

February 28, 2017

Subject: Management discussion and analysis of the operating results for the year 2017

Attn: President
The Stock Exchange of Thailand

Please find the reviewed Financial Statement for fiscal year ending 31 December 2017 which had been audited by Certified Auditor and has been approved by the Board of Director.

Food and Drinks Public Company Limited operating result in the year 2017 compare to the year 2016 and Statement of financial position as at 31 December 2017 compare to as at 31 December 2016 can be summarized the important essence as follows:

Operating Result

Company's Financial Statement in the year 2017 has net loss amount to Baht 42.5 million or Baht 2.59 per share compared to the net loss of Baht 64.6 million in the year 2016. Our book value per share as at 31 December 2017 stood at 33.19 Baht Significant changing is as follows:

- 1) Revenue from sale in Baht 770.8 million increased by Baht 39.6 million or 5.4% from the year 2016, mainly due to increase of export sales by 3.0% and domestic sale by 2.4%.
- 2) Cost of sales increased by Baht 19.2 million. The increased of cost of sales due to increase of sales. The cost of sales to sales by 89.4%. (in the year 2016 by 91.6%) The company has a gross profit of Baht 82.0 million.
- 3) Selling expenses in the year 2017 of Baht 78.7 million (same as in the last year). The administration expenses increased by Baht 2.9 million from the year 2016.
- 4) Financial cost amount of Baht 9.5 million, increased by Baht 0.2 million from the year 2016, mainly due to interest expense.
- 5) Company record loss sharing in joint-venture by equity method of Baht 0.2 million decreased from the year 2016 by Baht 0.3 million (loss sharing in the year 2016 was in Baht 0.1 million).
- 6) The company has corporate income tax in the year 2017 of Baht 0.2 million.
- 7) The company has the dividend income from associate of Baht 20.5 million. The Separate financial statements has net loss amount to Baht 21.8 million (The financial statements in which equity method is applied has net loss amount to Baht 42.5 million)

Statement of Financial Position

Statement of Financial Position as at 31 December 2017, the company has total asset of Baht 940.9 million decreased from last year by Baht 77.1 million, total liabilities in Baht 355.9 million decreased from last year by Baht 88.7 million and shareholders' equity of Baht 585.0 million increased from last year by Baht 11.6

million or 2.0%. The important essence detail of changing in asset, liabilities and shareholders' equity are as follows:

Assets

Cash and cash equivalents increased by Baht 11.7 million
Trade receivable and other receivables decreased by Baht 10.6 million
Inventory decreased by Baht 37.8 million
Investment in associate decreased by Baht 20.7 million
Property, Plant and Equipment decreased by Baht 20.0 million
Cost of rubber plantation increased by Baht 2.3 million

Liabilities

Short-term loans from financial institutions decreased by Baht 38.4 million
Liabilities under finance lease agreements decreased by Baht 1.9 million
Trade and other payables decreased by Baht 47.4 million
Long-term loan decreased by Baht 1.2 million
Deferred tax liability increased by Baht 0.2 million

Shareholders' Equity

Net loss from company's operating result for fiscal year ended 31 December 2017 of Baht 40.9 million.

Cash Flow Statement

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

1. Cash flow from operating activity has net cash in Baht 11.5 million has essence transaction as follows:
 - Profit from operating before changing in operating asset and liability of Baht 8.8 million
 - Trade and other receivables decreased by Baht 8.6 million
 - Inventory decreased by Baht 29.4 million
 - Other current assets increased by Baht -1.0 million
 - Trade and other payable decreased by Baht -47.0 million
 - Provision for long-term employee benefits decreased by Baht -1.3 million
 - Paid for interest of Baht -9.0 million
 - Paid for income tax of Baht -0.2 million
 - Cash receipt from withholding tax refundable 0.3 million

2. Cash flow from investing activity, net cash receipt in Baht 12.1 million has essence transaction as follows:
 - Dividend income from associate of Baht 20.5 million
 - Acquisition of building improvement and equipment of Baht -5.4 million
 - Increase in cost of rubber plantation -2.3 million
 - Proceeds from sales of equipment -0.7 million

3. Cash flow from financing activity, net cash receipt in Baht 11.0 million has essence transaction as follows:

- Bank overdraft and short-term loan from Financial institution decreased by Baht -38.4 million
- Paid of liability under finance lease agreements of Baht -1.9 million
- Proceeds from issue of ordinary shares of Baht 52.5 million
- Repayment long term loan of Baht -1.2 million

Please be informed accordingly.

Sincerely yours,

(Ms. Huai Hui, Lee)
Chief Operating Officer