

February 27, 2020

Subject: Management discussion and analysis of the operating results for the year 2019

Attn: President  
The Stock Exchange of Thailand

Please find the Audited Financial Statement for the year ended 31 December 2019 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 2019 compare to 2018 and Statement of financial position as at 31 December 2019 compare to as at 31 December 2018 can be summarized the important essence as follows:

#### Operating Result

Company's Financial Statement for the year 2019 has net profit amount to Baht 1.47 million or Baht 0.08 per share compared to the net loss of Baht 10.71 million in year 2018. Our book value per share as at 31 December 2019 stood at 59.74 Baht

Significant changing is as follows:

- 1) Revenue from sale in Baht 754.72 million decreased by Baht 19.80 million or 2.56% (2018: amounting of Baht 774.52 million).
- 2) Cost of sales decreased by Baht 26.70 million due to sales amount decreased. Cost of sales ratio at 86.30% (2018 : at 87.54%) which effected to the company has a gross profit of Baht 103.39 million increasing from last year 7.15%.
- 3) Other income increased by Baht 10.16 million due to rental income increase Baht 2.60 million, other income increase Baht 5.84 million and gain on sales fixed asset Baht 1.46 million.
- 4) Selling expenses decreasing from last year amounting of Baht 9.74 million or 12.02% due to local transportation charge decreased Baht 9.53 million.
- 5) The administration expenses amounting to Baht 45.76 million, increased by Baht 1.56 million or 3.54% from last year. (2018 : amounting of Baht 44.19 million).
- 6) Company record profit sharing in joint-venture by equity method of Baht 8.21 million increased from last year by Baht 2.74 million (2018 : gain amounting of Baht 5.47 million).
- 7) The company has corporate tax expenses for year 2019 amounting of Baht 8.23 million (2018 : corporate tax income amounting of Baht 7.10 million).

## Statement of Financial Position

Statement of Financial Position as at 31 December 2019, the company has total asset of Baht 1,520.05 million increased from last year by Baht 576.82 million, total liabilities in Baht 467.13 million increased from last year by Baht 97.88 million and shareholders' equity of Baht 1,052.92 million increased from last year by Baht 479.52 million or 83.44%. The important essence detail of changing in asset, liabilities and shareholders' equity are as follows:

### Assets

Cash and cash equivalent decrease by	Baht (17.21) million
Trade and other receivable decrease by	Baht (28.42) million
Inventories increase by	Baht 2.94 million
Other current assets decrease by	Baht (20.13) million
Investment in associate decrease by	Baht (5.42) million
Investment property increase by	Baht 97.89 million
Property, plant and equipment increase by	Baht 548.52 million
Cost of rubber plantation increase by	Baht 1.17 million
Intangible asset decrease by	Baht (1.65) million

### Liabilities

Bank overdrafts and short-term loans	
from financial institutions decrease by	Baht (63.86) million
Trade and other payable decrease by	Baht (14.66) million
Deferred income tax liabilities increase by	Baht 127.60 million
Employee benefit obligations increase by	Baht 9.67 million
Long-term loan from financial institution	
increase by	Baht 39.10 million

### Shareholders' Equity

Net operating profit for the year	Baht 1.47 million
Revaluation surplus on land increase by	Baht 479.52 million

## Cash Flow Statement

Cash Flow Statement for the year ended 31 December 2019, the company has cash and cash equivalent transaction net decrease, decreased 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 Baht 40.00 million

Please be informed accordingly.

Sincerely yours,

(Ms. Huai Hui, Lee)  
Chief Operating Officer