



August 14, 2019

Subject: Management discussion and analysis of the operating results for the quarter  
2/2019

Attn: President  
The Stock Exchange of Thailand

Please find the reviewed Financial Statement for the Quarter 2/2019 ending 30 June 2019 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 2/2019 compare to the Quarter 2/2018 and Statement of financial position as at 30 June 2019 compare to as at 31 December 2018 can be summarized the important essence as follows:

#### Operating Result

Company's Financial Statement in the Quarter 2/2019 has net profit amount to Baht 1.56 million or Baht 0.09 per share compared to the net loss of Baht 7.39 million in the Quarter 2/2018. Our book value per share as at 30 June 2019 stood at 59.40 Baht.

Significant changing is as follows:

- 1) Revenue from sale in Baht 192.70 million increased by Baht 12.40 million or 6.88% from 2018, mainly due to increase of export sales increased by Baht 10.95 million and local sales increased by Baht 1.45 million.
- 2) Cost of sales increase by Baht 4.38 million mainly from increase from employee benefit obligation accounting estimated amounting of Baht 1.84 million which included in Cost of sales in Quarter 2/2019. Cost of sales ratio at 86.59% (2018: at 90.11%) which effected to the company has a gross profit of Baht 25.84 million increasing from last year 45.01%.
- 3) Selling expenses decreasing from last year amounting of Baht 1.06 million or 5.19% due to local transportation charge and local selling promotion decrease. Selling expenses for Q2/2019 amounting of Baht 16.73 million. (2018: amounting of Baht 17.79 million).
- 4) The administration expenses amounting to Baht 13.98 million, increased by Baht 3.08 million or 28.32% from last year. Mainly increase from employee benefit obligation accounting estimated amounting of Baht 2.81 million (2018: amounting of Baht 10.89 million).
- 5) Company record profit sharing in joint-venture by equity method of Baht 2.65 million increased from last year by Baht 1.25 million (2018: profit amounting of Baht 1.41 million).

### Statement of Financial Position

Statement of Financial Position as at 30 June 2019, the company has total asset of Baht 1,562.25 million increased from last year by Baht 619.02 million, total liabilities in Baht 515.44 million increased from last year by Baht 146.19 million and shareholders' equity of Baht 1,046.80 million increased from last year by Baht 472.83 million or 82.38%. The important essence detail of changing in asset, liabilities and shareholders' equity are as follows:

#### Assets

Cash and cash equivalent decrease by	Baht (14.65) million
Trade and other receivable decrease by	Baht (25.32) million
Inventories increase by	Baht 6.10 million
Other current assets increase by	Baht 8.45 million
Investment in associate decrease by	Baht (7.35) million
Property, plant and equipment increase by	Baht 653.15 million

#### Liabilities

Bank overdrafts and short-term loans	
from financial institutions decrease by	Baht (27.03) million
Trade and other payable increase by	Baht 5.83 million
Deferred income tax liabilities increase by	Baht 118.19 million
Long-term loan	
from financial institutions increase by	Baht 36.86 million
Employee benefit obligations increase by	Baht 9.50 million

#### Shareholders' Equity

Net operating loss for the 6 month period in 2019	Baht (4.64) million
Actuarial loss	Baht (2.05) million
Revaluation surplus on land increase by	Baht 479.52 million

### Cash Flow Statement

Cash Flow Statement for the six months period ended 30 June 2019, the company has cash and cash equivalent transaction net decreased from 31 December 2018 in Baht 14.65 million by separate cash flow to each activity as follows:

1. Cash flow from operating activity , net cash received Baht 13.25 million has essence transaction as follows:
  - Operating cash flow before changing  
    in operating asset and liability Baht (10.79) million
  - Trade and other receivable decrease by Baht 26.46 million
  - Inventories increase by Baht (6.83) million



- - Other current assets increase by Baht (8.22) million
  - Trade and other payable decrease by Baht (4.57) million
  - Paid for financial cost Baht (5.08) million
2. Cash flow from investing activity, net cash used in Baht 40.20 million has essence transaction as follows:
- Purchase for building and equipment Baht (55.32) million
  - Dividend income from associate Baht 13.64 million
3. Cash flow from financing activity, net cash used in Baht 12.30 million has essence transaction as follows:
- Bank overdrafts and short-term loans  
from financial institutions decrease by Baht (27.03) million
  - Long-term loan  
from financial institutions increase by Baht 40.00 million

Please be informed accordingly.

Sincerely yours,

(Ms. Huai Hui, Lee)  
Chief Operating Officer