

Management Discussion and Analysis Tipco Foods Public Company Limited
For the Three-month and Six-month Period ended June 30, 2018
1. Consolidated statement of comprehensive income ended June 30, 2018

Unit : Thousand Baht

Statement of comprehensive income	For the three-month period		Changes		For the six-month period		Changes	
	Q2 2018	Q2 2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%
Sales and service income	1,058,943	1,284,614	(225,671)	-18%	2,037,288	2,552,015	(514,727)	-20%
Other income	32,670	27,234	5,436	20%	57,043	44,812	12,231	27%
Total revenues	1,091,613	1,311,848	(220,235)	-17%	2,094,331	2,596,827	(502,496)	-19%
Total expenses	1,151,507	1,177,645	(26,138)	-2%	2,155,165	2,338,531	(183,366)	-8%
Profit (loss) before share of profit from investment in associate, finance cost and income tax	(59,894)	134,203	(194,097)	-145%	(60,834)	258,296	(319,130)	-124%
Share of profit from investment in associate	28,615	81,794	(53,179)	-65%	100,519	376,336	(275,817)	-73%
Profit (loss) before finance cost and income tax	(31,279)	215,997	(247,276)	-114%	39,685	634,632	(594,947)	-94%
Finance cost	(12,807)	(15,073)	(2,266)	-15%	(24,279)	(26,420)	(2,141)	-8%
Profit (loss) before income tax	(44,086)	200,924	(245,010)	-122%	15,406	608,212	(592,806)	-97%
Income tax	(25,919)	(19,468)	6,451	33%	(35,647)	(39,245)	(3,598)	-9%
Profit (loss) for the period	(70,005)	181,456	(251,461)	-139%	(20,241)	568,967	(589,208)	-104%
Profit (loss) for the period Equity holders of the Company	(70,005)	181,456	(251,461)	-139%	(20,241)	568,967	(589,208)	-104%

In the 2nd quarter of 2018, the Company and its subsidiaries reported a Net Sales of Baht 1,092 million, a decrease of 17% compared to the same period last year. For the six-month period, the Company and its subsidiaries reported a Net Sales of Baht 2,094 million, a decrease of 19% compared to the same period last year, the details of which are as follows:

1.1 Sales and service income

Unit : million Baht

For the three-month period	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial		Changes	
	Q2 2018	Q2 2017	Increase (Decrease)	%	Q2 2018	Q2 2017	Increase (Decrease)	%	Q2 2018	Q2 2017	Increase (Decrease)	%	Q2 2018	Q2 2017	Increase (Decrease)	%
Sales and service income	454	585	(131)	-22%	571	665	(94)	-14%	34	35	(1)	-3%	1,059	1,285	(226)	-18%

In the 2nd quarter of 2018, the Company and its subsidiaries reported Sale and service income of Baht 1,059 million, decreased by 18% from the same period last year primarily from a decrease in revenue of Product of vegetable and fruit business 22% due to a decrease in selling price which is in accordance with a decrease in raw material price as well as a decrease in revenue of Beverage business 14% caused by slowdown of domestic consumptions.

Unit : million Baht

For the six-month period	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial		Changes	
	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%
	Sales and service income	813	1,155	(342)	-30%	1,160	1,333	(173)	-13%	64	64	-	0%	2,037	2,552	(515)

For the six-month period, the Company and its subsidiaries reported Sale and service income of Baht 2,037 million, decreased by 20% from the same period last year primarily from a decrease in revenue of Product of vegetable and fruit business as well as a decrease in revenue of Beverage business in the same way as the 2nd quarter.

1.2 Operating Expense

Unit : Thousand Baht

Expenses	For the three-month period		Change		For the six-month period		Change	
	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%
Cost of sales and services	876,362	910,561	(34,199)	-4%	1,637,663	1,763,655	(125,992)	-7%
Selling expenses	157,045	151,263	5,782	4%	317,216	351,275	(34,059)	-10%
Administrative expenses	117,231	115,821	1,410	1%	226,511	223,601	2,910	1%
Other expenses	869	-	869	-	(26,225)	-	(26,225)	-
Total expenses	1,151,507	1,177,645	(26,138)	-2%	2,155,165	2,338,531	(183,366)	-8%

In the 2nd quarter of 2018, the Company and its subsidiaries reported total Operating Expense of Baht 1,152 million decreased by 2% compared to the same period last year, mainly due to the following reasons

- A decrease in Cost of sale and service by 4% which was in accordance with a decrease in Sale and Service Income in spite of some raw material price have risen from the previous year.
- An Increase in Selling Expenses by 4%.
- Administrative expenses was closed to the previous year.

For the six-month, the Company and its subsidiaries reported total Operating Expense of Baht 2,155 million decreased by 8% compared to the same period last year, mainly due to the following reasons

- A decrease in Cost of sale and service by 7% which was in accordance with a decrease in Sale and Service Income in the same way as the 2nd quarter.
- A decrease in Selling Expenses by 10% from expense controlling to cope with decreased sales.
- Administrative expenses was closed to the previous year.
- Other expenses were Reversal of allowance for impairment of machinery amount Baht 29 million in the 1st quarter.

1.3 Share of profit from investment in associate

In the 2nd quarter of 2018, the Company reported Share of profit from investment in associate of Baht 29 million decreased by 65% compared to the same period last year. For the six-month, the Company reported Share of profit from investment in associate of Baht 101 million decreased by 73% compared to the same period last year.

1.4 Finance cost

In the 2nd quarter of 2018, the Company and its subsidiaries reported Finance cost of Baht 13 million which decreased from the previous year by 15%. For the six-month, the Company and its subsidiaries reported Finance cost of Baht 24 million which decreased from the previous year by 8% mainly due to switching from short-term loan to long-term loan.

1.5 Income tax

In the 2nd quarter of 2018, there was additional income tax of Baht 30 million.

2. Consolidated statement of financial position as at 30 June 2018

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Jun-18	31-Dec-17	Increase (Decrease)	%
Assets				
Current assets	1,953,901	1,781,227	172,674	10%
Non-current assets	5,265,554	5,157,202	108,352	2%
Total assets	7,219,455	6,938,429	281,026	4%
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	2,199,980	1,771,259	428,721	24%
Non-current liabilities	897,416	796,554	100,862	13%
Total liabilities	3,097,396	2,567,813	529,583	21%
Shareholders' equity				
Total shareholders' equity	4,122,059	4,370,616	(248,557)	-6%
Total liabilities and shareholders' equity	7,219,455	6,938,429	281,026	4%

2.1 Asset

As at June 30, 2018, Total Assets of the Company and its subsidiaries was Baht 7,219 million increased by 4% from the end of 2017. Key changes were an increase in current assets by Baht 173 million or 10% from an increase in inventory and an increase in non-current assets by Baht 108 million from an increase in investment of property, plant and equipment.

2.2 Liabilities

As at June 30, 2018, Total Liabilities of the Company and its subsidiaries was Baht 3,097 million increased by 21% from the end of 2017. Key changes were an increase in current liabilities by Baht

429 million or 24% from an increase in short-term loans and account payable and an increase in non-current liabilities by Baht 101 million or 13% for investment of property, plant and equipment.

2.3 Shareholders' equity

As at June 30, 2018, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,122 million decreased by 6% from the end of 2017. Key change was a decrease in retained earnings unappropriated and dividend payment.

3. Consolidated cash flow statement for the six-month period ended June 30, 2018

Unit : Thousand Baht

Cash flow statement	For the six-month 30-Jun-18
Cash flows from operating activities	
Net cash flows from (used in) operating activities	(324,409)
Cash flows from investing activities	
Net cash flows (used in) investing activities	20,908
Cash flows from financing activities	
Net cash flows from (used in) financing activities	222,411
Net increase (decrease) in cash and cash equivalents	(81,090)
Cash and cash equivalents at beginning of period	199,464
Cash and cash equivalents at end of period	118,374

As at June 30, 2018, the Cash and Cash Equivalent of the Company and its subsidiaries was a decrease Baht 81 million. The Company and its subsidiaries reported net cash outflows from operating activities of Baht 324 million, net cash inflows from investing activities of Baht 21 million which mainly for dividend received from subsidiary and associate and net cash inflows from financial activities of Baht 222 million which mainly from long-term loan.

4. Financial Ratio from consolidated financial statement for the six-month period ended June 30, 2018

Profitability ratios	For the six-month period		Changes
	2018	2017	
Gross Profit Margin	20%	31%	-11%
EBITDA Margin	8%	29%	-21%
Net Profit Margin	-1%	22%	-23%
The Capacity to pay and liquidity ratios	30-Jun-18	31-Dec-17	Changes
Debt to equity ratio (Times)	0.75	0.59	16%
Liquidity ratio (Times)	0.89	1.01	-12%