

Form 56-2

Annual Report

2019

Food and Drinks Public Company Limited



Content

	Page
○ Summary of Financial Information	2
○ Message from the Board of Directors	4
○ Policy and Overview of the Business	5
○ Business Activities	
History	8
Overview of the Business and Joint Venture	14
Revenue Structure.....	14
Future Business.....	15
Other Information (Factory Standard, CSR, Environment)	15
○ Risk Factors.....	17
○ General Information	21
○ Shareholding structures.....	22
○ Dividend Payment Policy.....	23
○ Management Structure.....	
Directors & Management	25
Directors Attendance Records	30
Directors Selection Procedure	31
Remuneration	33
Details of Directors and Management.....	35
○ Corporate Governance.....	41
○ Corporate Social Responsibility.....	48
○ Internal Control and Risk Management.....	50
○ Related-Party Transactions	51
○ Important Financial Ratio.....	55
○ Management Discussion and Analysis.....	55
○ Financial Statement.....	63
○ Audit Committee's Report.....	119
○ Report of the Board of Directors' Responsibilities for Financial Statements	120

➤ **Summary of Financial Information****Financial Information****Unit: Baht**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Current assets	234,728,703	262,308,079	199,316,308
Investment in associate	115,691,201	107,404,159	101,980,327
Investment properties	-	-	97,889,859
Property, plant and equipment	556,037,791	540,670,270	1,089,191,941
Cost of rubber plantation	24,876,926	27,290,718	28,455,400
Non-current assets	703,273,268	680,920,042	1,320,733,253
Total assets	938,001,971	943,228,121	1,520,049,561
Current liabilities	270,265,518	291,253,555	219,054,590
Long-term loan from financial institution, net of current portion	900,000	-	32,156,863
Employee benefit obligations	24,871,328	27,773,032	37,443,140
Deferred tax liabilities	56,959,066	49,812,776	177,411,947
Total liabilities	352,995,912	369,250,621	467,133,670
Registered Capital	180,000,000	176,243,080	176,243,080
Issued and paid-up share capital	176,243,080	176,243,080	176,243,080
Share premium	125,668,080	125,668,080	125,668,080
Revaluation Surplus	342,801,100	342,801,100	822,321,100
Legal Reserve	15,431,000	15,431,000	15,431,000
Unappropriated (deficit)	(75,137,201)	(86,165,760)	(86,747,369)
Total shareholders' equity	585,006,059	573,977,500	1,052,915,891
Revenues from sales	770,818,571	774,523,033	754,722,865
Other income	9,897,374	13,042,260	23,205,121
FX Gain (Loss)	(1,293,717)	(1,888,710)	(737,086)
Share of profit (loss) from investment in associate	(222,907)	5,472,703	8,212,617
Profit (loss) before income tax expense (income)	(42,687,981)	(17,808,419)	9,696,998
Income tax expense (income)	(193,124)	(7,096,845)	8,231,876
Profit (loss) for the years	(42,494,857)	(10,711,574)	1,465,122
Changes in revaluation of land	-	-	599,400,000
Actuarial gain	2,050,808	(247,228)	(2,563,530)
Share of profit (loss) from investment in associate	(35,572)	(149,004)	5,116
Income tax of items that will not be reclassified to profit or loss	(403,048)	79,246	(119,368,317)
Total comprehensive income(expense) for the years	(40,882,669)	(11,028,560)	478,938,391
Earnings (loss) per share	(2.59)	(0.61)	0.08

Financial Ratio

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Gross Margin	10.6 %	12.5 %	13.7 %
Operating Profit	-5.3 %	-2.5 %	1.8 %
Net Profit	-5.4 %	-1.4 %	0.2 %
Debt to Equity Ratio	0.6 times	0.6 times	0.4 times
Dividend Yield	-%	-%	-% *

* To be approved at the Annual General Shareholders Meeting 1/2020 on 11 August 2020

Message from the Board of Directors

Dear Shareholders

In 2019, the overall political and economy situations had many challenges. Especially for economy situation, Thailand's overall economic condition remained stagnant, competition 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 decreased a little and so is the cost of production. Thus, the company's operating result is better than the previous year. Sales from export had increased by 0.25% of Total Sales Revenue and domestic sale had decrease 6.18% of Total Sales Revenue. Total sales amount to Baht 754.7 million i.e. decreased 2.6% from the previous year.

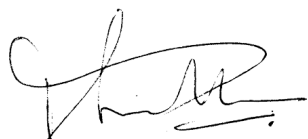
Since 2014, the company has started to develop a new product line, ready-to-eat, in both chilled and frozen, such that consumers can just heat in microwave and ready to eat. Sales had continued to increase in 2019. This has resulted in higher domestic sales.

The operating result in 2019 has a net profit of Baht 1.46 million. This includes share of profit from Investment in associate of Baht 8.2 million. This is equal to the profit of Baht 0.08 per share. The book value as of 31 December 2019 is equal to Baht 59.74

For 2020, the world economy is expected to continue to fluctuate. 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 expand its markets 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 customers' brand names including company's own brand products. The company's business involved selling to both domestic market and export to more than 10 countries such as Australia, Japan, United Kingdom, USA, Africa and countries in AEC; including indirect export through companies in Thailand. The export ratio to domestic market is equal to 57.9 : 42.1 in 2019.

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.

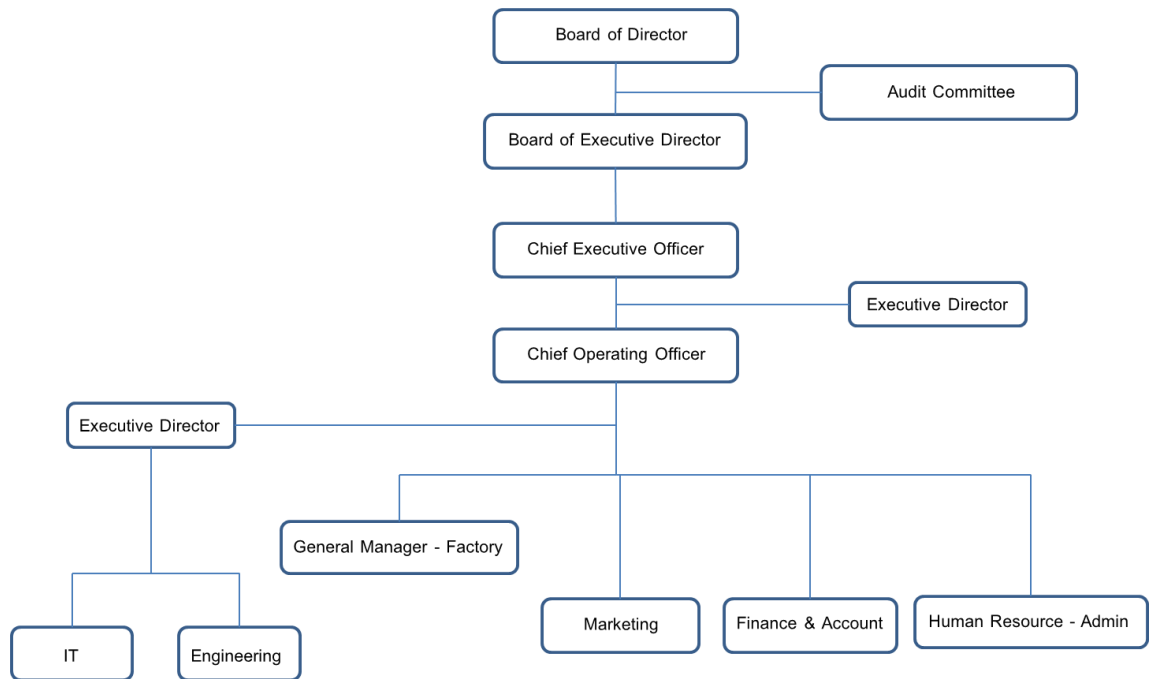
In 2004, the company has expanded the production line to include beverage in PET bottles; and have a joint venture with Hon Chuan (Thailand) Company Limited to set up Hon Chuan FD Packaging Company Limited in which Food and Drinks Public Company Limited hold 35% for the production of plastic bottles, 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 2018, the company has decreased its registered capital from Baht 180,000,000 to Baht 176,243,080 with 17,624,308 shares and the paid up capital was Baht 176,243,080. The result has strengthened the company's financial position.

In 2019, the company has invested in the expansion of ready to eat production line for frozen and chill to support the market expansion.

The company's operating result in 2019 has net profit of Baht 1.46 million including share of profit from investment in associate of Baht 8.2 million which make net profit per share equal to 0.08 Baht and book value per share as at 31 December 2019 is 59.74 Baht.

➤ **Business Activities**

Important change and improvement

In 2019, 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 term 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 59.7% and domestic sales is 40.3%.

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. 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.

3. Ready-to-Eat

Products are food that the consumers can eat right after heating 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, there have been development in more categories and types of food continuously.

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 customers 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 manufactures 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 Australia (39.1%) as the biggest market, and follow by countries in AEC (26%), Japan (13.6%)) European Union (10.7%), the United States of America (5.1%), Asia Union (3.4%), South Africa (2.1%)

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 country in 2005, 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 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 agencies to advertise and promote the products continuously.

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.

In 2019, the company has expanded the production capacity of Ready to Eat product to support the market that has been expanding continuously.

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 Australia, AEC Group – Cambodia, Vietnam, Japan, European Union – Netherland, UK, the U.S.A, Asia Union – Taiwan, Singapore and South Africa.

Sales in 2017 -2019 by Countries

(Unit: million Baht)

Country	<u>2017</u>	<u>2018</u>	<u>2019</u>
Countries in AEC – Cambodia	118.0	110	113.6
Vietnam			
European Union – Netherland, UK	80.5	61.6	47.0
Asia Union – Taiwan Singapore	1.5	14.1	14.8
Japan	84.7	68.4	59.4
Australia	52.8	153.3	171.1
South Africa	-	-	9.2
U.S.A.	27.1	29.1	22.1
Domestic	<u>406.2</u>	<u>338.0</u>	<u>317.5</u>
TOTAL	<u>770.8</u>	<u>774.5</u>	<u>754.7</u>

Competition

Competition in the fruits and vegetables processing industry is very high from both domestic and foreign countries included uncertainly status of raw materials so our factory decrease production volume of this product group because can't competitive especially with competitor from foreign countries as China.

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, as well as minimum wage and benefit that constantly increases according to government policy. Therefore, production cost in Thailand is higher than the competitor 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 2017 - 2019

(Unit: Million Baht)

	<u>2017</u>		<u>2018</u>		<u>2019</u>	
	<u>Value</u>	<u>Ratio</u>	<u>Value</u>	<u>Ratio</u>	<u>Value</u>	<u>Ratio</u>
Raw material - local	409.3	97.2%	403.1	96.2%	396.7	96.4%
Raw material - import	<u>11.6</u>	<u>2.8%</u>	<u>15.8</u>	<u>3.8%</u>	<u>14.9</u>	<u>3.6%</u>
TOTAL	<u>420.9</u>	<u>100.0%</u>	<u>418.9</u>	<u>100.0%</u>	<u>411.6</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.

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>2017</u>		<u>2018</u>		<u>2019</u>	
	<u>million Baht</u>	<u>%</u>	<u>million Baht</u>	<u>%</u>	<u>million Baht</u>	<u>%</u>
Export sales	364.5	47.3 %	436.1	56.3 %	450.7	59.7 %
Domestic sales	<u>406.3</u>	<u>52.7 %</u>	<u>338.4</u>	<u>43.7 %</u>	<u>304.0</u>	<u>40.3 %</u>
Total Sales	<u>770.8</u>	<u>100.0 %</u>	<u>774.5</u>	<u>100.0 %</u>	<u>754.7</u>	<u>100.0 %</u>
Share of profit from Investment Accounted for under equity	-0.2		5.5		8.2	

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 2020, 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.

In the Year 2019 the company has given Scholarship to children of company staff and students from many schools in Banbung City, Chonburi total of 310 scholarships amount 297,100 Baht.

Community Activities for Y2019 are:

1. To corporate with schools in local province and out of town accepting students to work in the factory in part-time basis.
2. To corporate with local police at Klongkew to campaign reduce accident during new year and Songkran festival.
3. Organize activities with local government Huakunjae in the Songkran festival.
4. Organize activities with local government Huakunjae in the lent candle festival.
5. Organize activities with local government Huakunjae in the buffalo competition festival.
6. Organize activities with local government Mablambid Town, Huakunjae in the buffalo competition festival.
7. Support activities of elderly club at hospital, Huakunjae.
8. Support activities on Children's day to 13 schools in Banbung city.
9. Support activities on Children's day to various government agencies.
10. Offer scholarship to 13 schools in Banbung and children of company staff.
11. Join the "Jitarsa" program with local government Klongkew to volunteer to help the locals.
12. Support activities walk-run mini marathon for celebrate the Princess' birthday.

- 13.To corporate the Local Thai and Maintenance Environment for celebrate the Queen in the King No.9
- 14.Support activities walk-run for health with Nongyai Public Health Office
- 15.To cooperate with local temple for Buddhist rite.

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

The company has operation the Risk management and considers to follow the impact of possible events to the company's business operation periodically therefore for consideration and risk management be careful and effective, the company has appointment the Risk Management Committee, the members are Executive Director and Senior management who are involved for action analyze all kinds of risk management and assessment the possible risk should find a way protection or risk management appropriately. Further to the Risk Management Committee will report to the Audit Committee and the Board of Directors be aware and consider at least every quarter. Risks that have a significant influence with the company can be summarized as follows :

1. Operational Risk

1.1 Production Efficiency

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

1.2 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 difference 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.

1.3 Market Risk

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 4 years. In 2019, the company was able to increase the ratio of domestic sales in comparison to export to 40.3 / 59.7

1.4 Personnel Risk

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.

1.5 Succession Risk

The company has 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 such as top management of company together important position in management structure or the company business operations or specialized positions, expert in our business and in Year 2020 the company has appointment the Nomination and Remuneration Committee for processing in selection person who have the experiences, leadership and knowledge for create business operations sustainability in the future.

1.6 Natural disaster

With the nature disasters occurred in 2011 such as earthquake in Japan, or floor 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.

2. Financial Risk

2.1 Business Model

The company is facing the risk in its business model due to fierce competition, and resulted in operation loss more 5 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 2019. In order to reduce the risk of business operation included renovated new plant for efficient production causing the company starts making profit in Year 2019.

2.2 Ability to make profit

A) Ability to control cost risk

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.

B) Interest rate risk

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.

C) 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 2019, Thai Baht is very strong, thus, the company will have to consider and monitor the currencies very closely to reduce the risk.

D) 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.

E) 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 causing the company starts making profit in Year 2019. There is little risk with company reputation from its trading partners, which this will be audited from time to time.

3. Compliance Risk

3.1 Compliance with food safety regulations

At the present in Thailand has many food safety regulations is relevant to origin of the raw material, ingredient, production procedure, personnel, machinery and equipment, location, environment, packaging, storage including transportation, delivery, checking backward.

Therefore the company emphasizes in food safety and understands compliance with food safety regulations consistently. The company has operated the risk management under the internationally recognized food manufacturing standards as HACCP (Hazard Analysis Critical Control Point), GMP, BRC Global. Further to review customers' standards and requirement continuously and follow up any change of rules and regulations or new issues matter regularly which the company will inform any changes to all related parties.

4. Information System Risk

Company has provided computer system to support the operation of the company. Users have to ensure that the system is functioning properly according to each person's need. 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.

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	15F Regent House Building 183 Rajdamri Road Lumpini, Patumwan Bangkok 10330 Tel.: 0-22535232-3 Fax: 0-2070-0733
Homepage	www.foodanddrinks.co.th
Type of Business	Food and Drinks Processing Export and Local
Registered shares	17,624,308 ordinary shares Par value = Baht 10.00 Total registered capital is Baht 176,243,080
Paid-up Shares	17,624,308 ordinary shares Par value = Baht 10.00 Baht 176,243,080 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 # 2778) or Mrs. Suwanee Kittipanya-Ngam (CPA # 2899), or Mr. Thanakorn Fakfaipol (CPA #4879) Bunchikij Co., Ltd 9 th Floor 87 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. 16F Olympia Thai Tower 444 Ratchadapisek Road Huay Kwang, Bangkok 10310 Tel : 0-2512-5938-40
Investor Relation	Miss Huai Hui Lee 15F Regent House Building 183 Rajdamri Road Lumpini, Patumwan Bangkok 10330 Tel.: 0-22535232-3 Fax: 0-2070-0733 Email : info@foodanddrinks.co.th

➤ Shareholding Structures

Company's Shares

As of 31 December 2019, the company has capital registered in the amount of Baht 176 million, and paid up capital of Baht 176 million for total of 17.6 million shares at Baht 10 per share.

Major Shareholders

The company's shareholder structure as of 31 December 2019 is as follows:

Description	Number of shares	Value (Baht)	Percentage
Registered capital	17,624,308	176,243,080	-
Paid up capital as of 31 December 2019	17,624,308	176,243,080	100.00
- top 10 major shareholders	12,809,535	128,095,350	72.68
- other shareholders	4,814,773	48,147,730	27.32

List of top 10 major Shareholders as of 31 December 2019

No.	Name of Shareholder	Shares	%	Director (*)	##
1	Mr. Kasem Deemaitree	3,302,400	18.74	*	A
2	Ms. Huai Hui Lee	1,830,640	10.39	*	A
3	JW International Worldwide	1,749,120	9.92	Represented by Mr.Wong Chun Num	C
4	Mr. Huai Hsin Lee	1,543,375	8.76	*	A
5	Kawasho Food Corporation	950,000	5.39	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 7,392,135 equals to 41.94%

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**

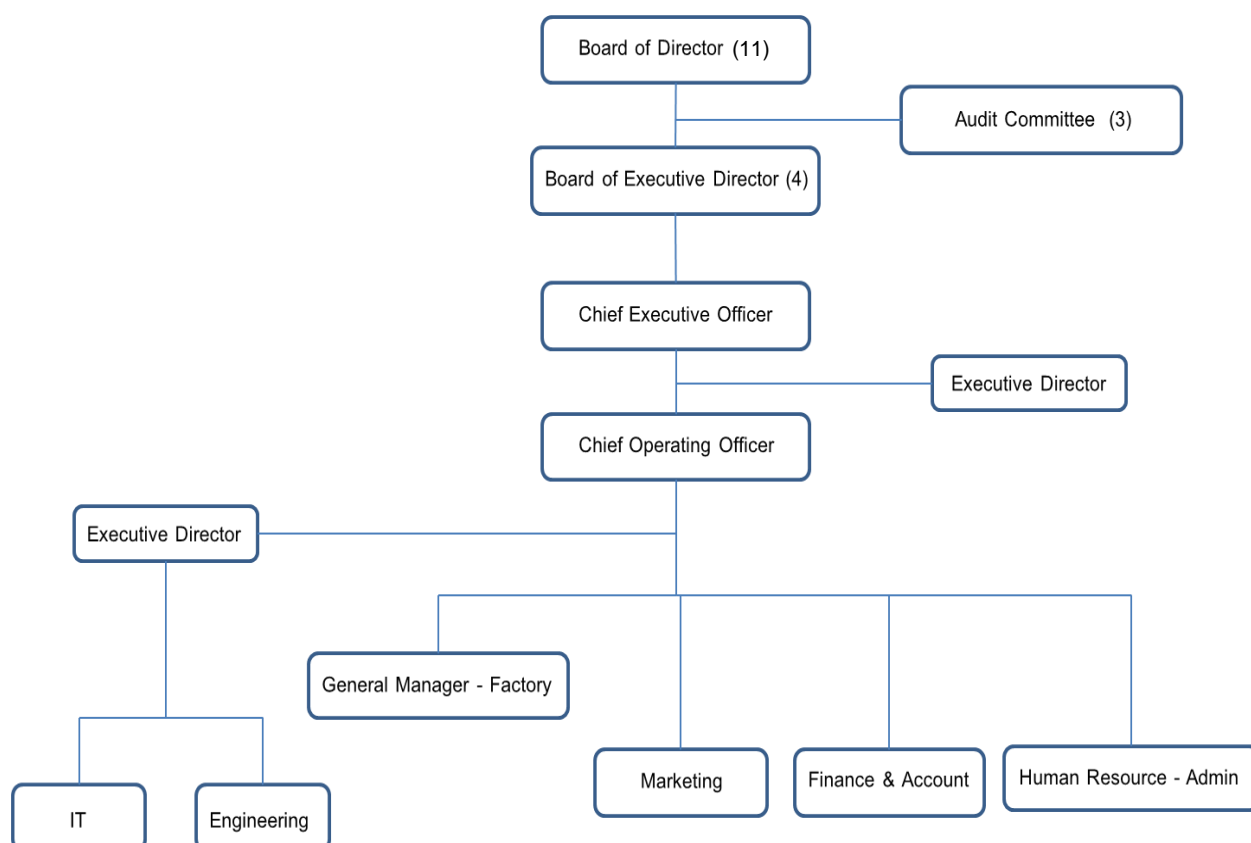
The company has the policy of paying dividend annually for the amount of not less than 60% of net profit after tax and statutory reserve, and reserve for future investments. When the Board of Directors has the suggestion to pay the annual dividend, the matter will be presented to the Shareholders for 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	2017	2018	2019
Net Profit per share	-2.59	-0.61	0.08
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, Organizational Development committee and Risk Management Committee. The company has appointed the Nomination and Remuneration Committee follow the resolution of Board of Directors' Meeting on January 21, 2020.

Their names and responsibilities are as follows:

(1) Board of Directors

The Board of Directors is comprised of 11 members with 4 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. Wong Chun Nam | Director |
| 9. Ms. Chaovana Vivatpanachati | Independent Director and Chairperson of Audit Committee |
| 10. Mr. Sumet Chey-O-nanund | Independent Director and Audit Committee |
| 11. Mr. Sansern Nilrat | Independent Director and Audit Committee |

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. 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.
11. Set up for take a position of the list company's director not more than five companies.
12. Set up the Chairman's responsibility
13. Report the stakeholder
14. Overall responsibility to ensure and supervise the risk management in the company
15. Set up the Board of Directors' Meeting for year 2019 and informed the Board of Directors in advance

No.	Date (Thai)	Date (English)	Time
1	(อ) 22 มกราคม	(Tue, 22 January)	15.00
2	(พ) 27 กุมภาพันธ์	(Wed, 27 February)	14.00
3	(ศ) 26 เมษายน	(Fri, 26 April)	13.00
4	(อ) 14 พฤษภาคม	(Tue, 14 May)	10.30
5	(พ) 14 สิงหาคม	(Wed, 14 August)	10.00
6	(พ) 13 พฤศจิกายน	(Wed, 13 November)	14.00

* AGM No. 1/2019 (ศ) 26 เมษายน (Fri 26 April) 10.00 am.

The Responsibility Scope of the Chairman

1. Supervise follow and control the duty of Board of Directors and Sub-Committee to be affective and achieve the objectives and main goals of the company.
2. Guide to Board of Directors and act as the Chairman of the Board of Directors' Meeting, Annual General Shareholders Meeting and Non-Executive Directors' Meeting
3. Corporate with Chief Executive Officer and Company Secretary set the agenda of Board of Directors' Meeting by control important subjects to be contained in the agenda of the meeting and take care directors are received information correctly.

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 Committee

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.
6. Evaluate and risk management in the organization.

(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. Review the financial statement, company's account policy according to general certification standards.
3. 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.
4. 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.
5. Consider and propose to terminate auditors if found not appropriate or suitable
6. Ensure that the Company abide by all rules and regulations, and other regulations and laws related to the Company's business.
7. 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.
8. 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 committee.
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 committee.
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. Consider to set the policy and scope of risk management in the organization on risk management principles and propose to the board of directors to consider and approve.
2. Ensure and support the various department in the organization to create
 - 2.1 Evaluate type of risk such as Strategic risk, Operational Risk, Financial Risk, Legal Risk, IT Risk that concerning to business operations in the organization under their department responsibilities.
 - 2.2 Risk management measure
 - 2.3 Operations plan for manage or reduce the risk to be an acceptable level for ensure that the company group have risk management sufficient and suitable.
3. Follow up the risk management action plans of various department in the organization for reduce the risk to be an acceptable level.
4. Ensure in improvement the risk management system in the organization always successively and effectively.
5. Review the policy and risk management framework regularly once a year to ensure that according and suitable to operating business conditions.
6. Report the results of the risk management include risk status, guidelines for risk management, progress and the results of the risk management to the board of directors, the audit committee and the management team quarterly.
7. Any other responsibilities assigned by the board of directors.

Company Secretary

The company has appointed Ms. Huai Hui Lee as the company secretary since 21 January 2019.

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. 1/2019
Mr. Phirasilp Subhapholsiri	6/6	-	1/1
Mr. Kasem Deemaitree	6/6	-	1/1
Mrs. Chintana Asdornnithee	5/6	-	1/1
Mr. Udom Karoonkornsakul	5/6	-	1/1
Ms. Chaovana Vivatpanachati	6/6	7/7	1/1
Mr. Sumet Chey-O-nanund	6/6	7/7	1/1
Mr. Sansern Nilrat	6/6	7/7	1/1
Mr. Aditep Nontratip	6/6	-	1/1
Mr. Wong Chun Nam	0/6	-	0/1
Mr. Huai Hsin Lee	6/6	-	1/1
Miss Huai Hui Lee	6/6	-	1/1

Remark : Mr.Wong Chun Nam has health problems so can't attend the meeting.

Nomination of Directors and Executives

Independent Director

The criteria for selection of independent directors is to have qualifications as specified by the SEC. and SET, with details as follows:

1. Must hold no more than 0.5% of the total voting shares of the company, parent company, subsidiary company, associated company or juristic person that may have conflicts of interest by including the shares held by related persons.
2. Do not involve as management, staff, employees or consultants who receive regular salary, controlling person of the company, parent company, subsidiary company, associated company, same-level subsidiary company or juristic persons that may have conflicts (Present and during the 2 years before appointment).
3. Not a family members either by birth or by registration as a parent, spouse, siblings and children, including spouses of children and executives of major shareholders, regulator or the person who is nominated as the executive or controlling person of the company or subsidiary.

4. Business relations with the company

A) Relationship

- Relationship in the nature of professional services
 - Relationship: Auditors, service providers and other professional services such as legal advisors, financial advisor, property appraiser etc.
 - Significant level that is not considered independent
 - In the case of the auditor: all cases are prohibited.
 - In the case of other professional service providers: Amounting exceeds 2 million baht per year
- Commercial / Business Relations (Use the same guidelines as SET requirements for connected transactions)
 - Relationship: defines all types of business transactions, including normal business transactions rental list / rental property, the transactions relating to assets / services and the list of giving or receiving financial assistance.
 - Significant levels that are not independent: transaction Amounting > 20 million baht or > 3% of the company's NTA, whichever is lower. In considering the transaction value, include transactions occurring during 6 months.

B) In the case of a relationship under (a) with a juristic person, the person considered to be not independent are the major shareholders, directors (except in the case of independent directors / audit committee) and the executive or partner of that juristic person.

C) Specify the period of time in which the relationship is prohibited under (a) and (b): present and 2 years ago appointed.

D) Exception: In case of necessity or reason which does not occur consistently and continuously, the independent director/audit committee may have a relationship that exceeds the significant level that can determine during that position but must be first approved by the board of directors and the resolution must be a consensus. In addition, the company must disclose such relationship of that director in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) of the company. If the company proposes later that independent director/audit committee to hold the

position for another term, the company must disclose information about the said relationship in the details for Voting Directors in the Annual General Meeting for Shareholders agenda.

5. Not a director appointed to be a representative of the company's directors, major shareholders or shareholders who are related to the major shareholders of the company.

6. Not having any characteristics which make him incapable of being independent.

7. Independent directors with qualifications as in 1.2.1 - 1.2.6 may be assigned by the board of directors to make decisions about the operations of the company, parent company, subsidiary company, associated company, same-level subsidiary company or juristic persons that may have conflicts in which there is a collective decision.

The selection of independent directors must be approved by the shareholders' meeting. The committee which is still in the term will nominate to the shareholders' meeting.

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 have a appointment at the nomination committee at 21 January 2020.
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 2019 equaled to Baht 1,096,000.00 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	72,000
3. Mrs. Chintana Asdornnithee	Executive Director	40,000	60,000
4. Miss Huai Hui Lee	Director, Chief Operating Officer	40,000	72,000
5. Mr. Huai Hsin Lee	Executive Director	40,000	72,000
6. Mr. Udom Karoonkornsakul	Director	40,000	60,000
7. Mr. Aditep Nontratip	Director	40,000	72,000
8. Mr. Wong Chun Nam	Director	-	-
9. Mr. Sansern Nilrat	Independent Director	40,000	72,000
10. Ms. Chaovana Vivatpanachati	Independent Director	40,000	72,000
11. Mr. Sumet Chey-Onanund	Independent Director	40,000	72,000

* According to the attendance to the meeting.

The fixed remuneration for three Audit Committee members is Baht 452,000 for 2019.

Name of Director		Annual	Meeting
Ms. Chaovana Vivatpanachati	Audit Committee Chairman	80,000	84,000
Mr. Sansern Nilrat	Audit Committee	60,000	84,000
Mr. Sumet Chey-O-nanund	Audit Committee	60,000	84,000

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

Salary and bonus for 14 executives and managers are Baht 17.32 million for 2019.

(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 2019, the shareholders' appoint Bunchikij Co., Ltd. as company auditor with the audit fee of Baht 1,440,000.-

➤ **Detail of Directors and Management**

Independent Directors

Name Position	Age	Education	Share s (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Phirasilp Subhapholsiri Chairman Independent Director	67	Business Management Yokohama National University DAP 40/2005	-	-	2009 - Present 2013 - Present 2010 - Present 2009 - Present 2009 - Present	Chairman Independent Director Chairman Chairman Chairman	Food and Drinks PLC. Tipco Asphalt PLC. Kaizen Consulting Co., Ltd. Thai-Nichi Ventures Co.,Ltd. Supana Co.,Ltd.
Ms. Chaovana Vivatpanachati Independent Director Chairman Audit Committee Certified Public Accountant	59	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 ASEAN CPA	-	-	2002 – Present 1999- Present 1994 – Present	Independent Director/ Audit Committee Director Managing Director	1.Food and Drinks PLC. 2.S.C.I. Electric Manufacturing 3.Jasmine Telecom System 4. Rambootri Co., Ltd 1. Moore Stephens 2. 75 CPE Co.,Ltd. Pitisevi Co., Ltd.

Mr. Sumet Chey-O-Nanund Independent Director Audit Committee	77	B. Business Administration Thammasart University DAP 2/2003	-	-	2002 – Present 1996 - Present	Audit Committee Independent Director/	Food and Drinks PLC. Personal business
Mr. Sansern Nilrat Independent Director Audit Committee Director	66	MBA Kasetsart University DCP 4/2000, 5/2007 ACP 21/2008	-	-	2009 – Present 2014 - Present 2012 - 2014	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	85	B.S. Agricultural Chemistry Chung Hsin University Taiwan, R.O.C.	18.74	Father of Mr. Huai Hsin Lee, Ms. Huai Hui Lee	1986 - Present	Chief Executive Officer	Food and Drinks PLC.
Mrs. Chintana	82	High School	4.60	Daughter of	1985 - Present	Executive	Food and Drinks PLC.

Asdornnithee Executive Director Authorized Director		St. Joseph Convent DAP		Mr. Kamol Iamsakulrat	1990 - Present	Director Deputy Managing Director	Lampang Food Products
Ms. Huai Hui Lee Executive Director Authorized Director	57	MBA George Washington University DCP 19/2002	10.39	Daughter of Mr. Kasem Deemaitree; Sister of Mr. Huai Hsin Lee	2013 – Present	Chief Operating Officer Director	Food and Drinks PLC.
Mr. Huai Hsin Lee Executive Director Authorized Director	53	B.S. Mechanical Engineering University of Maryland U.S.A.	8.76	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	Share s (%)	Family Relationship With other Directors	Experience		
					Period	Position	Organization
Mr. Aditep Nontratip Director Authorized Director	55	Ph.D. Food Science Tokyo University of Fisheries MBA Chulalongkorn University DAP 80/2009	-	-	2009 – Present 2007 – Present	Director Director	Food and Drinks Public Co., Ltd. Kawasho Foods (Thailand) Co., Ltd.
Mr. Udom Karoonsakul Director	85	High School DAP	2.7	-	1986 – Present 1979 – Present	Director Chairman	Food and Drinks PLC. Sahamitree Fish Meal Co., Ltd.
Mr. Chun-Nam Wong Director	73	High School Diploma Hong Kong	-	-	1994 – 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.	71	Ph.D. Food Science & Technology Texas A&M University, U.S.A.	-	-	2013 – Present	General Manager - Factory	Food and Drinks PLC.
Mr. Theerapat Soopanit	58	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		
					Period	Position	Organization
Ms. Huai Hui Lee Executive Director Authorized Director	57	MBA George Washington University DCP 19/2002	10.39	Daughter of Mr. Kasem Deemaitree; Sister of Mr. Huai Hsin Lee	2019 – Present	Company Secretary	Food and Drinks PLC. Food Processing Industry Club – Federation of Thai Industries

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 the meeting date.

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.

1. Annual General Shareholder's Meeting

The company provides convenience for the shareholders choose the location and time that are convenient to the shareholders to attend as much as possible. In addition to before the meeting time, the company will inform to shareholder aware about right of voting and how to voting each agenda and in the meeting, the chairman will provide enough time for every shareholder to ask questions and express any opinions. The concerning directors will answer all questions and record all answers and opinions in the Minutes of the Shareholder's Meeting.

2. On the meeting day

2.1 The company uses the technology for meeting, registration, counting votes and showing the result votes for operate the meeting quickly and correctly.

2.2 The shareholders have right to vote approve each items as Appoint the director agenda.

2.3 The company provides an independent person to audit votes in the meeting and reveal in the Minutes of the Shareholder's Meeting.

2.4 The Chairman will provide time appropriate and support to shareholders have chance to comment and request questions in the meeting.

3. Preparing the Minutes of the Shareholder's Meeting

3.1 In the Minutes of Shareholder's Meeting have record the voting's method and showing the result votes each agenda together list of Directors' attendance and absent.

3.2 The company reveal to the public aware the result votes each agenda in the company's website next day. In 2019, there was one shareholders' meeting. The meeting was held on 26 April 2019 at company's office in Bangkok. In 2019, four 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 2019 the company did customer satisfaction survey to our product and services with the result of more than 81% satisfactory score As well as continuing research product development By focusing on maintaining the standards specified by the partner And comply with regulations of trading partner countries There are factories that pass the GMP standard certification by the Ministry of Public Health. And HACCP certified by TQCS International (Group) Pty. From Australia and Global Standard for Food Safety (BRC) NSF Certification From England.

- 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 2019, 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.
- Intellectual property :

The company has a clear policy not to take any action. That would be an infringement of intellectual property whether copyright, patent, or trademark trade secrets and other intellectual property rights as specified by law, such as using legitimate computer programs. All computer programs must pass the examination and programming by the information Technology Department in order to prevent the use of pirated software
- 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 blood donation 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.

In 2019, 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. 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 2019, there were 6 meetings.

The company has appointed 4 sub-committees i.e. Audit Committee, Executive Committee, and Organizational Development Committee, and Risk Management Committee. The company has appointed the Nomination and Remuneration by resolution of the board of directors' meeting on January 21, 2020.

Supervision of Associated Company

The Board of Directors has a supervision mechanism that allows it to control, manage, and be responsible for the operations of associated company in order to protect the interests of the company's investments as follows

- Appoint company representative to be directors and executives of the associated company in proportion to their shareholding. The representative must approved by the meeting of the Board of Directors.
- There is a scope of authority and responsibility of the directors and executives representing the company in the associated company to control or participate in the determination of important policies for business operations.
- Disclosure of financial status and results of operations, the transactions between associated companies, acquisition or disposition of assets or other important transactions of the associated company completely and correctly and use the rules relating to the disclosure of information and transactions in the above manner in the same way as the company's rules.
- There is an appropriate and sufficient internal control system in the associated company and mechanisms for overseeing associates such as approval of capital increase or decrease of capital.

Supervision on the use of inside information

The company has overseen the use of inside information in accordance with the principles of good corporate governance. Which has been specified in writing in The Code of Business Conduct for directors and executives, and a manual on the roles and responsibilities of the executive directors, which will be given to the executive directors at first In summary, important policies are as follows:

1. The company has determined that directors and executives are aware of relevant announcements of the Office of the Securities and Exchange Commission, which stipulates that directors and executives Responsible for reporting the changes Securities holding To the Office of the SEC under Section 59 of the Securities and Exchange Act B.E. 2535 within 3 days from the date of the change of securities holding. And notify the company secretary to record changes and summarize the number of securities of directors and executives individually to present to the Board of Directors for acknowledgment In the next meeting. In addition, they has been notified of penalties for violations, or incompliance.
2. The company has a clause prohibiting the disclosure of financial statement information or other information that affects the price of the company's securities known to disclose to third parties or those not involved. And prohibit the trading of securities in 1 month before the financial statement information or other information that affects the price of the company's securities Will be public And must not trade the company's securities until after the 24 hour period has elapsed since the information has been disclosed to the public. Failure to comply with the said regulations is considered a violation of the company's discipline if the directors, executives or employees who have acquired important internal information. Anyone who commits a disciplinary offense will be punished.

The said guidelines have been approved by the Board of Directors.

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 02-2535232-3 extension 115. 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.

Business that has effects on the Environment

- None -

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 2019, the company gave scholarship to the children of company employees and schools in Banbung area, Chonburi Province 310 scholarships in the amount of Baht 297,100.

2019 Community Activities are :

1. To corporate with schools in our province and out of town accepting hire students to work in the factory
2. To corporate with A. Klongkue by support campaign reduce accident during new year and Songkran festival
3. Organize activities with local government Huakunjae in the Songkran festival
4. Organize activities with local government Huakunjae in the lent candle festival
5. Organize activities with local government Huakunjae in the buffalo running festival
6. Organize activities with local government Mablambid House, Huakunjae in the buffalo running festival
7. Support activities elderly club at hospital, Huakunjae
8. Support activities on Children's day to schools in Banbung city of thirteen schools
9. Support activities on Children's day for some government agencies
10. Organize offer scholarship to schools in Banbung of thirteen schools and children of staff worker
11. To corporate volunteer do good thing with local government Klongkue
12. Support activities walk-run mini marathon for celebrate the Princess
13. To corporate the Local Thai and Maintenance Environment for celebrate the Queen in the King No.9
14. Support activities walk-run for health with A. Nongyai public health office
15. To corporate dedicate the Kathin government

Environment

Caring for the environment

The company has identified sources of pollution and waste related to the activities, products and services of the organization by specifying in the Flow Diagram the production process, indicating the origin of wastewater and unused materials, waste air, including evaluation. Environmental impact and implement the control in accordance with the environmental management standard system according to the requirements of the Department of Industrial Works Pollution Control Department Ministry of Science The company has systematically identified and prevented the use of chemicals. To prevent the use of prohibited chemicals as defined in law Including carcinogens Or mutagenic And chemicals that affect reproduction Causing endocrine disorders Or very long-lasting and accumulated residues in living organisms (PBTs) or very long-lasting residues and very well accumulating in living organisms (vPvBs) by complying with standard procedures for certification of raw materials / chemicals / packaging used In production

In addition, the company Have also taken steps to prepare for the prevention of chemical accidents And have an emergency plan that covers accidents and incidents from operations By employees, government partners, local communities And other interested parties Get involved In which the plan has identified hazards Risk assessment Procedures for reporting incidents and communication systems by specifying in emergency prevention and suppression plans, standards, procedures for chemical control Contingency plans for chemical spills (ammonia) and disaster prevention plans

The company takes into account the control and limiting impact on the environment. And have strict guidelines for environmental operations, especially In the treatment of wastewater and pollution in factories and production lines To prevent and reduce pollution to water resources in the community and to publicize information about emissions (such as sewage, air, waste) to the outside.

In addition, the company has monitored, recorded and reported results of pollution reduction, water usage, waste generation. And energy consumption Which is specified in the report of unused material in the factory Waste water pollutant analysis report Air quality measurement report (Boiler) Energy usage list of production process And energy conservation reports. Data on pollution levels in the wastewater treatment ponds will be sent to government agencies. (Department of Industrial Works) as well as the company There are also meetings and discussions on environmental issues and impacts. The company has opened the opportunity to hear comments from the community. If the community has a complaint With officials from government agencies acting as mediators in mediation If there is a problem or comment from a representative in the community Which the company attaches importance to bringing various opinions and suggestions Come to fix and improve In order to prevent future complaints As well as monitoring the pollution levels around the factory To ensure safety to people within the community and the company, there are regular discussions and regular meetings both before and after the meeting with the government and community representatives. The company There is

a wastewater treatment pond in accordance with the standards of the Ministry of Industry. Certified water quality from the Ministry of Industry.

Of waste raw materials The company uses leftover raw materials to ferment to make organic fertilizer, while some types of waste materials are now being sold to companies that can be utilized.

The company There is a wastewater treatment pond in accordance with the standards of the Ministry of Industry. Certified water quality from the Ministry of Industry.

➤ **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 2019. 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 2019.

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 2019, 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 5.7% 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	950,000 shares or 5.4%
Kawasho (Thailand) Co., Ltd. held F&D shares	<u>50,000</u> shares or 0.3%
Kawasho Group held total	<u>1,000,000</u> shares or 5.7%

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

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

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>	2019	2018
Associate		
Rental income and other service charges	3,619	3,619
Purchase of packaging and supplies	10,244	8,972
Other related company		
Sales of goods	23,637	22,075
Purchase of raw materials	844	1,199

Key management personnel

Short-term employee benefits	16,913	17,151
Post-employment benefits	357	965
Total key management personnel benefits	<u>17,270</u>	<u>18,116</u>

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

Unit : Thousand Baht

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

	2019	2018
Trade receivable (See Note 8)		
Other related company	1,678	1,734
Total	1,678	1,734
Other receivable (See Note 8)		
Associate	313	313
Total	313	313
Trade payables (See Note 17)		
Associate	3,044	555
Other related company	-	241
Total	3,044	796

Investment in associate

	the equity method is applied		Unit : Thousand Baht	
			Separate financial statements	
	2019	2018	2019	2018
At 1 January	107,404	115,691	68,203	68,203
Share of profit from investment in associate	8,213	5,473	-	-
Share of comprehensive income (loss)				
from investment in associate	4	(119)	-	-
Dividend income	(13,641)	(13,641)	-	-
At 31 December	101,980	107,404	68,203	68,203

Investment in associate as at 31 December 2019 and 2018 and dividend income for each years are as follows:

As at 31 December 2019

		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	101,980	13,641

As at 31 December 2018

		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	107,404	13,641

Summary of financial information of the associate

	Unit : Thousand Baht	
	Hon Chuan FD Packaging Company Limited	
	2019	2018
Revenues	343,042	276,253
Profit for the years from continuing operations	23,338	15,830
Other comprehensive income (loss)	12	(341)
Current assets	201,579	235,685
Non-current assets	120,562	116,200
Current liabilities	27,638	42,420
Non-current liabilities	3,048	2,387
Net assets	291,455	307,078
Shareholding percentage (%)	35	35
Share of net assets	102,009	107,477
Elimination entries	(29)	(73)
Carrying amounts of associate based on equity method	101,980	107,404

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 2017 – 2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>	
<u>Liquidity Ratio</u>				
Current ratio	0.9	0.9	0.9	times
Quick ratio	0.4	0.4	0.3	times
Accounts Receivable turnover	8.4	8.6	9.7	times
Days sales outstanding	42.9	41.9	37.1	day
Inventory turnover	11.9	16.2	16.1	times
Days inventory outstanding	30.3	22.2	22.4	day
Accounts Payable turnover	9.4	12.5	11.9	times
Days Accounts Payable outstanding	38.3	28.7	30.2	day
Cash Cycle	34.9	35.4	29.3	day
<u>Profitability Ratio</u>				
Gross Margin	10.6	12.5	13.7	%
Operating Profit	-5.3	-2.5	1.8	%
Profit Margin on Sales	-5.4	-1.4	0.2	%
Return on Equity -ROE	-7.3	-1.8	0.2	%
<u>Efficiency Ratio</u>				
Return on Total Assets -ROA	-3.4	-1.0	1.5	%
Assets turnover	0.8	0.8	0.6	times
<u>Financial Policy Ratio</u>				
Debt to Equity	0.6	0.6	0.4	times
Cash / Interest payment	0.2	1.2	9.3	times
Dividend payout	-	-	- *	%
<u>Per Share</u>				
Book Value	33.19	32.57	59.74	baht
Net Profit	-2.59	-0.61	0.08	baht

* To be approved at the Annual General Shareholders Meeting 1/2020 on 11 August 2020

➤ **Management Discussion and Analysis**

Food and Drinks Public Company Limited operating result in 2019 compare to 2018 and Financial Statement as at 31 December 2019 compare to 2018 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 2019 has net profit amount to Baht 1.5 million compared to last year financial statement which had net loss of Baht 10.7 million. Net profit ratio in 2019 is 0.2% (in 2018: Net loss ratio was 1.4). The company has profit per share at Baht 0.08 (in 2018: loss per share at Baht 0.61) and book value per share as at 31 December 2019 is equal to 59.74 Baht

Significant changes are as follows:

Revenue from sale in Baht 754.7 million decreased by Baht 19.8 million or 2.6% from last year, mainly due to decrease of export sales. The exchange rate fluctuation that very strong in Baht average 4.9% in the year 2019. 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 2019 in the amount of Baht 777.9 million came from selling various products such as vegetable, fruit, spices, ready to eat and beverage (total sales in 2018 was in Baht 787.5 million)

Export sales revenue in the amount of Baht 437.2 million which equals to 57.9% (2018 in the amount of Baht 436.1 million which was 56.3%) of total sales.

Other income in 2019 is in the amount of Baht 23.2 million which is the normal transaction (2018 has other income in Baht 13.0 million)

Cost of sales decreased by Baht 26.7 million, due to sales amount decreasing. The company had the improve production management. Cost of sale / sale ratio 86.3% (2018 had cost of sale / sale ratio 87.5%). The company had the gross profit of Baht 103.4 million.

Selling and administration expenses, the selling expenses decreasing from last year amount of Baht 9.7 million or 12.2% due to local transportation charge. Selling expenses for year 2019 amounting of Baht 70.1 million (2018: amounting of Baht 79.9 million). The administration expenses amount to Baht 45.7 million, increased by Baht 2.7 million or 6.4% from last year. (2018: amount of Baht 44.2 million), mainly due to change to severance payment under new Labor Protection Act B.E. 2562, the aforementioned Act has stipulated that employee who is terminated for an uninterrupted service period of 20 years or more is entitled to receive severance payment for not less than 400 days of the wage at the most recent date of employment, the company has recorded the effects of such change will result in an increase of employee benefit obligations.

Financial cost in the amount of Baht 9.2 million, same as the last year (2018: amount of Baht 8.7 million).

The Company record profit sharing in joint-venture by equity method of Baht 8.2 million increased from last year by Baht 2.7 million (in 2018 was profit in Baht 5.5 million) which the joint-venture company is Hon Chuan FD Packaging Co., Ltd., manufacturer of plastic bottle and label which the company hold shares 35%.

Corporate income tax in 2019 is Baht 8.2 million.

Statement of Financial Position

Statement of Financial Position as at 31 December 2019, the company has total asset of Baht 1,520.0 million increased from last year by Baht 576.8 million, total liabilities of Baht 467.1 million increased from last year by Baht 97.9 million and shareholders' equity of Baht 1052.9 million increased from last year by Baht 479.5 million or 83.4%. The major changes in asset, liabilities and shareholders' equity are as follows:

Asset

Cash and cash equivalents decreased by Baht 17.2 million, Trade receivable decreased by Baht 28.4 million and Inventory increased by Baht 2.9 million. Inventory outstanding ratio 22 days, the company record loss sharing in joint-venture by equity

method of Baht 8.2 million and received dividend from joint-venture in Baht 13.6 million. The company has investment in joint-venture of Baht 102.0 million.

Inventory as at December 31, 2019 had reduced cost to be net value by reduced cost by Baht 27.4 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.

During the 2019, the Company had adjusted to increase the fair value of land in the amount of Baht 599.4 million. The company purchased machines, and improved production lines to maximize its production efficiency in the amount of Baht 72.0 million and depreciated in 2019 equals to Baht 23.0 million. The property plant and equipment net value increased by Baht 548.5 million. The investment properties of the company amount of Baht 97.9 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.

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

Name of entities / person	Country of incorporation/ nationality	relationships	Nature of relationships
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Sales of goods	23,637	22,075
Purchase of raw materials	844	1,199
Key management personnel		
Short-term employee benefits	16,913	17,151
Post-employment benefits	357	965
Total key management personnel benefits	17,270	18,116

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

	Unit : Thousand Baht	
	the equity method is applied and separate financial statements	
	2019	2018
Trade receivable (See Note 8)		
Other related company	1,678	1,734
Total	1,678	1,734
Other receivable (See Note 8)		
Associate	313	313
Total	313	313

Trade payables (See Note 17)

Associate	3,044	555
Other related company	-	241
Total	3,044	796

Investment in associate

	Unit : Thousand Baht			
	the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
At 1 January	107,404	115,691	68,203	68,203
Share of profit from investment in associate	8,213	5,473	-	-
Share of comprehensive income (loss)				
from investment in associate	4	(119)	-	-
Dividend income	(13,641)	(13,641)	-	-
At 31 December	101,980	107,404	68,203	68,203

Investment in associate as at 31 December 2019 and 2018 and dividend income for each years are as follows:

As at 31 December 2019

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	101,980	13,641

As at 31 December 2018

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	107,404	13,641

Summary of financial information of the associate

Unit : Thousand Baht

	Hon Chuan FD Packaging Company Limited	
	2019	2018
Revenues	343,042	276,253
Profit for the years from continuing operations	23,338	15,830
Other comprehensive income (loss)	12	(341)
Current assets	201,579	235,685
Non-current assets	120,562	116,200
Current liabilities	27,638	42,420
Non-current liabilities	3,048	2,387
Net assets	291,455	307,078
Shareholding percentage (%)	35	35
Share of net assets	102,009	107,477
Elimination entries	(29)	(73)
Carrying amounts of associate based on equity method	101,980	107,404

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 2019 increased by Baht 1.2 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 467.1 million increased from last year by Baht 97.9 million or 26.5% came from the increasing of current liability which was short-term loans from financial institutions decreased by Baht 63.9 million, trade and other payables decreased by Baht 14.7 million. The long-term loan from financial institution increased from last year by Baht 39.1 million and the deferred tax liabilities in Baht 177.4 million, increased from last year by Baht 127.6 million. The employee benefits obligations in Baht 37.4 million, increased from last year by Baht 9.7 million.

Shareholders' Equity

In 2019, shareholders' equity is equal to Baht 1052.9 million, increased from last year by Baht 478.9 million or 83.4% from profit of company's operating result by Baht 1.5 million and increased from revaluation surplus on land by Baht 479.5 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, 2019 in Statement of Financial Position, the company has liability/capital ratio 0.4 : 1 (2018 : 0.6 : 1)

Cash Flow Statement

Cash Flow Statement for fiscal year ended 31 December 2019, the company has cash and cash equivalent transaction net decrease from 31 December 2018 in Baht 17.21 million by separate cash flow to each activity as follows:

1. Cash flow from operating activity , net cash received Baht 63.50 million has essence transaction as follows:
 - Operating cash flow before changing
in operating asset and liability Baht 40.32 million
 - Trade and other receivable decrease by Baht 29.70 million
 - Inventories increase by Baht (2.74) million
 - Other current assets decrease by Baht 20.45 million
 - Trade and other payable decrease by Baht (14.65) million
 - Paid for financial cost Baht (9.21) million
2. Cash flow from investing activity, net cash used in Baht 55.81 million has essence transaction as follows:
 - Dividend income from associate Baht 13.64 million
 - Acquisition of property, plant and equipment Baht (71.01) million
 - Proceeds from sale of property, plant and equipment Baht 2.50 million
 - Cost of rubber plantation Baht (1.17) million
3. Cash flow from financing activity, net cash used in Baht 24.90 million has essence transaction as follows:
 - Bank overdrafts and short-term loans
from financial institutions decrease by Baht (63.86) million
 - Long-term loans from financial institution increase by Baht 40.00 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 2019, company has liquidity ratio 0.9 time (2018 : 0.9 time) and Debt to Equity Ratio as at December 31, 2019 at 0.4 time (2018: 0.6 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 2019 and 2018



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 (the Company) 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 2019, and the related statements of comprehensive income, changes in equity 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 2019, 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>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 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 3.18 and 25 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 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 that 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



(Mr. Thanakorn Fakfaipol)

Certified Public Accountant No. 4879

Bunchikij Co., Ltd.

Bangkok

27 February 2020

Food and Drinks Public Company Limited

Statements of financial position

As at 31 December 2019

Unit : Baht

Assets	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Current assets					
Cash and cash equivalents	6	1,299,114	18,511,757	1,299,114	18,511,757
Current investment	7	1,000,000	1,163,045	1,000,000	1,163,045
Trade and other receivables	8	66,277,164	94,695,392	66,277,164	94,695,392
Inventories	9	111,783,177	108,847,074	111,783,177	108,847,074
Other current assets	10	18,956,853	39,090,811	18,956,853	39,090,811
Total current assets		199,316,308	262,308,079	199,316,308	262,308,079
Non-current assets					
Bank deposits used as collateral		901,330	901,330	901,330	901,330
Investment in associate	11	101,980,327	107,404,159	68,202,710	68,202,710
Investment properties	12	97,889,859	-	97,889,859	-
Property, plant and equipment	13	1,089,191,941	540,670,270	1,089,191,941	540,670,270
Cost of rubber plantation	14	28,455,400	27,290,718	28,455,400	27,290,718
Intangible assets	15	955,587	2,600,820	955,587	2,600,820
Other non-current assets		1,358,809	2,052,745	1,358,809	2,052,745
Total non-current assets		1,320,733,253	680,920,042	1,286,955,636	641,718,593
Total assets		1,520,049,561	943,228,121	1,486,271,944	904,026,672

Food and Drinks Public Company Limited

Statements of financial position

As at 31 December 2019

Unit : Baht

Liabilities and equity	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2019	2018	2019	2018
<i>Current liabilities</i>					
Bank overdrafts and short-term loans					
from financial institutions	16	136,766,091	200,626,149	136,766,091	200,626,149
Trade and other payables	17	73,064,522	87,724,549	73,064,522	87,724,549
Current portion of long-term loan					
from financial institution	18	7,843,137	900,000	7,843,137	900,000
Current portion of finance lease liabilities	19	128,278	123,620	128,278	123,620
Other current liabilities		1,252,562	1,879,237	1,252,562	1,879,237
Total current liabilities		219,054,590	291,253,555	219,054,590	291,253,555
<i>Non-current liabilities</i>					
Long-term loan from financial institution	18	32,156,863	-	32,156,863	-
Finance lease liabilities	19	282,980	411,258	282,980	411,258
Deferred tax liabilities	25	177,411,947	49,812,776	177,411,947	49,812,776
Employee benefit obligations	20	37,443,140	27,773,032	37,443,140	27,773,032
Other non-current liabilities		784,150	-	784,150	-
Total non-current liabilities		248,079,080	77,997,066	248,079,080	77,997,066
Total liabilities		467,133,670	369,250,621	467,133,670	369,250,621

Food and Drinks Public Company Limited

Statements of financial position

As at 31 December 2019

Unit : Baht

Liabilities and shareholders' equity	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital	21				
Authorised share capital					
17,624,308 ordinary shares of Baht 10 each		176,243,080	176,243,080	176,243,080	176,243,080
Issued and paid-up share capital					
17,624,308 ordinary shares of Baht 10 each		176,243,080	176,243,080	176,243,080	176,243,080
Share premium	21	125,668,080	125,668,080	125,668,080	125,668,080
Retained earnings (Deficit)					
Appropriated					
Legal reserve	22	15,431,000	15,431,000	15,431,000	15,431,000
Unappropriated (Deficit)		(86,747,369)	(86,165,760)	(120,524,986)	(125,367,209)
Other components of shareholders' equity	22	822,321,100	342,801,100	822,321,100	342,801,100
Total shareholders' equity		1,052,915,891	573,977,500	1,019,138,274	534,776,051
Total liabilities and shareholders' equity		1,520,049,561	943,228,121	1,486,271,944	904,026,672

Food and Drinks Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2019

Unit : Baht

		Financial statements			
		which equity method is applied		Separate financial statements	
	Note	2019	2018	2019	2018
Revenues					
Revenues from sales		754,722,865	774,523,033	754,722,865	774,523,033
Dividend income from associate	11	-	-	13,640,542	13,640,542
Other income		23,205,121	13,042,260	23,205,121	13,042,260
Total revenues		777,927,986	787,565,293	791,568,528	801,205,835
Expenses					
Costs of sales of goods		651,337,850	678,035,874	651,337,850	678,035,874
Selling expenses		70,137,535	79,880,196	70,137,535	79,880,196
Administrative expenses		45,757,323	44,192,817	45,757,323	44,192,817
Finance costs		9,210,897	8,737,528	9,210,897	8,737,528
Total expenses		776,443,605	810,846,415	776,443,605	810,846,415
Profit (loss) before share of profit (loss) from investment					
in associate and income tax expense (income)		1,484,381	(23,281,122)	15,124,923	(9,640,580)
Share of profit from investment in associate	11	8,212,617	5,472,703	-	-
Profit (loss) before income tax expense (income)		9,696,998	(17,808,419)	15,124,923	(9,640,580)
Income tax expense (income)	25	8,231,876	(7,096,845)	8,231,876	(7,096,845)
Profit (loss) for the years		1,465,122	(10,711,574)	6,893,047	(2,543,735)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Fair value adjustment for land	13	599,400,000	-	599,400,000	
Actuarial loss	20	(2,563,530)	(247,228)	(2,563,530)	(247,228)
Share of profit (loss) from investment in associate		5,116	(149,004)	-	-
Income tax of items that will not be reclassified					
to profit or loss	25	(119,368,317)	79,246	#####	49,446
Other comprehensive income (expense) for the years,					
net of income tax		477,473,269	(316,986)	477,469,176	(197,782)
Total comprehensive income (expense) for the years		478,938,391	(11,028,560)	484,362,223	(2,741,517)
Earnings per share					
Basic earnings (loss) per share	26				
Profit (loss) attributable to equity holders of the Company		0.08	(0.61)	0.39	(0.14)

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 2019

Unit : Baht

	Note	Issued and paid - up share capital	Share premium	Retained earnings (deficits)		Other components of shareholders' equity	Total equity
				Legal reserve	Unappropriated	Revaluation surplus on land	
Balance as at 1 January 2018		176,243,080	125,668,080	15,431,000	(75,137,201)	342,801,100	585,006,059
Total comprehensive income for the year							
Loss for the year		-	-	-	(10,711,574)	-	(10,711,574)
Other comprehensive income							
Actuarial loss		-	-	-	(197,782)	-	(197,782)
Share of loss from investment in associate		-	-	-	(119,203)	-	(119,203)
Balance as at 31 December 2018		176,243,080	125,668,080	15,431,000	(86,165,760)	342,801,100	573,977,500
Balance as at 1 January 2019		176,243,080	125,668,080	15,431,000	(86,165,760)	342,801,100	573,977,500
Total comprehensive income for the year							
Profit for the year		-	-	-	1,465,122	-	1,465,122
Other comprehensive income							
Revaluation surplus on land	13	-	-	-	-	479,520,000	479,520,000
Actuarial loss		-	-	-	(2,050,824)	-	(2,050,824)
Share of profit from investment in associate		-	-	-	4,093	-	4,093
Balance as at 31 December 2019		176,243,080	125,668,080	15,431,000	(86,747,369)	822,321,100	1,052,915,891

Food and Drinks Public Company Limited
Statement of Changes in Shareholders' Equity (Separate financial statements)
For the year ended 31 December 2019

Unit : Baht

	Note	Issued and paid - up share capital	Share premium	Retained earnings (deficits)		Other components of shareholders' equity	Total equity
				Legal reserve	Unappropriated	Revaluation surplus on land	
Balance as at 1 January 2018		176,243,080	125,668,080	15,431,000	(122,625,692)	342,801,100	537,517,568
Total comprehensive income for the year							
Loss for the year		-	-	-	(2,543,735)	-	(2,543,735)
Other comprehensive income							
Actuarial loss		-	-	-	(197,782)	-	(197,782)
Balance as at 31 December 2018		176,243,080	125,668,080	15,431,000	(125,367,209)	342,801,100	534,776,051
Balance as at 1 January 2019		176,243,080	125,668,080	15,431,000	(125,367,209)	342,801,100	534,776,051
Total comprehensive income for the year							
Profit for the year		-	-	-	6,893,047	-	6,893,047
Other comprehensive income							
Revaluation surplus on land	13	-	-	-	-	479,520,000	479,520,000
Actuarial loss		-	-	-	(2,050,824)	-	(2,050,824)
Balance as at 31 December 2019		176,243,080	125,668,080	15,431,000	(120,524,986)	822,321,100	1,019,138,274

Food and Drinks Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2019

Unit : Baht

	Note	Financial statements			
		which equity method is applicable		Separate financial statements	
		2019	2018	2019	2018
Cash flows from operating activities					
Gain (loss) before tax		9,696,998	(17,808,419)	15,124,923	(9,640,580)
<i>Adjustments to reconcile gain (loss) before tax to cash receipts (payments)</i>					
Depreciation and amortisation		24,607,359	26,381,586	24,607,359	26,381,586
Reversal doubtful accounts	8	(1,328,393)	(1,072,497)	(1,328,393)	(1,072,497)
(Revesal) Loss from reducing cost of inventories to net realisable value	9	(196,421)	5,642,932	(196,421)	5,642,932
Gain on disposal of equipment		(1,463,740)	-	(1,463,740)	-
Share of profit from investment in associate	11	(8,212,617)	(5,472,703)	-	-
Dividend income from associate	11	-	-	(13,640,542)	(13,640,542)
Long-term employee benefits expenses	20	8,008,285	3,258,376	8,008,285	3,258,376
Unrealised loss on exchange		45,796	454,081	45,796	454,081
Unrealised loss on fair value of derivatives		19,665	-	19,665	-
Interest income		(64,426)	(62,297)	(64,426)	(62,297)
Finance costs		9,210,897	8,737,528	9,210,897	8,737,528
		40,323,403	20,058,587	40,323,403	20,058,587
<i>Changes in operating assets and liabilities</i>					
Trade and other receivables		29,700,425	(6,429,647)	29,700,425	(6,429,647)
Inventories		(2,739,681)	(5,470,515)	(2,739,681)	(5,470,515)
Other current assets		20,452,906	(12,411,106)	20,452,906	(12,411,106)
Other non-current assets		693,936	(532,777)	693,936	(532,777)
Trade and other payables		(14,644,560)	14,709,644	(14,644,560)	14,709,644
Other current liabilities		137,811	679,272	137,811	679,272
Employee benefits obligations	20	(901,707)	(603,900)	(901,707)	(603,900)
Net cash from operations		73,022,533	9,999,558	73,022,533	9,999,558
Cash paid for interest expense		(9,208,265)	(8,717,684)	(9,208,265)	(8,717,684)
Cash received from withholding tax refunded		232,266	211,135	232,266	211,135
Cash paid for corporate income tax		(551,214)	(406,966)	(551,214)	(406,966)
Net cash from operating activities		63,495,320	1,086,043	63,495,320	1,086,043

Food and Drinks Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2019

Unit : Baht

	Note	Financial statements			
		which equity method is applicable		Separate financial statements	
		2019	2018	2019	2018
Cash flows from investing activities					
Dividend income from associate	11	13,640,542	13,640,542	13,640,542	13,640,542
Acquisition of property, plant and equipment		(71,009,168)	(8,724,582)	(71,009,168)	(8,724,582)
Increase in cost of rubber plantation	14	(1,164,682)	(2,413,792)	(1,164,682)	(2,413,792)
Interest received		227,499	53,216	227,499	53,216
Proceeds from sale of property, plant and equipment		2,499,252	-	2,499,252	-
Cash paid to suppliers for building improvement and equipment		-	(305,067)	-	(305,067)
Net cash from (used in) investing activities		(55,806,557)	2,250,317	(55,806,557)	2,250,317
Cash flows from financing activities					
Increase (decrease) in bank overdrafts and short-term loans from financial institutions		(63,860,058)	6,338,149	(63,860,058)	6,338,149
Repayment of long-term loans	18	(900,000)	(1,200,000)	(900,000)	(1,200,000)
Proceeds from long-term loans		40,000,000	-	40,000,000	-
Repayment of liabilities under finance lease agreements		(141,348)	(378,594)	(141,348)	(378,594)
Net cash from (used in) financing activities		(24,901,406)	4,759,555	(24,901,406)	4,759,555
Net increase (decrease) in cash and cash equivalents		(17,212,643)	8,095,915	(17,212,643)	8,095,915
Cash and cash equivalents at 1 January		18,511,757	10,415,842	18,511,757	10,415,842
Cash and cash equivalents at 31 December		1,299,114	18,511,757	1,299,114	18,511,757

Supplemental cash flows information:

Non-cash items

Transfer of land, buildings and building improvement to
investment properties

98,345,973 - 98,345,973 -

Food and Drinks Public Company Limited

Notes to financial statements

For the year ended 31 December 2019

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 3 branches as follows:

Branch 1 : Regent House Building 15floor 183, Ratchadamri Rd., Lumpini, Bangkok 10330 Thailand.

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

Branch 3 : The address is 695/7 Moo 1 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 guidelines promulgated by the Federation of Accounting Professions 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 and Revised Thai Financial Reporting Standards

The Financial Reporting Standards that have been effective in this accounting period.

The Company has adopted the new and revised Thai Financial Reporting Standards, Thai Accounting Standards, Thai Financial Reporting Standard Interpretations, Thai Accounting Standard Interpretations, and Guidelines promulgated by the Federation of Accounting Professions that have been effective for accounting periods beginning on or after 1 January 2019. The adoption of these standards, interpretations and guidelines does not have any material effect on the Company’s financial statements.

The Financial Reporting Standards that have not yet been effective in the current accounting period.

The Federation of Accounting Professions has promulgated several new and revised Thai Financial Reporting Standards, Thai Accounting Standards, Thai Financial Reporting Standard Interpretations, which will be effective for accounting periods beginning on or after 1 January 2020. The new standards which involve changes to key principles, which are summarized as below:

Thai Financial reporting standards and Interpretations reporting to financial instruments comprise:

Thai Accounting Standard

TAS 32	Financial Instruments : Presentation
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Thai Financial Reporting Standards

TFRS 7	Financial Instruments : Disclosures
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TFRS 9	Financial Instruments
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Thai Financial Reporting Standard Interpretations

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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These TFRSs related to financial instruments has requirement to the classification of financial instruments and their measurement at the fair value through profit or loss (FVPL) and at the fair value through comprehensive income (FVOCI) and amortized cost, which will be depended on the characteristics of the contractual cash flow and the entity's business model, impairment of financial instruments for the expected credit loss, and hedge accounting. These include requirement regarding the presentation and disclosure of financial instruments.

Thai Financial Reporting Standards No. 16 : Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases except for short-term-leases and leases of low value assets.

Accounting by lessors is substantially unchanged to lease accounting. Lessors will continue to classify leases as either operating or finance leases.

The Company has not adopted the above standards before the effective date. The management of the Company are in the process of assessing the impact on the financial statements in the year that the above standards are 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*

A receivable is recognised when the Company has an unconditional right to receive consideration.

A receivable are measured at value less allowance for doubtful accounts which are assessed on analysis of payment histories, analysis of dept aging and future expectations of customer payments. Bad debts are written off when incurred.

3.4 *Inventories*

Finished goods are valued at the lower of cost (using 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 an associate in the separate financial statements of the Company is accounted for using the cost method. Investment in an associate in the financial statements in which the equity method is applied is accounted for using the equity method.

3.6 *Investment properties*

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings	3 years
Building improvement	2, 5 years

No depreciation is provided on land or assets under construction.

3.7 *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.

3.8 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.

3.9 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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3.10 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.

3.11 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 buildings 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.

3.12 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

3.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

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.

3.14 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.

3.15 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.

3.16 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at point in time when the goods are delivered and control of goods is transferred to the customer based on the value after deducting estimates of goods return and discount.

Rental income

Rental income is recognised using the straight-line method over the period of lease.

Interest income

Interest income is recognised on an accrual basis.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

3.17 Expenses

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

3.18 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.

3.19 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.

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 13.

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

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

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>	2019	2018
Associate		
Rental income and other service charges	3,619	3,619
Purchase of packaging and supplies	10,244	8,972
Other related company		
Sales of goods	23,637	22,075
Purchase of raw materials	844	1,199

Key management personnel

Short-term employee benefits	16,913	17,151
Post-employment benefits	357	965
Total key management personnel benefits	17,270	18,116

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

Unit : Thousand Baht

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

	2019	2018
Trade receivable (See Note 8)		
Other related company	1,678	1,734
Total	1,678	1,734
Other receivable (See Note 8)		
Associate	313	313
Total	313	313
Trade payables (See Note 17)		
Associate	3,044	555
Other related company	-	241
Total	3,044	796

6 Cash and cash equivalents

Unit : Thousand Baht

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

	2019	2018
Cash	60	38
Cash at banks - current accounts	(528)	(759)
Cash at banks - savings accounts	1,767	19,233
Total	1,299	18,512

7 Current investments

Unit : Thousand Baht

the equity method is applied
and separate
financial statements

	2019	2018
Investments in deposit accounts	1,000	1,163
Total	1,000	1,163
Interest rate (% per annum)	1.40	1.40

8 Trade and other receivables

Unit : Thousand Baht

the equity method is applied
and separate
financial statements

	2019	2018
Trade receivables		
related party	1,678	1,734
Other parties	60,638	100,451
Total	62,316	102,185
Less allowance for doubtful accounts	-	(8,461)
Net	62,316	93,724
Other receivables		
Other receivable - related party	313	313
Other receivable - related party	3,387	-
Advance payments	58	50
Accrued interest income	7	7
Prepaid expenses	196	601
Total	3,961	971
Total trade and other receivables	66,277	94,695

Unit : Thousand Baht

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

	2019	2018
Reversal of doubtful accounts	(1,328)	(1,072)
Bad debts	(7,133)	-
Total	(8,461)	(1,072)

Aging analyses for trade accounts receivable are as follows:

Unit : Thousand Baht

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

	2019	2018
Related party		
Aged on the basis of due dates		
Within credit terms	-	-
Overdue:		
Less than 3 months	1,678	-
3-6 months	-	1,734
Over 12 months	-	-
	1,678	1,734
<i>Less allowance for doubtful accounts</i>	-	-
	1,678	1,734

Unit : Thousand Baht

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

	2019	2018
Other parties		
Aged on the basis of due dates		
Within credit terms	52,907	39,600
Overdue:		
Less than 3 months	6,992	51,763
3-6 months	-	492
6-12 months	1	135
Over 12 months	738	8,461
	60,638	100,451
<i>Less</i> allowance for doubtful accounts	-	(8,461)
	60,638	91,990
Total trade receivables - net	62,316	93,724

The normal credit terms granted by the Company ranges from 7 days to 60 days.

9 Inventories

Unit : Thousand Baht

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

	2019	2018
Finished goods	43,593	37,128
Raw materials	48,720	54,362
Packaging and supplies	46,865	49,183
Goods in transit	-	320
Total	139,178	140,993
<i>Less</i> allowance for diminution in value of inventories	(27,395)	(32,146)
Net	111,783	108,847

Unit : Thousand Baht

the equity method is applied

and separate

financial statements

	2019	2018
Inventories recognised as an expense in ‘cost of sales of goods’:		
Cost	656,089	672,393
Write-off inventories	(4,555)	-
(Reversed) write-down to net realisable value	(196)	5,643
Net	651,338	678,036

10 Other current assets

Unit : Thousand Baht

the equity method is applied

and separate

financial statements

	2019	2018
Refundable purchase tax	13,425	31,872
Tax coupons	725	980
Advance payment	2,853	3,922
Withholding income tax	958	639
Others	996	1,677
Total	18,957	39,090

11 Investment in associate

	Unit : Thousand Baht			
	the equity method		Separate	
	is applied		financial statements	
	2019	2018	2019	2018
At 1 January	107,404	115,691	68,203	68,203
Share of profit from investment in associate	8,213	5,473	-	-
Share of comprehensive income (loss)				
from investment in associate	4	(119)	-	-
Dividend income	(13,641)	(13,641)	-	-
At 31 December	101,980	107,404	68,203	68,203

Investment in associate as at 31 December 2019 and 2018 and dividend income for each years are as follows:

As at 31 December 2019

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	101,980	13,641

As at 31 December 2018

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	107,404	13,641

Summary of financial information of the associate

Unit : Thousand Baht

Hon Chuan FD Packaging

Company Limited

	2019	2018
Revenues	343,042	276,253
Profit for the years from continuing operations	23,338	15,830
Other comprehensive income (loss)	12	(341)
Current assets	201,579	235,685
Non-current assets	120,562	116,200
Current liabilities	27,638	42,420
Non-current liabilities	3,048	2,387
Net assets	291,455	307,078
Shareholding percentage (%)	35	35
Share of net assets	102,009	107,477
Elimination entries	(29)	(73)
Carrying amounts of associate based on equity method	101,980	107,404

12 Investment properties

Unit : Thousand Baht

the equity method is applied and separate financial statements

	Land	Buildings	Building improvement	Total
Cost				
As at 1 January 2019	-	-	-	-
Transfer of land, buildings and building improvement to investment Properties (See Note 13)	93,949	117	4,280	98,346
As at 31 December 2019	93,949	117	4,280	98,346
Accumulated depreciation				
As at 1 January 2019	-	-	-	-
Depreciation charge	-	19	437	456
As at 31 December 2019	-	19	437	456
Net book value				
As at 31 December 2018	-	-	-	-
As at 31 December 2019	93,949	98	3,843	97,890

The carrying amount of investment properties as at 31 December 2019 was amounting of Baht 95.07 million have been mortgaged and pledged as collateral against credit facilities received from financial institution on described in note 16 to the financial statement

The fair values of the above investment properties of the Company amounting to Baht 108.96 million, were determined under market approach and income approach, based on valuations performed by an accredited independent valuer in 2019. The key assumptions used in estimating the fair value included yield rate, rental rate and occupancy rate. The disclosed fair values are based on the use of Level 3 inputs.

For the year ended 31 December 2019 investment properties contributed rental income which recognised in profit and loss of Baht 9.54 million.

13 Property, plant and equipment

Unit : Thousand Baht

the equity method is applied and separate financial statements

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Total
<i>Cost / Revalued amount:</i>									
As at 1 January 2018	447,600	164,729	171,057	458,184	14,700	10,286	-	-	1,266,556
Additions	-	-	1,548	4,388	122	875	1,042	1,393	9,368
Transfer	-	-	-	1,042	-	-	(1,042)	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at 31 December 2018	447,600	164,729	172,605	463,614	14,822	11,161	-	1,393	1,275,924
Additions	599,400	-	54,663	15,204	2,139	-	-	-	671,406
Transfer	(93,949)	(33,342)	(15,125)	-	-	-	-	(1,393)	(143,809)
Disposals	-	-	(120)	(11,327)	(2,609)	(217)	-	-	(14,273)
As at 31 December 2019	953,051	131,387	212,023	467,491	14,352	10,944	-	-	1,789,248

Unit : Thousand Baht

the equity method is applied and separate financial statements

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Total
<i>Accumulated depreciation</i>									
As at 1 January 2018	-	131,032	148,621	388,856	12,437	8,735	-	-	689,681
Depreciation charge	-	4,494	5,639	13,768	559	276	-	-	24,736
Disposals	-	-	-	-	-	-	-	-	-
As at 31 December 2018	-	135,526	154,260	402,624	12,996	9,011	-	-	714,417
Depreciation charge	-	4,494	5,504	12,154	688	122	-	-	22,962
Transfer	-	(33,245)	(11,678)	(343)	(1,549)	-	-	-	(46,815)
Disposals	-	-	(68)	(10,709)	(351)	(216)	-	-	(11,344)
As at 31 December 2019	-	106,775	148,018	403,726	11,784	8,917	-	-	679,220
<i>Allowance for impairment</i>									
As at 31 December 2018	-	-	1,937	18,847	53	-	-	-	20,837
As at 31 December 2019	-	-	1,937	18,847	53	-	-	-	20,837

Unit : Thousand Baht

the equity method is applied and separate financial statements

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Total
<i>Net book value</i>									
As at 31 December 2018									
Owned assets	447,600	29,203	16,408	42,143	1,773	1,394	-	1,393	539,914
Assets under finance leases	-	-	-	-	-	756	-	-	756
	447,600	29,203	16,408	42,143	1,773	2,150	-	1,393	540,670
As at 31 December 2019									
Owned assets	953,051	24,611	62,068	44,925	2,510	1,786	-	-	1,088,951
Assets under finance leases	-	-	-	-	-	241	-	-	241
	953,051	24,611	62,068	44,925	2,510	2,027	-	-	1,089,192

During the 2019, the Company had adjusted to increase the fair value of land in the amount of Baht 599.40 million. As a result, the revaluation surplus on land in other comprehensive income has increased in the amount of Baht 479.52 million (net of tax Baht 119.88 million). The fair value has been appraised by an independent professional valuer using the market approach. Subsequently, it's certain land, building and building improvement. were transferred to investment properties with the carrying amount of Baht 98.35 million because they were no longer used by the company and they were leased to other parties.

The gross carrying amount of any fully depreciated buildings and equipment that were still in use as at 31 December 2019 was amounted to Baht 483.67 million (2018 : Baht 449.89 million)

Certain plots of its land with constructions thereon and certain machinery, with book values as at 31 December 2019 amounting to approximately Baht 974.42 million (2018 : Baht 476.69 million), have been mortgaged and pledged as collateral against credit facilities received from financial institutions as described in Note 16 and 18 to the financial statements.

The Company arranged for an independent professional valuer to appraise the value of its land in 2019 by using the market approach.

Key assumptions used in the valuation are summarised below:

Price per rai (Baht)	1,600,000 – 3,500,000
Result to fair value where as an increase in assumption value	Increase in fair value

The fair value measurement for land has been categorized on a level 3 inputs

14 Cost of rubber plantation

	Unit : Thousand Baht	
	the equity method is applied	
	and separate	
	financial statements	
	2019	2018
As at 1 January	27,291	24,877
Additions	1,164	2,414
As at 31 December	28,455	27,291

As of 31 December 2019, The Company was in the process of planting rubber trees and the Company's rubber trees have not yet produced latex.

15 Intangible assets

Unit : Thousand Baht

the equity method is
applied and separate
financial statements

*Computer software**Cost*

As at 1 January 2018	9,576
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Additions	-
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As at 31 December 2018	9,576
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Additions	-
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As at 31 December 2019	9,576
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Amortisation

As at 1 January 2018	5,330
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Amortisation charge for year	1,645
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As at 31 December 2018	6,975
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Amortisation charge for year	1,645
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As at 31 December 2019	8,620
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Net book value

As at 31 December 2018	2,601
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As at 31 December 2019	956
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16 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)	2019	2018
Bank overdrafts	MOR	766	-
Promissory notes	ร้อยละ 3.46 – 4.53 based on BIBOR +1.75%	136,000	199,500
Trust Receipts	4.60	-	1,126
Total		136,766	200,626

Banks overdrafts and short-term loans from financial institutions are secured by certain plots of land with constructions, thereon, certain machinery and Investment properties as described in Note 12 and 13 to the financial statements.

17 Trade and other payables

Unit : Thousand Baht

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

	2019	2018
Trade payables		
Related parties	3,044	796
Other parties	46,946	58,454
Total	49,990	59,250
Other payables		
Other parties	8,496	8,745
Accrued expenses	14,549	13,708
Advance received	30	6,022
Total	23,075	28,475
Total trade and other payables	73,065	87,725

18 Long-term loan from financial institution

Unit : Thousand Baht

**the equity method is applied
and separate**

financial statements

	2019	2018
Long-term loan from financial institution	40,000	900
<i>Less</i> Current portion	(7,843)	(900)
Long-term loan from financial institution, net of current portion	32,157	-

The Company has entered into an agreement with a local financial institution to obtain a long-term facility of Baht 40 million. The loan bears interest at a rate based on BIBOR + 2.25% and shall be repaid quarterly in 17 installments, commencing May 2020

Long-term loan is secured by certain plots of its land with constructions thereon and certain machinery and Investment properties as described in Note 12 and 13 to the financial statements.

19 Finance lease liabilities

Finance lease liabilities as at 31 December are summarized as follows:

Unit : Thousand Baht

**the equity method is applied
and separate**

financial statements

	2019	2018
Finance lease liabilities	435	577
<i>Less</i> Deferred interest expenses	(24)	(42)
Total	411	535
<i>Less</i> Portion due within one year	(128)	(124)
Finance lease liabilities - net of current portion	283	411

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

	Unit : Thousand Baht	
	the equity method is applied	
	and separate	
	financial statements	
	2019	2018
<i>Within one year</i>		
Future minimum lease payments	141	141
Less Deferred interest	(13)	(17)
Present value of minimum lease payments	128	124
<i>After one year but within five years</i>		
Future minimum lease payments	294	436
Less Deferred interest	(11)	(25)
Present value of minimum lease payments	283	411

20 Employee benefit obligations

Employee benefit obligations are as follows:

	Unit : Thousand Baht	
	the equity method is applied	
	and separate	
	financial statements	
	2019	2018
Present value of unfunded obligations	37,443	27,773

Movements in the present value of the defined benefit obligations

Unit : Thousand Baht

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

	2019	2018
Defined benefit obligations at 1 January	27,773	24,871
Actuarial loss	2,564	247
Current service costs	7,359	2,666
Interest on obligation	649	592
Benefit paid	(902)	(603)
Defined benefit obligations at 31 December	37,443	27,773

Items recognised in profit or loss

Current service costs	7,359	2,666
Interest on obligation	649	592
Total	8,008	3,258

Items recognised the statement of comprehensive income

Actuarial loss	2,564	247
Total	2,564	247

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**

	2019	2018
Cost of sale	4,388	1,985
Selling and administrative expenses	3,620	1,273
Total	8,008	3,258

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

Unit : Thousand Baht

the equity method is applied

and separate

financial statements

For the years ended 31 December

	2019	2018
Demographic assumptions	-	1,259
Financial assumptions	-	(359)
Experience adjustment	2,564	(653)
Total	2,564	247

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period

the equity method is applied

and separate

financial statement

	2019	2018
	(%)	
Discount rate*	2.55	2.55
Salary increase rate	4.0	4.0
Employee turnover rate**	3.34 – 40.11	3.34 – 40.11
Mortality rate***	105.0	105.0

* Market yield from government's bond for legal severance payments plan

** Upon the length of service

*** Reference from TMO2017: Thai Mortality Ordinary Table Of 2017

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	the equity method is applied and separate financial statement	
	2019	2018
	<i>Increase (decrease)</i>	
Discount rate		
1% increase	(1,487)	(1,219)
1% decrease	1,652	1,356
Salary increase rate		
1% increase	1,892	1,322
1% decrease	(1,732)	(1,214)
Employee turnover rate		
20% increase	(1,489)	(1,029)
20% decrease	1,683	1,151

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Change to severance payment under new Labor Protection Act.

On 13 December 2018, the National Legislative Assembly passed a final resolution to approve the draft of new amendment to the Labor Protection Act. Such draft was announced as the amendment to the Labor Protection Act (No.7) B.E. 2562 in the Royal Thai Government Gazette on 5 April 2019.

The aforementioned Act has stipulated that employee who is terminated for an uninterrupted service period of 20 years or more is entitled to receive severance payment for not less than 400 days of the wage at the most recent date of employment. The former maximum severance payment is based on 300 days.

The Company has recorded the effects of such change will result in an increase in the balance of employee benefit obligations in the statement of financial position in which the equity method is applied and the separate statement of financial position as at 31 December 2019 of Baht 8.40 million and a decrease in the total comprehensive income in the statement comprehensive income in which the equity method is applied for the year ended of Baht 6.95 million (net of tax). (the Company's separate comprehensive income for the year ended : Baht 6.72 million).

21 Share Capital

		the equity method is applied and separate financial statements			
		2019		2018	
Par	Number	Amount	Number	Amount	
Value	of share	baht	of share	baht	
(in Baht)	(thousand shares/ Thousand Baht)				
<i>Authorized Share Capital</i>					
At 1 January					
- ordinary shares	10	17,624	176,243	18,000	180,000
Decrease of shares	10	-	-	(376)	(3,757)
At 31 December					
- ordinary shares		17,624	176,243	17,624	176,243
<i>Issued and paid - up</i>					
At 1 January					
- ordinary shares	10	17,624	176,243	17,624	176,243
At 31 December					
- ordinary shares		17,624	176,243	17,624	176,243

The Annual General Shareholders' meeting No 1/2018 on 27 April 2018 approved the decrease of registered share capital from Baht 180,000,000 to Baht 176,243,080.

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.

22 Statutory reserve and Other components of equity

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.

23 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 2019 represented approximately 58 percent (2018: 56 percent) of total sales.

24 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 financial reporting standards were as follows:

Unit : Thousand Baht

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

	2019	2018
Changes in inventories of finished goods and work in process	(8,332)	9,332
Raw materials and consumables used	410,349	398,287
Employee benefit expenses	153,116	154,055
Depreciation	22,962	24,736
Advertising and promotion expenses	22,703	24,679
Rental expenses from operating lease agreements	4,676	4,786

25 Income tax

Income tax recognised in profit or loss

Unit : Thousand Baht

	Financial statements		Separate	
	in which equity		financial statements	
	method is applied			
	2019	2018	2019	2018
Current tax expense				
Current year	-	-	-	-
Deferred tax expense				
Relating to origination and				
reversal of temporary differences	8,232	(7,097)	8,232	(7,097)
Income tax expenses (income)	8,232	(7,097)	8,232	(7,097)

Income tax recognised the statements of other comprehensive income

Unit : Thousand Baht

	Financial statements		Separate	
	in which equity		financial statements	
	method is applied			
	2019	2018	2019	2018
Changes in revaluation of land	(119,880)	-	(119,880)	-
Actuarial loss	513	49	513	49
Share of profit (loss) from investment in associate	(1)	30	-	-
Total	(119,368)	79	(119,367)	49

Reconciliation of effective tax rate

Unit : Thousand Baht

	Financial statements in which equity method is applied			
	2019		2018	
	Rate	(in thousand Baht)	Rate	(in thousand Baht)
Profit (loss) before income tax expense		9,697		(17,808)
Income tax using the Thai corporation tax rate	20	1,939	20	(3,562)
Effects of:				
Share of profit (loss) from investment in associate		(1,643)		(1,094)
Written-off unrecoverable deferred tax assets from loss carry forward		8,226		-
Recognition of previously unrecognized tax losses		-		(2,440)
Movement in Temporary differences		6		-
Others		(296)		(1)
Total		8,232		(7,097)

Unit : Thousand Baht

	Separate financial statements			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		15,125		(9,641)
Income tax using the Thai corporation tax rate	20	3,025	20	(1,928)
Effects of:				
Income not subject to tax		(2,729)		(2,728)
Written-off unrecoverable deferred tax assets from loss carry forward		8,226		-
Recognition of previously unrecognized tax losses		-		(2,440)
Movement in Temporary differences		6		-
Others		(296)		(1)
Total		8,232		(7,097)

Deferred tax assets and liability are as follows :

	Unit : Thousand Baht			
	Financial statements in		Separate financial	
	which equity method is applied		statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for diminution in value of inventories	5,479	6,429	5,479	6,429
Allowance for impairment loss on assets	809	1,287	809	1,287
Provision for long-term employee benefits	7,489	5,554	7,489	5,554
Unused tax loss	14,391	22,617	14,391	22,617
Total	28,168	35,887	28,168	35,887
Deferred tax liability				
Revaluation surplus on land	205,580	85,700	205,580	85,700
Total	205,580	85,700	205,580	85,700
Deferred tax liabilities - net	177,412	49,813	177,412	49,813

As at 31 December 2019, the Company has unused tax losses totaling Baht 119 million (2018: Baht 110 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, on which deferred tax assets have been recognized to Baht 71 million will expire by 2023.

26 Earnings per share

The calculation of basic earnings (loss) per share for each of the year ended 31 December 2019 and 2018 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		separate	
	equity method is applied		financial statements	
	2019	2018	2019	2018
Profit (loss) attributable to ordinary shareholders of the Company	1,465	(10,712)	6,893	(2,544)
Number of ordinary shares outstanding	17,624	17,624	17,624	17,624
Earnings (loss) per share (basic) (in Baht)	0.08	(0.61)	0.39	(0.14)

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 2019

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	-	-	-	1,239	60	1,299	0.125-0.63
Current investment	1,000	-	-	-	-	1,000	1.40
Trade and other receivables	-	-	-	-	66,277	66,277	-
Bank deposits used as collateral	-	-	-	901	-	901	0.125
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	136,000	-	-	766	-	136,766	3.46-4.53
Trade and other payables	-	-	-	-	73,065	73,065	-
Finance lease liabilities	128	283	-	-	-	411	3.7041
Long-term loan from financial institution	7,843	32,157	-	-	-	40,000	BIBOR+2.25

Unit : Thousand Baht

As at 31 December 2018

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	-	-	-	18,474	38	18,512	0.125-0.37
Current investment	1,163	-	-	-	-	1,163	1.40
Trade and other receivables	-	-	-	-	94,695	94,695	-
Bank deposits used as collateral							
Financial liabilities	-	-	-	901	-	901	0.125
Bank overdrafts and short-term loans from financial institutions	200,626	-	-	-	-	200,626	3.50-5.03
Trade and other payables	-	-	-	-	87,480	87,480	-
Finance lease liabilities	124	411	-	-	-	535	3.7041
Long-term loan from financial institution	-	-	-	900	-	900	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:

	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	<i>(Thousand)</i>		<i>(Baht per 1 foreign currency unit)</i>	
Financial assets				
US dollar	537	840	29.9767	32.2848
Financial liabilities				
US dollar	20	21	30.3313	32.6148
UK pound	-	1.63	-	41.5216
EUR	-	18.65	-	37.4884

27.2 Fair values of financial instruments

The following table show the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

Unit : Thousand Baht

**Financial statements in which the equity method
is applied and separate financial statements**

	Fair value			
	Level 1	Level 2	Level 3	Total
31 December 2019				
Forward exchange contracts	-	20	-	20

As at 31 December 2019, the fair value of other financial assets and liabilities, do not differ significantly from amount recorded in the statement of financial position

Valuation techniques

Level 2 fair value for forward exchange contract, is determined by using observable forward exchange rates at the end of the reporting periods and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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 2019, according to the statement of financial position in which equity method is applied, the Company's debt-to-equity ratio was 0.43:1 (2018: 0.64:1) and according to the separate financial statements, the Company's debt-to-equity ratio was 0.45:1 (2018:0.68:1).

28 Commitments with non-related parties

Unit : Thousand Baht

the equity method is applied
and separate
financial statements

	2019	2018
<i>Non-cancellable operating lease commitments</i>		
Within one year	6,051	719
After one year but within five years	4,685	-
Total	10,736	719
<i>Other commitments</i>		
Bank guarantees	36,204	6,867
Forward exchange contracts	11,798	-
Total	48,002	6,867

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 2019, 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.

Forward exchange contract

As at 31 December 2019, the Company entered into forward exchange contracts to sell totalling Baht 11.80 million (USD 0.39 million) These contracts are due from 4 December 2019 - 2 July 2020.

Unused credit facilities

As at 31 December 2019, the Company had unused overdrafts and short-term loans facilities from financial institutions totalling Baht 143 million.

29 Approval of financial statements

These financial statements have been authorised for issue by the Company's Board of Directors on 27 February 2020.



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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 3 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, select the Company's auditors and propose to the Board of Directors, 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 2019, the Audit Committee has 7 meetings, and considered the following matters:

1. The Audit Committee has reviewed the quarterly and year-end 2019 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 2019, the Audit committee has hold 2 meetings 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 2019, 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. Prepare the Audit Committee Charter and review of the charter.
5. Select and propose the Company's auditors and consider Mr. Pornchai Kittipanya-Ngam, Auditor license no. 2778 or Mrs. Suwanee Kittipanya-Ngam, Auditor license no. 2899 or Mr. Thanakorn Fakfaipol, Auditor license no. 4879 from Bunchikij Co., Ltd. as the auditors of the company for the year 2020 and set the audit fee. Then, the Audit Committee will present to the Board of Directors to present to the Shareholders for approval.
6. 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.
7. Coordinate understandings among Audit Committee, Management, Internal Audits, and Auditors.
8. Prepare an Audit Committee's Report.
9. 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.

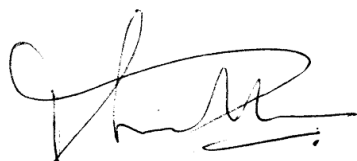
Ms. Chaovana Vivatpanachati
Chairman, Audit Committee
25 February 2020

➤ 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 2019 annual financial statements ended 31 December 2019, 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