

February 27, 2019

Subject: Management discussion and analysis of the operating results for the year 2018

Attn: President
The Stock Exchange of Thailand

Please find the Audited Financial Statement for the year ended 31 December 2018 which had been audited by Certified Auditor and has been approved by the Board of Director.

Food and Drinks Public Company Limited operating result for the year 2018 compare to 2017 and Statement of financial position as at 31 December 2018 compare to as at 31 December 2017 can be summarized the important essence as follows:

Operating Result

Company's Financial Statement for the year 2018 has net loss amount to Baht 10.71 million or Baht 0.61 per share compared to the net loss of Baht 42.49 million in year 2017. Our book value per share as at 31 December 2018 stood at 32.57 Baht

Significant changing is as follows:

- 1) Revenue from sale in Baht 774.52 million increased by Baht 3.70 million or 0.48% from 2017, mainly due to increase of export sales.
- 2) Cost of sales decreased by Baht 10.80 million due to sales amount increase from selling price increasing. Cost of sales ratio at 87.54% (2017 : at 89.36%) which effected to the company has a gross profit of Baht 96.49 million increasing from last year 17.69%.
- 3) Selling expenses increasing from last year amounting of Baht 1.17 million or 1.48% due to local transportation charge. Selling expenses for year 2018 amounting of Baht 79.88 million. (2017 : amounting of Baht 78.71 million).
- 4) The administration expenses amounting to Baht 44.19 million, decreased by Baht 1.90 million from last year. (2017 : amounting of Baht 46.09 million).
- 5) Company record profit sharing in joint-venture by equity method of Baht 5.47 million increased from last year by Baht 5.70 million (2017 : loss amounting of Baht 0.22 million).
- 6) The company has corporate tax income for year 2018 amounting of Baht 7.10 million (2017 : amounting of Baht 0.19 million).

Statement of Financial Position

Statement of Financial Position as at 31 December 2018, the company has total asset of Baht 943.23 million increased from last year by Baht 5.23 million, total liabilities in Baht 369.25 million increased from last year by Baht 16.25 million and shareholders' equity of Baht 573.98 million decreased from last year by Baht 11.03 million or 1.89%. The important essence detail of changing in asset, liabilities and shareholders' equity are as follows:

Assets

Cash and cash equivalent increase by	Baht	8.10 million
Trade and other receivable increase by	Baht	7.03 million
Other current assets increase by	Baht	12.61 million
Investment in associate decrease by	Baht	(8.29) million
Property, plant and equipment decrease by	Baht	(15.37) million
Cost of rubber plantation increase by	Baht	2.41 million
Intangible asset decrease by	Baht	(1.65) million

Liabilities

Bank overdrafts and short-term loans		
from financial institutions increase by	Baht	6.34 million
Trade and other payable increase by	Baht	14.39 million
Deferred income tax liabilities decrease by	Baht	(7.15) million
Employee benefit obligations increase by	Baht	2.90 million

Shareholders' Equity

Net operating loss for the year	Baht	(10.71) million
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Cash Flow Statement

Cash Flow Statement for the year ended 31 December 2018, the company has cash and cash equivalent transaction net increase, increased from 31 December 2017 in Baht 8.10 million by separate cash flow to each activity as follows:

- Cash flow from operating activity, net cash received Baht 1.09 million has essence transaction as follows:
 - Operating cash flow before changing in operating asset and liability Baht 20.06 million
 - Trade and other receivable increase by Baht (6.43) million
 - Inventories increase by Baht (5.47) million
 - Other current assets increase by Baht (12.41) million
 - Trade and other payable increase by Baht 14.71 million
 - Paid for financial cost Baht (8.72) million

2. Cash flow from investing activity, net cash received in Baht 2.25 million has essence transaction as follows:
 - Dividend income from associate Baht 13.64 million
 - Purchase for equipment Baht (8.72) million
 - Cost of rubber plantation Baht (2.41) million
3. Cash flow from financing activity, net cash received in Baht 4.76 million has essence transaction as follows:
 - Bank overdrafts and short-term loans
from financial institutions increase by Baht 6.34 million
 - Repayment of long-term loans Baht (1.20) million

Please be informed accordingly.

Sincerely yours,

(Ms. Huai Hui, Lee)
Chief Operating Officer