



Attachment 2

Financial Summary

From Annual Report 2016

Tipco Foods Public Company Limited

Message from the Chairman

To All shareholders,

2016 showed signs of a slight economic recovery as compared to the year earlier with the highly competitive business environment in which Tipco and its group companies operated. It is my great pleasure to announce Tipco's successful operating results for 2016. The Company posted income of Baht 5,273 million, a 13% increase year-on-year, and a net profit attributable to its shareholders of Baht 814 million. The solid performance was driven by the strong determination and collaboration of the Company's management and personnel to develop plans and cope with challenges faced by its various businesses in an efficient manner.

As for the outlook of each business, the fruit processing business encountered a very challenging situation, especially in the past 2-3 years, with the high level of raw material prices. However, thanks to the ability to manage product selling prices, production costs, and raw material prices through the contract farming scheme, the fruit processing business revived and saw a satisfactory performance last year.

As regards the consumer business, despite the high competition from the new players, the Company managed to maintain a leader position in the fruit juice market. Last year, the Company continued to focus on launching new products to consumers, such as Tipco Plus Collagen and Tipco Mocktail. As for the mineral water business, the "Aura" natural mineral water, which is originated from the cold spring in the mountain at an altitude of 2,700 feet above sea level, saw ongoing growth in sales and market share. The production capacity of the factory in Mae Rim District, Chiangmai Province, reached a high level. As such, the expansion of the production capacity to support the growing demand for the "Aura" natural mineral water became a key mission for the Company to drive its business growth going forward.

The agricultural business continued to grow due to the unique taste of the Company's own "Homsuwan" pineapple that received a warm welcome from its consumers. As for the retail business, the Company continually developed and introduced new products through diversified formats such as healthy food, snacks, and drinks to respond to the health and wellness trends where consumers are more drawn to what nourishes and strengthens their bodies.

Apart from its main businesses, the Company recently opened two new businesses last year. The first one is "August Organic Eatery" with the first branch located at the Mercury Ville Tower, offering organic fusion cuisine with high-quality organic ingredients and refined taste to stay current with the healthy food trends. The second one is "Homsuwan Pina Pina" with the first shop opened at the Siam Paragon shopping mall, selling snacks and drinks most of which are developed from the "Homsuwan" pineapple. The highlights include a variety of menus creatively made from the "Homsuwan"

pineapple plus its unique flavor. The shop is aimed to build and strengthen the "Homsuwan" brand and its quality to be more widely recognized by consumers.

2016 marked another important year in which the Company and its group companies showed their capabilities through their high-quality products and consumer confidence towards the "Tipco" brand. The Company achieved outstanding success through winning a number of prestigious awards at the global and national levels, including the following:

- The "Aura" natural mineral water achieved the Grand Gold Quality Award 2016 in the category of Beers, Waters, and Soft Drinks. The award is regarded as the highest accolade for a product with great quality and flavors, granted by Monde Selection, an international quality institute, which evaluates consumer products to indicate the level of quality to consumers for more than 50 years.
- The "Aura" natural mineral water and the "Homsuwan" pineapple won the Superior Taste Award at the 3-star level (the highest level) from the International Taste and Quality Institute (iTQi), the world's leading organization dedicated to testing and promoting superior food and drink products. The "Homsuwan" pineapple was the only pineapple variety that achieved the Superior Taste Award for 2016. Tipco's other award-winning products included Broccoli Juice, Cranberry Juice, Carrot Juice, Shogun Orange Juice, and Coconut Juice.
- The "Tipco" brand was the world's first fruit juice brand that won the "Brand of the Year" at the World Branding Award 2016 hosted by the World Branding Forum. The award is annually granted based on brand value creation and consumer market research.
- The Company received the "No.1 Brand Thailand 2015-2016 Award" as the most popular brand in the categories of 100% Fruit Juice and Non 100% Fruit Juice by the Marketeer Magazine, Thailand's leading marketing and advertising magazine.
- The Company won the Prime Minister's Export Award in the category of Best Exporter. This award is the Thai government's highest official award annually granted to outstanding Thai manufacturers and exporters of products and services to showcase and acknowledge their top quality, high standards, and good image.

On behalf of the Board of Directors of Tipco, I would like to express my sincere thanks to all shareholders, trading partners, and trading alliances across all sectors for the continued support and confidence in our organization. Also, I would like to thank our management team as well as employees for their hard work and dedication throughout 2016. Moving forward, we will continue to adhere to the good corporate governance principle and strive to achieve sustainable success in leading the market and creating value for our shareholders.



Laksana Supsakorn
Chairman



Ratio for Annual Report

As of / for the year ending 31 December	2016 (Consolidated)	2016 (Company)	2015 (Consolidated)	2015 (Company)
Common Share (Per Share)				
Par value	1.00	1.00	1.00	1.00
Book value	8.44	3.67	7.39	3.39
Earnings per share	1.69	0.79	2.46	0.38
Financial Performance (Baht)				
Revenues from sale	5,273,206,676	2,773,320,086	4,677,507,627	2,266,843,958
Total Revenues	5,366,966,970	3,100,879,023	4,899,034,995	2,599,658,322
Gross Profit	1,456,474,138	458,289,718	1,066,329,777	191,346,815
Earning before interest and tax	821,383,684	407,953,922	1,249,760,326	223,922,378
Net Profit	765,845,662	380,920,313	1,178,936,355	182,967,033
Financial Position (Baht)				
Current Assets	1,698,511,961	796,626,808	1,754,047,906	611,246,000
Total Assets	6,808,820,972	2,771,920,942	6,714,943,708	2,649,113,691
Current Liabilities	1,507,690,273	488,081,381	2,157,894,279	860,370,919
Total Liabilities	2,366,386,487	1,000,584,382	2,734,164,641	1,014,046,009
Issued and paid-up share capital	482,579,640	482,579,640	482,579,640	482,579,640
Shareholder's equity of the parent	4,074,332,347	1,771,336,560	3,565,419,357	1,635,067,682
Shareholder's equity	4,442,434,485	1,771,336,560	3,980,779,067	1,635,067,682
Financial Ratio				
Gross Profit margin (%)	27.6%	16.5%	22.8%	8.4%
EBIT margin (%)	15.3%	13.2%	25.5%	8.6%
Net Profit margin (%)	14.3%	12.3%	24.1%	7.0%
Dividend Payout ratio (%)	23.1%	49.4%	10.2%	65.8%
Return on Equity (%)	20.0%	21.5%	33.3%	11.2%
Return on Total non-current assets (%)	15.0%	19.3%	23.8%	9.0%
Return on Total assets (%)	11.2%	13.7%	17.6%	6.9%
Time interest earned (Times)	20.8	18.8	21.2	6.4
Current ratio (Times)	1.1	1.6	0.8	0.7
Quick ratio (Times)	0.5	0.7	0.5	0.4
Debt - equity ratio (Times)	0.5	0.6	0.7	0.6

Tipco Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	8	58,983,257	76,355,545	25,295,630	39,155,492
Current investment		3,846,390	3,800,857	-	-
Trade and other receivables	7,9	689,864,254	859,793,098	317,129,277	251,367,419
Inventories	10	882,245,761	778,357,555	433,586,623	304,986,735
Biological assets	3, 4	2,800,857	-	-	-
Advanced payments		14,188,871	14,860,944	7,583,343	8,468,045
Other current assets		46,582,571	20,879,907	13,031,935	7,268,309
Total current assets		1,698,511,961	1,754,047,906	796,626,808	611,246,000
Non-current assets					
Restricted bank deposits		1,016,000	1,016,000	-	-
Investments in subsidiaries	11	-	-	465,336,902	465,336,902
Investment in associate	12	2,894,859,580	2,466,355,206	644,929,739	644,929,739
Investment property- Land awaiting sale	13	7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	14	2,023,191,014	2,314,494,369	761,469,255	819,733,849
Intangible assets	15	68,099,837	46,411,924	35,954,345	35,654,906
Deferred tax assets - net	23	97,889,724	106,684,272	54,217,114	56,052,793
Other non-current assets		17,983,295	18,664,470	6,117,218	8,889,941
Total non-current assets		5,110,309,011	4,960,895,802	1,975,294,134	2,037,867,691
Total assets		6,808,820,972	6,714,943,708	2,771,920,942	2,649,113,691

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	16	417,000,000	1,320,288,281	120,000,000	620,058,736
Trade and other payables	17	859,126,100	720,540,421	241,296,027	222,357,918
Current portion of liabilities under finance lease agreements		631,976	1,563,976	-	932,000
Current portion of long-term loans from financial institutions	18	171,500,000	92,950,000	91,500,000	12,950,000
Income tax payable		2,247,671	3,044,170	-	-
Other current liabilities		57,184,526	19,507,431	35,285,354	4,072,265
Total current liabilities		1,507,690,273	2,157,894,279	488,081,381	860,370,919
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		-	631,976	-	-
Long-term loans from financial institutions - net of current portion	18	776,950,000	516,550,000	456,950,000	116,550,000
Provision for dismantling cost		2,649,600	2,406,000	-	-

Tipco Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Provision for long-term employee benefits	20	79,096,614	56,682,386	55,553,001	37,125,090
Total non-current liabilities		858,696,214	576,270,362	512,503,001	153,675,090
Total liabilities		2,366,386,487	2,734,164,641	1,000,584,382	1,014,046,009
Shareholders' equity					
Share capital					
Registered					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid					
482,579,640 ordinary shares of Baht 1 each		482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interest in subsidiary of the associated company acquired at price lower than book value		1,494,466	1,494,466	-	-
Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate		(135,832,635)	(73,900,864)	-	-
Capital reserve for share-based payment transactions of the associate		28,433,655	18,078,255	-	-

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Retained earnings	21				
Appropriated - statutory reserve		50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,650,873,429	3,081,058,341	1,238,756,920	1,102,488,042
Other components of shareholders' equity		(3,216,208)	6,109,519	-	-
Equity attributable to owners of the Company		4,074,332,347	3,565,419,357	1,771,336,560	1,635,067,682
Non-controlling interests of the subsidiaries		368,102,138	415,359,710	-	-
Total shareholders' equity		4,442,434,485	3,980,779,067	1,771,336,560	1,635,067,682
Total liabilities and shareholders' equity		6,808,820,972	6,714,943,708	2,771,920,942	2,649,113,691

The accompanying notes are an integral part of the financial statements.

Tipco Foods Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenues					
Sales and service income		5,273,206,676	4,677,507,627	2,773,320,086	2,266,843,958
Other income					
Dividend income from associate	12	-	-	258,917,162	222,003,996
Gain from sales of investment property		-	37,719,870	-	37,719,870
Marketing income		-	63,737,550	19,925,917	-
Others		93,760,294	120,069,948	48,715,858	73,090,498
Total revenues		5,366,966,970	4,899,034,995	3,100,879,023	2,599,658,322
Expenses					
Cost of sales and services		3,816,732,538	3,611,177,850	2,315,030,368	2,075,497,143
Selling expenses		824,976,270	877,247,789	106,328,280	96,013,686
Administrative expenses		457,732,891	375,681,620	271,566,453	202,884,456
Other expenses					
Allowance for doubtful accounts	14	419,926	-	-	-
Allowance for impairment loss on equipment		186,471,519	1,340,659	-	1,340,659
Total expenses		5,286,333,144	4,865,447,918	2,692,925,101	2,375,735,944
Profit before share of profit from investment in associate, finance cost and income tax		80,633,826	33,587,077	407,953,922	223,922,378

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Share of profit from investment in associate	12	740,749,858	1,216,173,249	-	-
Profit before finance cost and income tax		821,383,684	1,249,760,326	407,953,922	223,922,378
Finance cost		(39,535,509)	(59,018,771)	(21,718,547)	(34,980,595)
Profit before income tax		781,848,175	1,190,741,555	386,235,375	188,941,783
Income tax	23	(16,002,513)	(11,805,200)	(5,315,062)	(5,974,750)
Profit for the year		765,845,662	1,178,936,355	380,920,313	182,967,033
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Change in fair value of interest rate swap contract - net of income tax		-	1,781,897	-	1,781,897
Share of comprehensive income in associate	12	(9,325,727)	35,541,302	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(9,325,727)	37,323,199	-	1,781,897

The accompanying notes are an integral part of the financial statements.

Tipco Foods Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Other comprehensive income not to be reclassified to profit or loss in subsequent periods Actuarial loss - net of income tax		(14,566,193)	-	(13,917,530)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(14,566,193)	-	(13,917,530)	-
Other comprehensive income for the year		(23,891,920)	37,323,199	(13,917,530)	1,781,897
Total comprehensive income for the year		741,953,742	1,216,259,554	367,002,783	184,748,930
Profit attributable to:					
Equity holders of the Company		813,638,314	1,188,467,999	380,920,313	182,967,033
Non-controlling interests of the subsidiaries		(47,792,652)	(9,531,644)		
		765,845,662	1,178,936,355		
Total comprehensive income attributable to:					
Equity holders of the Company		789,211,314	1,225,791,198	367,002,783	184,748,930
Non-controlling interests of the subsidiaries		(47,257,572)	(9,531,644)		
		741,953,742	1,216,259,554		
Earnings per share (Baht)	25				
Basic earnings per share		1.69	2.46	0.79	0.38
Profit attributable to equity holders of the Company					

The accompanying notes are an integral part of the financial statements.

Tipco Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

	Issued and paid-up share capital	Non-controlling interest in subsidiary of the associated company acquired at price lower than book value	Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	Capital reserve for share-based payment transactions of the associate	
Balance as at 1 January 2015	482,579,640	1,510,347	(74,686,161)	9,305,759	
Profit for the year	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	
Share-based payment transactions of associate	-	(15,881)	785,297	8,772,496	
Balance as at 31 December 2015	482,579,640	1,494,466	(73,900,864)	18,078,255	
Balance as at 1 January 2016	482,579,640	1,494,466	(73,900,864)	18,078,255	
Cumulative effect of change in accounting policy for agriculture (Note 3, 4)	-	-	-	-	
Profit for the year	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	
Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	-	-	(61,931,771)	-	
Share-based payment transactions of the associate	-	-	-	10,355,400	
Dividend paid (Note 28)	-	-	-	-	
Balance as at 31 December 2016	482,579,640	1,494,466	(135,832,635)	28,433,655	

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company							Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Retained earnings		Other components of equity			Total equity attributable to shareholders of the Company		
	Appropriated - statutory reserve	Unappropriated	Fair value of interest rate swap contract	Share of comprehensive income in associate	Total other components of shareholders' equity			
	50,000,000	1,892,590,342	(1,781,897)	(29,431,783)	(31,213,680)	2,330,086,247	424,891,354	2,754,977,601
	-	1,188,467,999	-	-	-	1,188,467,999	(9,531,644)	1,178,936,355
	-	-	1,781,897	35,541,302	37,323,199	37,323,199	-	37,323,199
	-	1,188,467,999	1,781,897	35,541,302	37,323,199	1,225,791,198	(9,531,644)	1,216,259,554
	-	-	-	-	-	9,541,912	-	9,541,912
	50,000,000	3,081,058,341	-	6,109,519	6,109,519	3,565,419,357	415,359,710	3,980,779,067
	50,000,000	3,081,058,341	-	6,109,519	6,109,519	3,565,419,357	415,359,710	3,980,779,067
	-	2,011,952	-	-	-	2,011,952	-	2,011,952
	-	813,638,314	-	-	-	813,638,314	(47,792,652)	765,845,662
	-	(15,101,273)	-	(9,325,727)	(9,325,727)	(24,427,000)	535,080	(23,891,920)
	-	798,537,041	-	(9,325,727)	(9,325,727)	789,211,314	(47,257,572)	741,953,742
	-	-	-	-	-	(61,931,771)	-	(61,931,771)
	-	-	-	-	-	10,355,400	-	10,355,400
	-	(230,733,905)	-	-	-	(230,733,905)	-	(230,733,905)
	50,000,000	3,650,873,429	-	(3,216,208)	(3,216,208)	4,074,332,347	368,102,138	4,442,434,485

Tipco Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Retained earnings		Other component of equity		Total shareholders' equity
		Appropriated – statutory reserve	Unappropriated	Fair value of interest rate swap contract	Total other component of shareholders' equity	
Balance as at 1 January 2015	482,579,640	50,000,000	919,521,009	(1,781,897)	(1,781,897)	1,450,318,752
Profit for the year	-	-	182,967,033	-	-	182,967,033
Other comprehensive income for the year	-	-	-	1,781,897	1,781,897	1,781,897
Total comprehensive income for the year	-	-	182,967,033	1,781,897	1,781,897	184,748,930
Balance as at 31 December 2015	482,579,640	50,000,000	1,102,488,042	-	-	1,635,067,682
Balance as at 1 January 2016	482,579,640	50,000,000	1,102,488,042	-	-	1,635,067,682
Total comprehensive income for the year	-	-	380,920,313	-	-	380,920,313
Other comprehensive income for the year	-	-	(13,917,530)	-	-	(13,917,530)
Total comprehensive income for the year	-	-	367,002,783	-	-	367,002,783
Dividend paid (Note 28)	-	-	(230,733,905)	-	-	(230,733,905)
Balance as at 31 December 2016	482,579,640	50,000,000	1,238,756,920	-	-	1,771,336,560

The accompanying notes are an integral part of the financial statements.

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities:				
Profit before income tax	781,848,175	1,190,741,555	386,235,375	188,941,783
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	258,220,970	232,371,658	115,732,106	123,636,023
Allowance for doubtful account	419,926	-	-	-
Reduction of cost of inventories to net realisable value (reversal)	15,621,895	(30,411,841)	988,491	(32,506,460)
Loss from inventory destruction	33,316,173	-	21,698,061	-
Gain on fair value of biological assets	2,800,857	-	-	-
Unrealised (gain) loss on exchange	96,912	(325,240)	(487,475)	(209,935)
Changes in fair value of forward exchange contracts	232,164	-	337,303	-
Gain on sales of investment in associate	-	(7,671,250)	-	(10,313,750)
(Gain) loss on sales and write-off of machine and equipment	(22,337,949)	(30,956,916)	934,123	(10,766,808)
Loss write-off of intangible assets	245,519	-	245,516	-
Gain on sales of investment properties	-	(37,719,870)	-	(37,719,870)
Allowance for impairment loss on equipment	186,471,519	1,340,659	-	1,340,659
Provision for long-term employee benefits	9,432,059	20,312,699	5,717,074	17,021,121
				-

The accompanying notes are an integral part of the financial statements.

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for dismantling cost	334,330	-	-	(222,003,996)
Dividend income from associate company	-	-	(258,917,162)	-
Share of profit from investment in associate	(740,749,858)	(1,216,173,249)	-	(725,423)
Interest income	(157,217)	(65,572)	(133,683)	34,980,511
Interest expenses	38,837,935	59,018,770	21,146,279	
Profit from operating activities before changes in operating assets and liabilities	564,633,410	180,461,403	293,496,008	51,673,855
(Increase) decrease in operating assets				
Trade and other receivables	170,123,229	(391,948,891)	(65,250,818)	(122,065,254)
Inventories	(156,416,037)	156,547,557	(151,286,439)	79,760,710
Other current assets	(32,836,532)	2,712,145	(7,186,837)	772,522
Other non-current assets	681,175	357,646	2,772,721	(572,349)
Increase (decrease) in operating liabilities				
Trade and other payables	167,560,483	113,970,666	24,482,773	97,094,697
Other current liabilities	35,984,024	76,038,675	31,213,089	(1,045,487)
Other non-current liabilities	(4,920,323)	(3,409,073)	(4,686,076)	(3,254,793)
Cash flows from operating activities	744,809,429	134,730,128	123,554,421	102,363,901
Cash paid for interest expenses	(39,567,992)	(60,251,672)	(21,545,562)	(35,714,547)
Cash received (paid) for corporate income tax	(3,065,823)	(14,846,332)	1,970,610	(1,474,410)
Net cash flows from operating activities	702,175,614	59,632,124	103,979,469	65,174,944

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities:				
Increase in current investment	(45,533)	(63,357)	-	-
Decrease in short-term loans to related party	-	-	-	33,500,000
Cash received from sales of investment in associate	-	12,493,750	-	12,493,750
Cash received from sales of equipment	23,361,243	87,290,943	1,316,621	63,569,917
Cash received from sales of investment properties	-	48,734,370	-	48,734,370
Cash paid for acquisition of machine and equipment	(165,695,028)	(114,867,381)	(58,201,961)	(27,897,060)
Cash paid for acquisition of intangible assets	(39,606,801)	(6,167,227)	(7,230,195)	(4,051,043)
Dividend received	258,917,162	222,003,996	258,917,162	222,003,996
Interest received	157,217	65,572	133,683	725,423
Net cash flows from investing activities	77,088,260	249,490,666	194,935,310	349,079,353
Cash flows from financing activities:				
Decrease in bank overdrafts and short-term loans from financial institutions	(903,288,281)	(164,545,309)	(500,058,736)	(369,941,264)
Cash paid under finance lease agreements	(1,563,976)	(4,609,931)	(932,000)	(3,702,729)

The accompanying notes are an integral part of the financial statements.

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash receipts from long-term loans	480,500,000	129,500,000	480,500,000	129,500,000
Repayment of long-term loans	(141,550,000)	(234,769,231)	(61,550,000)	(149,000,000)
Dividend paid	(230,733,905)	-	(230,733,905)	-
Net cash flows used in financing activities	(796,636,162)	(274,424,471)	(312,774,641)	(393,143,993)
Net increase in cash and cash equivalents	(17,372,288)	34,698,319	(13,859,862)	21,110,304
Cash and cash equivalents at beginning of period	76,355,545	41,657,226	39,155,492	18,045,188
Cash and cash equivalents at end of period	58,983,257	76,355,545	25,295,630	39,155,492
Supplemental cash flows information				
Non-cash transactions:				
Purchase of equipment for which cash has not been paid	18,217,316	35,723,962	2,576,836	4,056,313
Purchase of intangible assets for which cash has not been paid	62,520	12,430,511	56,260	3,745,728

The accompanying notes are an integral part of the financial statements.

Explanation and Analysis of Financial Position and Operating Results

Operating Results for 2016

In 2016, Tipco had the total sales and service income of Baht 5,273.21 million, an increase of Baht 595.70 million or a 12.74% increase year-on-year. The profit before share of profit from investment in associated company, finance costs, and income tax expenses, increased by Baht 47.05 million or 140.07% to Baht 80.63 million. Nevertheless, this year's share of profit from investment in associated company went down by Baht 475.42 million or 39.09% to Baht 740.75 million. Thus, the net profit attributable to the parent company decreased by Baht 374.83 million or 31.54% to Baht 813.64 million as compared to the previous year. This year's earnings per share decreased to Baht 1.69, as compared to Baht 2.46 in the previous year.

Income Analysis

Sales and Service Income Analysis

Sales and Service Income by Business Segment

Unit :Thousand Bath

Sales and Service Income by Business Segment (Baht Thousand)	2016		2015		Changes in 2016/2015
	Income	% of total income	Income	% of total income	
Products from plants, vegetables, and fruits	2,393,617.42	45.39%	1,863,736.10	39.85%	28.43%
Beverages	2,787,646.90	52.87%	2,669,548.24	57.07%	4.42%
Others	91,942.35	1.74%	144,223.29	3.08%	-36.25%
Total	5,273,206.67	100.00%	4,677,507.63	100.00%	12.74%

Income by Business Segment

In 2016, 52.86% of the Company's sales and service income was from beverages, fruit and vegetable juices under the Tipco brand, the Auro natural mineral water, and the Oolong Tea+ drink. Compared to 2015, income from the beverage business in 2016 increased by 4.42%. The income from the products from plants, vegetables, and fruits accounted for 45.39%. The main products included canned pineapples, canned aloe vera, canned coconut water, and fresh Homsuwan pineapples. The income from the products from plants, vegetables, and fruits increased from 2015 by 28.43% as a result of the increases in the selling prices based on the raw material cost situation and the increased purchase orders.

Sales and Service Income by Geographical Location

Unit :Thousand Bath

Sales and Service Income by Geographical Location (Baht Thousand)	2016		2015		Changes in 2016/2015
	Income	%	Income	%	
Overseas	2,648,229.89	50.22%	2,201,607.13	47.07%	20.29%
Domestic	2,624,976.78	49.78%	2,475,900.50	52.93%	6.02%
Total	5,273,206.67	100.00%	4,677,507.63	100.00%	12.74%

Income by Geographical Location

This year, the Company saw an increase in the sales and service income in both the domestic and overseas markets. Domestic sales and service income increased by Baht 149.08 million or 6.02% to Baht 2,624.98 million, mainly because of the increase in the sales in the beverage business. Overseas sales and service income increased by Baht 446.62 million or 20.29% to Baht 2,648.23 million, largely due to the increase in the sales of processed fruits.

Explanation of Income Situation by Business Segment

Processed Fruit Business

In 2016, the supplies of pineapple raw materials in Thailand and other regions of the world were still not sufficient for the demand in the markets, especially Thailand where the drought was experienced and thus the pineapple prices remained at a high level. However, the global market demand for canned pineapples continued to be at a high level. Thus, the selling prices of canned pineapples and related products increased. In addition, the Company placed importance on the management of raw materials in terms of quantity and quality through various forms of contract farming; cost controls; and production performance improvement. These factors led to the significant improvement in the operating results of the Company's processed fruit business as compared to the year earlier.

Consumer Business

The domestic fruit juice market in the premium segment in 2016 was worth around Baht 5,200 million, a 7% growth from the previous year. The Tipco brand continued to be the market share leader and introduce new products to meet consumer needs such as Tipco Season's Best and Tipco Plus. As for the mineral water market, in 2016 the market value was approximately Baht 3,888 million, an approximately 15% increase from the year earlier. The Auro mineral water sustained about 26% market share. For the healthy tea drink market, in 2016 the market value was around Baht 400 million. The Oolong T+ product represented about 18% market share. (Source: Nielsen Report)

Extract and Agricultural Business

In 2016, Tipco Biotech Co., Ltd. started its commercial operations of new extracts with overseas customers such as Agarwood and received next years' purchase orders. This was another great milestone for the company in developing new products. As for the agricultural business, the Homsuwan pineapple achieved ongoing sales growth. The first frozen Homsuwan pineapples similar to "IFQ" were shipped to the overseas markets and received a warm welcome. Also, the Homsuwan Pina Pina shop was first opened to create a whole new experience of the Homsuwan brand to consumers.

Retail Business

The retail business of Tipco expanded through increased branches and new business opening. Squeeze Juice Bar's 6 new branches were opened, including U House Tower, Fitness First Rama 3, The Nine, Don Mueng Airport, Fitness First Bangna, and The Jas Ramintra. Also, the Company opened two new businesses in 2016. The first business is August Organic Eatery, a full service restaurant offering organic fusion cuisine with organic ingredients. The first branch is located at the Mercury Ville Tower to respond to the healthy food trends. The second business is Homsuwan Pina Pina shop, selling snacks and drinks most of which are created from Homsuwan pineapples with the unique taste in various menus. The shop is located at the Siam Paragon shopping mall.

Analysis of Cost of Sales and Gross Profit

Unit :Thousand Bath

	2016		2015	
	Amount	% Sales	Amount	% Sales
Sales and service income	5,273,207	100.00%	4,677,508	100.00%
Cost of sales and services	3,816,733	72.38%	3,611,178	77.20%
Gross profit	1,456,474	27.62%	1,066,330	22.80%

In 2016, the Company posted a gross profit of Baht 1,456.47 million, up Baht 390.14 million or 36.59% from the previous year. This year, the Company saw an increase in the gross profit margin to 27.62% compared to 22.80% in the previous year, primarily because of the decrease in the cost of production in the processed fruit business.

Analysis of Selling and Administrative Expenses

Unit :Thousand Bath

	2016		2015	
	Amount	% Sales	Amount	% Sales
Selling and administrative expenses	1,282,709	23.90%	1,252,929	25.58%

In 2016, the Company had the total selling and administrative expenses of Baht 1,282.71 million, an increase of Baht 29.78 million or 2.38% year-on-year. The ratio of total selling and administrative expenses to total income in 2016 decreased from 25.58% in the previous year to 23.90%. The decrease in the selling and administrative expenses was mainly because of the decrease in the selling and promotion expense for the consumer business. Moreover, in 2016 the Company recorded impairment losses on machinery and equipment totaling Baht 186.47 million.

Analysis of Net Profit Attributable to the Parent Company

Unit :Thousand Bath

	2016		2015	
	Amount	% Sales	Amount	% Sales
Net profit attributable to the parent company	813,638	15.16%	1,188,468	24.26%

The net profit attributable to the parent company decreased by Baht 374.83 million from the previous year or 31.54% to Baht 813.64 million primarily because of the decrease in the share of profit from investment in associated company of Baht 475.42 million or 39.09%. The profit exclusive of the share of profit from investment in associated company significantly improved.

Report of Cash Flow Analysis

Unit :Thousand Bath

Items	2016	2015
Cash flow statement		
Net cash flows from operating activities	702,176	59,632
Net cash flows from investing activities	77,087	249,491
Net cash flows used in financing activities	(796,636)	(274,424)
Net increase (decrease) in cash and cash equivalents	(17,373)	34,699
Cash and cash equivalents at beginning of period	76,356	41,657
Cash and cash equivalents at end of period	58,983	76,356

In 2016, the Company had net cash flow from operating activities of Baht 702.2 million, higher than that in 2015, due to the increase in sales and the decrease in the accounts receivable as a result of payment of the accounts receivable of a subsidiary company outstanding at the end of 2015. Net cash flow from investing activities in 2016 consisted of net cash flow from the dividends received from an associated company of Baht 258.9 million. Additional investments were equipment and devices as well as IT systems to enhance operational efficiency. As for net cash flow from financing activities, the short-term loans decreased while the long-term loans increased by Baht 480.5 million whereas principal payments were gradually made starting from the beginning of 2016. The Company also paid the dividends of Baht 230.7 million.

Liquidity

Liquidity ratios	2016	2015
Current ratio (time)	1.1	0.8
Interest coverage ratio (time)	20.8	21.2
Debt to equity ratio (time)	0.5	0.7

In 2016, the Company's current ratio increased from 0.8 time in the previous year to 1.1 times due mainly to the decrease in overdraft and short-term facilities from financial institutions.

The interest coverage ratio decreased to 20.8 times from 21.2 times in the previous year because the decrease in the profit before finance costs and income tax expenses was more than the decrease in the finance costs and income tax expenses.

The debt to equity ratio went down from 0.7 time to 0.5 time as a result of the increase in the unappropriated portion of the retained earnings to Baht 3,650.87 million from Baht 3,081.06 million in the previous year. This resulted in the increase in the shareholders' equity to Baht 4,442.43 million from Baht 3,980.78 million. Also, the total liabilities decreased to Baht 2,366.39 million from Baht 2,734.16 million.

Profitability

Ratios	2016	2015
Return on shareholders' equity	20.0%	33.3%
Gross profit margin	27.6%	22.8%
Net profit margin	14.3%	24.1%

The return on shareholders' equity for 2016 decreased to 20.0% since the net profit attributable to the parent company decreased to Baht 813.64 million

The gross profit margin for 2016 increased to 27.62% primarily due to the better production cost control of the processed fruit business. Also, in 2016 the Company successfully negotiated for adjustments of selling prices to better reflect costs.

The net profit margin for 2016 decreased to 14.3% mainly as a result of the decrease in the share of profit from investment in associated company.