount of Baht 9.9 million which is the normal transaction (2016 has other income in Baht 8.8 million)

Cost of sales increased by Baht 19.2 million, cost of sale / sale ratio 89.4% (2016 has cost of sale / sale ratio 91.6%). The company had the gross profit of Baht 82.0 million.

Selling and Administration expenses, the selling expenses same as the last year and the administrative expense increased by Baht 2.9 million, because of loss on exchange of Baht 1.3 million.

Financial cost in the amount of Baht 9.5 million, increased from last year by Baht 0.2 million because interest paid increased.

The Company record loss sharing in joint-venture by equity method of Baht 0.2 million decreased from last year by Baht 0.3 million (in 2016 was profit in Baht 0.1 million) which the joint-venture company is Hon Chuan FD Packaging Co., Ltd., manufacturer of plastic bottle, cap and label which the company hold shares 35%.

Corporate income tax income in 2017 is Baht 0.2 million.

Statement of Financial Position

Statement of Financial Position as at 31 December 2017, the company has total asset of Baht 940.9 million decreased from last year by Baht 77.1 million, total liabilities of Baht 355.9 million decreased from last year by Baht 88.7 million and shareholders' equity of Baht 585.0 million increased from last year by Baht 11.6 million or 2.0%. The major changes in asset, liabilities and shareholders' equity are as follows:

Asset

Cash and cash equivalents increased by Baht 11.7 million, Trade receivable decreased by Baht 10.6 million and Inventory increased by Baht 37.8 million. Inventory outstanding ratio 30 days, the company record loss sharing in joint-venture by equity method of Baht 0.2 million and received dividend from joint-venture in Baht 20.5 million. The company has investment in joint-venture of Baht 115.7 million.

Inventory as at December 31, 2017 had reduced cost to be net value by reduced cost by Baht 26.5 million due to the company has allowance of obsolete goods according to strictly accounting principle by inventory aged more than 1 year will set 50% allowance, for inventory aged more than 2 year will set allowance the whole amount. But normal inventory aging is 1 – 3 years and some of raw materials are seasonal. They are not available all year round or they are available at significantly high price. Thus, the inventory has to be kept and deliver in partial as agreed with customers.

The company purchased machines, and improved production lines to maximize its production efficiency in the amount of Baht 5.7 million and depreciated in 2017 equals to Baht 25.7 million. The property plant and equipment net value decreased by Baht 20.0 million.

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were

concluded on commercial terms and bases agreed upon between the Company and those related parties.

Transaction	Pricing policy
Sales of goods	Cost plus margin
Purchase of raw materials	Market price
Purchase of packaging and supplies	Market price
Rental income and other service charges	Contract price
Interest expense	MLR

The related party transactions for each of periods ended 31 December consisted of :

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

For the years ended 31 December

Associate

	2017	2016
Rental income and other service charges	3,619	3,725
Purchase of packaging and supplies	9,511	7,323

Other related company

Sales of goods	23,390	27,920
Purchase of raw materials	997	1,100

Related person

Interest expense	12	-
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Key management personnel

Short-term employee benefits	17,017	17,125
Post-employment benefits	942	808
Total key management personnel compensation	17,959	17,933

Balances as at 31 December with related parties are as follows:

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Trade receivable (See Note 8)		
Other related company	-	1,678
Total	-	1,678
Other receivable (See Note 8)		
Associate	313	666
Total	313	666
Trade payables (See Note 16)		
Associate	58	3,474
Other related company	251	173
Total	309	3,647

Unit : Thousand Baht

**the equity method is applied
and separate**

short-term loans from related party	Interest rate (% per annum)		financial statements	
	2017	2016	2017	2016
Related person	6.25	-	-	-

The Company entered into an agreement for loan facility of Baht 40 million with a related person on 22 February 2017, with interest rate at the commercial bank minimum loan rate (MLR) and no collateral.

Movements during for the years ended 31 December of short-term loans from related person are as follows:

Unit : Thousand Baht

	the equity method is applied and separate financial statements	
	2017	2016
Related party		
At 1 January	-	-
Increase	5,000	-
Decrease	(5,000)	-
At 31 December	-	-

Investment in associate

Unit : Thousand Baht

	the equity method is applied		Separate financial statements	
	2017	2016	2017	2016
At 1 January	136,403	149,904	68,203	68,203
Share of profit (loss) from investment in associate	(223)	140	-	-
Share of comprehensive income (loss)				
from investment in associate	(28)	-	-	-
Dividend income	(20,461)	(13,641)	-	-
At 31 December	115,691	136,403	68,203	68,203

Investment in associate as at 31 December 2017 and 2016 and dividend income during for the years then ended are as follows:

As at 31 December 2017

Unit : Thousand Baht

Company	Nature of business	Country of incorporation	Paid-up share capital (in Baht)	Investment Ownership (%)	Valuation		Dividend income
					Cost method	Equity method	
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	115,691	20,461

As at 31 December 2016

Unit : Thousand Baht

Company	Nature of business	Country of incorporation	Paid-up share capital (in Baht)	Investment Ownership (%)	Valuation		Dividend income
					Cost method	Equity method	
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	136,403	13,641

Summary of financial information of the associate

The company started rubber tree plantation in the empty company's land since 3rd quarter of 2012 by investment in Baht 24.9 million which including rubber tree and rubber tree plantation expenses. Rubber tree maintenance cost in 2017 increased by Baht 2.3 million. The company expect to tapping rubber tree when their aged 6 – 7 years and can be tapped for 25 years.

Liabilities

The company has total liability in Baht 355.9 million decreased from last year by Baht 88.7 million or 20.0% came from the increasing of current liability which are short-term loans from financial institutions decreased by Baht 38.4 million, trade and other payables decreased by Baht 47.4 million by used in inventory and investment in machine and equipment. The long-term loan from financial institution decreased from last year by Baht 1.2 million and the deferred tax liabilities in Baht 56.9 million, increased from last year by Baht 0.2 million

Shareholders' Equity

In 2017, shareholders' equity is equal to Baht 585.0 million increased from last year by Baht 11.6 million or 2.0% from loss of company's operating result for the amount of Baht 40.8 million, but other component of share capital increasing by Baht 52.4 million (ordinary shares of Baht 26.2 million and share premium of Baht 26.2 million)

Company's capital management by provide suitable capital structure for supporting company business operating activity and strengthen share value to share holder by as at December 31, 2017 in Statement of Financial Position, the company has liability/capital ratio 0.6 : 1 (2016 : 0.8 : 1)

Cash Flow Statement

Cash Flow Statement for fiscal year ended 31 December 2017, the company has cash and cash equivalent transaction net increased from 31 December 2016 in Baht 11.7 million by separate cash flow to each activity as follow:

1. Cash flow from operating activity has net cash in Baht 11.5 million has essence transaction as follows:

- Profit from operating before changing in operating asset and liability of Baht	8.8 million
- Trade and other receivables decreased by Baht	8.6 million
- Inventory decreased by Baht	29.4 million
- Other current assets increased by Baht	-1.0 million
- Trade and other payable decreased by Baht	-47.0 million
- Provision for long-term employee benefits decreased by Baht	-1.3 million
- Paid for interest of Baht	-9.0 million
- Paid for income tax of Baht	-0.2 million

- Cash receipt from withholding tax refundable 0.3 million
2. Cash flow from investing activity, net cash receipt in Baht 12.1 million has essence transaction as follows:
- Dividend income from associate of Baht 20.5 million
 - Acquisition of building improvement and equipment of Baht -5.4 million
 - Increase in cost of rubber plantation -2.3 million
 - Proceeds from sales of equipment -0.7 million
3. Cash flow from financing activity, net cash receipt in Baht 11.0 million has essence transaction as follows:
- Bank overdraft and short-term loan from Financial institution decreased by Baht -38.4 million
 - Paid of liability under finance lease agreements of Baht -1.9 million
 - Proceeds from issue of ordinary shares of Baht 52.5 million
 - Repayment long term loan of Baht -1.2 million

Company's source of capital mainly came from revenue from company's operating and credit from local commercial bank for supporting current capital and investment project by the company is carefully in management capital structure.

In 2017, company has liquidity ratio 0.9 time (2016 : 0.8 time) and Debt/Equity Ratio as at December 31, 2017 at 0.6 time (2016: 0.8 time) which is in the average of the industry.

Trend of future business operation, the company has goal to expand domestic and export market and strengthen company's own brand products by increase efficiency in utilizing its plant, machine and equipment. However, the company has investment plan to improve and expand the production to meet customer's requirement.

The company started to expand the market to AEC countries such as Cambodia and Myanmar in small amount. The company's main market is still in Australia, Japan, USA and European countries by maintain the existing customer base who have long term relationship and contact new customer and support research and development of new products in order to compete in the market.

The company will also emphasize in building its own brand to be well known in the market, and to increase long-term revenue and profit to the company and make pride to the employee.

➤ **Financial Statement**

Food and Drinks Public Company Limited

Report and financial statements

31 December 2017 and 2016



บริษัท บัญชีกิจ จำกัด
BUNCHIKIJ CO., LTD.
 Certified Public Accountants

Independent Auditor's Report

To the Shareholders and the Board of Directors of Food and Drinks Public Company Limited

Opinion

I have audited the accompanying financial statements in which the equity method is applied and the separate financial statements of Food and Drinks Public Company Limited, which comprise the statements of financial position of the financial statements in which the equity method is applied and the separate financial statements as at 31 December 2017, and the related statements of comprehensive income of the financial statements in which the equity method is applied and the separate financial statements, changes in equity of the financial statements in which the equity method is applied and the separate financial statements and cash flows of the financial statements in which the equity method is applied and the separate financial statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In my opinion, the accompanying financial statements in which the equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Food and Drinks Public Company Limited as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements in which the equity method is applied and the separate financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements in which the equity method is applied and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements in which the equity method is applied and the separate financial statements of the current period. These matters were addressed in the context of my audit of the financial statements in which the equity method is applied and the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed
<p>Revenue recognition</p> <p>The Company has revenues from domestic and export sales. As a result, the Company's terms and conditions of revenue recognition are different. In addition, the Company's business operations are also under the environment of intense competition in the food and beverage industry. Accordingly, there are risks with respect to the amount and timing of revenue recognition.</p>	<p>The key audit procedures include :</p> <ul style="list-style-type: none"> • Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. • Applying a sampling method to select sales transactions to assess whether revenue recognition was consistent with the conditions stipulated in the sale documents, and whether it was in compliance with the Company's policy. • On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period. • Reviewing credit notes that the Company issued after the financial year. • Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the year, particularly for accounting entries made through journal vouchers.

Key audit matter	How the matter was addressed
<p>Inventories</p> <p>The estimation of the net realisable value of inventory, as disclosed in Notes 4 and 9 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the products' life cycle, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventories.</p>	<p>The key audit procedures include :</p> <ul style="list-style-type: none"> • Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions. • Comparing the inventory holding periods and inventory movements in order to identify product lines with indicators of lower inventory turnover than normal level. • Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line. • Comparing historical data of actual losses on sales and write-offs of inventory during the past years with the provision for diminution in value of inventory recorded at the preceding year-end.

Key audit matter	How the matter was addressed
Deferred tax <p>The Company has disclosed its accounting policy and details relating to deferred tax in Notes 3.16 and 24 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Company's taxable profit will be sufficient to allow utilization of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgment with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.</p>	<p>The key audit procedures include :</p> <ul style="list-style-type: none"> • Making enquiry of responsible executives, gaining an understanding of and testing the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition. • Assessing the estimates of future taxable profit as follows; <ul style="list-style-type: none"> - Checking the required information and key economic assumptions used in the projections. - Comparing the past projections with actual taxable profits to assess the exercise of management judgment in estimating taxable profits. - Testing the calculation of future taxable profit based on the above information and assumptions. • Reviewing the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised.

Other matter

The financial statements in which the equity method is applied and the separate financial statements of Food and Drinks Public Company Limited for the year ended 31 December 2016 which are presented herein as comparative information, were audited by another auditor who expressed an unmodified opinion on those statements in her report dated 27 February 2017.

Other information

Management is responsible for the other information included in the Company's annual report, but does not include the financial statements in which the equity method is applied and the separate financial statements and my auditor's report thereon. The Company's annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements in which the equity method is applied and the separate financial statements does not cover the other information as referred to above and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements in which the equity method is applied and the separate financial statements, my responsibility is to read the other information as referred to above when it becomes available and, in doing so, consider whether such the other information is materially inconsistent with the audited financial statements in which the equity method is applied and the separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Company's annual report, if I conclude that there is any material misstatement in those other information, I am required to communicate the matter to the management and those charged with governance to correct such information.

Responsibilities of management and those charged with governance for the financial statements in which the equity method is applied and the separate financial statements

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

In preparing the financial statements in which the equity method is applied and the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements in which the equity method is applied and the separate financial statements

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements in which the equity method is applied and the separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements in which the equity method is applied and the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements in which the equity method is applied and the separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of equity-accounted investment of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit the financial statements in which the equity method. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied and the separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Thanakorn Fakfaipol.



(Mr. Thanakorn Fakfaipol)

Certified Public Accountant No. 4879

Bunchikij Co., Ltd.

Bangkok

28 February 2018

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Food and Drinks Public Company Limited

Statements of financial position

As at 31 December 2017

Unit : Baht

Assets	Note	Financial statements			
		n which equity method is applic		Separate financial statements	
		2017	2016	2017	2016
Current assets					
Cash and cash equivalents	6	13,277,314	1,599,600	13,277,314	1,599,600
Current investment	7	1,147,146	1,131,379	1,147,146	1,131,379
Trade and other receivables	8	87,662,351	98,296,741	87,662,351	98,296,741
Inventories	9	109,019,491	146,831,926	109,019,491	146,831,926
Advance payment for import duties		-	981,669	-	981,669
Other current assets	10	26,483,873	25,573,958	26,483,873	25,573,958
Total current assets		237,590,175	274,415,273	237,590,175	274,415,273
Non-current assets					
Bank deposits used as collateral		901,330	901,330	901,330	901,330
Investment in associate	11	115,691,201	136,403,379	68,202,710	68,202,710
Property, plant and equipment	12	556,037,791	576,084,600	556,037,791	576,084,600
Cost of rubber plantation	13	24,876,926	22,582,590	24,876,926	22,582,590
Intangible assets	14	4,246,052	6,165,792	4,246,052	6,165,792
Other non-current assets		1,519,968	1,440,105	1,519,968	1,440,105
Total non-current assets		703,273,268	743,577,796	655,784,777	675,377,127
Total assets		940,863,443	1,017,993,069	893,374,952	949,792,400

Food and Drinks Public Company Limited

Statements of financial position

As at 31 December 2017

Unit : Baht

Liabilities and equity	Note	Financial statements			
		n which equity method is applic		Separate financial statements	
		2017	2016	2017	2016
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	15	197,149,472	235,516,957	197,149,472	235,516,957
Trade and other payables	16	73,330,397	120,682,852	73,330,397	120,682,852
Current portion of long-term loan					
from financial institution	17	1,200,000	1,200,000	1,200,000	1,200,000
Short-term loans from related party	5	-	-	-	-
Current portion of finance lease liabilities	18	247,156	1,869,648	247,156	1,869,648
Other current liabilities		1,199,965	1,263,948	1,199,965	1,263,948
Total current liabilities		273,126,990	360,533,405	273,126,990	360,533,405
Non-current liabilities					
Long-term loan from financial institution	17	900,000	2,100,000	900,000	2,100,000
Finance lease liabilities	18	-	240,457	-	240,457
Deferred tax liabilities	24	56,959,066	56,742,028	56,959,066	56,742,028
Employee benefit obligations	19	24,871,328	24,974,611	24,871,328	24,974,611
Total non-current liabilities		82,730,394	84,057,096	82,730,394	84,057,096
Total liabilities		355,857,384	444,590,501	355,857,384	444,590,501

Food and Drinks Public Company Limited

Statements of financial position

As at 31 December 2017

Unit : Baht

		Financial statements			
		n which equity method is applied		Separate financial statements	
Liabilities and shareholders' equity	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital	20				
Authorised share capital					
18,000,000 ordinary shares of Baht 10 each		180,000,000		180,000,000	
15,000,000 ordinary shares of Baht 10 each			150,000,000		150,000,000
Issued and paid-up share capital					
17,624,308 ordinary shares of Baht 10 each		176,243,080		176,243,080	
15,000,000 ordinary shares of Baht 10 each			150,000,000		150,000,000
Share premium	20	125,668,080	99,425,000	125,668,080	99,425,000
Retained earnings (Deficit)					
Appropriated					
Legal reserve	21	15,431,000	15,431,000	15,431,000	15,431,000
Unappropriated (deficit)		(75,137,201)	(34,254,532)	(122,625,692)	(102,455,201)
Other components of shareholders' equity		342,801,100	342,801,100	342,801,100	342,801,100
Total shareholders' equity		585,006,059	573,402,568	537,517,568	505,201,899
Total liabilities and shareholders' equity		940,863,443	1,017,993,069	893,374,952	949,792,400

Food and Drinks Public Company Limited

Statements of Comprehensive Income

For the year ended 31 December 2017

Unit : Baht

	Note	Financial statements		Separate financial statements	
		in which equity method is applied			
		2017	2016	2017	2016
Revenues					
Revenues from sales		770,818,571	731,236,579	770,818,571	731,236,579
Dividend income from associate	11	-	-	20,460,813	13,640,542
Other income		9,897,374	8,793,639	9,897,374	8,793,639
Total revenues		780,715,945	740,030,218	801,176,758	753,670,760
Expenses					
Costs of sales of goods		688,836,084	669,592,319	688,836,084	669,592,319
Selling expenses		78,711,786	77,929,009	78,711,786	77,929,009
Administrative expenses		46,092,086	43,202,878	46,092,086	43,202,878
Finance costs		9,541,063	9,297,146	9,541,063	9,297,146
Total expenses		823,181,019	800,021,352	823,181,019	800,021,352
Profit (loss) before share of profit (loss) from investment					
in associate and income tax expense (income)		(42,465,074)	(59,991,134)	(22,004,261)	(46,350,592)
Share of profit (loss) from investment in associate	11	(222,907)	140,198	-	-
Profit (loss) before income tax expense (income)		(42,687,981)	(59,850,936)	(22,004,261)	(46,350,592)
Income tax expense (income)	24	(193,124)	4,772,483	(193,124)	4,772,483
Profit (loss) for the years		(42,494,857)	(64,623,419)	(21,811,137)	(51,123,075)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Changes in revaluation of land		-	252,600,000	-	252,600,000
Actuarial gain		2,050,808	-	2,050,808	-
Share of profit (loss) from investment in associate	11	(35,572)	-	-	-
Income tax of items that will not be reclassified to profit or loss		(403,048)	(50,520,000)	(410,162)	(50,520,000)
Other comprehensive income (expense) for the years, net of income tax		1,612,188	202,080,000	1,640,646	202,080,000
Total comprehensive income (expense) for the years		(40,882,669)	137,456,581	(20,170,491)	150,956,925
Earnings per share					
Basic earnings (loss) per share	25				
Profit (loss) attributable to equity holders of the Company		(2.59)	(4.31)	(1.33)	(3.41)

Food and Drinks Public Company Limited

Statement of Changes in Shareholders' Equity (Financial statements in which the equity method is applied)

For the year ended 31 December 2017

Unit : Baht

	Note	Issued and paid - up		Retained earnings (deficits)		Other components of shareholders' equity	Total equity
						Other comprehensive	
						income Revaluation surplus on land	
		share capital	Share premium	Legal reserve	Unappropriated		
Balance as at 1 January 2016		150,000,000	99,425,000	15,431,000	30,368,887	140,721,100	435,945,987
Total comprehensive income for the year							
Loss for the year		-	-	-	(64,623,419)	-	(64,623,419)
Other comprehensive income		-	-	-	-	202,080,000	202,080,000
Balance as at 31 December 2016		150,000,000	99,425,000	15,431,000	(34,254,532)	342,801,100	573,402,568
Balance as at 1 January 2017		150,000,000	99,425,000	15,431,000	(34,254,532)	342,801,100	573,402,568
Issue of ordinary shares	20	26,243,080	26,243,080	-	-	-	52,486,160
Total comprehensive income for the year							
Loss for the year		-	-	-	(42,494,857)	-	(42,494,857)
Other comprehensive income							
Actuarial gain		-	-	-	1,640,646	-	1,640,646
Share of profit (loss) from investment in associate	11	-	-	-	(28,458)	-	(28,458)
Balance as at 31 December 2017		176,243,080	125,668,080	15,431,000	(75,137,201)	342,801,100	585,006,059

Food and Drinks Public Company Limited
Statement of Changes in Shareholders' Equity (Separate financial statements)
For the year ended 31 December 2017

Unit : Baht

	Note	Issued and paid - up share capital	Share premium	Retained earnings (deficits)		Other components of shareholders' equity	Total equity
						Other comprehensive	
						income Revaluation surplus on land	
Balance as at 1 January 2016		150,000,000	99,425,000	15,431,000	(51,332,126)	140,721,100	354,244,974
Total comprehensive income for the year							
Loss for the year		-	-	-	(51,123,075)	-	(51,123,075)
Other comprehensive income		-	-	-	-	202,080,000	202,080,000
Balance as at 31 December 2016		150,000,000	99,425,000	15,431,000	(102,455,201)	342,801,100	505,201,899
Balance as at 1 January 2017		150,000,000	99,425,000	15,431,000	(102,455,201)	342,801,100	505,201,899
Issue of ordinary shares	20	26,243,080	26,243,080	-	-	-	52,486,160
Total comprehensive income for the year							
Loss for the year		-	-	-	(21,811,137)	-	(21,811,137)
Other comprehensive income							
Actuarial gain		-	-	-	1,640,646	-	1,640,646
Balance as at 31 December 2017		176,243,080	125,668,080	15,431,000	(122,625,692)	342,801,100	537,517,568

Food and Drinks Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2017

Unit : Baht

Note	Financial statements			
	in which equity method is applied		Separate financial statements	
	2017	2016	2017	2016
<i>Cash flows from operating activities</i>				
Gain (Loss) before tax	(42,687,981)	(59,850,936)	(22,004,261)	(46,350,592)
<i>Adjustments to reconcile gain (loss) before tax</i>				
<i>to cash receipts (payments)</i>				
Depreciation and amortisation	27,670,031	29,940,028	27,670,031	29,940,028
Written-off of advance payment for import duties	981,669	-	981,669	-
Doubtful accounts	1,684,782	1,977,813	1,684,782	1,977,813
Reducing cost of inventories to net realisable value	8,432,035	2,393,929	8,432,035	2,393,929
Gain on sales of equipment	-	(1,018,687)	-	(1,018,687)
Share of (profit) loss from investment in associate	222,907	(140,198)	-	-
Dividend income from associate	-	-	(20,460,813)	(13,640,542)
Long-term employee benefits expenses	3,207,099	3,369,452	3,207,099	3,369,452
Unrealised Gain on exchange	313,240	59,205	313,240	59,205
Interest income	(71,589)	(40,800)	(71,589)	(40,800)
Interest expense	9,070,039	8,776,900	9,070,039	8,776,900
	8,822,232	(14,533,294)	8,822,232	(14,533,294)
<i>Changes in operating assets and liabilities</i>				
Trade and other receivables	8,639,068	(27,965,449)	8,639,068	(27,965,449)
Inventories	29,380,400	(53,568,160)	29,380,400	(53,568,160)
Other current assets	(993,511)	(14,456,641)	(993,511)	(14,456,641)
Other non-current assets	(79,863)	774,849	(79,863)	774,849
Trade and other payables	(46,961,041)	52,009,352	(46,961,041)	52,009,352
Other current liabilities	(63,983)	145,354	(63,983)	145,354
Employee benefits obligations	(1,259,574)	(757,800)	(1,259,574)	(757,800)
Net cash used in operations	(2,516,272)	(58,351,789)	(2,516,272)	(58,351,789)
Cash paid for interest expense	(9,043,397)	(8,527,431)	(9,043,397)	(8,527,431)
Cash receipt from withholding tax refunded	315,862	5,557,630	315,862	5,557,630
Cash paid for corporate income tax	(232,266)	(211,136)	(232,266)	(211,136)
Net cash used in operating activities	(11,476,073)	(61,532,726)	(11,476,073)	(61,532,726)

Food and Drinks Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2017

Unit : Baht

Note	Financial statements		Separate financial statements	
	in which equity method is applied			
	2017	2016	2017	2016
<i>Cash flows from investing activities</i>				
Dividend income from associate	20,460,813	13,640,542	20,460,813	13,640,542
Acquisition of property, plant and equipment	(5,398,416)	(14,408,339)	(5,398,416)	(14,408,339)
Increase in cost of rubber plantation	(2,294,336)	(510,850)	(2,294,336)	(510,850)
Proceeds from sales of equipment	-	1,018,687	-	1,018,687
Interest received	49,090	24,435	49,090	24,435
Cash paid to suppliers for purchases of building improvement and equipment	(672,040)	(824,001)	(672,040)	(824,001)
Net cash from (used in) investing activities	12,145,111	(1,059,526)	12,145,111	(1,059,526)
<i>Cash flows from financing activities</i>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(38,367,484)	56,127,823	(38,367,484)	56,127,823
Cash received from long-term loans	-	3,600,000	-	3,600,000
Repayment of long-term loans	(1,200,000)	(300,000)	(1,200,000)	(300,000)
Repayment of liabilities under finance lease agreements	(1,910,000)	(3,098,850)	(1,910,000)	(3,098,850)
Proceeds from issue of ordinaries shares	52,486,160	-	52,486,160	-
Net cash from financing activities	11,008,676	56,328,973	11,008,676	56,328,973
Net increase (decrease) in cash and cash equivalents	11,677,714	(6,263,279)	11,677,714	(6,263,279)
Cash and cash equivalents at 1 January	1,599,600	7,862,879	1,599,600	7,862,879
Cash and cash equivalents at 31 December	13,277,314	1,599,600	13,277,314	1,599,600

Supplemental cash flows information:

Non-cash items

Acquisition of equipment for which cash had not been paid	305,067	672,040	305,067	672,040
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Food and Drinks Public Company Limited

Notes to financial statements

For the year ended 31 December 2017

1 General information

Food and Drinks Public Company Limited, the “Company”, has been incorporated in Thailand and has its registered head office at 695/1 Moo 1 Banbung - Bankai Road, Klongkaew, Banbung, Chonburi. There are 2 branches as follows :

Branch 1 : The address is 6th Floor, Thai Wah Tower 1, No. 21/11, 21/13 South Sathorn Road, Tung Maha Mek, Sathorn Bangkok

Branch 2 : The address is 695/3 Moo 1 Banbung - Bankai Road, Klongkaew, Banbung, Chonburi.

The Company was registered with the Stock Exchange of Thailand on 3 August 1994

The principal businesses of the Company are engaged in the manufacture and distribution of foods products, beverages, frozen foods and products from rubber trees. Production from rubber trees - currently in the process of planting rubber trees.

2 Basis of preparation of the financial statement

2.1 The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

2.2 The financial statements are presented for Thai currency reporting purpose and prepared in Thai language. This English translation of financial statements has been prepared for the convenience of the readers. All financial information presented in Thai Baht has been rounded in the notes to the financial statements unless otherwise stated.

2.3 New Financial Reporting Standards

The Financial Reporting Standards that became effective in the current accounting period

The FAP has issued new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2017. The adoption of these new and revised TFRSs did not have any material effect on the financial statements.

The Financial Reporting Standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign exchange differences are generally recognised in profit or loss.

3.2 Cash and cash equivalents

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

3.3 Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

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

3.4 Inventories

Finished goods are valued at the lower of cost (under average method) and net realizable value. The cost includes all production costs and attributable factory overheads.

Raw materials and packaging and supplies are valued at the lower of average cost and net realizable value and are charged to production costs whenever consumed.

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

An allowance is made for all deteriorated, changed, obsolete and slow-moving inventories.

3.5 Investments

Investment in associate

Investment in as associate in the separate financial statements of the Company is accounted for using the cost method. Investment in associate in the financial statements in which the equity method is applied is accounted for using the equity method.

3.6 Property, plant and equipment

Land is stated at revalued amount.

Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

When the carrying amount of land is increased as a result of a revaluation of the Company's land, the increase is credited directly to the other comprehensive income and the cumulative increase is recognized equity under the heading of "Revaluation surplus on land". However, a revaluation increase is recognized as income to the extent that it reserves a revaluation decrease in respect of the same asset previously recognized as an expense.

When the carrying amount of land is decreased as a result of a revaluation of the Company's land, the decrease is recognized in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on land" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	20 years
Building improvement	5-20 years
Machinery and equipment	3-10 years
Furniture, fixtures and office equipment	3-10 years
Motor vehicles	5 years

Depreciation is included in determining income

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

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

3.7 Cost of rubber plantation

Cost of rubber plantation is stated at cost less accumulated amortization and allowance for impairment losses (if any). The cost consists of costs and expenses which are directly related to rubber tree seeding and plantation activities before the production period.

Amortization is calculated based on cost of plantation of rubber trees that are ready for tapping on a straight-line basis over the estimated productive life of rubber trees, 20 years.

Amortization is included in determining income.

No amortization is provided on cost of plantation of rubber trees that are not ready for tapping.

3.8 *Intangible assets*

Intangible assets acquired are recognized at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortization and allowance for impairment losses (if any).

Intangible assets with finite lives are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization expense is charged to profit or loss.

A summary of the intangible asset with finite useful lives is as follows.

Computer software	5 years
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3.9 *Impairment of assets*

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

An impairment loss is recognized in the profit and loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognized in equity up to the amount of the previous revaluation.

3.10 *Long-term leases*

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of

the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases of plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

3.11 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

3.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined benefit plans

The Company has obligations in respect of the compensation it must make to employees upon retirement under labor law. The Company treats these compensation obligations as a defined benefit plan.

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

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

3.13 Provisions

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

3.14 Revenue recognition

Sales of goods

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

Interest income

Interest income is recognized on an accrual basis.

Dividends

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

3.15 Expenses

Expense are recognized in the statement of income on an accrual basis.

3.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

3.17 Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its ordinary shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.18 Fair value measurement

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

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

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

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

4 Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Reduce cost of inventories to net realisable value

In determining a reduce cost of inventories to net realisable value, the management makes judgment and estimates net realisable value of inventories based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property, plant and equipment/Depreciation

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

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates as described in Note 12.

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationship with key management and other related parties were as follows:

Name of entities / person	Country of incorporation/ nationality	relationships	Nature of relationships
Key management personnel	Thai	Related person	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Hon Chuan FD Packaging Company Limited	Thailand	Associate	Common shareholders and/or directors
Kawasho Foods Corporation	Japan	Other related company	Common directors
Mr. Kasem Deemaitree	Thai	Related person	Shareholder and director

The pricing policies for particular types of transactions are explained further below:

Transaction	Pricing policy
Sales of goods	Cost plus margin
Purchase of raw materials	Market price

Purchase of packaging and supplies	Market price
Rental income and other service charges	Contract price
Interest expense	MLR

The related party transactions for each of periods ended 31 December consisted of :

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

For the years ended 31 December

Associate

	2017	2016
Rental income and other service charges	3,619	3,725
Purchase of packaging and supplies	9,511	7,323

Other related company

Sales of goods	23,390	27,920
Purchase of raw materials	997	1,100

Related person

Interest expense	12	-
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Key management personnel

Short-term employee benefits	17,017	17,125
Post-employment benefits	942	808
Total key management personnel compensation	17,959	17,933

Balances as at 31 December with related parties are as follows:

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Trade receivable (See Note 8)		
Other related company	-	1,678
Total	-	1,678
Other receivable (See Note 8)		
Associate	313	666
Total	313	666
Trade payables (See Note 16)		
Associate	58	3,474
Other related company	251	173
Total	309	3,647

Unit : Thousand Baht

**the equity method is applied
and separate**

	Interest rate (% per annum)		financial statements	
short-term loans from related party	2017	2016	2017	2016
Related person	6.25	-	-	-

The Company entered into an agreement for loan facility of Baht 40 million with a related person on 22 February 2017, with interest rate at the commercial bank minimum loan rate (MLR) and no collateral.

Movements during for the years ended 31 December of short-term loans from related person are as follows:

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Related party		
At 1 January	-	-
Increase	5,000	-
Decrease	(5,000)	-
At 31 December	-	-

6 Cash and cash equivalents

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Cash	40	40
Cash at banks - current accounts	65	233
Cash at banks - savings accounts	13,172	1,327
Total	13,277	1,600

7 Current investments

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Investments in deposit accounts	1,147	1,131
Total	1,147	1,131
Interest rate (% per annum)	1.40	1.40 - 1.50

8 Trade and other receivables

Unit : Thousand Baht

the equity method is applied
and separate
financial statements

	2017	2016
Trade receivables		
related party	-	1,678
Other parties	96,629	103,008
Total	96,629	104,686
<i>Less</i> allowance for doubtful accounts	(9,533)	(7,849)
Net	87,096	96,837
Other receivables		
Other receivable - related party	313	666
Advance payments	46	176
Accrued interest income	13	7
Prepaid expenses	194	611
Total	566	1,460
Total trade and other receivables	87,662	98,297
Doubtful debt expense for the years	1,684	1,978

Aging analyses for trade accounts receivable are as follows:

Unit : Thousand Baht

the equity method is applied
and separate
financial statements

	2017	2016
Related party		
Aged on the basis of due dates		
Within credit terms	-	-
Overdue:		

Less than 3 months	-	1,635
3-6 months	-	34
Over 12 months	-	9
	-	1,678
<i>Less allowance for doubtful accounts</i>	-	(9)
	-	1,669
Other parties		
Aged on the basis of due dates		
Within credit terms	39,325	44,055
Overdue:		
Less than 3 months	43,927	40,948
3-6 months	3,602	6,792
6-12 months	242	3,373
Over 12 months	9,533	7,840
	96,629	103,008
<i>Less allowance for doubtful accounts</i>	(9,533)	(7,840)
	87,096	95,168
Total trade receivables - net	87,096	96,837

The normal credit terms granted by the Company ranges from 7 days to 90 days.

9 Inventories

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Finished goods	46,780	68,819
Raw materials	45,988	50,896
Packaging and supplies	42,754	45,188
Total	135,522	164,903
<i>Less allowance for diminution in value of inventories</i>	(26,503)	(18,071)
Net	109,019	146,832

Inventories recognised as an expense in
‘cost of sales of goods’:

Cost	680,404	667,198
Write-down to net realisable value	13,902	2,394
Reversal of write-down	(5,470)	-
Net	688,836	669,592

10 Other current assets

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Refundable purchase tax	22,702	18,548
Tax coupons	382	594
Advance payment	2,264	5,316
Withholding income tax	443	527
Others	693	589
Total	26,484	25,574

11 Investment in associate

Unit : Thousand Baht

the equity method

Separate

is applied

financial statements

	2017	2016	2017	2016
At 1 January	136,403	149,904	68,203	68,203
Share of profit (loss) from investment in associate	(223)	140	-	-
Share of comprehensive income (loss)				
from investment in associate	(28)	-	-	-
Dividend income	(20,461)	(13,641)	-	-
At 31 December	115,691	136,403	68,203	68,203

Investment in associate as at 31 December 2017 and 2016 and dividend income during for the years then ended are as follows:

As at 31 December 2017

Unit : Thousand Baht

Company	Nature of business	Country of incorporation	Paid-up share capital (in Baht)	Investment Ownership (%)	Valuation		Dividend income
					Cost method	Equity method	
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	115,691	20,461

As at 31 December 2016

Unit : Thousand Baht

Company	Nature of business	Country of incorporation	Paid-up share capital (in Baht)	Investment Ownership (%)	Valuation		Dividend income
					Cost method	Equity method	
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	136,403	13,641

Summary of financial information of the associate

Unit : Thousand Baht

	Hon Chuan FD Packaging Company Limited	
	2017	2016
Income	298,256	276,464
Profit (loss) for the years from continuing operations	(527)	272
Other comprehensive income	(81)	-
Current assets	225,909	254,434
Non-current assets	140,718	163,077
Current liabilities	34,436	26,301
Non-current liabilities	1,630	1,581

Net assets	330,561	389,629
Shareholding percentage (%)	35	35
Share of net assets	115,696	136,370
Elimination entries	(5)	33
Carrying amounts of associate based on equity method	115,691	136,403

12 Property, plant and equipment

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
	(Thousand Baht)							
Cost / Revalued amount:								
As at 1 January 2016	195,000	164,729	170,293	440,310	13,064	14,052	1,630	999,078
Additions	-	-	367	7,046	377	-	7,290	15,080
Revaluation	252,600	-	-	-	-	-	-	252,600
Transfer	-	-	-	7,563	1,050	-	(8,613)	-
Disposals	-	-	-	(2,140)	-	(3,766)	-	(5,906)
As at 31 December 2016	447,600	164,729	170,660	452,779	14,491	10,286	307	1,260,852
Additions	-	-	397	5,098	209	-	-	5,704
Transfer	-	-	-	307	-	-	(307)	-
Disposals	-	-	-	-	-	-	-	-
As at 31 December 2017	447,600	164,729	171,057	458,184	14,700	10,286	-	1,266,556

	Land	Buildings	Building improvement	Machinery and equipment (Thousand Baht)	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<i>Accumulated depreciation</i>								
As at 1 January 2016	-	120,350	135,303	363,896	11,065	11,198	-	641,812
Depreciation charge for the year	-	6,180	6,829	13,538	826	652	-	28,025
Disposals	-	-	-	(2,140)	-	(3,766)	-	(5,906)
As at 31 December 2016	-	126,530	142,132	375,294	11,891	8,084	-	663,931
Depreciation charge for the year	-	4,502	6,489	13,562	546	651	-	25,750
Disposals	-	-	-	-	-	-	-	-
As at 31 December 2017	-	131,032	148,621	388,856	12,437	8,735	-	689,681
<i>Allowance for impairment loss</i>								
As at 31 December 2016	-	-	1,937	18,847	53	-	-	20,837
As at 31 December 2017	-	-	1,937	18,847	53	-	-	20,837

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Net book value								
As at 31 December 2016								
Owned assets	447,600	38,199	26,591	58,638	2,547	-	307	573,882
Assets under finance leases	-	-	-	-	-	2,202	-	2,202
	447,600	38,199	26,591	58,638	2,547	2,202	307	576,084
As at 31 December 2017								
Owned assets	447,600	33,697	20,499	50,481	2,210	-	-	554,487
Assets under finance leases	-	-	-	-	-	1,551	-	1,551
	447,600	33,697	20,499	50,481	2,210	1,551	-	556,038

The gross carrying amount of any fully depreciated buildings and equipment that were still in use as at 31 December 2017 was amounted to Baht 433 million (2016 : Baht 427 million).

The Company has mortgaged certain plots of its land with constructions thereon and certain machinery, with their book values as at 31 December 2017 amounting to approximately Baht 486 million (2016 : Baht 461 million), and pledged as collateral against credit facilities received from financial institutions.

The Company arranged for an independent professional valuer to appraise the value of its land in 2016 by using the market approach.

Key assumptions used in the valuation are summarised below:

Price per rai (Baht)	700,000- 1,300,000
Result to fair value where as an increase in assumption value	Increase in fair value

Had the land been carried in the financial statements on historical cost basis, its net book values as of 31 December 2017 would have been approximately Baht 19 million (2016: Baht 19 million).

13 Cost of rubber plantation

	Unit : Thousand Baht	
	the equity method is applied	
	and separate	
	financial statements	
	2017	2016
As at 1 January	22,583	22,072
Additions	2,294	511
As at 31 December	24,877	22,583

As of 31 December 2017, the Company was in the process of planting rubber trees and the Company's rubber trees have not yet produced latex.

14 Intangible assets

	Unit : Thousand Baht	
	the equity method is	
	applied and separate	
	financial statements	
Computer software		
Cost		
As at 1 January 2016		9,576
Additions		-
As at 31 December 2016		9,576

Additions	-
As at 31 December 2017	9,576
<i>Amortisation</i>	
As at 1 January 2016	(5,325)
Amortisation charge for year	(1,915)
As at 31 December 2016	3,410
Amortisation charge for year	(1,920)
As at 31 December 2017	5,330
<i>Net book value</i>	
As at 31 December 2016	
Owned assets	1,780
Assets under finance leases	4,386
	6,166
As at 31 December 2017	
Owned assets	4,246
Assets under finance leases	-
	4,246

15 Bank overdrafts and short-term loans from financial institutions

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	Interest rate (% per annum)	2017	2016
Bank overdrafts	MOR	2,861	15,920
Promissory notes	3.45 - 4.72 and the rates based on BIBOR +2%	194,288	215,730
Trust Receipts	4.73	-	3,867
Total		197,149	235,517

Banks overdrafts and short-term loans from financial institutions are secured by certain plots of its land with constructions thereon and certain machinery as described in Note 12 to the financial statements.

16 Trade and other payables

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Trade payables		
related parties	309	3,647
Other parties	48,633	93,932
Total	48,942	97,579
Other payables		
Other parties	10,067	12,021
Accrued expenses	13,759	10,018
Advance received	562	1,065
Total	24,388	23,104
Total trade and other payables	73,330	120,683

17 Long-term loan from financial institution

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Long-term loan from financial institution	2,100	3,300
<i>Less</i> Current portion	(1,200)	(1,200)
Long-term loan from financial institution, net of current portion	900	2,100

The Company has entered into an agreement with a local financial institution to obtain a long-term facility of US dollar 0.2 million. The loan bears interest at a rate based on BIBOR and shall be repaid in quarterly installments, commencing October 2016.

Long-term loan is secured by certain plots of its land with constructions thereon and certain machinery as described in Note 12 to the financial statements.

18 Finance lease liabilities

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Finance lease liabilities	249	2,163
<i>Less</i> Deferred interest expenses	(2)	(53)
Total	247	2,110
<i>Less</i> Portion due within one year	(247)	(1,870)
Finance lease liabilities - net of current portion	-	240

Finance lease liabilities as at 31 December is detailed as follows:

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
<i>Within one year</i>		
Future minimum lease payments	249	1,921
<i>Less</i> Deferred interest	(2)	(51)
Present value of minimum lease payments	247	1,870
<i>After one year but within five years</i>		

Future minimum lease payments	-	242
Less Deferred interest	-	(2)
Present value of minimum lease payments	-	240

19 Employee benefit obligations

Employee benefit obligations are as follows:

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Present value of unfunded obligations	24,871	24,975

Movements in the present value of the defined benefit obligations

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Defined benefit obligations at 1 January	24,975	22,363
Actuarial gains	(2,051)	-
Current service costs	2,662	2,574
Interest on obligation	545	795
Benefit paid	(1,260)	(757)
Defined benefit obligations at 31 December	24,871	24,975

Items recognised in profit or loss

Current service costs	2,662	2,574
Interest on obligation	545	795
Total	3,207	3,369

Items recognised the statement of comprehensive income

Actuarial gains	2,051	-
Total	2,051	-

Items relating to long-term employee benefit expenses are include in profit and loss accounts as follows:

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
Cost of sale	1,989	2,002
Selling and administrative expenses	1,218	1,367
Total	3,207	3,369

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

**the equity method is applied
and separate
financial statements**

	2017	2016
	(% per annum)	
Discount rate	2.38	2.56
Salary increase rate	3.0-5.0	3.5-5.0
Turnover rate	0-70.0	0-76.0
Mortality rate	100.0**	100.0**
Disability rate	5.0**	5.0**

** *Thailand Mortality Ordinary Table 2008*

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Unit : Thousand Baht

	2017		2016	
	Increase 1%	Decrease 1% ↓	Increase 1%	Decrease 1%
Discount rate	(1,127)	1,248	(1,057)	1,176
Salary increase rate	1,456	(1,341)	1,884	(1,711)
Turnover rate	(1,230)	727	(772)	835

20 Share Capital

the equity method is applied

and separate

financial statements

	Par Value (in Baht)	2017		2016	
		Number of share	Amount baht	Number of share	Amount baht
		(thousand shares/ Thousand Baht)			

Authorized Share Capital

At 1 January

- ordinary shares	10	15,000	150,000	15,000	150,000
Increase of new shares	10	3,000	30,000	-	-

At 31 December

- ordinary shares		18,000	180,000	15,000	150,000
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Issued and paid - up

At 1 January

- ordinary shares	10	15,000	150,000	15,000	150,000
Increase of new shares	10	2,624	26,243	-	-

At 31 December

- ordinary shares		17,624	176,243	15,000	150,000
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At the General Shareholders' Meeting No. 1/2017 held on 27 April 2017, the shareholders approved to increase the share capital of the Company from Baht 150 million to Baht 180 million and allocate 3 million new ordinary shares, par value of Baht 10 each, to existing shareholder of the Company in

proportion of shareholding at the ratio of 5 existing shares to 1 new ordinary share at the offering price of Baht 20 per share with subscription and payment period from 19 to 23 June 2017. The Company received the increasing share capital of Baht 52.49 million with 2,624,308 ordinary shares and the share premium of Baht 26.24 million. The increase of share capital was registered with the Ministry of Commerce.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

21 Statutory reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution

Other components of equity

Revaluation surplus on land

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

22 Segment information

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

Currently, the Company is principally engaged in the manufacture of food and beverage. Its operation is carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area. Export sales during the year ended 31 December 2017 represented approximately 47 percent (2016: 47 percent) of total sales.

23 Expenses by nature

The statements of income include an analysis of expenses by function. Significant expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Unit : Thousand Baht	
	the equity method is applied and separate financial statements	
	2017	2016
Changes in inventories of finished goods and work in process	22,039	(31,420)
Raw materials and consumables used	399,156	453,721
Employee benefit expenses	141,904	131,810
Depreciation	25,750	28,025
Advertising and promotion expenses	27,984	36,049
Rental expenses from operating lease agreements	4,636	3,793

24 Income tax

Income tax recognised in profit or loss

	Unit : Thousand Baht			
	Financial statements in which equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Current tax expense				
Current year	-	-	-	-
Deferred tax expense				
Relating to origination and reversal of temporary differences	(193)	4,772	(193)	4,772
Income tax expenses (income) reported in the statements of comprehensive income	(193)	4,772	(193)	4,772

Income tax recognised the statements of comprehensive income

Unit : Thousand Baht

	Financial statements in which equity method is applied		Separate financial statements	
	2017	2016	2017	2016
Changes in revaluation of land	-	(50,520)	-	(50,520)
Actuarial gains	(410)	-	(410)	-
Share of profit (loss) from investment in associate	7	-	-	-
Income tax expenses (income) reported in the statements of comprehensive income	(403)	(50,520)	(410)	(50,520)

Reconciliation of effective tax rate

Unit : Thousand Baht

	Financial statements in which equity method is applied			
	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(42,688)		(59,851)
Income tax using the Thai corporation tax rate	20	(8,537)	20	(11,970)
Effects of:				
Tax loss for the year which was unrecognised to deferred tax asset		1,016		16,331
Share of profit (loss) from investment in associate		44		(28)
Written-off unrecoverable deferred tax assets from loss carry forward		6,716		-
Others		568		439
ToTal		(193)		4,772

Unit : Thousand Baht

	Separate financial statements			
	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(22,004)		(46,351)
Income tax using the Thai corporation tax rate	20	(4,401)	20	(9,270)
Effects of:				
Tax loss for the year which was				
unrecognised to deferred tax asset		1,016		16,331
Income not subject to tax		(4,092)		(2,728)
Written-off unrecoverable deferred tax assets from				
loss carry forward		6,716		-
Others		568		439
ToTal		(193)		4,772

The components of deferred tax assets and deferred tax liability are as follows

Unit : Thousand Baht

	Financial statements in which equity method is applied		Separate financial statements	
	2017	2016	2017	2017
Deferred tax assets				
Allowance for diminution in value of inventories	5,301	3,614	5,301	3,614
Allowance for impairment loss on assets	2,204	3,178	2,204	3,178
Provision for long-term employee benefits	4,974	4,995	4,974	4,995
Unused tax loss	16,262	17,171	16,262	17,171
Total	28,741	28,958	28,741	28,958
Deferred tax liability				
Revaluation surplus on land	85,700	85,700	85,700	85,700
Total	85,700	85,700	85,700	85,700
Deferred tax liabilities - net	56,959	56,742	56,959	56,742

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

As at 31 December 2017, the Company has unused tax losses totaling Baht 128 million (*2016: Baht 95 million*), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 81 million will expire by 2023.

25 Earnings per share

The calculation of basic earnings (loss) per share for each of the year ended 31 December 2017 and 2016 is based on the profit (loss) for each year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during each year as follows:

Unit : Thousand Baht/thousand shares

	financial statement in which equity method is applied		separate financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to ordinary shareholders of the Company	(42,495)	(64,623)	(21,811)	(51,123)
Number of ordinary shares outstanding at 1 January	15,000	15,000	15,000	15,000
Effect of shares issued during the years	1,409	-	1,409	-
Weighted average number of ordinary shares	16,409	15,000	16,409	15,000
Earnings (loss) per share (basic) (in Baht)	(2.59)	(4.31)	(1.33)	(3.41)

26 Fair value hierarchy

The Company had assets that were measured at fair value using different levels of inputs as follows:

Unit : Thousand Baht

As at 31 December 2017			
	Level 1	Level 2	Level 3
Property	-	-	447,600
			447,600

Unit : Thousand Baht

As at 31 December 2016			
	Level 1	Level 2	Level 3
Property	-	-	447,600
			447,600

27 Financial instruments

27.1 Financial risk management

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

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, current investment, restricted bank deposit, bank overdrafts and short-term loans, long-term loan and liabilities under finance lease agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

Unit : Thousand Baht

As at 31 December 2017

	the equity method is applied and separate financial statements						
	Fixed interest rates						
	Within	After 1 year	After	Floating	Non-		Effective
	1 year	but within	5 years	interest rate	interest	Total	interest rate
		5 years			bearing		(% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	13,172	105	13,277	0.125-0.37
Current investment	1,147	-	-	-	-	1,147	1.40
Trade and other receivables	-	-	-	-	87,662	87,662	-
Bank deposits used as collateral	-	-	-	901	-	901	0.125
Financial liabilities							
Bank overdrafts and short-term							
loans from financial institutions	197,150	-	-	-	-	197,150	3.44-4.72
Trade and other payables	-	-	-	-	73,330	73,330	-
Finance lease liabilities	247	-	-	-	-	247	4.28-5.77
Long-term loan from							
financial institution	-	-	-	2,100	-	2,100	3.73

Unit : Thousand Baht

As at 31 December 2016

the equity method is applied and separate financial statements

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	After 1 year but within 5 years	After 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	1,327	273	1,600	0.125-0.50
Current investment	1,131	-	-	-	-	1,131	1.40-1.50
Trade and other receivables	-	-	-	-	98,297	98,297	-
Bank deposits used as collateral	-	-	-	901	-	901	0.125
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	235,517	-	-	-	-	235,517	3.47-7.12
Trade and other payables	-	-	-	-	120,683	120,683	-
Finance lease liabilities	1,870	240	-	-	-	2,110	4.82-5.77
Long-term loan from financial institution	-	-	-	3,300	-	3,300	3.73

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

At 31 December, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2017</u>	<u>31 December 2016</u>
			Exchange rates	
	<i>(Thousand)</i>		<i>(Baht per 1 foreign currency unit)</i>	
Financial assets				
US dollar	707	1,000	32.5146	35.6588
Financial liabilities				
US dollar	35	-	32.8472	-
UK pound	5.37	-	44.4531	-
EUR	0.24	-	39.3938	-

27.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, according to the statement of financial position in which equity method is applied, the Company's debt-to-equity ratio was 0.61:1 (2016: 0.77:1) and according to the separate financial statements, the Company's debt-to-equity ratio was 0.66:1 (2016: 0.88:1).

28 Commitments with non-related parties

Unit : Thousand Baht

**the equity method is applied
and separate
financial statements**

	2017	2016
<i>Non-cancellable operating lease commitments</i>		
Within one year	10,803	10,469
After one year but within five years	42	4,045
Total	10,845	14,514
<i>Other commitments</i>		
Bank guarantees	5,036	4,294
Total	5,036	4,294

Operating lease Commitments

The Company has entered into several lease agreements in respect of the lease of office space and equipment and service agreements. The terms of the agreements are between 1 and 3 years.

Bank guarantees

As at 31 December 2017, there were outstanding bank guarantees issued by banks on behalf of the Company in respect of certain performance commitment as required in the normal course of business, including letters of guarantee for electricity.

Unused credit facilities

As at 31 December 2017, the Company had unused overdrafts and short-term loans facilities from financial institutions totalling Baht 86 million.

As at 31 December 2017, the long-term credit facility of the Company which had not yet been drawn down amounted to US dollar 0.1 million.

29 Reclassification of accounts

Certain accounts in the 2016 financial statements have been reclassified to conform with the presentation in the 2017 financial statements as follows:

	2016		
	Before reclass	Reclass	After reclass
	(Thousand Baht)		
Statements of financial position			
Trade and other receivables	97,686	611	98,297
Inventories	147,032	(200)	146,832
Other current assets	25,458	116	25,574
Other non-current assets	1,967	(527)	1,440
Statements of Comprehensive income			
Administrative expenses	43,146	57	43,203
Finance costs	9,354	(57)	9,297

30 Approval of financial statements

These financial statements have been authorised for issue by the Company's Board of Directors on 28 February 2017.



Report of the Audit Committee

The Audit Committee of Food and Drinks Public Co., Ltd. was appointed by the Board of Directors of the company, and has the term of 2 years. The Audit Committee is comprised of 3 independent directors. They are Miss Chaovana Vivatpanachati served as Chairman of the Committee, Mr. Sumet Chey-O-Nanand and Sansern Nilrat served as members of the committee. The Committee has performed its duty and responsibilities according to the requirement set by Stock Exchange of Thailand, and report to the Board of Directors of the company.

The Audit Committee has performed the duty of review the appropriateness of the financial statement reports, review the internal control, and internal audit and other duties appointed by the board of directors. This is according to the requirement of Stock Exchange of Thailand to the audit committee.

In 2017, the Audit Committee has 7 meetings, and considered the following matters:

1. The Audit Committee has reviewed the quarterly and year-end 2017 financial statements to ensure the accuracy, completeness and reliability according to the generally accepted accounting standards, and that sufficient information is disclosed to report to the Board of Directors for approval. In 2017, the Audit committee has hold 2 meeting with the auditor without the presence of the management.
2. The Audit Committee has ensured that the Company hired an outside Internal Auditor, DIA Audit Co., Ltd. to determine the sufficient internal control in the company. In 2017, the evaluation internal control by domestic sale and payment were evaluated for its sufficiency. The report sent by the internal auditor to the Audit Committee stated that there is sufficient evidence to show that different departments have followed the procedures. However, there are suggestions for improvements. The management will follow up on the matters consequently and ensure that corrections are made on time.

3. Review to ensure that the Company abides by all rules and regulations, and other regulations and laws related to the Company's business
4. Select and propose the Company's auditors and consider their fees for 2018. Then, the Audit Committee will present to the Board of Directors to present to the Shareholders for approval. For 2018.
5. Review the related transactions or any other possible conflicts of interests in compliance with the rules set by Stock Exchange of Thailand to ensure that the Company will receive the utmost benefits.
6. Coordinate understandings among Audit Committee, Management, Internal Audits, and Auditors.
7. Prepare an Audit Committee's Report.
8. Abide by any other rules and regulations or tasks assigned by the Board of Directors in the scope responsible by the Audit Committee.

In summary, the Audit Committee has considered that the Management of the Company has performed with the intention to comply with the good management system and according to the good governance expected.



Ms. Chaovana Vivatpanachati

Chairman, Audit Committee

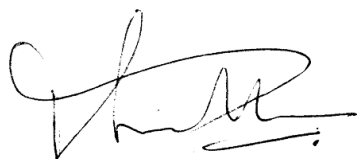
12 March 2018

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

The Board of Directors is aware of the duties and responsibilities as directors of a listed firm in ensuring that the financial reports are accurate, complete and transparent. This is for the benefit of the shareholders and general investors who are entitled to receive the complete and accurate financial information.

The financial statements of Food and Drinks Public Co., Ltd. are in line with the generally accepted accounting standards, using appropriate and consistent accounting policy, disclosing adequate information as verified and noted by the external auditor in Notes to Financial Statements. The correctness and adequacy in financial statements reviewed by external auditors are ensured to protect the Company's assets against fraud or abnormalities.

The Board of Directors believes that the Company's 2016 annual financial statements ended 31 December 2016, which has been reviewed by the external auditor, were prepared in line with the generally accepted accounting standards, using appropriate and consistent account policy, while disclosing adequate information and complying with the related rules and regulations.



Phirasilp Subhapholsiri

Chairman



Kasem Deemaitree

Chief Executive Director