

- Translation -

12 May 2017

Subject: Management's Discussion and Analysis for the Operating Results of the First Quarter of 2017

Attention: The President of the Stock Exchange of Thailand

Exotic Food Public Company Limited (the "Company") would like to send the financial statements for the first quarter ended March 31st, 2017, which have been reviewed by the independent auditor. The Company's net profit decreased by 58.48% to Baht 14.44 million from Baht 34.78 million in the comparable quarter of 2016. The clarification of the Company operating results is as follows:

Income Statement (in million Baht)	1Q16	1Q17	%YoY
Revenue from sale of goods	221.12	254.87	15.26%
Cost of sale of goods	(144.30)	(185.43)	28.50%
Gross profit	76.82	69.44	-9.61%
Selling expenses	(16.36)	(19.40)	18.58%
Administrative expenses	(25.65)	(34.27)	33.61%
Operating profit	34.81	15.77	-54.70%
Investment income	0.31	-	-100.00%
Net foreign exchange gain/(loss)	(0.56)	0.45	-180.36%
Other income	0.37	0.68	83.78%
Earnings before interest and taxes	34.93	16.90	-51.62%
Finance costs	(0.15)	(0.26)	73.33%
Profit before income tax expense	34.78	16.64	-52.16%
Income tax expense	-	(2.20)	
Profit for the period	34.78	14.44	-58.48%

Revenues from Sales

In the 1st quarter of 2017, the Company had total revenues from sales in the amount of Baht 254.87 million, which resulted in an increase of Baht 33.75 million or 15.26%, provided that the Company's sales volume has increased 7.84% as a result of an increase in sales volume of sauces and condiments.

	1Q16	1Q17	% YoY
Sales volume (Ton)			
- Euro	197	356	80.71%
- United States dollar	1,187	875	-26.28%
- Thailand baht	1,932	2,345	21.38%
Total sales volume (Ton)	3,316	3,576	7.84%
Average FX			
- THB/EUR	38.90	36.99	-4.91%
- THB/USD	35.44	34.89	-1.55%

Cost of Sales

Cost of sales for the 1st quarter of 2017 was Baht 185.43 million which increased in the amount of Baht 41.13 million or 28.50% as compared with the same period of the last year. This increase was in line with the increase in sales volume.

Gross Profit Margin

Gross profit margin is equal to 27.25% in the 1st quarter of 2017, which declined from 34.74% that was booked in the same quarter of 2016. The main cause stemmed from the duplicated cost of labor between the factory at Laem Chabang and the new factory at Amata City incurred during relocation of the production lines of sauces and condiments to the new factory. In addition, the new factory is in the early stage of production; therefore, the production is unable to run at its full capacity. Moreover, an increase in prices of sugar and garlicks, which are the main raw materials used in production, has contributed to an increase in the overall costs of production per unit.

Selling Expenses

Selling expenses for the 1st quarter of 2017 were Baht 19.40 million, which increased Baht 3.04 million or 18.58% from the same period of the last year. This increase was in line with sales volume and sales promotion.

Administrative Expenses

Administrative expenses for the 1st quarter of 2017 were Baht 34.27 million, which increased Baht 8.62 million or 33.61% from the same period of the previous year. The main reasons stemmed from reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity in the amount of Baht 5.04 million as well as an increase in the related staff costs to support business expansion.

Net Profit

The Company's net profit for the 1st quarter of 2017 was Baht 14.44 million, which decreased by 58.48% or from Baht 34.78 million in the same quarter of 2016. The main reason of such decrease is due to a decline in gross profit margin, an increase in selling and administrative expenses, and corporate income tax expense.

Please be informed accordingly.

Sincerely yours,

-Signed-

(Mr. Jittiporn Jantarach)
Managing Director