

February 23, 2018

Re: Clarification of the Performance of S & P Syndicate Public Company Limited

Dear The President
The Stock Exchange of Thailand

S & P Syndicate Public Company Limited (the "Company") and its subsidiaries hereby submit the Annual Financial Statements, ending December 31, 2017 and 2016, together with the clarification of the performance of the Company and its subsidiaries as follows:

Performance Ending December 31, 2017

Revenue from Sales and Services

In 2017, the Company and its subsidiaries generated revenues of THB 7,786 million from the sales and services, which is increased from the same period of the previous year in the amount of THB 11 million or equivalent to an increase of 0.1 percent, because the growth of the same store sales of the restaurants and bakery are increased at the rate of 0.4 percent while the same store sales of the domestic bakery shops are decreased by 1.9 percent as a result of a domestic consumption slowdown, and the growth of the same store sales of the overseas restaurants are decreased by 11.7 percent due to a higher competition in a restaurant business and a continuous economic slowdown in Singapore.

In 2017, the Company has generated reduced revenues from the food and bakery wholesales in the amount of THB 55 million or equivalent to 6.7 percent because the sales from the frozen foods, sausages, and moon cakes in the supermarkets and retail malls are declined.

The ratio of the revenues from the domestic sales and services to the overseas sales and services in 2017 is 78.3 percent to 11.2 percent respectively.

Revenues Classified by Distribution Channels	12 Months in 2017	12 Months in 2016	Variation THB	%
Domestic Restaurant and Bakery Business	6,098	5,969	130	2.2
Food and Bakery Wholesales Business	762	817	(55)	(6.7)
Overseas Restaurant Business	873	945	(71)	(7.5)
Others	52	45	7	15.5
Total	7,786	7,775	11	0.1

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

In 2017, the Company has earnings before interest payable, tax, and depreciation (EBITDA) pursuant to the Financial Statements in the amount of THB 995 million, which is increased by 4.8 percent because in the Quarter 4 of 2017, the Company acknowledged the one-time profits in the amount of THB 108 million from the transfer of Thai restaurants in the United Kingdom consisting of 4 Patara restaurants, and other relevant properties to Patara Fine Thai Cuisine Limited (PFTC). S & P Development Holding Co., Ltd. (a

subsidiary which its 100 percent shares held by the Company) and MFG International Co., Ltd. (subsidiary of Minor International Public Company Limited) hold the shares in PFTC at ratio of 50:50

In consideration of the EBITDA profits from the performance in 2017 compare to in 2016, the Company slightly increased its EBITDA profits rate from the previous year because of the increase of the Company's profit capacity. Although, the Company incurred the increased selling and administration expenses comparing to the same period of the previous year in the amount of THB 88 million (equivalent to 3.0 percent). A main reason was the increase of the staff cost resulting from the increase of minimum wages and the increase of the employment due to the branch expansion, as well as the increase of the rents of the existing branches and new branches, despite that the Company had better capacity in manufacturing cost control comparing to the previous year.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	12 Months In 2017	12 Months in 2016	Variation THB	%
EBITDA pursuant to the Financial Statements	995	949	46	4.8
EBITDA Profit Margin per Total Revenues (percentage)	12.5	12.0	1	0.5
EBITDA from Normal Performances	796	747	49	6.5
EBITDA Profit Margin per Total Revenues (percentage)	10.1	9.5	1	0.6

Net Profit

In 2017, the Company and its subsidiaries earn the net profit in the amount of THB 484 million, which is increased from the same period of the previous year by THB 46 million, equivalent to 10.6 percent, which resulted from the acknowledgement of the one-time profit from the transfer of the assets as aforesaid mentioned.

In consideration of the net profit from operations in 2017, the Company's net profit margin to total revenue was 4.8% which is the same rate as last year.

Net Profit	12 Months In 2017	12 Months in 2016	Variation THB	%
Net Profit pursuant to the Financial Statements	484	438	46	10.5
Net Profit Margin to Total Revenues (percentage)	6.1	5.5	1	0.5
Net Profit from Normal Performances	376	375	1	0.3
Net Profit Margin from Normal Performance to Total Revenues pursuant to the Financial Statements	4.8	4.8	-	0.0

Statements of Financial Position and Statements of Cash Flows

At the end of 2017, the Company and its subsidiaries have the total assets in the amount of THB 3,970 million, increased by THB 257 million from the value of the total assets at the end of 2016 amounting to THB 3,714 million, while the long term assets were slightly increased, which were mainly caused by:

1. The increase of the cash and cash equivalent transactions in the amount of THB 245 million, which came from the cash from the sales of the assets of S&P Restaurants Limited as well as a result from the better cash flow management.
2. The increase of the capital in a joint venture in the amount of THB 164 million
3. The decrease of the land, buildings, and equipment in the amount of THB 145 million

The Company has the total debt in the amount of THB 1,346 million at the end of 2017, which increased by THB 53 million from the total debt at the end of 2016 in the amount of THB 1,293 million. This was caused by the increase of the current liabilities in the type of trade receivables in the amount of THB 35 million while the non-current liabilities were increased from the previous year in the amount of THB 38 million, which resulted from the profits from the sales of the assets to the joint venture entity company to be acknowledged in the amount of THB 28 million.

The shareholders' equity of the company has increased in the amount of THB 204 million from THB 2,421 million to THB 2,625 million, which mainly resulted from (1) the net profit in 2017 in the amount of THB 484 million (2) the increase of the profit in the part of the non-controlling interests in the amount of THB 19 million (3) the dividend payment in the amount of THB 378 million and (4) profit from the transfer of the business to the joint venture entity company in the amount of THB 80 million

The Company and its subsidiaries have the cash flow from the performance in the amount of THB 782, which increased by THB 76 million from the previous year resulting from the corporate income tax paid in cash reduced by THB 96 million.

The Company and its subsidiaries have the cash flow paid due to the investment in the amount of THB 163 million, which decreased by THB 179 million as a result of (1) cash received from the sales of fixed assets was increased by THB 145 million, (2) cash paid for purchasing fixed assets, intangible assets, and leasehold were decreased by THB 195 million (3) cash paid to purchase the capital investment in the joint venture was increased by THB 148 million (4) cash received from the sales of the capital investment to the joint venture entity company were increased by THB 179 million.

The Company has the net cash paid from the fund raising activities in the amount of THB 397 million, which decreased by THB 77 million mainly due to (1) the dividend payment decreased in the amount of THB 113 million.

Financial Ratio Analysis

Financial Rate	31-Dec-17	31-Dec-16
Primary Profit Rate (Percentage)	45.3	44.7
Net Profit Rate (Percentage)	6.1	5.5
Net Profit Rate from Performance (Percentage)	4.8	4.8
Return on Equity (Percentage)	19.2	17.8
Return on Assets (Percentage)	12.6	11.6
Current Ratio (Time)	1.6	1.4
Liabilities vs. Shareholders' Equity (Time)	0.5	0.5

Financial Ratio Analysis

The Company has the gross profits increased from 44.7 percent in 2016 to 45.3 percent in 2017 mainly due to the better manufacture cost control ability of the business. The net profit rate in accordance with the Company's report was increased from 5.5 percent in 2016 to 6.1 percent in 2017 due to the profits from the one-time transaction in relation to the business transfer to the joint venture entity company in 2017. If such one-time transaction was excluded, the net profit rate from the performance was equal to 4.8 percent which is the same rate as last year, due to the year 2017, the Company had higher number of selling and administrative expenses.

The return on equity increased from 17.8 percent in 2016 to 19.2 percent in 2017 as well. The return on assets increased from 11.6 percent in 2016 to 12.6 percent in 2017. Both rates were increased in a normal level because the net profit in 2017 as the profit incorporated the one-time transaction. If such one-time transaction was excluded, the return on equity equal to 14.9 percent and the return on assets from normal operation equal to 9.8 percent which slightly decreased from last year.

The liabilities vs. the shareholders' equity in 2017 will be equal to in 2016 at the rate of 0.5 time, while the current **ratio** increased from 1.4 time at the end of 2016 to 1.6 time at the end of 2017. This mainly resulted from the increase of the cash and cash equivalent transactions, the increase of the trade debtors, and current debtors, and cash received from the transfer of business to the joint venture entity company as well as the better performance of the Company throughout 2017 year.

Please be informed and the Financial Statements is attached herewith for your acknowledgement and disseminating information to the investors accordingly.

Your Sincerely,

(Kamtorn Sila-On)

President Production and Finance
S & P Syndicate Public Company Limited