

Thai Beverage Public Company Limited

Financial Statements For The Three-Month Period Ended 31 December 2017.

PART I INFORMATION REQUIRED FOR THE THREE-MONTH PERIOD ENDED 31 DECEMBER (Q1) ANNOUNCEMENTS.

1. (a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Thai Beverage Public Company Limited and its Subsidiaries
Statement of income (Unaudited)

	(Unit : Thousand Baht)		
	Consolidated		
	financial statements		
	For the three-month period ended		
	31 December		
	<u>2017</u>	<u>2016</u>	<u>+ / (-)</u>
Revenues from sales and services			
Revenue from sale of goods and rendering of services	45,603,562	46,828,602	(3%)
Total revenues from sales and services	45,603,562	46,828,602	(3%)
Cost of sales and services			
Cost of sales of goods and rendering of services	31,715,812	32,531,317	(3%)
Total cost of sales and services	31,715,812	32,531,317	(3%)
Gross profit	13,887,750	14,297,285	(3%)
Selling expenses	4,925,436	4,018,896	23%
Administrative expenses	3,392,796	2,828,372	20%
Cost relating to business acquisition	2,350,464	-	100%
Finance costs	424,260	277,254	53%
Operating profit	2,794,794	7,172,763	(61%)
Interest income	25,341	20,231	25%
Net gain on foreign exchange	6,307	18,361	(66%)
Other income	338,595	125,706	169%
Net operating profit	3,165,037	7,337,061	(57%)
Share of profit of investment in associates, net of income tax	828,136	1,812,830	(54%)
Profit before income tax expense	3,993,173	9,149,891	(56%)
Income tax expense	(975,006)	(1,406,959)	(31%)
Profit for the period	3,018,167	7,742,932	(61%)
Profit attributable to:			
Owners of the parent	2,911,892	7,714,855	(62%)
Non-controlling interests	106,275	28,077	279%
Profit for the period	3,018,167	7,742,932	(61%)
Basic earnings per share (Baht)	0.12	0.31	(61%)
Diluted earnings per share (Baht)	0.12	0.31	(61%)

Thai Beverage Public Company Limited and its Subsidiaries
Statement of comprehensive income (Unaudited)

	(Unit : Thousand Baht)		
	Consolidated		
	financial statements		
	For the three-month period ended		
	31 December		
	2017	2016	+ / (-)
Profit for the period	3,018,167	7,742,932	(61%)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Loss on revaluation of land	-	(139,660)	(100%)
Gains on remeasurements of defined employee benefit plans	387	107	262%
Income tax relating to items that will not be reclassified	(77)	27,683	(100%)
	310	(111,870)	100%
<i>Items that will be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income of investment in associates	(859,449)	(1,221,011)	30%
Exchange differences on translating foreign operations	(246,530)	(1,649,144)	85%
Losses on remeasurements of available-for-sale investments	(4,231)	(1,586)	(167%)
Income tax relating to items that will be reclassified	846	8,577	(90%)
	(1,109,364)	(2,863,164)	61%
Other comprehensive income for the period, net of income tax	(1,109,054)	(2,975,034)	63%
Total comprehensive income for the period	1,909,113	4,767,898	(60%)
Total comprehensive income attributable to:			
Owners of the parent	1,900,860	4,740,488	(60%)
Non-controlling interests	8,253	27,410	(70%)
Total comprehensive income for the period	1,909,113	4,767,898	(60%)

- (a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:—

NOTE :

Net profit is arrived at after charging / (Crediting) the following :

	(Unit : Thousand Baht)		
	Consolidated		
	financial statements		
	For the three-month period ended		
	31 December		
	2017	2016	+ / (-)
A Investment (income) expenses	(828,136)	(1,812,830)	(54%)
B Other income including interest income	(331,971)	(131,370)	153%
C Interest on borrowings	424,260	277,254	53%
D Depreciation and amortization	1,185,113	1,088,234	9%
E (Reversal of) Allowance for doubtful debts and bad debts written off	38	(97)	139%
F Write-off for stock obsolescence	6,202	3,306	88%
G Impairment in value of investments	-	-	-
H Foreign exchange (gain) / loss	(6,307)	(18,361)	(66%)
I Adjustments for under or overprovision of tax in respect of prior year	-	-	-
J (Profit) or loss on sale of investments, properties, and / or plant and equipment	11,331	15,861	(29%)
K Exceptional items	-	-	-
L Extraordinary items	-	-	-

- (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Thai Beverage Public Company Limited and its Subsidiaries
Statement of financial position
As at 31 December 2017 and 30 September 2017

(Unit : Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31-Dec-2017	30-Sep-2017	31-Dec-2017	30-Sep-2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	16,537,358	9,929,210	759,016	6,848,862
Current investments	9,182,627	305	-	-
Trade accounts receivable	5,198,921	2,627,222	2,085,415	569,068
Other receivables	1,386,058	620,566	145,378	64,977
Short-term loans to and other receivables				
from related parties	682,207	316,726	23,755,647	11,548,290
Inventories	40,262,756	37,761,172	-	-
Other current assets	5,719,819	4,665,825	29,649	31,070
Total current assets	78,969,746	55,921,026	26,775,105	19,062,267
Non-current assets				
Investments in associates and joint ventures	80,399,696	78,372,625	-	-
Investments in subsidiaries	-	-	267,313,096	168,015,496
Other long-term investments	716,278	168,388	-	-
Long-term loans to and other receivables				
from related parties	111,858	107,470	12,164	12,164
Investment properties	1,594,912	1,522,947	-	-
Property, plant and equipment	57,351,090	48,531,803	113,731	111,924
Goodwill	184,345,919	6,963,821	-	-
Other intangible assets	718,627	192,906	52,344	53,729
Leasehold rights	2,367,945	124,639	-	-
Deferred tax assets	775,038	509,342	42,650	39,341
Other non-current assets	2,286,422	1,825,403	249,310	251,654
Total non-current assets	330,667,785	138,319,344	267,783,295	168,484,308
Total assets	409,637,531	194,240,370	294,558,400	187,546,575

Thai Beverage Public Company Limited and its Subsidiaries
Statement of financial position
As at 31 December 2017 and 30 September 2017

(Unit : Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31-Dec-2017	30-Sep-2017	31-Dec-2017	30-Sep-2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Liabilities and equity				
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	41,176,917	5,703,438	38,489,365	3,952,815
Trade accounts payable	8,253,694	4,797,456	-	-
Other payables	11,253,000	6,467,508	348,394	234,653
Current portion of debentures	1,000,000	-	-	-
Current portion of bill of exchanges and long-term loans from financial institutions	18,889,796	24,950,451	18,886,102	24,950,451
Short-term loans from and other payables to related parties	256,504	384,157	21,535,090	37,231,265
Other short-term loan	-	4,500	-	-
Income tax payable	4,770,725	3,453,496	166,944	132,722
Short-term provisions	14,135	15,929	-	-
Other current liabilities	4,439,965	1,893,784	50,049	44,618
Total current liabilities	90,054,736	47,670,719	79,475,944	66,546,524
Non-current liabilities				
Long-term loans from and other payables to related parties	221	221	23,498,433	27,494,000
Debentures	1,000,000	2,000,000	-	-
Bill of exchanges and long-term loans from financial institutions	167,459,770	8,000,000	103,853,697	8,000,000
Deferred tax liabilities	846,397	868,303	-	-
Provision for employee benefit	3,191,357	3,088,932	236,458	231,038
Other non-current liabilities	176,993	99,192	148	148
Total non-current liabilities	172,674,738	14,056,648	127,588,736	35,725,186
Total liabilities	262,729,474	61,727,367	207,064,680	102,271,710
Equity				
Share capital:				
Authorised share capital	25,155,025	25,155,025	25,155,025	25,155,025
Issued and paid-up share capital	25,110,025	25,110,025	25,110,025	25,110,025
Difference arising from common control transactions	(19,718,440)	(19,718,440)	31,035	31,035
Share premium on ordinary shares	17,215,737	17,215,737	17,215,737	17,215,737
Retained earnings:				
Appropriated - legal reserve	2,900,000	2,900,000	2,900,000	2,900,000
Unappropriated	108,997,811	106,085,610	42,190,804	39,984,527
Other components of equity	(3,811,689)	(2,812,926)	46,119	33,541
Equity attributable to owners of the parent	130,693,444	128,780,006	87,493,720	85,274,865
Non-controlling interests	16,214,613	3,732,997	-	-
Total equity	146,908,057	132,513,003	87,493,720	85,274,865
Total liabilities and equity	409,637,531	194,240,370	294,558,400	187,546,575

(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:—

(ii) Aggregate amount of group's borrowings and debt securities

(A) the amount repayable in one year or less, or on demand;

As at 31 December 2017				As at 30 September 2017			
Letter of support and guarantee	Unsecured	Secured	Unsecured with guarantee	Letter of Comfort	Unsecured	Secured	Unsecured with guarantee
257,050	58,676,401	2,133,262	-	303,997	28,907,767	1,446,625	-

(Unit : Thousand Baht)

(B) the amount repayable after one year;

As at 31 December 2017				As at 30 September 2017			
Letter of support and guarantee	Unsecured	Secured	Unsecured with guarantee	Secured	Unsecured	Secured	Unsecured with guarantee
-	104,857,871	840	63,601,059	-	10,000,000	-	-

(Unit : Thousand Baht)

(C) details of any collaterals.

N/A

- (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Thai Beverage Public Company Limited and its Subsidiaries
Statement of cash flows (Unaudited)

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	For the three-month period ended		financial statements	
	31 December		For the three-month period ended	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities				
Profit for the period	3,018,167	7,742,932	2,206,277	596,860
<i>Adjustments to reconcile profit or loss to cash receipts (payments)</i>				
Depreciation and amortisation	1,172,613	1,075,734	10,070	8,796
Interest income	(25,341)	(20,231)	(195,895)	(103,384)
Finance costs	424,260	277,254	781,983	538,088
Unrealised loss (gain) on exchange	4,281	(5,322)	14	41,269
Allowance for doubtful account (Reversal of)	38	(97)	-	-
Amortisation of advance payments to a specialist	12,500	12,500	2,344	2,344
Allowance for decline in value of inventories (Reversal of)	73,226	(21,524)	-	-
Impairment loss on intangible assets	-	4,823	-	-
Loss on disposal of investment property	185	-	-	-
Loss on disposal and write-off of property, plant and equipment and intangible assets	11,146	15,861	-	-
Impairment loss on property, plant and equipment (Reversal of)	672,757	(2)	-	-
Dividend income	-	-	(1,967,308)	-
Employee benefit expenses	57,231	62,043	6,240	5,688
Expense in relation to long-term incentive plan	12,578	-	12,578	-
Claim refund from the fire	(694,263)	-	-	-
Share of profit of investments in associates, net of income tax	(828,136)	(1,812,830)	-	-
Income tax expense	975,006	1,406,959	32,669	123,671
	4,886,248	8,738,100	888,972	1,213,332
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(907,412)	(777,290)	(1,516,347)	(1,732,332)
Other receivables from related parties	(370,972)	141,671	(66,303)	2,649
Other receivables	(188,298)	(50,058)	(80,401)	5,555
Inventories	1,240,711	2,478,318	-	-
Other current assets	497,136	(1,098,032)	1,420	(4,375)
Trade accounts payable	320,051	(353,048)	-	-
Other payables to related parties	(125,639)	(21,052)	(257,715)	139,194
Other payables	685,360	(986,344)	72,888	(166,886)
Other current liabilities	(60,190)	(118,140)	5,432	(211,904)
Employee benefit paid	(50,785)	(52,808)	(820)	(5,662)
Other non-current liabilities	(9,376)	5,747	-	27
Cash generated from (used in) operating activities	5,916,834	7,907,064	(952,874)	(760,402)
Income tax paid	(126,888)	(109,505)	(1,756)	(1,029)
Net cash from (used in) operating activities	5,789,946	7,797,559	(954,630)	(761,431)

Thai Beverage Public Company Limited and its Subsidiaries
Statement of cash flows (Unaudited)

	Consolidated financial statements		Separate financial statements	
	For the three-month period ended 31 December		For the three-month period ended 31 December	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Cash flows from investing activities				
Interest received	(167,725)	21,952	242,568	95,358
Dividends received	36,000	-	-	-
Decrease in current investments	-	3,659	-	-
Increase in loans to related parties	-	-	(26,551,315)	(4,462,500)
Decrease in loans to related parties	-	-	16,330,897	3,576,000
Cash outflow on acquisition of investments in subsidiaries	-	-	(124,247,600)	(50,995)
Cash inflow on investments in indirect subsidiaries	498,513	9,467	-	-
Sale of investment property	229	-	-	-
Purchase of property, plant and equipment	(1,606,780)	(1,829,038)	(13,339)	(9,095)
Sale of property, plant and equipment	58,878	32,138	-	-
Purchase of intangible assets	(4,480)	(17,907)	(357)	(3,854)
Sale of intangible assets	142	824	-	-
Increase in other non-current assets	61,386	(10,319)	-	-
Cash outflow on acquisition of businesses	(186,195,430)	-	-	-
Net cash from (used in) investing activities	(187,319,267)	(1,789,224)	(134,239,146)	(855,086)
Cash flows from financing activities				
Interest paid	(143,250)	(187,674)	(751,240)	(436,495)
Deferred financing cost paid	(379,482)	-	(250,000)	-
Bank overdrafts	12,979	(53,369)	9,222	-
Proceeds from short-term loans from financial institutions	55,300,836	53,653	55,300,000	50,000
Repayment of short-term loans from financial institutions	(20,745,913)	(64,902)	(20,700,000)	(50,000)
Proceeds from short-term loans from related parties	(4,500)	-	21,546,933	12,631,900
Repayment of short-term loans from related parties	-	-	(12,055,417)	(6,056,200)
Repayment of long-term loans from related parties	-	-	(3,995,568)	-
Proceeds from long-term loans from financial institutions	163,813,457	-	100,000,000	-
Repayment of long-term loans from financial institutions	(10,000,000)	(6,011,009)	(10,000,000)	(6,000,000)
Net cash from (used in) financing activities	187,854,127	(6,263,301)	129,103,930	139,205
Net increase (decrease) in cash and cash equivalents				
Cash and cash equivalents at 1 October	9,929,210	5,059,219	6,848,862	1,734,302
Foreign currency translation differences for foreign operations	283,342	(48,287)	-	-
Cash and cash equivalents at 31 December	16,537,358	4,755,966	759,016	256,990
Non-cash items				
Payable for acquisition of assets	411,450	586,207	-	1,613

(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Thai Beverage Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

(Unit : Thousand Baht)

	Consolidated financial statements													
	Issued and paid-up share capital	Difference arising from common control transactions	Share premium on ordinary shares	Retained earnings		Other components of equity					Equity attributable to owners of parent	Non-controlling interests	Total equity	
				Legal reserve	Unappropriated	Translating foreign operations	Revaluation surplus	Fair value changes in available-for-sale investments	Share of other comprehensive income of associates	Total other components of equity				
Three-month period ended 31 December 2016														
Balance at 1 October 2016	25,110,025	(19,718,440)	17,215,737	2,900,000	86,796,632	(858,727)	5,115,654	11,593	3,497,326	7,765,846	120,069,800	3,642,450	123,712,250	
Transactions with owners, recorded directly in equity														
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	9,467	9,467	
Total transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	9,467	9,467	
Comprehensive income for the period														
Profit	-	-	-	-	7,714,855	-	-	-	-	-	7,714,855	28,077	7,742,932	
Other comprehensive income	-	-	-	-	(142)	(1,640,665)	(111,728)	(821)	(1,221,011)	(2,974,225)	(2,974,367)	(667)	(2,975,034)	
Total comprehensive income for the period	-	-	-	-	7,714,713	(1,640,665)	(111,728)	(821)	(1,221,011)	(2,974,225)	4,740,488	27,410	4,767,898	
Balance at 31 December 2016	<u>25,110,025</u>	<u>(19,718,440)</u>	<u>17,215,737</u>	<u>2,900,000</u>	<u>94,511,345</u>	<u>(2,499,392)</u>	<u>5,003,926</u>	<u>10,772</u>	<u>2,276,315</u>	<u>4,791,621</u>	<u>124,810,288</u>	<u>3,679,327</u>	<u>128,489,615</u>	

Thai Beverage Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

(Unit : Thousand Baht)

	Consolidated financial statements													
	Issued and paid-up share capital	Difference arising from common control transactions	Share premium on ordinary shares	Retained earnings		Other components of equity						Equity attributable to owners of the parent	Non-controlling interests	Total equity
				Legal reserve	Unappropriated	Other capital reserves- Share-based payment	Translating foreign operations	Revaluation surplus	Fair value changes in available-for-sale investments	Share of other comprehensive income of associates	Total other components of equity			
Three-month period ended 31 December 2017														
Balance at 1 October 2017	25,110,025	(19,718,440)	17,215,737	2,900,000	106,085,610	33,541	(3,132,810)	5,002,515	9,678	(4,725,850)	(2,812,926)	128,780,006	3,732,997	132,513,003
Transactions with owners, recorded directly in equity														
<i>Distributions to owners of the parent</i>														
Expense in relation to long-term incentive plan	-	-	-	-	-	12,578	-	-	-	-	12,578	12,578	-	12,578
Total distributions to owners of the parent	-	-	-	-	-	12,578	-	-	-	-	12,578	12,578	-	12,578
<i>Changes in ownership interests in subsidiaries</i>														
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	-	-	-	498,513	498,513
Acquisition of non-controlling interests through business combination	-	-	-	-	-	-	-	-	-	-	-	-	11,974,850	11,974,850
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	12,473,363	12,473,363
Total transactions with owners, recorded directly in equity	-	-	-	-	-	12,578	-	-	-	-	12,578	12,578	12,473,363	12,485,941
Comprehensive income for the period														
Profit	-	-	-	-	2,911,892	-	-	-	-	-	-	2,911,892	106,275	3,018,167
Other comprehensive income	-	-	-	-	309	-	(149,704)	-	(2,188)	(859,449)	(1,011,341)	(1,011,032)	(98,022)	(1,109,054)
Total comprehensive income for the period	-	-	-	-	2,912,201	-	(149,704)	-	(2,188)	(859,449)	(1,011,341)	1,900,860	8,253	1,909,113
Balance at 31 December 2017	25,110,025	(19,718,440)	17,215,737	2,900,000	108,997,811	46,119	(3,282,514)	5,002,515	7,490	(5,585,299)	(3,811,689)	130,693,444	16,214,613	146,908,057

Thai Beverage Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

(Unit : Thousand Baht)

	Separate financial statements					Total equity
	Issued and paid-up share capital	Difference arising from common control transactions	Share premium on ordinary shares	Retained earnings		
Legal reserve				Unappropriated		
Three-month period ended 31 December 2016						
Balance at 1 October 2016	25,110,025	31,035	17,215,737	2,900,000	37,596,424	82,853,221
Comprehensive income for the period						
Profit	-	-	-	-	596,860	596,860
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	596,860	596,860
Balance at 31 December 2016	25,110,025	31,035	17,215,737	2,900,000	38,193,284	83,450,081

Thai Beverage Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

(Unit : Thousand Baht)

	Separate financial statements					Other components of equity	Total equity
	Issued and paid-up share capital	Difference arising from common control transactions	Share premium on ordinary shares	Retained earnings			
				Legal reserve	Unappropriated		
Three-month period ended 31 December 2017							
Balance at 1 October 2017	25,110,025	31,035	17,215,737	2,900,000	39,984,527	33,541	85,274,865
Transactions with owners, recorded directly in equity							
Expense in relation to long-term incentive plan	-	-	-	-	-	12,578	12,578
Total transactions with owners, recorded directly in equity	-	-	-	-	-	12,578	12,578
Comprehensive income for the period							
Profit	-	-	-	-	2,206,277	-	2,206,277
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,206,277	-	2,206,277
Balance at 31 December 2017	25,110,025	31,035	17,215,737	2,900,000	42,190,804	46,119	87,493,720

- (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 31 December 2017, the Company's issued and fully paid-up capital (the Company has no treasury shares) comprises 25,110,025,000 ordinary shares. There were no movements in the Company's issued and fully paid-up capital since 30 September 2017, being the end of the immediately preceding financial period reported on.

ThaiBev Long Term Incentive Plan ("LTIP")

As at 31 December 2017, the number of shares comprised in contingent awards granted under the LTIP, which shares have not been issued, was 3,891,135 shares (*30 September 2017: 3,891,135 shares*). Under the LTIP, the final number of shares to be issued will depend on the achievement of certain pre-determined targets, other terms and conditions and the rules of the LTIP, and will range from 0% to 120% of the initial number of shares stated in the said contingent award, and is further subject to a 3-year vesting period.

- (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 December 2017	30 September 2017
Total number of shares	25,110,025,000	25,110,025,000

- (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

N/A

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have been reviewed by the company's auditor in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Please see page 1 to page 2 of the attached interim financial statements.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 30 September 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

N/A

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

(Unit : Baht)

Consolidated financial statements			
For the three-month period ended 31 December			
	2017	2016	Changes + / (-)
Earning per ordinary share of the group based on net profit attributable to shareholders:-			
(a) based on the weighted average number of ordinary shares on issue	0.12	0.31	(61%)
(b) on a fully diluted basis	0.12	0.31	(61%)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(Unit : Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2017	30 September 2017	Changes + / (-)	31 December 2017	30 September 2017	Changes + / (-)
Net asset value per ordinary share based on weighted average number of issued share capital	5.20	5.13	1.4%	3.48	3.40	2.4%

Remark: Net asset value = Total equity attributable to equity owners of the company

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors: and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Thai Beverage Public Company Limited

Management Discussion and Analysis

Performance for the first quarter ended 31 December 2017

In the first quarter ended 31 December 2017, the Company completed 4 acquisitions of (1) a 76% shareholding interest in Spice of Asia Co., Ltd. (SOA) on 3 October 2017 to operate 10 stores of restaurants serving hotpot and Thai food, (2) a 75% shareholding interest in Myanmar Supply Chain and Marketing Services Co., Ltd. and Myanmar Distillery Co., Ltd. (MSC & MDC), which incorporated in the Republic of the Union of Myanmar, on 12 October 2017 to operate spirits business in Myanmar, (3) 252 existing KFC stores in Thailand by The QSR of Asia Co., Ltd. (QSA), a wholly-owned subsidiary of the Company on 1 December 2017 and (4) a 53.59% shareholding interest in Saigon Beer – Alcohol – Beverage Joint Stock Corporation (Sabeco), a company incorporated in The Socialist Republic of Vietnam and currently listed in Ho Chi Minh Stock Exchange (HOSE), on 29 December 2017 to operate mainly in beer business. The Company has included the assets and liabilities of SOA, MSC & MDC and QSA in the consolidated statements of financial position as at 31 December 2017. The results of operations and cash flows for the period of October to December 2017 of SOA, MSC & MDC and QSA were included in the consolidated statements of income and cash flows, respectively. Due to the acquisition of Sabeco was incurred close to the end of December 2017, only assets and liabilities were included in the consolidated statements of financial position, but results of operations and cash flows will be included from the second quarter ended 31 March 2018 onwards in the consolidated statements of income and cash flows. SOA and QSA's operations were recognized under food business. MSC & MDC's operations were recognized under spirits business. Sabeco's operations were recognized under beer business.

The Company obtained bridging loans from various local and foreign banks to fund the acquisitions in the first quarter ended 31 December 2017. As a result, current ratio was under 1.0 and short term debts was higher as at 31 December 2017. The Company will manage to take out short term debts in appropriate time.

The new Excise Tax Act is effective from 16 September 2017. The key change to alcoholic beverages is the tax collection method based on a suggested retail price instead of the last wholesale price. However, the excise tax calculation is still based on both ad valorem rates (a percentage of suggested retail price) and specific rates (Baht per litre of pure alcohol content). The excise tax rate is also changed per below:

Beer,

Prior: 155 Baht per litre of pure alcohol content and 48% of the last wholesale price exclude VAT.

New: 430 Baht per litre of pure alcohol content and 22% of the suggested retail price exclude VAT.

White spirits,

Prior: 145 Baht per litre of pure alcohol content and 4% of the last wholesale price exclude VAT.

New: 155 Baht per litre of pure alcohol content and 2% of the suggested retail price exclude VAT.

Other distilled liquor,

Prior: 250 Baht per litre of pure alcohol content and 25% of the last wholesale price exclude VAT.

New: 255 Baht per litre of pure alcohol content and 20% of the suggested retail price exclude VAT.

For non-alcoholic beverages; artificial mineral water, soda water, carbonated soft drink, fruit and vegetable juice which have no alcohol or have alcohol content not exceed 0.5% and are in airtight packaging, the key change is the tax collection method based on a suggested retail price instead of the ex-factory price and the excise sugar tax which is implemented for the first time ever. The excise tax is based on both ad valorem rates (a percentage of suggested retail price) and specific rates (Baht per gram of sugar content). The beverage with over 6 grams of sugar per 100 ml. will be subject to the new specific sugar tax which the rate will be increased every two years until 1 October 2023 onwards.

Performance for the first quarter ended 31 December 2017

1 st quarter ended 31/12/2017	ThaiBev	F&N/FCL	Total (Million:THB)
Sales	45,604	-	45,604
Gross profit	13,888	-	13,888
EBITDA	4,798	792	5,590
Net profit	2,336	682	3,018

1 st quarter ended 31/12/2016	ThaiBev	F&N/FCL	Total (Million:THB)
Sales	46,829	-	46,829
Gross profit	14,298	-	14,298
EBITDA	8,721	1,782	10,503
Net profit	6,138	1,605	7,743

Increase (Decrease)	ThaiBev	F&N/FCL	Total (Million:THB)
Sales	(1,225)	-	(1,225)
Gross profit	(410)	-	(410)
EBITDA	(3,923)	(990)	(4,913)
Net profit	(3,802)	(923)	(4,725)

% Increase (Decrease)	ThaiBev	F&N/FCL	Total (%)
Sales	(2.6)	-	(2.6)
Gross profit	(2.9)	-	(2.9)
EBITDA	(45.0)	(55.6)	(46.8)
Net profit	(61.9)	(57.5)	(61.0)

For the first quarter ended 31 December 2017, total sales revenue of the Company was Baht 45,604 million, a decrease of 2.6% or Baht 1,225 million, from Baht 46,829 million of the corresponding period of last year. This was due to a decrease in sales of spirits business of 5.8% and beer business of 4.0% although there was an increase in sales of non-alcoholic beverages business of 5.8% and food business of 42.3%.

Gross profit was Baht 13,888 million, a decrease of 2.9% or Baht 410 million, from Baht 14,298 million of the corresponding period of last year. This was due to a decrease in gross profit of spirits business of 4.8%, beer business of 7.9%, and non-alcoholic beverages business of 3.1% although there was an increase in food business of 46.6%.

Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 5,590 million, a decrease of 46.8% or Baht 4,913 million, from Baht 10,503 million of the corresponding period of last year. There was a non-recurring expenses related to acquisitions in this quarter which affect EBITDA. EBITDA excluding F&N/FCL and the non-recurring expenses was Baht 7,149 million, a decrease of 18.0% or Baht 1,572 million from EBITDA excluding F&N/FCL of Baht 8,721 million for the corresponding period of last year. This was due to a decrease in EBITDA of spirits business of 19.4% and beer business of 26.4% although there was an increase in EBITDA of non-alcoholic beverages business of 42.9% and food business of 136.7%. This period of last year was a mourning period in Thailand which caused less advertising and promotion expenses in last year. F&N/FCL EBITDA was Baht 792 million, a decrease of 55.6% or Baht 990 million.

Net profit was Baht 3,018 million, a decrease of 61.0% or Baht 4,725 million, from Baht 7,743 million of the corresponding period of last year. There was a non-recurring expenses related to acquisitions in this quarter and finance costs related to Sabeco acquisition while Sabeco's results of operation will be included from the second quarter ended 31 March 2018 onwards which affect net profit. Net profit excluding F&N/FCL, the non-recurring expenses and the finance costs related to Sabeco acquisition was Baht 4,794 million, a decrease of 21.9% or Baht 1,344 million from net profit excluding F&N/FCL of Baht 6,138 million for the corresponding period of last year. This was due to a decrease in net profit of spirits business of 21.2% and beer business of 29.7% although there was an increase in net profit of food business of 2,080.0% and a decrease in net loss of non-alcoholic business of 5.0%. F&N/FCL net profit was Baht 682 million, a decrease of 57.5% or Baht 923 million.

3mthsYTD_ Dec_2017												Unit: Million Baht	
	Spirits	% to Sales	Beer	% to Sales	Non-alcoholic beverages	% to Sales	Food	% to Sales	Eliminate	% to Sales	Total	% to Sales	
Revenue from sales	24,769	100.0	14,434	100.0	4,113	100.0	2,328	100.0	(40)	100.0	45,604	100.0	
Cost of sales	16,478	66.5	11,222	77.7	2,761	67.1	1,284	55.2	(29)	72.5	31,716	69.5	
Gross profit	8,291	33.5	3,212	22.3	1,352	32.9	1,044	44.8	(11)	27.5	13,888	30.5	
Selling expenses	1,529	6.2	1,744	12.1	1,321	32.1	351	15.1	(20)	50.0	4,925	10.8	
Administrative expenses	1,747	7.1	631	4.4	462	11.2	575	24.7	(22)	55.0	3,393	7.4	
Operating profit (loss)	5,015	20.2	837	5.8	(431)	(10.5)	118	5.1	31	(77.5)	5,570	12.2	
Other income/Interest income	85	0.3	215	1.5	127	3.1	10	0.4	(31)	77.5	406	0.9	
EBIT (loss)	5,100	20.6	1,052	7.3	(304)	(7.4)	128	5.5	-	-	5,976	13.1	
Finance costs	124	0.5	20	0.1	44	1.1	19	0.8	-	-	207	0.5	
Income tax	950	3.8	146	1.0	(121)	(2.9)	-	-	-	-	975	2.1	
Net Profit (loss) exclude F&N/FCL, Sabeco finance cost and cost relating to business acquisition	4,026	16.3	886	6.1	(227)	(5.5)	109	4.7	-	-	4,794	10.5	
Depreciation & Amortization	415	1.7	203	1.4	354	8.6	201	8.6	-	-	1,173	2.6	
EBITDA (loss) exclude F&N/FCL, Sabeco finance cost and cost relating to business acquisition	5,515	22.3	1,255	8.7	50	1.2	329	14.1	-	-	7,149	15.7	
Cost relating to business acquisition											(2,351)	(5.2)	
Finance cost relating to Sabeco acquisition											(107)	(0.2)	
Net Profit (loss) exclude F&N/FCL											2,336	5.1	
EBITDA (loss) exclude F&N/FCL											4,798	10.5	
F&N/FCL results:													
Operating results											792	1.7	
Finance costs											(110)	(0.2)	
F&N/FCL Net Profit											682	1.5	
Net Profit											3,018	6.6	
F&N/FCL EBITDA											792	1.7	
EBITDA											5,590	12.3	

3mthsYTD_ Dec_2016												
	Spirits	% to Sales	Beer	% to Sales	Non-alcoholic beverages	% to Sales	Food	% to Sales	Eliminate	% to Sales	Total	% to Sales
Revenue from sales	26,302	100.0	15,038	100.0	3,888	100.0	1,636	100.0	(35)	100.0	46,829	100.0
Cost of sales	17,589	66.9	11,549	76.8	2,493	64.1	924	56.5	(24)	68.6	32,531	69.5
Gross profit	8,713	33.1	3,489	23.2	1,395	35.9	712	43.5	(11)	31.4	14,298	30.5
Selling expenses	1,061	4.0	1,418	9.4	1,338	34.4	210	12.8	(8)	22.9	4,019	8.6
Administrative expenses	1,269	4.8	602	4.0	493	12.7	500	30.6	(36)	102.9	2,828	6.0
Operating profit (loss)	6,383	24.3	1,469	9.8	(436)	(11.2)	2	0.1	33	(94.3)	7,451	15.9
Other income/Interest income	57	0.2	42	0.3	123	3.2	6	0.4	(33)	94.3	195	0.4
EBIT (loss)	6,440	24.5	1,511	10.0	(313)	(8.1)	8	0.5	-	-	7,646	16.3
Finance costs	52	0.2	13	0.1	34	0.9	2	0.1	-	-	101	0.2
Income tax	1,276	4.9	238	1.6	(108)	(2.8)	1	0.1	-	-	1,407	3.0
Net Profit (loss) exclude F&N/FCL	5,112	19.4	1,260	8.4	(239)	(6.1)	5	0.3	-	-	6,138	13.1
Depreciation&Amortization	401	1.5	195	1.3	348	9.0	131	8.0	-	-	1,075	2.3
EBITDA (loss) exclude F&N/FCL	6,841	26.0	1,706	11.3	35	0.9	139	8.5	-	-	8,721	18.6
F&N/FCL results:												
Operating results											1,782	3.8
Finance costs											(177)	(0.4)
F&N/FCL Net Profit											1,605	3.4
Net Profit											7,743	16.5
F&N/FCL EBITDA											1,782	3.8
EBITDA											10,503	22.4

	Increase(Decrease)											
	Spirits	%	Beer	%	Non-alcoholic beverages	%	Food	%	Eliminate	%	Total	%
Revenue from sales	(1,533)	(5.8)	(604)	(4.0)	225	5.8	692	42.3	(5)	(14.3)	(1,225)	(2.6)
Cost of sales	(1,111)	(6.3)	(327)	(2.8)	268	10.8	360	39.0	(5)	(20.8)	(815)	(2.5)
Gross profit	(422)	(4.8)	(277)	(7.9)	(43)	(3.1)	332	46.6	-	-	(410)	(2.9)
Selling expenses	468	44.1	326	23.0	(17)	(1.3)	141	67.1	(12)	(150.0)	906	22.5
Administrative expenses	478	37.7	29	4.8	(31)	(6.3)	75	15.0	14	38.9	565	20.0
Operating profit (loss)	(1,368)	(21.4)	(632)	(43.0)	5	1.1	116	5,800.0	(2)	(6.1)	(1,881)	(25.2)
Other income/Interest income	28	49.1	173	411.9	4	3.3	4	66.7	2	6.1	211	108.2
EBIT (loss)	(1,340)	(20.8)	(459)	(30.4)	9	2.9	120	1,500.0	-	-	(1,670)	(21.8)
Finance costs	72	138.5	7	53.8	10	29.4	17	850.0	-	-	106	105.0
Income tax	(326)	(25.5)	(92)	(38.7)	(13)	(12.0)	(1)	(100.0)	-	-	(432)	(30.7)
Net Profit (loss) exclude F&N/FCL, Sabeco finance cost and cost relating to business acquisition	(1,086)	(21.2)	(374)	(29.7)	12	5.0	104	2,080.0	-	-	(1,344)	(21.9)
Depreciation & Amortization	14	3.5	8	4.1	6	1.7	70	53.4	-	-	98	9.1
EBITDA (loss) exclude F&N/FCL, Sabeco finance cost and cost relating to business acquisition	(1,326)	(19.4)	(451)	(26.4)	15	42.9	190	136.7	-	-	(1,572)	(18.0)
Cost relating to business acquisition											(2,351)	(100.0)
Finance cost relating to Sabeco acquisition											(107)	(100.0)
Net Profit (loss) exclude F&N/FCL											(3,802)	(61.9)
EBITDA (loss) exclude F&N/FCL											(3,923)	(45.0)
F&N/FCL results:												
Operating results											(990)	(55.6)
Finance costs											67	37.9
F&N/FCL Net Profit											(923)	(57.5)
Net Profit											(4,725)	(61.0)
F&N/FCL EBITDA											(990)	(55.6)
EBITDA											(4,913)	(46.8)

Spirits Business

For the first quarter ended 31 December 2017, sales revenue was Baht 24,769 million, a decrease of Baht 1,533 million, or 5.8%. This was mainly due to a product mix although there was an increase in sales volume. Total sales volume of spirits was 144.7 million, an increase of 0.6%. Total sales volume of soda was 11.6 million litres, an increase of 18.9%.

Gross profit was Baht 8,291 million, a decrease of Baht 422 million or 4.8%. This was mainly due to a product mix.

Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 5,515 million, a decrease of Baht 1,326 million or 19.4%. This was mainly due to a decrease in gross profit, an increase in advertising and promotion expenses and an increase in staff costs.

Net profit was Baht 4,026 million, a decrease of Baht 1,086 million or 21.2%. This was mainly due to a decrease in EBITDA.

Beer Business

For the first quarter ended 31 December 2017, sales revenue was Baht 14,434 million, a decrease of Baht 604 million, or 4.0%. This was mainly due to a decrease in sales volume. Total sales volume of beer was 206.8 million litres, a decrease of 6.2%.

Gross profit was Baht 3,212 million, a decrease of Baht 277 million, or 7.9%. This was mainly due to a decrease in sales volume and an increase in packaging costs.

Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 1,255 million, a decrease of Baht 451 million, or 26.4%. This was mainly due to a decrease in gross profit, an increase in advertising and promotion expenses and an increase in staff costs.

Net profit was Baht 886 million, a decrease of Baht 374 million, or 29.7%. This was mainly due to a decrease in EBITDA.

Non-Alcoholic Beverages Business

For the first quarter ended 31 December 2017, sales revenue was Baht 4,113 million, an increase of Baht 225 million or 5.8%. Total sales volume was 407.2 million litres, an increase of 22.7 million litres or 5.9%. There was an increase in sales volume of carbonated soft drink of 6.2 million litres, or 10.9%, drinking water of 21.3 million litres, or 8.7% although there was a decrease in sales volume of ready to drink tea of 0.6 million litres, or 0.9%, Jubjai of 2.7 million litres, or 24.4%, 100 plus of 0.6 million litres, or 32.2%, energy drink of 0.4 million litres, or 31.2% and others of 0.5 million litres, or 20.0%.

Gross profit was Baht 1,352 million, a decrease of Baht 43 million or 3.1%. This was mainly due to a product mix and a cost increase from sugar tax.

Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 50 million, an increase of Baht 15 million or 42.9%. This was mainly due to a decrease in advertising and promotion expenses.

Net loss was Baht 227 million, an improvement of Baht 12 million or 5.0% from net loss of Baht 239. This was mainly due to an increase in EBITDA.

Food Business

For the first quarter ended 31 December 2017, sales revenue was Baht 2,328 million, an increase of Baht 692 million or 42.3%. This was mainly due to an increase in the number of restaurants from SOA and QSA.

Gross profit was Baht 1,044 million, an increase of Baht 332 million or 46.6%. This was mainly due to an increase in sales.

Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 329 million, an increase of Baht 190 million or 136.7%. This was mainly due to an increase in gross profit.

Net profit was Baht 109 million, an increase of Baht 104 million, or 2,080.0%. This was mainly due to an increase in EBITDA.

Financial Position

Assets

Total assets as at 31 December 2017 was Baht 409,637 million, an increase of Baht 215,397 million or 110.9% compared with total assets at the end of September 2017. An increase in current assets of Baht 23,049 million was mainly due to an increase in cash and cash equivalents and current investments. An increase in non-current assets of Baht 192,348 million was mainly due to an increase in goodwill from the acquisitions.

Liabilities

Total liabilities as at 31 December 2017 was Baht 262,729 million, an increase of Baht 201,002 million or 325.6% compared with total liabilities at the end of September 2017. This was mainly due to an increase in loans from financial institutions for acquisitions about Baht 192,263 million.

The periods to maturity of interest-bearing debts were as follows.

	Unit: Million Baht
Within one year (Dec 2018)	61,066
After one year but within two years (Dec 2019)	168,457
After two years	<u>3</u>
Total	<u>229,526</u>

The Company obtained bridging loans from various local and foreign banks to fund the acquisition in the first quarter ended 31 December 2017. The Company will manage to take out short term debts in appropriate time.

Shareholders' Equity

Total equity as at 31 December 2017 was Baht 146,908 million, an increase of Baht 14,395 million or 10.9% compared with the equity at the end of September 2017. This was mainly due to an increase in non-controlling interest from consolidation.

Liquidity

Cash and cash equivalents, as at 31 December 2017, was Baht 16,537 million. The net increase from the beginning of the period was Baht 6,608 million. Details of activities were as follows.

	Unit: Million Baht
Net cash from operating activities	5,790
Net cash used in investing activities	(187,319)
Net cash from financing activities	<u>187,854</u>
Increase in cash and cash equivalents	6,325
Adjustment from financial statement translation	<u>283</u>
Net increase in cash and cash equivalents	6,608
Cash and cash equivalents at beginning of period	<u>9,929</u>
Cash and cash equivalents at end of period	<u>16,537</u>

Net cash inflow from operating activities of Baht 5,790 million for the first quarter ended 31 December 2017 was Baht 2,007 million lower from Baht 7,797 million of the corresponding period of last year. This was mainly due to a net decrease of Baht 3,869 million from a decrease in net profit which net with an increase in non-cash items although there was an increase in cash inflow from working capital of Baht 1,862.

Net cash used in investing activities of Baht 187,319 million for the first quarter ended 31 December 2017 was Baht 185,530 million higher from Baht 1,789 million of the corresponding period of last year. This was mainly due to an increase in cash outflow on acquisition of businesses.

Net cash inflow from financing activities of Baht 187,854 million for the first quarter ended 31 December 2017 was Baht 194,117 million, a change from net cash used in financing activities of Baht 6,263 million for the corresponding period of last year. This was mainly due to an increase in cash inflow from loans for acquisitions.

Financial Ratios

	<u>Dec.31, 17</u>	<u>Sep.30, 17</u>
Current Ratio (times)	0.88	1.17
Liability to Equity Ratio (Gearing Ratio) (times)	1.79	0.47
Interest Bearing Debt to Equity Ratio (times)	1.56	0.31
Net Interest Bearing Debt to Equity Ratio (times)	1.45	0.23
Net Interest Bearing Debt to EBITDA (times)*	5.30	0.68
Net asset value per share (Baht)	5.20	5.13

*EBITDA from last twelve months included expenses related to Sabeco acquisition while operation results will be included from the second quarter ended March 2018 onwards due to the acquisition was incurred close to the end of December 2017. Net Interest Bearing Debt to EBITDA ratio will be lower if Sabeco's operation results are included.

	<u>Oct.17 - Dec.17</u>	<u>Oct.16 - Dec.16</u>
Earnings per share for the three-month period (Baht)	0.12	0.31

	<u>Oct.17 - Dec.17</u>	<u>Oct.16 - Sep.17</u>
Accounts Receivable Turnover (days)	8	5
Inventory Turnover (days)		
Spirits Business : finished goods	62	56
Beer Business : finished goods	17	14
Non-alcohol Business : finished goods	23	26
Food Business : finished goods	2	2

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N/A

10. Commentary to accompany the announcement regarding significant trends or competitive conditions in the industry and any known factors or events that may affect the group in the next reporting period or over the next 12 months.

Thai economy during October - December 2017 was driven by a recovery in the export of goods to trading partner countries, and tourism sector which continued to draw a growing number of Chinese tourists. On the economic stability front, headline inflation accelerated to 0.9%, mainly due to increased energy prices.

Private consumption in the domestic beverage market increased at a slower-than-expected pace even after the official mourning period ended because the economy has not yet fully recovered. While purchasing power held strong among middle to high income households concentrated in the Bangkok metropolitan area, other major cities as well as tourism destinations. However, the purchasing power of low income households remained weak as farmers' real income in the quarter contracted 6.1% YoY. In addition, a high level of household debt and cost of living continued to pressure consumers to be cautious with their spending.

OVERALL BUSINESS

Total sales revenue of the Company in the first quarter ended 31 December 2017 was Baht 45,604 million, a decrease of 2.6% YoY, attributable to a decrease in sales revenue of spirits and beer businesses, although there was an increase in sales revenue of non-alcoholic beverages and food businesses. Net profit was Baht 3,018 million, or a decrease of 61.0% when compared to last year. There was a non-recurring expenses related to acquisitions in this quarter and finance costs related to Sabeco acquisition while Sabeco's results of operation will be included from the second quarter ended 31 March 2018 onwards which affect net profit. Net profit excluding F&N/FCL, the non-recurring expenses and the finance costs related to Sabeco acquisition was Baht 4,794 million, a decrease of 21.9%. This was due to a decrease in net profit of spirits and beer businesses although there was an increase in net profit of food business and a decrease in net loss of non-alcoholic business.

SPIRITS BUSINESS

Even though sales agents in Thailand reduced their purchase orders after the announcement of an excise tax hike in September 2017, the spirits business in the first quarter ended 31 December 2017 continued to report a 0.6% increase in sales volume as a result of the acquisition of the Grand Royal Group in October 2017. However, as selling prices of the Grand Royal Group's spirits differ from those of Thai spirits, sales revenue decreased 5.8% YoY to Baht 24,769 million. Compounded with an increase in personnel expense as well as higher advertising and promotion expenses after the end of the mourning period, net profit declined 21.2% YoY to Baht 4,026 million.

BEER BUSINESS

The beer business registered sales revenue amounting to Baht 14,434 million in the first quarter ended 31 December 2017, representing a 4.0% drop compared to the corresponding period last year, as the market recovery after the mourning period was slower than expected. Factoring in an increase in packaging costs, advertising and promotion expenses, and personnel expenses, net profit decreased 29.7% YoY to Baht 886 million.

Moreover, at the end of 2017, the Company has completed the acquisition of Saigon Beer-Alcohol- Beverage Corporation (“Sabeco”), a leading beer producer in Vietnam, marking an important step forward in the Company’s journey to become the largest beer player in Southeast Asia. In this quarter, only assets and liabilities were included in the consolidated statements of financial position but results of operations and cash flows will be included from the second quarter ended 31 March 2018 onwards in the consolidated statements of income and cash flows.

NON-ALCOHOLIC BEVERAGES BUSINESS

The non-alcoholic beverage business in the first quarter ended 31 December 2017 generated sales revenue amounting to Baht 4,113 million, representing a 5.8% YoY increase, fueled by an increase in carbonated soft drink and drinking water sales volumes. Notwithstanding higher costs stemming from the introduction of an excise tax for sugar, we narrowed the non-alcoholic beverages business’ net loss by 5% YoY as we prudently managed advertising and promotion expenses, improving their efficiency.

FOOD BUSINESS

Sales revenue generated by the food business in the first quarter ended 31 December 2017, rose by 42.3% compared to the same period last year to Baht 2,328 million due to the contribution of new Spice of Asia and the QSR of Asia restaurants that were added to ThaiBev’s portfolio. Consequently, net profit jumped 2,080% YoY to Baht 109 million.

INTERNATIONAL BUSINESS

Sales revenue recorded by the international business improved 118% YoY in 1Q18 as a result of the acquisition of the Grand Royal Group in October 2017. Accordingly, international spirits sales revenue increased 249% YoY, driven mainly by the Grand Royal Group. Moreover, bulk whisky sales in the USA and UK have has a strong start, premium brands recorded double digit growth helped by sales to Germany and through new distribution in Asia, and OEM brands have started to pick up in this quarter. International beer sales revenue, however, dropped due to a continued slowdown in sales in Southeast Asia.

11. If a decision regarding dividend has been made:-

(a) Whether an interim ordinary dividend has been declared (recommended)

No.

; and

(b) (i) Amount per share cents

N/A

(ii) Previous corresponding period cents

N/A

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

N/A

(d) The date the dividend is payable.

N/A

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

N/A

12. If no dividend has been declared/recommended, a statement to that effect.

N/A

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Thai Beverage Public Company Limited

Unaudited but reviewed transactions for the three-month period (Oct-Dec 17) ended 31 December 2017

Interested persons transactions for the three-month period (Oct-Dec 17) ended 31 December 2017

	Aggregate value of all interested persons transactions for the three-month period (Oct-Dec 17) ended 31 December 2017 (excluding transactions less than S\$100,000* and transactions conducted under Shareholders' Mandate) Baht '000	Aggregate value of all interested persons transactions conducted under the Shareholders' mandate (excluding transactions less than S\$100,000*) Baht '000
A Revenue from sales and service income		
1 PS Recycle Co., Ltd.	-	19,911.06
2 Thai Glass Industries PCL	-	31,421.59
3 Thai Alcohol PCL	-	108,675.16
4 Thai Malaya Glass Co., Ltd.	-	32,449.62
5 F&N Foods Pte Ltd	-	51,040.64
6 F&N Dairies (Thailand) Limited	-	20,043.41
7 TCC Hotel Asset Management Co., Ltd.	-	5,313.74
8 Big C Supercenter PCL	-	678,471.16
9 Phu Thai Group Joint Stock Company	-	6,547.52
10 BJC Specialties Co., Ltd.	-	7,273.93
B Other income		
1 The Southeast Insurance PCL **	-	3,754.93
2 Thai Malaya Glass Co., Ltd.	-	5,363.12
3 F&N Interflavine Pte Ltd	-	10,183.07
4 Fraser & Neave (Singapore) Pte. Limited	-	3,944.61
C Cost of sales		
1 Pisetkij Co., Ltd.	-	3,584.38
2 PS Recycle Co., Ltd.	-	63,632.71
3 Thip Sugar Kamphaengphet Co., Ltd. ***	-	37,756.22
4 The Suphanburi Sugar Industry Co., Ltd.	-	5,519.77
5 Southeast Capital Co., Ltd.	-	2,666.43
6 Thai Beverage Can Co., Ltd.	-	235,809.37
7 The Southeast Insurance PCL **	-	25,082.86
8 Thip Sugar Sukhothai Co., Ltd.	-	29,023.71
9 Thai Malaya Glass Co., Ltd.	-	1,519,074.18
10 Dhanasindhi Co., Ltd.	-	6,922.90
11 Gaew Grung Thai Co., Ltd.	-	5,740.46
12 Gaewsamsin Co., Ltd.	-	4,394.50
13 Sub Permpoon 8 Co., Ltd.	-	5,274.75
14 Golden Ventures Leasehold Real Estate Investment Trust	-	3,526.13
15 CW Towers Co., Ltd.	-	12,381.35
D Selling expenses		
1 Southeast Capital Co., Ltd.	-	76,052.75
2 The Southeast Insurance PCL **	-	8,134.41
3 N.C.C. Management and Development Co., Ltd.	-	5,377.84
4 F&B International Co., Ltd.	-	4,558.36
5 F&N Foods Pte Ltd	-	31,721.82
6 P.I.T. Factory Co., Ltd.	-	3,723.20
7 TCCCL Ladphao Co., Ltd.	-	3,414.64
8 Big C Supercenter PCL	-	71,036.79
9 Phu Thai Group Joint Stock Company	-	7,260.89

Thai Beverage Public Company Limited

Unaudited but reviewed transactions for the three-month period (Oct-Dec 17) ended 31 December 2017

Interested persons transactions for the three-month period (Oct-Dec 17) ended 31 December 2017

	Aggregate value of all interested persons transactions for the three-month period (Oct-Dec 17) ended 31 December 2017 (excluding transactions less than S\$100,000* and transactions conducted under Shareholders' Mandate) Baht '000	Aggregate value of all interested persons transactions conducted under the Shareholders' mandate (excluding transactions less than S\$100,000*) Baht '000
E Administrative expenses		
1 Southeast Capital Co., Ltd.	-	27,643.02
2 T.C.C. Technology Co., Ltd.	-	26,735.96
3 The Southeast Insurance PCL **	-	4,304.89
4 The Southeast Life Insurance PCL **	-	3,280.84
5 North Park Golf And Sports Club Co., Ltd.	-	9,188.35
6 Thai Alcohol PCL	-	9,023.00
7 Fraser & Neave (Singapore) Pte. Limited	-	6,310.81
8 F&N Interflavine Pte Ltd	-	8,752.11
9 Commercial Solution Co., Ltd.	-	10,459.63
10 Business Process Outsourcing Co., Ltd.	-	34,519.58
11 TCC Hotel Asset Management Co., Ltd.	-	19,886.89
12 Pacific Leisure (Thailand) Limited	-	2,756.33
13 Mosho Entertainment Co., Ltd.	-	8,333.33
14 CW Towers Co., Ltd.	-	15,555.52
F Purchase of assets		
1 Berli Jucker PCL	-	8,202.48
2 Dhanasindhi Co., Ltd.	-	122,894.57

* Exchange rate Baht 24.33 per 1 SGD.

** Converted from company limited to public company limited

*** Formerly : The Maewang Sugar Industry Co., Ltd.

14. CONFIRMATION BY THE BOARD OF DIRECTORS

Pursuant to Rule 705(5) of the SGX Listing Manual

We, Thapana Sirivadhanabhakdi and Sithichai Chaikriangkrai, being two Directors of Thai Beverage Public Company Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company, that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render these three-month ended December 31, 2017 financial results to be false or misleading in any material respect.

On behalf of the Board

Thapana Sirivadhanabhakdi
Director

Sithichai Chaikriangkrai
Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

16. Reference is made to Thai Beverage Public Company Limited's SGX Announcement dated 1 July 2016 (the "**1 July Announcement**") on the Company's involvement in the Pracharath Project and the incorporation of social enterprises known as National Pracharath and Provincial Pracharath. As at 31 December 2017, a total of 76 Provincial Pracharaths have been incorporated. As described in the 1 July Announcement the Company has initially invested and will invest Baht 1 million in the paid-up capital in each of these Provincial Pracharaths, which is equal to 1,000 ordinary shares. The Company intends to transfer 960 ordinary shares of each of these Provincial Pracharaths to other external entities which can be Pracharath contributors such that the Company will end up holding approximately 1% of each Provincial Pracharath's registered capital.