

# Ocean Glass Public Company Limited

## Management Discussion and Analysis

### Consolidated Financial Results

#### For the period ended June 30, 2016

### Business Overview

In the second quarter of 2016, Ocean Glass Public Company Limited and Subsidiaries (“the Company”) reported consolidated revenue of Baht 431.7 million, increased by 3.0 % compared with 2Q15, under the midst of price competition in the table glassware market. The Company’s gross profit demonstrated at 42.0% of sales value, increased by 2.6% mainly from the improvement of production efficiency while total expenses, Baht 443.0 million increased by 1.6%, mainly due to the increment of administrative expenses. As a result, the Company reported net loss of Baht 8.5 million, decreased by 40.7% compared with 2Q15. Loss per share presented at Baht 0.40.

For the six-month of 2016, the Company reported consolidated revenue of Baht 829.7 million, increased by 0.9% compared with 6M15. The Company’s gross profit demonstrated at 41.9% of sales value, increased by 1.2% compared with 6M15. The Company reported total expenses of Baht 838.0 million, increased by 2.3%, mainly from selling and administrative expenses. As a result, the Company had net loss of Baht 6.9 million while, 6M15, the Company had net profit Baht 1.2 million. Loss per share presented at Baht 0.32.

### Statement of Comprehensive Income

▪ **Total Revenues (Million Baht)**

	Quarterly		Change	Six-month End June 30		Change
	2/2016	2/2015	%	2016	2015	%
Sales						
Domestic sales	117.7	100.9	16.7	238.5	220.3	8.3
Export sales	310.4	318.3	(2.5)	582.3	601.2	(3.1)
Total Sales	428.2	419.2	2.1	820.8	821.5	(0.1)
Foreign exchange gain (loss)	2.7	(0.9)	419.6	7.5	(0.6)	1,395.2
Other income	0.8	0.9	(16.3)	1.4	1.6	(12.4)
<b>Total revenues</b>	<b>431.7</b>	<b>419.3</b>	<b>3.0</b>	<b>829.7</b>	<b>822.5</b>	<b>0.9</b>

In the second quarter of 2016, the Company reported total sales revenues of Baht 428.2 million, increase by 2.1% compared with 2Q15. Proportion of domestic sales was 27.5% and export sales was 72.5%. Domestic sales increased by 16.7% from B2B customers who buy glassware products for promotional campaign while export sales decreased by 2.5% primary from the competition in export market.

For the six-month period, the Company reported total sales revenues of Baht 820.8 million, decreased by 0.1% compared with 6M15. Proportion of domestic sales was 29.1% and export sales was 70.9%. Domestic sales increased by 8.3% while export sales decrease by 3.1%.

The Company reported gain from foreign exchange of Baht 7.5 million due to realize gain of foreign currency during baht appreciation.

▪ **Total Expenses (Million Baht)**

	Quarterly		Change	Six-month End June 30		Change
	2/2016	2/2015	%	2016	2015	%
Cost of sales	248.5	254.1	(2.2)	476.9	487.6	(2.2)
Selling expenses	73.5	78.7	(6.6)	171.7	158.4	8.4
Administrative expenses	54.7	24.6	121.9	78.7	50.2	56.9
Shutdown expenses	57.9	67.9	(14.7)	93.3	100.9	(7.5)
Finance costs	8.4	10.8	(22.2)	17.4	22.0	(21.0)
<b>Total expenses</b>	<b>443.0</b>	<b>436.2</b>	<b>1.6</b>	<b>838.0</b>	<b>819.0</b>	<b>2.3</b>

In the second quarter of 2016, total cost of goods sold reported at Baht 248.5 million, decreased by 2.2% compared with 2Q15, mainly due to the improvement of production efficiency. Selling expenses presented at Baht 73.5 million, decreased by 6.6%, while administrative expenses presented at Baht 54.7, increased by 121.9%.

For the six-month period, total cost of goods sold reported at Baht 476.8 million, decreased by 2.2% compared with 6M15. Selling expenses presented at Baht 171.7 million, increased by 8.4% and administrative expenses presented at Baht 78.7 million, increased by 56.9%. Shutdown expenses reported at Baht 93.3 million, decreased by 7.5% compared with 6M15, due to the increment of products demand.

In addition, finance costs were decreased by 21% due to the repayment of long term loan.

### Statements of Financial Position as at June 30, 2016

	June 30, 2016 (Million Baht)	December 31, 2015 (Million Baht)	Change (%)
Current assets	1,411.1	1,469.9	(4.0)
Non-current assets	1,690.6	1,721.1	(1.8)
<b>Total assets</b>	<b>3,101.8</b>	<b>3,191.0</b>	<b>(2.8)</b>
Current liabilities	728.1	699.5	4.1
Non-current liabilities	780.8	825.5	(5.4)
<b>Total liabilities</b>	<b>1,508.9</b>	<b>1,524.9</b>	<b>(1.1)</b>
<b>Total shareholders' equity</b>	<b>1,592.9</b>	<b>1,666.1</b>	<b>(4.4)</b>
Current Ratio (times)	1.94	2.10	
Debt to Equity Ratio (times)	0.95	0.92	

As of June 30, 2016, total assets presented at Baht 3,101.8 million, decreased by 2.8%. Current Assets presented at Baht 1,411.1 million, decreased by 4.0% due to the decrement from account receivable and inventory while non-current assets presented at Baht 1,690.6 million, decreased by 1.8% due to the recognition of depreciation. Total liabilities presented at Baht 1,508.9 million, decreased by 1.1%, related to the decrement of finance costs. Total shareholders' equity presented at Baht 1,592.9 million, decreased by 4.4, due to the recognition in net loss during the six-month period and dividend payment to shareholders.