

CEO 003/2017

Translation

February 27, 2017

Subject: Financial Position and Operating Performance of year 2016

Attention: The Director and President of the Stock Exchange of Thailand

Financial Position and Operating Performance of year 2016

Revenues from Sales

The Company had revenues from sales of Baht 1,224.97 million, Baht 1,229.42 million and Baht 1,549.52 million in 2014-2016, respectively. In 2016 Fresh vegetables and fruit sales decreased Baht 10.04 million due to drought, their was fewer raw material and sale was decreased, while canned corn sales was increased because customers in Japan were negotiated by the management of the Company. Thus, such advanced orders prolonged approximately 10-12 months, which tended to increase the Company's sales to Japan. Moreover, the revenues in year 2016 were increased by expand more market and exchange rate.

The Details on international and domestic sales were as follows:

Items	2013	2014	2015	2016
International Revenues from Sale				
• Processed sweet corn (RKI)	614.35	677.95	767.16	1,019.67

• Fresh vegetables and fruit (AF)	214.43	227.50	180.62	170.58
• Vacuum packed sweet corn (RKI)	136.78	164.86	168.61	213.75
Total	965.56	1,070.31	1,116.39	1,404.00
Domestic Revenues from Sale				
• Processed sweet corn (RKI)	51.59	29.89	24.81	36.20
• Breeder Seed (SCP)	39.63	54.06	49.44	66.64
• Others (RKI)	4.51	4.44	9.82	16.92
• Vacuum packed sweet corn (RKI)	34.84	46.84	14.58	10.57
• Fresh vegetables and fruit (AF)	0.00	19.43	14.38	15.19
Total	130.57	154.66	113.03	145.52
Total Revenues from Sale	1,096.13	1,224.97	1,229.42	1,549.52

Cost of Sales

The Company had cost of sales of Baht 923.93 million, Baht 913.41 million, and Baht 1,089.83 million in 2014-2016, respectively. The Company had cost to sales ratio of 75.43%, 74.30%, and 70.33% in 2014-2016, respectively. The cost to sales ratio had decreased since 2014 because the Company increased the proportion of suppliers who were juristic persons, instead of individuals in order to control the cost. Besides, the Company had received the advanced orders from customers in Japan since 2014; therefore, the Company could manage cost of sales

efficiently by controlling cost of raw materials and relevant packages with advanced ordering.

Gross Profit

The Company has gross profit of Baht 301.04 million, Baht 316.01 million and Baht 459.69 million In 2014-2016 and it had gross profit margin of 24.57 %, 25.70% ,and 29.67% in year 2014 -2016 which was considered by good, respectively. That such ratio in 2014-2016 had gradually increased was caused by the reason as per aforementioned, but 2013 ratio decreased due to wage adjustment.

Selling and Administrative Expenses (including compensation of management)

Selling and administrative expenses of the Company were composed of salaries and overtime wages, employee benefit expenses, management remuneration, repair and maintenance costs, and utilities expenses. The Company had selling and administrative expenses of Baht 197.91 million, Baht 204.64 million, and Baht 225.42 million, or 16.16%, 16.60%, and 14.55 % of sales, in 2014-2016, respectively. In 2014-2015 freight of sales has been included our cost.

Net Profit (Loss) for the Period (Attributable to Equity Holders of the Company)

The Company had net profit for the period (attributable to equity holders of the Company) of Baht 79.31 million, Baht 96.29 million, and Baht 191.60 million, or representing net profit margin of 6.47%, 7.83% , and 12.36% in 2014-2016 respectively. That the net profit margin was highly fluctuated resulted from such reasons mentioned in the sections of revenues from sales, cost of sales, selling and administrative expenses. However, the net profit in 2016 increased significantly because of the

cost management in the advanced orders from customers in Japan and a decrease in management remuneration.

Total Comprehensive Income (Loss) (Attributable to Equity Holders of the Company)

The Company had total comprehensive income (attributable to equity holders of the Company) of Baht 79.31 million, Baht 184.75 million , and Baht 189.27 million in 2014-2016, respectively. Therefore, in year 2015 the company has the new Land appraisal and Land value has increased by Baht 110.59 Million and was indicated by Statement of comprehensive income.

Financial Position

Financial Ratio

AgriPure Holdings Public Company Limited Financial Ratios		Consolidated Financial Statements			
		Audited			
		31/12/2 013	31/12/2 014	31/12/2 015	31/12/2 016
Liquidity Ratios					
Current ratio	(Time s)	1.12	1.16	7.60	7.14
Quick ratio	(Time s)	0.65	0.58	5.99	4.73
Accounts Receivable Turnover	(Time s)	9.24	9.47	8.34	10.45
Average Collection Period	(Days)	39.50	38.54	43.76	34.94

AgriPure Holdings Public Company Limited Financial Ratios		Consolidated Financial Statements			
		Audited			
		31/12/ 013	31/12/ 014	31/12/ 015	31/12/ 016
Inventory Turnover	(Time s)	4.95	4.51	4.57	5.51
Average Inventory Period	(Days)	73.74	80.93	79.87	66.30
Accounts Payable Turnover	(Time s)	12.42	13.58	13.27	16.93
Average Payables Period	(Days)	29.39	26.88	27.51	21.56
Cash Cycle	(Days)	83.85	92.59	96.12	79.69
Profitability Ratios					
Gross Profit Margin	(%)	11.54	24.57	25.70	29.67
Operating Profit Margin	(%)	3.55	9.64	10.53	16.13
Net Profit Margin	(%)	1.72	6.75	7.94	12.64
Return on Equity	(%)	3.32	12.52	9.53	13.84
Net Return on Equity	(%)	3.04	11.79	13.81	13.05
Efficiency Ratios					
Return on total Assets	(%)	3.94	11.24	9.90	12.09
Financial Policy Ratios					

AgriPure Holdings Public Company Limited Financial Ratios		Consolidated Financial Statements			
		Audited			
		31/12/ 013	31/12/ 014	31/12/ 015	31/12/ 016
Debt to Asset Ratio	(Time s)	0.35	0.39	0.08	0.08
Debt to Equity Ratio	(Time s)	0.54	0.64	0.09	0.09
Interest Coverage Ratio	(Time s)	2.47	6.43	14.87	131.79
Cash to Current Liability Ratio	(%)	14.42	16.50	43.28	(16.07)
Cash to Total Liability Ratio	(Time s)	14.30	16.27	40.46	88.73

Assets

The Company had total assets of Baht 1,148.59 million, Baht 1,465.60 million, and Baht 1,619.65 million as of 2014-2016, respectively. An increase in total assets in year 2015 from 2014 by Baht 317.01 million was mainly attributable from an increase in asset items related to sales such as accounts receivable orders from customers in Japan, inventory in year 2015.

However, an increase in total assets of the Company in 2015 by Baht 317.01 million was mainly attributable from (1) an increase in cash and temporary investment by Baht 273.39 million due to capital's increase. (2) an increase in property, plant and equipment for a new factory amount Baht 176.99 million.

Account Receivable

The company has Account Receivable for Baht 150.28 Million, Baht 144.69 Million, and Baht 152.00 Million in year 2014 – 2016 respectively. In year 2014, the company has advanced order from customer in the beginning of the year. That is why account receivable has increased while the total sale in year 2015 is regular.

Trade accounts receivable can be aged as follows:

	Unit:Baht	
	2016	2015
Within credit term	73,040,399	56,360,979
Overdue		
Not over 3 months	39,954,563	44,914,775
3-6 months	6,098,705	5,295,304
6-12 months	8,695,874	4,086,327
Over 12 months	29,988,269	33,647,347
Total	157,777,810	144,304,732
<u>Less</u> allowance for doubtful accounts	(32,971,418)	(16,171,418)
Net	124,806,392	128,133,314

Inventory

The company has inventory for Baht 256.88 Million, Baht 142.49 Million and Baht 253.42 Million in year 2014-2016 respectively. In year 2014, the company has higher inventory level due to advanced order from customer while in year 2015 is regular.

Liabilities

The Company had total liabilities of Baht 447.89 million, Baht 118.22 million, and Baht 137.57 million as of 2014-2016, respectively. Thus, a decrease in total liabilities by Baht 329.67 million from 2015 to 2014 was attributable by paying a short term loan from personal for Baht 177.00 Million and from bank for Baht 179.28 Million.

For 2014 comparing to 2013, an increased in total liabilities by Baht 114.47 million was mainly attributable from 1) an increase in short term loan from related parties was for Baht 20 million, overdraft & short term loan for Baht 76.76 million. 2) Income tax payable both subsidiary and related company was increased by Baht 5.89 million, other current liabilities was increased by Baht 2.43 million. 3) Account payable was increased by Baht 5.96 million because company had increased the production to produce the goods for export more.

Moreover, the Company had debt to equity ratios of 0.64, 0.09, and 0.09 times as of 2014-2016, respectively. Thus, such ratios were considered acceptable.

However, the Company had interest coverage ratio of 6.43, 14.87, and 131.79 times as of 2014-2016 respectively. Thus, that the Company had such ratio more than 1 time meant that the Company had an ability to pay interest expenses.

Thus, in 2014-2016, the Company had liabilities relevant to related parties for several transactions as follows:

Unit: Million Baht

Items	Outstanding Balance				Remarks
	2013	2014	2015	2016	
Short term loans from related persons					<ul style="list-style-type: none"> • There were 2 promissory notes for a period of 1 year for short term loans from Mr. Komol Jungrungrangkit, without collateral, with interest of 6.25% per annum and payable every the 10th of the month.
• Mr. Suredpon Jungrungrangkit	-	-	-	-	
• Mr. Komol Jungrungrangkit	157.00	177.00	-	-	
Accrued interest from short term loans from related persons					
• Mr. Suredpon Jungrungrangkit	-	-	-	-	
• Mr. Komol Jungrungrangkit	3.42	6.04	-	-	
Consultant fee	0.45	-	-	-	
• Mr. Komol Jungrungrangkit					

Source: Notes to the consolidated financial statements of the Company and its subsidiaries for 2013-2016 and notes to the interim consolidated financial statements of the Company and its subsidiaries for Q3 2016

Total Shareholders' Equity

The Company had total shareholders' equity of Baht 700.70 million, Baht 1,347.37 million and Baht 1,482.08 million as of 2014-2016, respectively. Thus, an increase in total shareholders' equity in 2014-2016 mainly resulted from net profit (loss) attributable to equity holders of the Company and dividend received from subsidiaries.

Cash Flow

The Company had net cash flows from operating activities of Baht 6.58 million, Baht 274.95 million, Baht 119.30 million in 2014 - 2016, respectively. Thus, in 2016, the Company have enough cash flows for use in operating activities and use in procurement of raw materials for production.

The Company had net cash flows from investing activities of Baht (90.07) million, Baht (313.36) million and Baht 61.95 million in 2014 - 2016, respectively. Thus, the main changes of net cash flows from investing activities resulted from investment in new machines and equipment and scheduled repair and maintenance of machines and equipment. Thus, the Company invested in the new factory in 2011 and it was finished by 2014.

The Company had net cash flows from financing activities of Baht 80.13 million, Baht 89.38 million, and Baht (58.78) million in 2014 - 2016, respectively. Thus, in year 2013, the Company increased capital by Baht 180.41 million the Company refunded the short term loan of Baht 45.00 million from the related person and drew bank overdrafts and short term loan of approximately decreased Baht 197.89 million. In 2014, company had short term loan from related parties for Baht 20.00 million and overdraft & short term loan from financial institute for Baht 76.76 million because it was on the process to increase production capacity. In year 2015, the company refunded the short term loan from related parties for Baht 177.00 Million and draw back overdrafts and short term load from bank for Baht 179.28 Million.

Liquidity

As considering key financial ratios, the Company had liquidity ratios at good level of 1.16, 7.60 and 7.14 times in 2014 - 2016 respectively. Thus, the Company had quick ratios of 0.58, 5.99 , 4.73 times in 2014 - 2016 respectively, which were regarded as acceptable levels.

Please be informed accordingly.

Sincerely yours,

Miss Sineemas Sotpiparnukul

Chief Executive Officer