



TIPCO FOODS PUBLIC COMPANY LIMITED

ATTACHMENT 3

Financial Summary

From Annual Report 2018



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

To All Shareholders

In 2018, the decline in the domestic consumption of several beverages categories including fruit juice, the main products of the Company, led to the decrease in the Company's sales of beverages from last year although the Company achieved a higher market share of the fruit juice market. Also, the prices of the exported canned pineapple and concentrated pineapple juice products were at low levels. These factors resulted in the decrease in the Company's operating results. The overall operations by business were as follows:

Processed Fruit Business: In the past year, the output of pineapples, our main materials, increased and the market oversupply occurred in some periods along with the decline in the pineapple prices. This resulted in the decrease in the sales prices of the products as aforesaid. In order to mitigate the impact from the price fluctuations, the Company has been improving its processed fruit business to ensure more diversity through new forms of processing technologies and adding of value to future products.

Beverage Business: 2018 marked another important year for the beverage business. That is, the Company succeeded in expanding its "Aura" mineral water production capacity by investing in the second mineral water source called "Phu Nam Yodt", Phetchaboon Province. The water here has plentiful minerals that are useful and meet the standards of mineral water. The Company's production capacity went up to approximately 140 million bottles per year. The growth rate of the domestic fruit juice market decreased from the previous year with higher competition, especially in terms of prices. However, the Company was still able to maintain its leader position in the fruit juice market, including both the total fruit juice segment and the premium fruit juice segment. In the past year, the Company still focused on the development of new products for its consumers such as fruit juices with low sugar and low calories.

Extraction Business: In the past year, the sales income increased as a result of the growth of the supplementary food and medical supply industry with product ingredients made from natural extracts. As for the agricultural business, the Company expanded the distribution channel of the Homsuwan pineapples to the global market for the first time in order to support the Company's plan to increase production and plantation areas.



Retail Business: In 2018, The Company developed new business models to respond to the trends of the consumers choosing healthy products for themselves. In so doing, the Company expanded its August Organic Eatery branches to Central Rama 3 and Central World shopping malls and its Squeeze Juice Bar by Tipco branches to Icon Siam and Central World shopping malls.

In the past year, the Company won a number of prestigious awards which reflected its quality products and the trust of the consumers in its “Tipco” brand. The details were as follows:

- The “Tipco” brand won the Marketeer No.1 Brand Thailand 2017-2018 award in the categories of Fruit Juice (100%) and Fruit Juice (Non 100%) hosted by the Marketeer magazine, a leading member of the marketing business media in Thailand.
- The “Tipco” brand achieved the Superbrands Thailand’s Choice 2018 award for the 3rd consecutive year. It is the award that is judged by the world’s largest branding experts. The Superbrands was internationally recognized as the only independent organization in the world that chose winners based on their excellence in building brands in many fields, including marketing and communication.

The Company became a member of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) and was certified by the CAC Council. The Company has conducted its business with a strong commitment to ensuring sustainable growth by adhering to the principles of good corporate governance, integrity, morality, honesty, transparency, social and environmental responsibility, and equitable treatment of all stakeholders. Doing business and performing work with a sense of responsibility for the environment and society is the core concept adopted by the Tipco Foods Group as per its policy “Tipco develops its business along with the environment and society.”

On behalf of the Board of Directors, I would like to thank the shareholders, trading partners, and business alliances in all sectors for the support and the trust in the Company throughout all these years. Also, I would like to extend my appreciation to all executives and employees for their dedication and hard work in 2018. We will continue to adopt the principles of good corporate governance at the core of our business operations and achieve sustainable success by leading the market and adding value to every shareholder’s investment.



Laksana Supsakorn
Chairman of the Board of Directors

RATIO FOR ANNUAL REPORT

As of / For The Year Ending 31 December	2018 (Consolidated)	2018 (Company)	2017 (Consolidated)	2017 (Company)	2016 (Consolidated)	2016 (Company)
Common Share (Per Share)						
Par value	1.00	1.00	1.00	1.00	1.00	1.00
Book value	8.65	4.47	9.06	4.24	8.44	3.67
Earnings (Loss) per share	(0.06)	0.72	1.46	0.98	1.69	0.79
Financial Performance (Baht)						
Revenues from sale	4,248,050,424	379,175,078	4,869,664,652	420,855,191	5,273,206,676	2,773,320,086
Total Revenues	4,356,014,293	862,850,858	4,951,610,702	798,808,785	5,366,966,970	3,100,879,023
Gross Profit	895,101,150	98,163,539	1,349,621,556	150,407,481	1,456,474,138	458,289,718
Earning before interest and tax	77,399,384	388,624,918	805,115,686	251,690,513	821,383,684	407,953,922
Net Profit (Loss)	(30,876,745)	349,185,574	703,777,987	472,086,371	765,845,662	380,920,313
Financial Position (Baht)						
Current Assets	1,747,914,423	236,282,983	1,781,226,896	203,390,991	1,698,511,961	796,626,808
Total Assets	7,076,574,427	3,432,902,009	6,938,429,246	2,889,507,388	6,808,820,972	2,771,920,942
Current Liabilities	1,962,326,700	521,232,526	1,771,259,006	333,104,982	1,507,690,273	488,081,381
Total Liabilities	2,903,169,782	1,275,839,738	2,567,813,036	843,723,825	2,366,386,487	1,000,584,382
Issued and paid-up share capital	482,579,640	482,579,640	482,579,640	482,579,640	482,579,640	482,579,640
Shareholder's equity of the parent	4,173,404,645	2,157,062,271	4,370,616,210	2,045,783,563	4,074,332,347	1,771,336,560
Shareholder's equity	4,173,404,645	2,157,062,271	4,370,616,210	2,045,783,563	4,442,434,485	1,771,336,560
Financial Ratio						
Gross Profit margin (%)	21.1%	25.9%	27.7%	35.7%	27.6%	16.5%
EBIT margin (%)	1.8%	45.0%	16.3%	31.5%**	15.3%	13.2%
Net Profit (Loss) margin (%)	(0.7%)	40.5%	14.2%	18.6%*	14.3%	12.3%
Dividend Payout ratio (%)	(390.7%)	34.7%	51.5%	76.7%****	23.1%	49.4%
Return on Equity (%)	(0.7%)	16.2%	16.1%	23.1%	20.0%	21.5%
Return on Total non - assets (%)	(0.6%)	10.9%	13.6%	6.5%**	15.9%	19.3%
Return on Total assets (%)	(0.4%)	10.2%	10.1%	6.1%**	11.9%	13.7%
Time interest earned (Times)	1.4	12.9	15.0	7.1	20.8	18.8
Current ratio (Times)	0.9	0.5	1.0	0.6	1.1	1.6
Quick ratio (Times)	0.4	0.3	0.5	0.5	0.5	0.7
Debt - equity ratio (Times)	0.7	0.6	0.6	0.4	0.5	0.6

*Included profit and total income from discontinued operation (transfer segment to a subsidiary)

** Based on profit from continued operation

***Separate financial statement in Year 2015-2016 included discontinued operation (transfer segment to a subsidiary), the company has completed restructuring in Year 2017.

****Dividend payout ratio calculated from the dividend that paid from the operation in that year. Dividend payment in Year 2017 included the dividend from second half operation of year 2017 amount 0.5 Baht/share which subject to the Annual General Meeting No.1/2018

STATEMENT OF FINANCIAL POSITION

Tipco Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents		105,836,016	199,464,462	21,594,772	64,660,653
Current investment		4,950,897	4,907,078	-	-
Trade and other receivables	6, 7	562,332,118	573,737,682	45,473,934	39,580,308
Short-term loans to related party	6	-	-	90,000,000	8,000,000
Inventories	8	986,474,903	915,877,077	61,973,123	50,201,989
Biological assets		659,471	2,952,979	-	-
Advanced payments		12,267,768	10,851,311	4,205,527	4,150,159
Other current assets		75,393,250	73,436,307	13,035,627	36,797,882
Total current assets		1,747,914,423	1,781,226,896	236,282,983	203,390,991
Non-current assets					
Investments in subsidiaries	9	-	-	1,765,336,907	1,615,336,907
Investment in associate	10	2,910,063,089	3,030,377,429	644,929,739	644,929,739
Investment property- Land awaiting sale		7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	11	2,287,283,380	1,970,631,489	742,167,527	367,072,327
Intangible assets	12	56,193,420	72,458,309	30,236,774	33,547,307
Deferred tax assets - net	19	47,379,204	56,798,126	3,588,672	13,677,086
Other non-current assets		20,471,350	19,667,436	3,089,846	4,283,470
Total non-current assets		5,328,660,004	5,157,202,350	3,196,619,026	2,686,116,397
Total assets		7,076,574,427	6,938,429,246	3,432,902,009	2,889,507,388

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

Tipco Foods Public Company Limited and its subsidiaries
Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions		770,000,000	720,845,467	240,000,000	140,000,000
Trade and other payables	6, 13	790,128,580	805,380,737	76,869,312	102,650,369
Current portion of long-term loans from financial institutions	14	312,500,000	197,500,000	201,200,000	86,200,000
Income tax payable		10,693,056	3,960,759	-	-
Other current liabilities		79,005,064	43,572,043	3,163,214	4,254,613
Total current liabilities		1,962,326,700	1,771,259,006	521,232,526	333,104,982
Non-current liabilities					
Long-term loans from financial institutions -net of current portion	14	840,203,341	709,450,000	729,498,341	487,445,000
Provision for dismantling cost		2,279,600	1,254,600	-	-
Provision for long-term employee benefits	16	98,360,141	85,849,430	25,108,871	23,173,843
Total non-current liabilities		940,843,082	796,554,030	754,607,212	510,618,843
Total liabilities		<u>2,903,169,782</u>	<u>2,567,813,036</u>	<u>1,275,839,738</u>	<u>843,723,825</u>

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

Tipco Foods Public Company Limited and its subsidiaries
Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
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 interests of subsidiary acquired by the Company at price higher than book value					
	9	(80,767,243)	(80,767,243)	-	-
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)	(135,832,635)	-	-
Capital reserve for share-based payment transactions of the associate					
		41,070,724	36,872,134	-	-
Retained earnings					
Appropriated - statutory reserve	17	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,876,971,449	4,155,881,429	1,624,482,631	1,513,203,923
Other components of shareholders' equity					
		(62,111,756)	(139,611,581)	-	-
Total shareholders' equity					
		4,173,404,645	4,370,616,210	2,157,062,271	2,045,783,563
Total liabilities and shareholders' equity					
		7,076,574,427	6,938,429,246	3,432,902,009	2,889,507,388

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Continued operation					
Profit or loss:					
Revenues					
Sales and service income		4,248,050,424	4,869,664,652	379,175,078	420,855,191
Other income					
Dividend income from subsidiaries	9	-	-	64,287,750	10,303,832
Dividend income from associate	10	-	-	332,893,494	332,893,494
Management income		-	-	76,128,000	20,631,783
Others		107,975,986	81,946,050	10,366,536	14,124,485
Total revenues		4,356,026,410	4,951,610,702	862,850,858	798,808,785
Expenses					
Cost of sales and services		3,352,949,274	3,520,043,096	281,011,539	270,447,710
Selling and distribution expenses		645,904,962	719,447,247	15,135,323	66,503,418
Administrative expenses		439,004,442	502,091,418	178,079,078	204,643,632
Other expenses					
Allowance for doubtful accounts		136,199	-	-	-
Loss on fair value of biological assets		2,293,508	-	-	-
Allowance for impairment loss on machinery and equipment (reversal)	11	(29,000,000)	5,523,512	-	5,523,512
Total expenses		4,411,288,385	4,747,105,273	474,225,940	547,118,272

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) before share of profit from investment in associate, finance cost and income tax		(55,261,975)	204,505,429	388,624,918	251,690,513
Share of profit from investment in associate	10	132,661,359	600,610,257	-	-
Profit before finance cost and income tax		77,399,384	805,115,686	388,624,918	251,690,513
Finance cost		(55,992,863)	(53,840,067)	(30,196,006)	(35,505,647)
Profit before income tax		21,406,521	751,275,619	358,428,912	216,184,866
Income tax	19	(52,283,266)	(47,497,632)	(9,243,338)	(40,540,028)
Profit (loss) from continued operation for the year		(30,876,745)	703,777,987	349,185,574	175,644,838
Discontinued operation (Transfer segment to a subsidiary)					
Profit from discontinued operation for the year		-	-	-	296,441,533
Profit (loss) for the year		(30,876,745)	703,777,987	349,185,574	472,086,371

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Continued operation					
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Share of comprehensive income in associate	10	77,499,825	(136,395,373)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		77,499,825	(136,395,373)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	16, 19	(6,746,065)	-	3,380,304	-
Actuarial gain (loss) - net of income tax					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(6,746,065)	-	3,380,304	-
Other comprehensive income for the year		<u>70,753,760</u>	<u>(136,395,373)</u>	<u>3,380,304</u>	<u>-</u>
Total comprehensive income for the year		<u>39,877,015</u>	<u>567,382,614</u>	<u>352,565,878</u>	<u>472,086,371</u>

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit attributable to:					
Equity holders of the Company					
Profit (loss) from continued operation		(30,876,745)	702,647,368	349,185,574	175,644,838
Profit from discontinued operation (Transfer segment to a subsidiary)		-	-	-	296,441,533
		<u>(30,876,745)</u>	<u>702,647,368</u>	<u>349,185,574</u>	<u>472,086,371</u>
Non-controlling interests of the subsidiaries					
Profit from continued operation		-	1,130,619	-	-
		-	<u>1,130,619</u>	-	-
		<u>(30,876,745)</u>	<u>703,777,987</u>		
Total comprehensive income attributable to:					
Equity holders of the Company					
Profit from continued operation		39,877,015	566,251,995	352,565,878	175,644,838
Profit from discontinued operation (Transfer segment to a subsidiary)		-	-	-	296,441,533
		<u>39,877,015</u>	<u>566,251,995</u>	<u>352,565,878</u>	<u>472,086,371</u>
Non-controlling interests of the subsidiaries					
Profit from continued operation		-	1,130,619	-	-
		-	<u>1,130,619</u>	-	-
		<u>39,877,015</u>	<u>567,382,614</u>		
Earnings per share (Baht)					
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company					
Profit (loss) per share from continued operation		(0.06)	1.46	0.72	0.36
Profit per share from discontinued operation (Transfer segment to a subsidiary)		-	-	-	0.62
		<u>(0.06)</u>	<u>1.46</u>	<u>0.72</u>	<u>0.98</u>

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 2018

	Issued and paid-up share capital	Non-controlling interests of subsidiary acquired by the Company at price higher than book value	Non-controlling interests of 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 2017	482,579,640	-	1,494,466	(135,832,635)	28,433,655
Profit for the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Acquisition of non-controlling interests of subsidiary (Note 9)	-	(80,767,243)	-	-	-
Share-based payment transactions of the associate	-	-	-	-	8,438,479
Dividend paid (Note 22)	-	-	-	-	-
Balance as at					
31 December 2017	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>36,872,134</u>
Balance as at					
1 January 2018	482,579,640	(80,767,243)	1,494,466	(135,832,635)	36,872,134
Loss for the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Share-based payment transactions of the associate	-	-	-	-	4,198,590
Dividend paid (Note 22)	-	-	-	-	-
Balance as at					
31 December 2018	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>41,070,724</u>

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

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company

Retained earnings		Other component of shareholder's equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of he subsidiaries	Total shareholders' equity
Appropriated statutory reserve	Unappropriated	Other comprehensive income	Total other components of shareholders' equity			
		Share of comprehensive income in associate				
50,000,000	3,650,873,429	(3,216,208)	(3,216,208)	4,074,332,347	368,102,138	4,442,434,485
-	702,647,368	-	-	702,647,368	1,130,619	703,777,987
-	-	(136,395,373)	(136,395,373)	(136,395,373)	-	(136,395,373)
-	702,647,368	(136,395,373)	(136,395,373)	566,251,995	1,130,619	567,382,614
-	-	-	-	(80,767,243)	(369,232,757)	(450,000,000)
-	-	-	-	8,438,479	-	8,438,479
-	(197,639,368)	-	-	(197,639,368)	-	(197,639,368)
<u>50,000,000</u>	<u>4,155,881,429</u>	<u>(139,611,581)</u>	<u>(139,611,581)</u>	<u>4,370,616,210</u>	<u>-</u>	<u>4,370,616,210</u>
50,000,000	4,155,881,429	(139,611,581)	(139,611,581)	4,370,616,210	-	4,370,616,210
-	(30,876,745)	-	-	(30,876,745)	-	(30,876,745)
-	(6,746,065)	77,499,825	77,499,825	70,753,760	-	70,753,760
-	(37,622,810)	77,499,825	77,499,825	39,877,015	-	39,877,015
-	-	-	-	4,198,590	-	4,198,590
-	(241,287,170)	-	-	(241,287,170)	-	(241,287,170)
<u>50,000,000</u>	<u>3,876,971,449</u>	<u>(62,111,756)</u>	<u>(62,111,756)</u>	<u>4,173,404,645</u>	<u>-</u>	<u>4,173,404,645</u>

Tipco Foods Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements			
	Issued and paid-up share capital	Retained earnings		Total shareholders' equity
		Appropriated statutory reserve	Unappropriated	
Balance as at 1 January 2017	482,579,640	50,000,000	1,238,756,920	1,771,336,560
Profit for the year	-	-	472,086,371	472,086,371
Total comprehensive income for the year	-	-	472,086,371	472,086,371
Dividend paid (Note 22)	-	-	(197,639,368)	(197,639,368)
Balance as at 31 December 2017	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,513,203,923</u>	<u>2,045,783,563</u>
Balance as at 1 January 2018	482,579,640	50,000,000	1,513,203,923	2,045,783,563
Profit for the year	-	-	349,185,574	349,185,574
Other comprehensive income for the year	-	-	3,380,304	3,380,304
Total comprehensive income for the year	-	-	352,565,878	352,565,878
Dividend paid (Note 22)	-	-	(241,287,170)	(241,287,170)
Balance as at 31 December 2018	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,624,482,631</u>	<u>2,157,062,271</u>

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities:				
Profit before tax from continued operation	21,406,521	751,275,619	358,428,912	216,184,866
Profit before tax from discontinued operation (Transfer segment to a subsidiary)	-	-	-	296,441,553
Profit before income tax	21,406,521	751,275,619	358,428,912	512,626,399
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	275,374,665	255,566,065	47,709,968	94,372,673
Written off value added tax refundable	-	2,587,465	-	-
Allowance for doubtful account	136,199	-	-	-
Reduction of cost of inventories to net realisable value (reversal)	(39,111,383)	28,905,400	2,173,935	(15,649,592)
Loss from inventory destruction	11,985,892	27,050,557	-	11,855,723
Change in fair value of biological assets	2,293,507	(152,122)	-	-
Unrealised (gain) loss on exchange	579,810	(1,161,870)	1,822	3,281
Changes in fair value of forward exchange contracts	(840,431)	(290,693)	(896)	(821,826)
Changes in fair value of interest rate swap contracts	(697,421)	520,074	(697,421)	520,074
(Gain) loss on sales and write-off of land, machinery and equipment	879,087	(5,899,488)	104,869	(4,077,834)
(Gain) loss on sales and write-off of intangible assets	(28,409)	178,441	(28,436)	178,433
Allowance for impairment loss on machinery and equipment (reversal)	(29,000,000)	5,523,512	-	5,523,512
Provision for long-term employee benefits	19,975,943	10,595,626	10,929,647	6,666,878
Provision for dismantling cost	213,087	167,888	-	-
Dividend income from subsidiaries	-	-	(64,287,750)	(10,303,832)
Dividend income from associate	-	-	(332,893,494)	(332,893,494)
Share of profit from investment in associate	(132,661,359)	(600,610,257)	-	-
Interest income	(79,621)	(361,162)	(1,967,309)	(214,926)
Interest expenses	55,674,858	51,084,156	29,911,337	34,379,724

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit from operating activities before changes in operating assets and liabilities	186,100,945	524,979,211	49,385,184	302,165,193
(Increase) decrease in operating assets				
Trade and other receivables	10,088,309	116,127,874	(5,895,448)	88,590,561
Inventories	(43,472,335)	(89,587,273)	(13,945,069)	(80,573,030)
Other current assets	9,149,966	(14,870,803)	25,899,464	(22,408,956)
Other non-current assets	(13,688,481)	(1,684,137)	1,193,624	1,825,345
Increase (decrease) in operating liabilities				
Trade and other payables	(25,210,953)	(40,394,196)	(33,657,245)	(108,834,503)
Other current liabilities	43,463,985	(11,466,228)	(393,082)	(30,728,988)
Other non-current liabilities	811,913	(1,562,888)	-	10,071,127
Cash paid for long-term employee benefits	(14,190,277)	(3,842,810)	(4,769,239)	(2,523,450)
Cash flows from operating activities	153,053,072	477,698,750	17,818,189	157,583,299
Cash paid for interest expenses	(55,484,336)	(51,029,670)	(29,721,263)	(34,381,600)
Cash paid for corporate income tax	(39,903,111)	(12,898,835)	(2,192,577)	(6,107,025)
Net cash flows from (used in) operating activities	57,665,625	413,770,245	(14,095,651)	117,094,674

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities:				
Cash paid for investments in subsidiaries	-	-	(150,000,000)	(450,000,000)
Cash paid for investments in newly corporate subsidiary	-	-	-	(1,000,000,000)
Cash received from capital reduction of subsidiary	-	-	-	300,000,000
Cash received from partial business transfer to subsidiary	-	-	-	646,658,500
Increase in current investment	(43,819)	(1,060,688)	-	-
Increase in short-term loans to related parties	-	-	(82,000,000)	(8,000,000)
Decrease in restricted bank deposits	-	1,016,000	-	-
Cash received from sales of land, machinery and equipment	3,407,759	21,989,011	1,078,148	5,598,494
Cash paid for acquisition of land, machinery and equipment	(535,344,017)	(212,998,893)	(412,877,868)	(110,286,916)
Cash received from sales of intangible assets	131,552	-	131,552	-
Cash paid for acquisition of intangible assets	(6,039,365)	(29,563,250)	(216,786)	(2,667,613)
Dividend received from subsidiaries	-	-	64,287,750	10,303,832
Dividend received from associate	332,893,494	332,893,494	332,893,494	332,893,494
Interest received	79,621	361,162	1,967,309	214,926
Net cash flows from (used in) investing activities	(204,914,775)	112,636,836	(244,736,401)	(275,285,283)
Cash flows from financing activities:				
Cash paid to acquisition of non-controlling interests of a subsidiary	-	(450,000,000)	-	-
Increase in bank overdrafts and short-term loans from financial institutions	49,154,533	303,845,467	100,000,000	20,000,000
Cash paid under finance lease agreements	-	(631,975)	-	-
Cash receipts from long-term loans	443,253,341	450,000,000	443,253,341	450,000,000
Repayment of long-term loans	(197,500,000)	(491,500,000)	(86,200,000)	(74,805,000)
Dividend paid	(241,287,170)	(197,639,368)	(241,287,170)	(197,639,368)
Net cash flows from (used in) financing activities	53,620,704	(385,925,876)	215,766,171	197,555,632
Net increase (decrease) in cash and cash equivalents	(93,628,446)	140,481,205	(43,065,881)	39,365,023
Cash and cash equivalents at beginning of period	199,464,462	58,983,257	64,660,653	25,295,630
Cash and cash equivalents at end of period	105,836,016	199,464,462	21,594,772	64,660,653
Supplemental cash flows information				
Non-cash transactions:				
Acquisition of equipment for which cash has not been paid	20,034,200	10,736,150	9,983,453	2,315,740
Acquisition of intangible assets for which cash has not been paid	470,224	-	18,400	-

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

EXPLANATION AND ANALYSIS OF FINANCIAL POSITION

Operating Results for 2018

1. Consolidated statement of comprehensive income ended December 31, 2018

(Unit: Baht)

State of comprehensive Income	Consolidated Financial Statement		Changes	
	2018	2017	Increase (Decrease)	%
Sales and service Income	4,248,050,424	4,869,664,652	(621,614,228)	-13%
Other Income	107,975,986	81,946,050	26,029,936	32%
Total revenues	4,356,026,410	4,951,610,702	(595,584,292)	-12%
Total expenses	4,411,288,385	4,747,105,273	(335,816,888)	-7%
Profit (loss) before share of profit from				
Investment In associate, finance cost and Income tax	(55,261,975)	204,505,429	(259,767,404)	-127%
Share of profit from Investment in associate	132,661,359	600,610,257	(467,948,898)	-78%
Profit (loss) before finance cost and Income tax	77,399,384	805,115,686	(727,716,302)	-90%
Finance cost	(55,992,863)	(53,840,067)	2,152,796	4%
Profit (loss) before Income tax	21,406,521	751,275,619	(729,869,098)	-97%
Income tax	(52,283,266)	(47,497,632)	4,785,634	10%
Profit (loss) for the period	(30,876,745)	703,777,987	(734,654,732)	-104%
Profit (loss) for the period Equity holders of the Company	(30,876,745)	702,647,368	(733,524,113)	-104%

In 2018, the Company and its subsidiaries reported a total revenue of Baht 4,356 million, decreased 12% compared to the same period of last year, the details can be explained as follows:

1.1 Sales and service income

(Unit: Baht)

For one-year period	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial		Changes	
	2018	2017	Increase (decrease)	%	2018	2017	Increase (decrease)	%	2018	2017	Increase (decrease)	%	2018	2017	Increase (decrease)	%
Sales and service Income	1,697	2,092	(395)	-19%	2,429	2,674	(245)	-9%	122	104	18	17%	4,248	4,870	(622)	-13%

In 2018, the Company and its subsidiaries reported Sales and services income of Baht 4,248 million, decreased by 13% compared to the same period of last year, mostly related to a Product of vegetable and fruit which driven by decreasing in price of raw materials. Also, the beverage business has decreased by 9%, mainly related to the decline of the overall fruit juice market. However, the company is still able to expand its market share and occupy No.1 market share in a total fruit juice market and premium fruit juice market.

1.2 Operating Expense

(Unit: Baht)

Expenses	Consolidated Financial Statement		Change	
	2018	2017	Increase (Decrease)	%
Cost of sales and services	3,352,949,274	3,520,043,096	(167,093,822)	-5%
Selling expenses	645,904,962	719,447,247	(73,542,285)	-10%
Administrative expenses	439,004,442	502,091,418	(63,086,976)	-13%
Other expenses	(26,570,293)	5,523,512	(32,093,805)	-581%
Total expenses	4,411,288,385	4,747,105,273	(335,816,888)	-7%

In 2018, the Company and its subsidiaries reported total Operating Expense of Baht 4,411 million decreased by 7% compared to the last year, which can be explained as follows:

- Cost of sales and service decreased by 5%, partially related to a decrease in revenue from sales and services. And a decrease in raw material price of product of vegetable and fruit, including the reversal of loss on decline in value of inventories of Baht 54 million. However, some raw material prices have risen from the previous year.
- Selling expenses decreased by 10% from adjusting sales and promotion expenses in accordance with market conditions.
 - A decrease in Administrative Expenses by 13% from controlling expenses in accordance with a decrease in Sales and services income.
 - Other expenses were Reversal of allowance for impairment of machinery amount Baht 29 million in the 1st quarter.

1.3 Share of profit from investment in associate

In 2018, the Company reported Share of profit from investment in associate of Baht 133 million decreased by 78% compare to the same period of last year.

1.4 Finance cost

In 2018, the Company and its subsidiaries reported Finance cost of Baht 55 million increased from the previous year by 4% mainly due to an increase in long-term loan for investment of natural mineral water capacity expansion.

2. Consolidated statement of financial position as at 31 December 2018

(Unit: Baht)

Statement of financial position	Consolidated financial statements		Change	
	2018	2017	Increase (Decrease)	%
Assets				
Current assets	1,747,914,423	1,781,226,896	(33,312,473)	-2%
Non-current assets	5,328,660,004	5,157,202,350	171,457,654	3%
Total assets	7,076,574,427	6,938,429,246	138,145,181	2%
Liabilities and shareholders' equity				
Liabilities				
Current assets	1,962,326,700	1,771,259,006	191,067,694	11%
Non-current assets	940,843,082	796,554,030	144,289,052	18%
Total Liabilities	2,903,169,782	2,567,813,036	335,356,746	13%
Shareholders' equity				
Total shareholders' equity	4,173,404,645	4,370,616,210	(197,211,565)	-5%
Total liabilities and shareholders' equity	7,076,574,427	6,938,429,246	138,145,181	2%

2.1 Asset

As of December 31, 2018, the Company and its subsidiaries had total assets of Baht 7,077 million, an increase of 2% from the end of 2017. Current assets decreased by Baht 33 million or 2% mainly related to the decrease in cash and accounts receivable. While non-current assets increased by Baht 171 million, mainly due to the natural mineral water capacity expansion.

2.2 Liabilities

As of December 31, 2018, the Company and its subsidiaries had total liabilities of Baht 2,903 million, an increase of 13% from the end of 2017, with the main changes from current liabilities increased by Baht 191 million or 11% due to the increase in short-term loans and current portion of long-term loans. Non-current liabilities increased by Baht 144 million or 18% for additional investment in natural mineral water capacity expansion.

2.3 Shareholders' equity

As of December 31, 2018, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,173 million decreased by 5% from the end of 2017, mainly due to a decrease in Unappropriated retained earnings and dividend paid-out during the 1st half of 2018.

3. Consolidated cash flow statement for the 12-month period ended December 31, 2018

(Unit: Baht)

Cash flow statement	For one-year period 31-Dec-18
Cash flows from operating activities	
Net cash flows from operating activities	57,665,625
Cash flows from investing activities	
Net cash flows used in investing activities	(204,914,775)
Cash flows from financing activities	
Net cash flows from financing activities	53,620,704
Net in decrease in cash and cash equivalents	(93,628,446)
Cash and cash equivalents at beginning of period	199,464,462
Cash and cash equivalents at end of period	105,836,016

As of December 31, 2018, the Company and subsidiaries had a decrease in net cash and cash equivalents Baht 94 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 58 million. Net cash used in investing activities was Baht 205 million, mainly from cash paid for the purchase of property plant and equipment and net cash flow derived from financing activities of Baht 54 million from long-term loans.

4. Financial Ratio from consolidated financial statement for the ended December 31, 2018 and 2017

Analysis of the Capacity to pay and liquidity

The Capacity to pay and liquidity ratios	31 Dec 18	31 Dec 17	Changes increase(decrease)
Debt to equity ratio (Times)	0.70	0.59	10.8%
Liquidity ration (Times)	0.89	1.01	-11.5%

In 2018, the Company's Debt to equity ratio increased from 0.59 times to 0.70 time mostly related to the investment of 2nd natural mineral water facility.

The Liquidity ratio decreased from 1.01 times to 0.89 time mainly due to an increase in the Current portion of long-term loans from financial institutions.

Analysis of the Profitability

Profitability ratios	Consolidated Financial Statement		Changes increase (decrease)
	2018	2017	
Gross Profit Margin	21%	28%	7%
EBITDA Margin	2%	16%	-14%
Net Profit Margin	-1%	14%	-15%
Return on shareholders' equity	-1%	16%	-17%

In 2018, the Company's Gross profit margin decreased from 28% to 21% mainly related to the decline of total sales and services income with the combination of the incremental of raw materials price plus other production costs which impacted directly to Gross profit especially from product of vegetable and fruit.

Consequence, EBITDA Margin has impacted accordingly. Also profit from investment in associate has decreased by 78% compare to the same period of last year. As result, total EBITDA margin has reduced from 16% to 2%.

With above mentioned, Net Profit Margin has also impacted with the additional increase in corporate income tax by 7% compare to the same period of last year. As result, return on shareholders' equity has reduced accordingly.