**Independent Auditor’s Report**

To the shareholders and the Board of Directors of R&B Food Supply Public Company Limited

**My opinion**

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of R&B Food Supply Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2020 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

**What I have audited**

The consolidated financial statements and the separate financial statements comprise:

* the consolidated and separate statements of financial position as at 31 December 2020;
* the consolidated and separate statements of comprehensive income for the year then ended;
* the consolidated and separate statements of changes in equity for the year then ended;
* the consolidated and separate statements of cash flows for the year then ended; and
* the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

**Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and 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 judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Impairment of assets - Cash-generating units of hotel properties. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

| **Key audit matter** | **How my audit addressed the key audit matter** |
| --- | --- |
| ***Impairment of assets - Cash-generating units of hotel properties*** |  |
| Refer to Note 6 ‘Accounting policies, Note 9 ‘Critical accounting estimates and judgments’, Note 17 ‘Property, plant and equipment’ and Note 18 ‘Right-of-use assets’ to the consolidated and separate financial statements.  The Group manufactured and traded in food, beverage, and consumer product industries. The Group also operated two hotel properties.  The Thai Accounting Standard 36 required the recoverable amount of the assets to be measured because this is an indication that the assets may be impaired. Due to the Group’s two hotel properties had continued losses, the management determined that the plant, equipment and right-of-use assets of the two hotel properties were cash-generating units (CGUs) that were subjected to impairment testing.  As at 31 December 2020, the Group’s cash-generating units of the two hotel properties (Plant, equipment and right-of-use assets) had a net book value of Baht 446.70 million (2019: Plant and equipment, Baht 343.87 million) after deducting a Baht 11.56 million (2019: Baht 11.56 million) accumulated impairment. This value represented 9.15% (2019: Plant and equipment, 7.79%) of total assets in the consolidated financial statements.  In December 2020, the management engaged independent valuers who qualified experts and held a relevant recognised professional qualification approved by the Securities and Exchange Commission (‘independent valuers’) to do the preliminary valuation of the assets. The discounted cash flow approach was applied to determine the recoverable amounts of cash-generating units of the two hotel businesses based on value-in-use.  Key assumptions used in the discounted cash flow forecast prepared by the management:  1. average room rates  2. occupancy rates  3. revenue growth rates  4. expense to sales ratios  5. discount rates.  During 2020, the outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 has adverse effects on the hotel businesses. However, the Group applied the temporary measures to relieve the impact from COVID-19 (“temporary relief exemption”) announced by the Federation of Accounting Professions Committee (“TFAC”) for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding information related to COVID-19 as an indication of the impairment of assets.  Based on the impairment testing and adoption of the above temporary relief exemption, the Group has no additional impairment charge for the plant, equipment and right-of-use assets of the two hotel properties in the consolidated comprehensive income for the year 2020.  I focussed on the impairment of assets for cash-generating units of the hotel businesses because their value was significant to the consolidated financial statements. Also, The value-in-use determination required significant management judgments of future performance results, information and assumptions used in the discounted cash flow forecasts as listed above. In cases that the assumptions were changed and the information related to COVID-19 was used as an indication of the impairment of assets in that estimate, then the subjective changes might have a material impact on the value-in-use assessment, any resulting impairment charges and the resulting financial performance. | I performed the following key procedures:   * I assessed the appropriateness of management’s identification of the Group’s CGUs. * I understood management’s impairment models. My procedures included the evaluation of whether the assumptions had been applied appropriately and in line with the nature of the business. * I obtained asset valuation reports prepared by the independent valuers. This included evaluating the valuers’ competency, independence and objectivity. * I assessed the appropriateness of management’s key assumptions used in the cash flow forecasts provided to independent valuers by “excluding” information related to COVID-19 as an indication of the impairment of assets:  1. average room rates: compared them to historical results, the business plan and available industry data by analysing data from similar hotels in the nearby areas 2. occupancy rates: compared them to historical data, the business plan and available industry data 3. revenue growth rates: compared them to historical data and available industry data by analysing data from similar hotels in the nearby areas 4. expense to forecast sales ratios: compared them to historical results 5. reasonableness of discount rates applied in the discounted cash flow model: engaged an auditor’s valuation expert to assess this, including testing the accuracy of the calculation by comparing it with independently obtained data from available public information from companies in the same industry to assess whether the discount rate used was within an acceptable range.  * I engaged an auditor’s valuation expert to assess the reasonableness of using the discounted cash flow method and whether it was general practice in the industry. * I tested the accuracy of the calculation of the valuation of assets. * I also considered the condition and to appropriation of the adoption of the temporary relief exemption announced by TFAC.   Based on the above procedures performed and the adoption of temporary relief exemption announced by TFAC, I determined that the key assumptions used and the calculation of the recoverable amounts of assets are reasonable based on the available evidences and that the discount rate applied in the discounted cash flow model was within an acceptable range. And the Group has adopted the temporary relief exemption announced by TFAC appropriately. |
|  |  |

**Emphasis of matter**

I draw attention to note 2 significant events during the current year and note 6 to the consolidated and separate financial statements, which describes the accounting policies in relation to adopting the temporary relief exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting period ending between 1 January 2020 and 31 December 2020 and potential impact in the future. My opinion is not modified in respect to this matter.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

**Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group’s and 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group’s and the Company’s financial reporting process.

**Auditor’s responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and 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 TSAs 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 these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

* Identify and assess the risks of material misstatement of the consolidated and 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 Group’s and the Company’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
* Conclude on the appropriateness of the directors’ 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 Group’s and 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 consolidated and 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 Group and the Company to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee 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 the audit committee 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 the audit committee, I determine those matters that were of most significance in the audit of the consolidated and 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.

PricewaterhouseCoopers ABAS Ltd.

**Paiboon Tunkoon**

Certified Public Accountant (Thailand) No. 4298

Bangkok

25 February 2021

**R&B FOOD SUPPLY PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2020**