



Aug 14, 2018

Subject: Management discussion and analysis of the operating results for the quarter
2/2018

Attn: President
The Stock Exchange of Thailand

Please find the reviewed Financial Statement for the Quarter 2/2018 ending 30 June 2018 which had been reviewed by Certified Auditor and has been approved by the Board of Director.

Food and Drinks Public Company Limited operating result in the Quarter 2/2018 compare to the Quarter 2/2017 and Statement of financial position as at 30 June 2018 compare to as at 31 December 2017 can be summarized the important essence as follows:

Operating Result

Company's Financial Statement in the Quarter 2/2018 has net loss amount to Baht 7.4 million or Baht 0.42 per share compared to the net loss of Baht 9.8 million in the Quarter 2/2017. Our book value per share as at 30 June 2018 stood at 31.55 Baht

Significant changing is as follows:

- 1) Revenue from sale in Baht 180.3 million decreased by Baht 24.50 million or 12% from the quarter 2/2017, mainly due to decrease of export and domestic sales.
- 2) Cost of sales decreased by Baht 19.6 million. The decreased of cost of sales due to decrease of sales. The cost of sales to sales by 90.1%. The company has a gross profit of Baht 17.8 million.
- 3) The administration expenses increased by Baht 0.5 million compare to the quarter 2/2017. (quarter 2/2018 was in Baht 17.8 million).
- 4) Financial cost decreased by Baht 0.4 million.
- 5) Company record profit (loss) sharing in joint-venture by equity method of Baht 1.4 million increased from the quarter 2/2017 by Baht 1.2 million (in Quarter 2/2017 was in Baht 0.2 million).
- 6) The Separate financial statements, the company has dividend income from associate in Quarter 2/2018 was in Baht 13.64 million. The company has net profit amount to Baht 4.8 million.

Statement of Financial Position

Statement of Financial Position as at 30 June 2018, the company has total asset of Baht 929.5 million decreased from last year by Baht 11.4 million, total liabilities in Baht 373.4 million increased from last year by Baht 17.6 million and shareholders' equity of Baht 556.1 million decreased from last year by Baht 28.9 million or 5.2%. The important essence detail of changing in asset, liabilities and shareholders' equity are as follows:

Assets

Cash and cash equivalents decreased by Baht 12.1 million
Inventory increased by Baht 12.4 million
Investment in associate decreased by Baht 11.0 million
Property, Plant and Equipment decreased by Baht 7 million

Liabilities

Short-term loans from financial institutions decreased by Baht 4.05 million

Trade and other payables increased by Baht 18.15 million

Provisions for employee benefit increase by Baht 1.6 million

Other current liabilities increase by Baht 2.1 million

Shareholders' Equity

Net loss from company's operating result for the six-month period ended 30 June 2018 of Baht 28.9 million.

Cash Flow Statement

Cash Flow Statement for the six-month period ended 30 June 2018, the company has cash and cash equivalent transaction net decrease, decreased from 31 December 2017 in Baht 12.04 million by separate cash flow to each activity as follow :

1. Cash flow from operating activity , net cash used Baht 16.4 million has essence transaction as follows:
 - Loss from operating before changing in operating asset and liability of Baht 10.4 million
 - Inventory increased by Baht -13.1 million
 - Other current liabilities increase by Baht -5.1 million
 - Trade and other payable increased by Baht 16.3 million
 - Paid for interest of Baht -4.3 million
2. Cash flow from investing activity, net cash used in Baht 9.4 million has essence transaction as follows:
 - Buy equipment of Baht -2.8 million
 - Cost of rubber plantation increased by Baht -1.1 million
 - Dividend income from Associate 13.6 million
3. Cash flow from financing activity, net cash used in Baht 5 million has essence transaction as follows:
 - Bank overdraft and short-term loan from Financial institution decreased by Baht -4.1 million

Please be informed accordingly.

Sincerely yours,

(Ms. Huai Hui, Lee)
Chief Operating Officer