



R&B Food supply Public Company Limited

24 October 2019

Re: Clarification of changes in operating results for the Q2 2019, the changes of which exceeds 20%

Attn.: The President
The Stock Exchange of Thailand (SET)

R&B Food Supply Public Company Limited and its subsidiaries would like to clarify the operating results stated in consolidated financial statements for the second quarterly and for the six-month period ended at 30 June 2019 of which has changed over 20% compared to the same period of 2018 which was followed to the rules and regulation of The Stock Exchange of Thailand.

For the operating result for the second Quarterly ended 30 June 2019, net profit of the Group was THB 59.92 million which compared to the same period of 2018, decreasing by THB 27.63 million or by 31.56%. For six-month period ended at 30 June, 2019, net profit was THB 147.23 million, which compared to the same period of 2018, decreasing THB 21.63 million or by 12.81%

The changes in such operating results were as follows:

1) Revenues from sales and rendering services for the second quarter 2019 was THB 677.38 million, increased from the same period of 2018 by THB 10.51 million or by 1.58%.

For six-month period ended 30 June 2019, the Group had revenues from sales and rendering services of THB 1,367.03 million, increased from the same period of 2018 by THB 84.03 million or by 6.55%. This is mainly due to:

- Increase in sales of Flavor and Fragrance product category by THB 52.32 million or by 4.08% and
- Increase in sales of Wheat and Sauce product category by THB 23.35 million or by 1.82%.

2) Revenues from Hotel operations for the second quarter 2019 was THB 18.09 million, decreased from the same period of 2018 by THB 3.41 million or by 15.85%.

For six-month period ended 30 June 2019, revenues from Hotel operations was THB 45.79 million, decreased from the same period of 2018 THB 6.93 million or by 13.14%. This is mainly due to decrease in revenues of Ibis Style Chiangmai Hotel by THB 4.75 million or by 10.38% causing from smoke dust crisis in Chiangmai province in 2019.

3) Gross profit for the second quarter 2019 was THB 280.5 million, increased from the same period of 2018 by THB 21.12 million or by 8.14%.

For six-month period ended 30 June 2019, gross profit was THB 547.24 million, increased from the same period of 2018 THB 64.03 million or by 13.25%. This is mainly due to:

- Increasing in gross profit of produced and merchandise goods by THB 70.84 million or by 14.66%. The mainly due to product mix strategies by focusing on the high margin products which is flavor & fragrance.
- Decreasing in gross profit of hotel business by THB 6.81 million or by 1.41% causing from decrease in revenues.

4) Selling and administrative expenses for the second quarter 2019 was THB 182.39 million, increased from the same period of 2018 by THB 36.47 million or by 24.99%, representing 26.23% of total revenues.

For six-month period ended 30 June 2019, selling and administrative expenses was THB 335.31 million, increased from the same period of 2018 by THB 65.70 million or by 24.37%. Selling expenses increased by THB 2.1 million causing from export expenses of THB 2.0 million. Administrative expenses increase by THB 63.59 million causing from increasing in employee and management expenses to comply with industry rate by THB 21.9 million, professional and consulting fees by THB 4.4 million, including rental expense of assets for using in operations from related persons (referenced by an independent appraiser) by THB 6.3 million and one-time expenses of approximately THB 31 million which consisted of allowance for impairment loss on hotel assets of THB 11.57 million, allowance for employment retirement benefit of THB 9.85 million and consulting fee for accounting and legal and roadshow and press conferences to investors approximately THB 10 million.

5) Finance costs for the second quarter 2019 was THB 7.52 million, increased from the same period of 2018 by THB 2.67 million or by 55.12%.

For six-month period ended 30 June 2019, finance costs was THB 14.44 million, increased from the same period of 2018 by THB 6.61 million or by 84.36% causing from borrowings from financial institutions using for dividend payment during 2019.

Statement of Financial Position

As at 30 June 2019, the Group had total assets of THB 3,474.04 million. The major assets comprised of cash and cash equivalents of THB 280.56 million, trade and other receivables of THB 682.56 million, Inventories of THB 740.72 million, property, plant and equipment of THB 1,618.67 million.

Total assets increased by THB 26.38 million or by 0.77% compared to 31 December 2018. The causes due to increasing in cash and cash equivalents by THB 31.14 million or by 12.49%, increasing in trade and other receivables by THB 46.44 million or by 7.30%, increasing in investment property by THB 67.13 million or by 100% (transferred from property, plant and equipment), decreasing in short-term investments by THB 13.11 million or by 99.47% and decreasing in property, plant and equipment by THB 102.95 million or by 5.98%.

Total liabilities was THB 1,489.10 million, increased by THB 133.20 million or by 9.82% compared to 31 December 2018. The main liabilities comprise of short-term borrowings from financial institutions of THB 382.20 million, trade and other payables of THB 310.05 million, long-term borrowings from financial institutions of THB 88.22 million and long-term borrowings from related parties of THB 561.08 million.

Total Equity was THB 1,984.94 million, decreased by THB 106.8 million or by 5.11% compare to 31 December 2018.



Statement of Cash Flows

For the six-month period ended 30 June 2019, the Group had net cash flows generated from operating activities of THB 202.51 million, net cash flows used in investing activities of THB 51.93 million which mainly was cash payments for purchase of property, plant and equipment of THB 64.08 million and proceeds from short-term investments of THB 13.11 million, net cash flows used in financing activities of THB 118.34 million which mainly due to dividend payment of THB 250 million and proceeds from promissory notes of THB 157.20 million. As the result, cash and cash equivalents as at 30 June 2019 was THB 280.56 million.

Yours Sincerely

Suranart Kittirattanadetch
Chief Finance Officer
R&B Food supply Public Company Limited