



(Translation)

TIPCO 027/2016

10 August 2016

Re: Management discussion and analysis (MD&amp;A) for the second quarter of 2016

To: The President

The Stock Exchange of Thailand

Tipco Foods Public Company Limited or "TIPCO" would like to report and clarify the Company's financial performance for Second Quarter of 2016 (2Q/2016) together with 6 months period of 2016 (1H/2016) as follow:

### **Sales and services revenues**

The consolidated sales and services revenues in the 2Q/2016 were Baht 1,389.4 million compared with Baht 1,353.0 million in 2Q/2015, increased by Baht 36.4 million or 2.7% Year-on-Year (YoY) mainly resulted from an improvement in processed fruit business and retail business.

For Six-month performance comparison, sales and services revenues were Baht 2,785.5 million compared with Baht 2,426.9 million in 1H/2015, rose by Baht 358.6 million or 14.8% mainly from an improvement in processed fruit business and retail business.

### **Cost of goods sold**

Cost of goods sold in 2Q/2016 were Baht 989.4 million compared with Baht 1,030.0 million in the 2Q/2015, a slight decrease by Baht 40.7 million or 3.9% YoY as a result of better conversion cost management. Consequently, gross profit improved to Baht 400.0 million in this quarter from 323.0 in 2Q/2015, improved by Baht 77.0 million or 23.9% YoY. Besides, the consolidated gross profit margin showed an improvement to 28.8% from 23.9% last year.

For six-month performance, cost of goods sold grew to Baht 2,024.6 million from Baht 1,842.4 million in 1H/2015, grew by Baht 182.2 million or 9.9% as sale increase. However, gross profit jumped to Baht 760.9 million from Baht 584.5 million in 1H/2015, an increase by Baht 176.4 million or 30.2% YoY. Moreover, the consolidated gross profit margin showed an improvement to 27.3% from 24.1% last year.

### **Selling and Administrative Expenses**

In this quarter, selling and administrative expenses decreased to Baht 322.7 million from Baht 327.8 million in the 2Q2015, drop by Baht 5.1 million or 1.6% YoY

For six-month performance, selling and administrative expenses increased slightly to Baht 609.0 million from Baht 596.1 million, rose by Baht 12.9 million or 2.2%.

**Profit before share of profit from investments in associated company, interest and tax**

In 2Q/2016, the consolidated profit before share of profit from investments in associated company, interest and tax jumped to Baht 98.0 million compared with Baht 62.7 million in 2Q/2015, a substantial increase by Baht 35.3 million or 56.4% YoY

For six-month performance, the consolidated profit before share of profit from investments in associated company, interest and tax were Baht 184.2 million compared with Baht 138.6 million in 1H/2015, rose by Baht 45.7 million or 33.0%.

**Net Profit**

The consolidated net profit attributable to the equity holders of the parent for 2Q/2016 were Baht 253.2 million compared with Baht 362.4 million in 2Q/2015, fell by Baht 109.1 million or 30.1% YoY which resulted from a decrease in share of profit from investments in associated company.

For six-month performance, net profit attributable to the equity holders of the parent showed a slight drop to Baht 601.2 million from Baht 681.3 million in 1H/2015 or dropped by Baht 80.1 million or 11.8%.

**Financial Position****Asset**

As of 30 June 2016, the Company reported total asset of Baht 6,576.1 million, dropped from Baht 6,714.9 million by the year end 2015, or dropped by Baht 138.9 million or 2.1% due largely to a decrease in trade and other receivables.

**Liabilities**

As of 30 June 2016, a substantial drop in total liabilities to Baht 2,188.5 million from Baht 2,734.2 million by the year end 2015, dropped by Baht 545.6 million or 20.0% mainly due to the repayment of bank overdrafts and short-term loans from financial institutions.

**Equities**

As of 30 June 2016, the Company's total shareholders equity grew to Baht 4,387.5 million from Baht 3,980.8 million by the year end 2015, increased by Baht 406.8 million or 10.2% mainly from a substantial increase in an unappropriated retained earnings by Baht 483.0 million.

Please kindly be informed accordingly

Sincerely yours,

-Signed-

Mr. Ekaphol Pongstabhon

Managing Director