



Part 3.

11. Financial Highlight

(1) Financial statements

The company paid 480,000 Baht to the auditor for audit fee. There was no non-audit fee.

Auditor report

The auditor has reported the financial statements of Pato Chemical Industry Public Co., Ltd. as of 31 December of 2010-2013 without any conditions.

(2) Balance Sheet, Statement of Income, Statement of cash flows



Pato Chemical Industry Public Company Limited And Subsidiary

Statements of Financial Position for the year ended December 31 (Unit :Thousand Baht)

Separated financial statements

	2010		2011		2012		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents		4.50	181,028	31.09	11,105	2.08	55,928	8.57
Short - term investments	295,198	39.78	178,930	30.73	275,431	51.68	229,356	35.14
Trade accounts receivable	163,006	21.97	52,173	8.96	62,698	11.74	127,063	19.47
Inventories	175,274	23.62	84,941	14.59	90,960	17.03	140,835	21.58
Assets held for sale	-	-	500	0.09	-	-	-	-
Advances for inventories	2,577	0.35	-	-	-	-	-	-
Other current assets	1,937	0.26	2,240	0.38	-	-	-	-
Total current assets	671,380	90.47	499,812	85.84	440,194	82.43	553,182	84.77
NON - CURRENT ASSETS								
Available-for sale investment					8,998	1.09	14,304	2.19
Investment in subsidiary	-	-	5,000	0.86	5,000	0.94	5,000	0.77
Property, plant and equipment	64,012	8.63	60,421	10.38	53,501	10.02	44,490	6.82
Intangible assets	6,155	0.83	15,101	2.59	24,079	4.51	31,514	4.83
Deferred tax assets	-	-	-	-	-	-	1,757	0.27
Other non - current assets	567	0.08	1,903	0.33	2,224	0.42	2,2358	0.36
Total non-current assets	70,734	9.53	82,425	14.16	93,802	17.57	99,423	15.23
Total Asset		100	382,237	100	533,996	100	652,605	100

Consolidated

2011		2012		2013	
Amount	%	Amount	%	Amount	%
185,992	31.95	15,993	3.00	73,397	11.19
178,930	30.73	275,431	51.59	229,356	34.98
54,413	9.35	62,698	11.74	116,432	17.76
84,941	14.59	90,960	17.04	141,831	21.63
500	0.09	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
504,776	86.70	445,082	83.30	501,016	85.57
-	-	8,998	1.69	14,304	2.18
-	-	-	-	-	-
60,421	10.38	53,501	10.02	44,490	6.79
15,101	2.59	24,131	4.52	31,720	4.84
-	-	-	-	1,757	0.27
1,903	0.33	2,224	0.42	2,306	0.36
77,425	13.30	88,854	16.64	94,629	14.43
582,201	100	533,935	100	655,645	100



Separate financial statement

	2010		2011		2012		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
LIABILITIES AND								
SHAREHOLDERS'EQUITY								
CURRENT LIABILITIES								
Short - term loans from financial institutions	127,698	17.21	-	-	36,219	6.78	53,845	8.25
Trade accounts payable - related companies	-	-	-	-	19,288	3.61	56,029	8.59
Current portion of hire-purchase contracts payable	4444	-	-	-	-	-	-	-
Accrued income tax	33,099	4.46	22,132	3.80	7,499	1.40	18,130	2.78
Accrued expenses	26,181	3.53	21,138	3.63	-	-	-	-
Advanced receive from assets held for sale	-	-	5,000	0.86	-	-	-	-
Others current liabilities	398	0.05	281	0.05	613	0.11	634	0.10
Total Current Liabilities	223,196	30.08	48,632	8.35	63,619	11.91	126,638	19.71
NON - CURRENT LIABILITIES								
Hire-purchase contracts payable-net	-	-	-	-	-	-	-	-
Employee benefit obligations	-	-	8,109	1.39	8,097	1.52	6,635	1.05
Total Liabilities	223,196	30.08	56,741	9.75	71,716	13.43	136,473	20.76
SHAREHOLDERS' EQUITY								
Share capital-ordinary share Baht. 1.00 par value								
2009 : Share capital-ordinary share Baht. 1.00 par value								
Authorized share capital 14,000,000 ordinary shares								
2012 and 2013 Authorized share capital 142,800,000								
Ordinary shares.	140,000	-	140,000	-	142,800	-	142,800	-
Issued and paid share capital 14,000,000								
Ordinary shares.								
2009 : Issued and paid-up share capital 140,000,000								
Ordinary shares.								

Consolidate

2011		2012		2013	
Amount	%	Amount	%	Amount	%
-	-	36,219	6.78	53,845	8.21
20,983	3.80	19,318	3.62	57,235	8.73
-	-	-	-	-	-
22,132	3.60	7,499	1.40	19,291	2.94
-	-	-	-	-	-
5,000	.86	-	-	-	-
537	0.09	613	0.11	634	0.10
48,652	8.36	63,649	11.92	131,005	19.96
-	-	-	-	-	-
8,109	1.39	8,097	1.52	6,835	1.04
56,761	9.75	71,746	13.44	137,840	21.02
140,0000	-	142,800	-	142,800	-

**Separated financial statement**

	2010		2010		2010		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
2012 and 2013 : Issued and paid-up share capital	140,000	18.87	140,000	24.05	142,800	26.22	140,000	21.45
140,000,000 Ordinary shares.								
Premium on share capital	135,000	18.19	135,000	23.19	135,000	25.28	135,000	20.69
Capital reserve for unvested stock warrant under ESOP							3,895	0.60
Retained earning								
Appropriated for legal reserve	14,000	1.89	14,000	2.40	14,280	2.67	14,280	2.19
Un-appropriated	229,918	30.98	236,496	40.62	170,340	31.90	222,401	34.08
Other components of equity							1,556	0.24
Total Shareholders' Equity	518,918	69.92	525,496	90.25	462,280	86.37	517,132	79.24
Total Liabilities and Shareholders' Equity	742,114	100.00	582,237	100.00	533,996	100.00	662,605	100.0
Book value per share (baht)	3.71		3.75		3.30		3.69	
Par Value	1		1		1		1	
Common Share	140,000,000		140,000,000		140,000,000		140,000,000	

Consolidate

2010		2010		2010	
Amount	%	Amount	%	Amount	%
140,000	24.05	140,000	26.22	140,000	21.56
135,000	23.19	135,000	25.26	135,000	20.59
				3,895	0.59
140,000	2.40	14,280	2.67	14,280	2.18
236,440	40.61	170,250	31.89	223,074	34.02
				1,556	0.24
525,440	90.25	462,190	86.56	517,805	78.98
582,201	100.0	533,936	100.00	655,045	100.0
3.75		3.30		3.70	
1		1		1	
140,000,000		140,000,000		140,000,000	

**Pato Chemical Industry Public Company Limited and Subsidiary Statements of Income for the year ended December 31 Unit : Thousand**Separate Financial Statements

	2010		2011		2012		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues								
Sales	896,356	100.00	954,921	100.00	324,331	100.00	718,061	100.00
Cost of sales	(569,653)	(63.55)	(630,306)	(63.55)	(241,570)	(74.58)	(476,760)	(66.40)
Gross profit	326,703	36.45	324,615	36.45	82,461	25.42	241,301	33.60
Investment income					30,238	7.22	1,038	.014
Gain on disposal of assets					61,546	14.70	2	0.00
Gain (loss) on exchange rate	6,376	0.70	(2,213)	0.70	2,245	0.54	(10,463)	(1.45)
Revenue dividend for subsidiary	-	-	-	-	-	-	8,000	1.11
Other income	7,751	0.85	8,933	0.85	200	0.05	3,892	0.54
Profit before expenses	340,830	37.43	331,335	37.43	176,690	42.21	243,770	23.83
Selling expenses	(58,762)	(6.45)	(45,135)	(6.45)	(18,353)	(4.38)	(38,640)	(5.36)
Administrative Expenses	(35,341)	(36.88)	(36,971)	(3.84)	(38,036)	(9.09)	(40,979)	(5.69)
Expenses from stopped production	-	-	-	-	(12,606)	(3.01)	-	-
Total Expenses	(94,103)	(10.34)	(82,106)	(10.34)	(68,995)	(16.48)	(79,619)	(11.05)
Profit before finance costs and Tax	246,727	27.10	249,229	27.10	107,695	25.73	164,151	22.78
Finance cost	(1,521)	(0.17)	(1,799)	(0.17)	(636)	(0.15)	(1,147)	(0.16)
Profit before Income Tax	245,206	26.93	247,430	26.93	107,056	25.58	163,004	22.62
Income Tax	(61,463)	(6.75)	(75,015)	(6.75)	(21,735)	(5.19)	(28,771)	(3.99)
Net Profit of the year	183,743	20.18	172,415	20.18	85,324	20.39	134,233	18.63
Profit attributable to:								
Equity holders of the parent	183,743	20.18	172,415	17.93	85,324	20.39	134,233	18.63
Non-controlling interests	-	-	-	-	-	-	-	-
Net profit for the year	183,743	20.18	172,415	17.93	85,324	20.39	134,233	18.63
Basic earnings per share (bath)	1.31		1.23		0.61		0.96	
Par value (bath)	1.00		1.00		1.00		1.00	
Weight average (Share)	140,000,000		140,000,000		140,000,000		140,000,000	

Consolidated

2011		2012		2013	
Amount	%	Amount	%	Amount	%
954,921	100.	324,331	100.	734,997	100.00
(630,306)	(66.	(241,870)	(74.	(478,912)	(65.18)
324,615	33.9	82,461	25.4	256,085	34.84
6,197	0.64	30,269	7.23	1,038	0.14
2,141	0.22	61,546	14.7	2	0.00
(2,213)	(0.2	2,246	0.54	(10,463)	(1.44)
-	-	-	-	-	-
596	0.06	200	0.05	532	0.07
331,336	34.4	176,721	42.2	247,194	24.04
(45,135)	(4.6	(18,353)	(4.3	(39,450)	(5.43)
(37,030)	(3.8	(38,100)	(9.1	(40,582)	(5.59)
-	-	(12,606)	(3.0	-	-
(82,165)	(8.5	(69,069)	(16.	(80,032)	(11.02)
249,171	26.9	107,662	25.7	167,162	23.02
(1,799)	(0.1	(636)	(0.1	(1,147)	(0.16)
247,372	25.7	107,025	25.5	166,015	22.86
(75,015)	(7.8	(21,735)	(5.1	(31,019)	(4.27)
172,357	17.9	85,291	20.3	134,996	18.59
172,357	17.9	85,291	20.3	134,996	18.59
-	-	-	-	-	-
172,357	17.9	85,291	20.3	134,996	16.59
1.23		0.61		0.96	
1.00		1.00		1.00	
140,000,000		140,000,000		140,000,000	

**Pato Chemical Industry Public Company Limited And Subsidiary****Statements of Comprehensive Income the year ended December 31 Unit : Thousand**Separate Financial Statements

	2010		2011		2012		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Profit for the year	183,743	20.18	172,415	17.93	85,324	20.39	134,233	18.63
Other comprehensive income:								
Gain on remeasuring available-for –sale								
investment	-	-	-	-	2,660	0.64	(572)	(0.08)
Total comprehensive income for the year	183,743	20.18	172,415	17.93	87,984	21.02	133,661	18.56
Profit attributable to								
Equity holders of the parent	183,743	20.18	172,415	17.93	87,984	21.02	133,661	18.56
Non-controlling interreats	-	-	-	-	-	-		
Total comprehensive income for the year	183,743	20.18	172,415	17.93	87,984	21.02	133,661	18.55

Consolidated

2011		2012		2013	
Amount	%	Amount	%	Amount	%
172,357	17.92	85,291	20.38	134,996	18.59
-	-	2,660	0.64	(572)	(0.08)
172,357	17.92	87,951	21.01	134,424	18.51
172,357	17.92	87,951	21.01	134,424	18.51
-	-	-	-		
172,357	17.92	87,951	21.01	134,424	18.51

**Pato Chemical Industry Public Company Limited And Subsidiary****Statement of Cash Flows for the Year Ended December 31 (Unit : Thousand Bath)**Separate Financial Statements

	2010	2011	2012	2013
Cash Flows from Operating Activities				
Profit before income tax	245,206	247,429	107,059	163,004
Adjustments to reconcile net income to net cash				
Provided by operating activities				
Provision for employee benefit obligations		890	480	513
Unrealized gain (loss) on exchange rate	185	-	-	2,154
Unrealized gain (Loss) from changes in value	271	1,689	(1,350)	17,391
Gain on disposal of short-term investment	(4,866)	(5,421)	(4,051)	(1,316)
Employee benefit expenses under Employee				
Plan (ESOP)	-	-	-	3,895
Reversal of bad debt and doubtful accounts	(1,179)	-	-	-
Amortization of intangible assets	-	-	171	1,054
Dividend income	-	-	(20,157)	(24,597)
Depreciation and amortization	12,473	11,223	11,026	10,526
Doubtful account	-	-	389	-
Gain on disposal of vehicles	(2,875)	(2,140)	(61,546)	(2)
Interest expenses	1,521	1,799	626	1,147
Profit from operational activities before change in				

Consolidated

2011	2012	2013
247,373	107,026	160,015
890	480	513
-	-	2,151
1,689	(1,350)	17,391
(5,421)	(4,051)	(1,316)
-	-	3,895
-	-	-
-	171	1,054
-	(20,157)	(16,597)
11,223	11,026	10,526
-	389	-
(2,140)	(61,546)	(2)
1,799	636	1,147



	2010	2011	2012	2013
Asset and liabilities	250,736	255,469	32,657	173,766
and (Increase) decrease in operating assets				
Trade account receivables	(650)	110,833	(8,675)	(64,365)
Inventories	(72,599)	90,332	(6,019)	(49,876)
Other current assets	558	(303)	-	-
Advance for inventories	(2,578)	2,578	-	-
Refundable Income Tax	-	-	-	-
Other non-current assets	(447)	(1,336)	(321)	(134)
Increase(decrease) in operating liabilities				
Trade accounts payable-other companies	1,921	(35,739)	(1,695)	36,225
Liability arising from guarantee	-	-	-	-
Accrued expenses	11,537	(5,042)	-	-
Employee benefit obligations	-	(1,818)	(491)	(1,776)
Other current liabilities	197	(117)	96	21
Cash received from operation	188,675	414,857	15,552	93,861
Interest paid	(1,521)	(1,799)	(636)	(1,147)
Income tax paid	(55,652)	(85,982)	(36,368)	(18,458)
Net cash provided by (use in) operating	131,502	327,076	(21,452)	74,256

2011	2012	2013
255,413	32,624	184,777
110,530	(8,675)	(53,733)
90,332	(6,019)	(50,871)
-	-	-
2,578	-	-
-	-	-
(1,336)	(321)	(134)
(40,781)	(1,665)	37,400
-	*-	-
-	-	-
(1,818)	(491)	(1,776)
(97)	76	21
414,821	15,529	115,684
(1,799)	(636)	(1,147)
(85,982)	(36,368)	(19,545)
327,040	(21,475)	94,992



Cash flows from investing activities	2010	2011	2012	2013
Cash paid for investing in short-term	(322,103)	(270,808)	(520,345)	30,000
Proceeds from disposal of short-term	284,986	390,808	429,245	-
Proceeds from disposal of assets	2,875	2,210	57,046	2
Cash paid for acquisition of equipment and	(9,105)	(8,202)	(14,106)	(1,515)
Cash paid for acquisition of intangible asset	(6,155)	(8,946)	(9,149)	(8,488)
Cash paid available-for-sale investment			(6,338)	(6,021)
Cash paid for investment in subsidiary	-	(5,000)	-	-
Dividends income			20,157	24,597
Net cash provided by (used in) investing	(49,502)	105,062	(33,490)	38,575
Cash Flows from Financing Activities				
Increase(decrease)in short-term loans from	47,287	(127,698)	36,219	(15,993)
Repayment of liabilities under hair purchase	(86)	-	-	-
Dividend paid	(133,000)	(156,800)	(151,200)	(84,000)
Net cash used in financing activities	(85,799)	(284,498)	(114,981)	(68,007)
Net Increase(Decrease) in Cash and Cash	(3,799)	147,640	(169,923)	44,824
Cash and cash equivalents, beginning of year	37,187	33,388	181,028	11,104
Cash and cash equivalents, end of year	33,388	181,028	11,105	55,928

2011	2012	2013
(270,808)	(520,345)	30,000
390,808	429,245	-
7,210	57,046	2
(8,202)	(4,106)	(1,515)
(8,946)	(9,201)	(8,643)
-	(6,338)	(6,021)
-	-	-
-	20,157	16,597
110,062	(33,542)	30,420
(127,698)	36,219	15,993
-	-	-
(156,800)	(151,200)	(84,000)
(284,498)	(114,981)	(68,007)
152,604	(169,998)	57,405
33,388	185,902	15,993
185,992	15,994	73,398

**(c) Pato Chemical Industry Public Company Limited And Subsidiary Financial Ratio 2010-2013**

Separate Financial Statements					Consolidated		
	2010	2011	2012	2013	2011	2012	2013
Liquidity Ratio							
Current Ratio (Time)	3.01	10.28	6.92	4.30	10.38	6.99	4.28
Quick Ratio (Time)	2.20	8.47	5.49	3.21	8.62	5.56	3.20
Cash Flow Ratio (Time)	0.69	2.41	(0.38)	0.77	2.41	(0.38)	0.98
Receivable Turnover (Time)	5.53	8.88	5.65	7.57	8.79	5.65	8.21
Collection Period (Day)	65	41	64	48	41	64	44
Inventory Turnover (Time)	4.10	4.84	2.75	4.11	4.84	2.75	4.11
Inventory T/Period (Day)	88	74	131	88	74	131	87
Account Payable Turnover (Time)	4.10	7.71	8.70	5.77	6.83	8.70	5.75
Payment Period (Day)	88	47	41	62	53	41	63
Cash Cycle (Day)	65	68	153	73	63	153	69
Profitability Ratio							
Gross Profit Margin (%)	36.45	33.99	25.42	13.60	33.99	25.42	34.84
Profit from operation (%)	25.95	25.40	4.15	22.52	25.39	4.13	23.95
Other profit (%)	1.55	0.70	22.51	0.34	0.70	22.52	(1.22)
Cash (%)	56.54	137.87	(159.30)	45.93	134.89	(160.24)	53.96
Net Profit Margin (%)	20.18	17.93	20.39	18.63	17.92	20.38	18.59
Return on Equity (%)	37.23	33.02	17.28	27.41	33.01	17.27	27.55
Efficiency Ratio							
Return on Total Assets (%)	26.89	26.04	15.29	22.62	26.03	15.28	22.70
Return on Fixed Assets (%)	298.67	295.16	169.15	295.45	295.07	169.09	297.01
Assets Turnover (Time)	133.24	145.22	75.00	121.44	145.23	75.00	122.08
Financial Ratio							
Debt to Equity (Time)	0.43	0.11	0.16	0.26	0.11	0.16	0.27
Interest Coverage (Time)	127.87	224.51	1.44	90.82	224.49	1.41	110.86
Cash Basis (Time)	0.92	1.98	(0.13)	0.79	1.98	(0.14)	1.01
Payout Ratio (%)	85.34	87.70	98.45	95.95	87.72	98.49	95.41
Per Share (Baht)							
Book Value (Baht)	3.71	3.75	3.30	3.69	3.75	3.30	3.70
Earnings per Share (Baht)	1.31	1.23	0.61	0.96	1.23	0.61	0.96
Dividend per Share (Baht)	1.12	1.08	0.60	0.92	1.08	0.60	0.92
Growth Rate							
Total Sale (%)	18.83	(21.54)	(8.29)	22.21	(21.55)	(8.30)	22.79
Cost of Goods Sold (%)	42.76	74.58	26.39	88.90	(74.57)	26.44	92.12
Sales Revenue (%)	5.25	6.53	(66.04)	121.40	6.53	(66.04)	126.62
Selling & Admin Expense (%)	0.26	7.33	(56.36)	78.98	7.34	(56.36)	79.77
Net Profit (%)	16.93	6.17	(50.51)	57.32	(6.20)	(50.53)	58.28

2) Management Discussion and Analysis (Unit : 1,000 Baht)

The performance of Pato Chemical Industry Plc and subsidiary indicated net profit (loss) totaled 172.35, 85.29, and 134.99 million baht in 2011 – 2013 respectively. These figures represent an increase or a reduction percentage of (6.20), (50.52) and 58.28 respectively.

In 2011, global economic growth continued to increase slightly from various factors both inside and outside the country which affected the global economy eg., in the United states and in European countries. Political issues, financial crisis, inflation, public debts crisis coupled with great earthquake and Tsunami in March caused the world fell into a recession.

Thailand saw an economic improvement in accordance with the world economy with a development in local consumption, export, and tourism industry during the first 3 quarters. The last quarter was affected by flooding led to a halt in Thai economic process such as manufacturing process, agriculture, traveling, household spending, and investment. The economic growth rate increased only by 0.1% in 2011. All relevant sectors, both public and private implemented urgent assistance. The government launched policies and measures to ease the debt burden; compensation for damages, low-interest loans, and the pledge of agricultural produce were for instances. Though the flood damaged agricultural land and various agricultural produce which led to lower yield, the domestic and world demand increased. As a result, agricultural economy expanded by 2.2% in 2011.

In 2012, the global economy had still struggled with a minor growth ratio. Overall, it was affected by several significant events taking place in America, Europe, as well as Asia, for example, a political problem caused a switch a leader of financial team in US, triggering Quantitative Easing policy (QE); or Europe also started QE to solve their economic crisis; Fiscal Cliff; ballooned inflation, public debt crisis, including several earthquakes and tsunamis around the world. These events slowed the word economic growth.

Inevitably, Thailand was one of the countries which were affected by such events; however, the overall Thai economic growth was still 5.9% (projected by Bank of Thailand) which was higher than the world economy, as a result of quick responses after the flood crisis in late 2011, especially the private industrial sector expanded their investment in manufacturing and machinery to set off the loss, and increase their manufacturing capacity. With the high investment by the private sector, the private expenses grew continually. Meanwhile, the public sector set out policies to aid and solve in the short and long run i.e. compensation provided for flood victims, debt relief, loans with low interest, increase in salary of government officials, pledges of agricultural products, water management project, etc. These measures were implemented to boost Thai economy in the short and long terms. Thai export was also affected by the

slow-down in the global economy and Euro debt crisis, resulting in the less export value than the expected target, but still in a range of 3.5% growth, and the lower-than-average inflation rate owing to the government's price control measure on consumer products and diesel. The agricultural market environment in 2012 expanded some 4 % as the production of agricultural produces was generally back on track after the flood crisis in late 2011. The favorable weather also favored the expansion in productions.

In 2013, the world economy gradually and continuously recovered from 2012, but was still susceptible to the fluctuation, resulting in a marginal growth expansion. Overall, the world economy was subject to significant events taking place in America, Europe and Asia. For example, at the beginning of 2013, United States encountered the fiscal cliff, policy change in QE 3 gradually decreased in the purchase of bonds by Federal Reserve Bank in the future which caused jitters among the investors who hesitated to support the economic system, as well as the political conflict on the annual fiscal budget resulted in the temporary government shutdown. Economic problems still lingered in some EU members' countries that solicited for the financial support from European Central Bank to purchase their government bonds, and created the European Financial Stability Facility. The series of events manifested that the EU economies was still sensitive and fragile condition, and various measures was deployed to regain the economic stability. In addition, the Japanese economy was subject to fragility and JPY currency continuously tended to strengthen, affecting the export sector. Meanwhile the economy of China seemed to slow down as the credit granting became stringent with a close monitoring on loan sharks which could put the national banking stability into risks because of the mounting non-performing loans.

Thailand was one of the countries that were impacted from these events. Still the overall Thai economy tended to slow down, resulting in minimal growth expansion owing to a sluggish payment from the first car campaign and government's rice pledging scheme which faced a problem in payment, which caused rising household debts. The private and public sectors delayed their investments, and the export sector was affected by the sluggish world economy and fluctuation of currencies. Thai economy was beset by problems, as well as political unrest. The anti-government demonstration and rallies from farmers who did not receive the payments also smoldered the tourism segment.

In overview, the Thai agricultural economy in 2013 also suffered from various problems. The expansion rate was at 1.1% only since the agricultural sector sustained a severe drought in the first half year and the decrease in the harvest of several important agricultural produces, i.e. out-of-season rice, tapioca, animal-feeding corns. In the latter half year, the tropical storm did influence over the North, North-East and East of Thailand, giving positive impact to the agricultural sector as the farmers could increase the harvest of rice, sugarcane, rubber plants, and palm. Especially the harvest of season rice was increased due to the price incentive from the government's rice pledging scheme.



Consequently, performance of the company during the past 3 years were as follows :

Sales revenue during 2011 – 2013 were 954.92, 324.33, and 734.99 million Baht respectively, representing an increase (a decrease) percentage of 6.53, (66.04), and 126.62 respectively.

Total revenue during 2010 – 2012 were 961.64, 418.59, and 726.11 million Baht, representing an increase (a decrease) percentage of 5.62, (56.47), and 73.46 respectively.

Cost of Sales in 2010 – 2012 were 569.65, 630.31, and 241.87 million Baht, representing an increase (a decrease) percentage of 10.65, (61.63), and 98.00 respectively.

In 2011, the world economy during the first half of 2011 continued to expand and resulted in the growth rate of Thai economy. Both internal and external factors which were the increase of domestic and world demand led to the significant structure expansion of agricultural production. There was a high growth in agricultural sector accordingly. The weather were favorable with sufficient rain for cultivation during the first half of the year and it was until the third quarter that the floods largely expanded in the northern, the north-eastern, and the central part of the country and damaged agricultural sector and agricultural products. The agricultural sector continually shrank from the third to the forth quarter in a higher degree. While Thai economy continued to grow during the second quarter from higher volume and value of exports, domestic demand and private consumption slowed down from the effect of flooding. The demand for the products of the company consequently decreased from August onwards.

The effect from the enforcement of the Hazardous Substance Act (No.3) B.E. 2551, a revision of the previous Hazardous Substance Act B.E. 2535 on August 23, 2008 resulted in the expiration of import, formulation, and export permit on August 22, 2011. (Three years from the enforcement date) The company is not able to import or formulate any products but is able to sell remaining finished products for another 2 more years and thus demand increased significantly before August 22, 2011.

The above factors led to sales revenue for the first 3 quarters to be 882.71 million baht, an increase of 191.23 million baht year-on-year, or a difference of 27.66 %. The sales declined in the forth quarter due to the floods. Total sales revenue for 2011 was 954.92 million baht. An increase of 58.56 million baht represented a difference of 6.53%.

Cost of sales in 2011 was 630.11 million baht, an increase of 60.66 million baht or 10.65% different. Cost of sales increased at the higher rate than the sales revenue. Cost of raw materials increased by the volatility of world oil price affected from the political unrest in the Middle East. Prices of raw materials increased by about 5-20% compared to 2010.

The fluctuation of the exchange rate of the baht weakened against the U.S. dollar was another factor. The averaged exchange rate was 30.16 baht to the dollar by the beginning of the year and it

was averaged at 31.86 baht to the dollar by the end of the year resulting in price of imported raw materials to increase. The total value of raw materials purchase orders rose by 20.02% compared to the previous year. As for labor and overhead cost, the company set a policy that emphasized the most economic, cost-effective and efficient management under the current economic conditions at the time. As a result, in 2011 there was only a slight increase in the number of workers to meet production process needs and the enforcement of the Hazardous Substance Act. (No.3) B.E. 2551 which resulted in the end of production on August 22, 2011. Thus, labor costs rose by 16.96% and overhead cost rose by 5.76% compared to the previous year. This increase came from wages, overtime costs and employee benefits. As for the increase in overhead costs, this came from the increasing in sales and the speeding up of production to keep up on the enforcement of the mentioned Act. Moreover, the company wanted to keep stocks to meet market demand and to maintain market share. Thus, production and sales costs rose by 19.43% and 9.80% respectively. Gross profit margin in 2011 was 33.99% or a decrease of (0.64)% year-on-year.

Other income in 2011 was 6.72 million baht. A decrease of (7.41) million baht represented a difference of (52.44)%. This income was from investment in debt securities, interest receivable, and the selling of old cars.

In 2012, the global economy had still been stagnant with a small growth ratio, attributed to the significant economic factors in US, Europe and Asia as stated above, as well as the natural disaster which still affected the overall global economy and Thai markets. Consequently, the Thai national market expanded 5.9% (projected by BOT). Both external and internal factors significantly impacted the structure of Thai agricultural production capacity, but the global and domestic demands increased, contributing to higher expansion in crop production as the agricultural sector generally recovered from the 2011 flood crisis, favored by the weather and the expansion in cropping lands in late 2012. For rice, the major reason was that the attractive price from the government's rice pledging scheme, resulting in the expansion of farming lands.

In terms of export, the volume and value increased, reflecting the demands in overseas market. Meanwhile, the volumes and values of rice, palm oil and rubber declined as a result of decreasing price in the global market affected by the world economic downturn mainly due to the global economic problem. Therefore, the overseas customers purchased such products from other countries who offered the lower price, for example, they bought rice from India and Vietnam. Consequently Thailand lost the title as the world's top rice exporter, falling behind Vietnam. In addition, there were impacts from the Act of Hazardous Substances (the 3rd) B.E. 2551 which was issued to improve the Act of Hazardous Substances



B.E. 2535, and came in to effect on August 23, 2008. According to the new Act, the license to manufacture, import and export the hazardous substances could have been valid until August 22, 2011 (three years after the declaration of the Act), therefore, the trader neither imported nor manufactured the hazardous products, but was still permitted to distribute the existing stocks for 2 years.

Currently, the Company has already applied to register the pesticide and herbicides as the same number of products that they used to distribute, together with additional products. On December 31, 2012, the Company has been granted the permit to import 37 products and manufacture for 50 trade names. The Company is confident that they will continually obtain the permit for the registration of several pesticide and herbicide products from Department of Agriculture. However, the process of registration takes complicated steps with many documents involved, and must be considered by Department of Agriculture, resulting in delay in issuing the permit and leading the declining number of products distributed in the market. Therefore, the sales turnover in 2012 dropped to THB324.33 million, changing by THB(630.59), or 66.04%.

In terms of the cost of goods sold in 2012, it stood at THB 241.87 million, dropping by THB (388.44) million, or (61.63). It was founded that the declination of the cost was lower when compared with the decrease in sales turnover. The significant factor of the cost was a higher cost of raw materials owing to the import of finished products instead of Technical Grade which will be repackaged to small units, and volatility of the oil price in the global market caused by the political uncertainty in Middle East countries. Besides, the volatile exchange rate of Baht gave a side effect. At the beginning of the year, the average exchange rate stood at THB31.83 /dollar, and then appreciated to THB 30.77 a dollar at the late of the year, causing a small decrease in the cost of raw materials which favored to the cost of productions to reduce by (74.45)% compared with the earlier year; while the labor cost and operating cost declined (53.84)% and (53.01)% respectively.

The Company has set out the policy and management strategies in line with the current market situation with the highest cost effectiveness and efficiency. In 2012, the production volume declined; therefore, the Company reduced the number of production staff members in consistence with the production capacity. Such impact was attributed to the declaration of Hazardous Substance Act (the 3rd) B.E. 2551. While the Company has been await the approval of the registration of the chemical substances, the sales turnover has declined, and the cost of production and sales decreased by (72.87)% and (61.63)% respectively, resulting in the gross profit margin as of 2012 at 25.42%, dropping by (74.60)% compared with 2011.

The other incomes in 2012 was THB94.26 million, increasing by THB 87.54 million, or 1,302.68% due to the investment in debt securities at THB 30.27 million, profits from sales of assets at



THB 61.55 million which consisted of sales of 10-3-04 rai plot of land at Minburi Plant for THB 65 million and sales of old cars at THB 0.58 million, profit from exchange rate at THB 2.24 million and others incomes at THB 0.20 million.

In 2013, the world economy slightly improved in consequence of significant events in America, Europe and Asia as mentioned above. Thai economy was also influenced by such events, and staggered by domestic problems, including political conflicts and natural disasters. Nevertheless, government implemented measures to favor farmers and agriculturists i.e. rice pledging scheme, which raise the rice price and encouraged the farmers to speed up the harvest.

In addition, the company progressed in registration for the herbicides which was used to distribute, including additional product lines which were lodged for registration since 2012 and rolled out on shelves. In 2013, the Company continuously obtained the permits from the Department of Agriculture. The permits included the major product line i.e. Granule used in paddy field which could gain the market share of more than 70% of the total sales turnover.

Favored by the mentioned factors, the sales turnover of 2013 was gained at THB 734.99 million or increased by THB 410.66 million, equivalent to 126.62%.

The sales cost as of 2013 stayed at THB 478.91 million, or increased by THB 237.13 million, accounting for 98%. It was noted that the ratio of increment in the sales cost was lower than those of the ratio of sales turnover. The increase in the sales cost resulted from the higher cost of raw materials as some finished products were imported, instead of Technical Grade materials. Furthermore, the fluctuation of world oil price also gave an impact to the price of raw materials. The currency fluctuation also weakened THB value against USD. At the beginning of the year, the exchange rate of THB stood at THB 29.86/USD and rose to THB 32.95/USD later of the year. As a result, the production cost increased 166.57% against the previous year, meanwhile, the labor cost and operating cost increased 35.04% and 30.62% respectively.

The Company set forth a policy to run the business and manage the manufacturing process in economic, cost-effective and efficient ways. In 2013, the more recruitment were arranged to cope with the increasing production capacity, as the Company could continuously obtain the permits of registration for the herbicide products from the Department of Agriculture. Consequently, the sales turnover increases, so did the production cost and sales cost, at 144.75% and 65.16% respectively. The initial profit margin of 2013 was at 34.84%, or increased 210.55% compared to the previous year of 2012.

As for other incomes as of 2013, it stayed at THB (8.89) million and decreased by THB 103.15 million or 1,160.29% due to the income of debt instrument investment amounting to THB 1.04 million and loss of exchange rate in amount of THB 10.46 million resulting from the weakening THB currency and down trend of stock market affected by QE policy which postpone in the bond redemption.

Table showing rate of increases (reduction) during 2011 – 2013

Year	PATO		
	Sales Revenue	Total revenue	Cost of Sale
2011	6.53	5.62	10.65
2012	(66.04)	(56.47)	(61.63)
2013	126.62	73.46	98.00

Sales and General Administrative expenses during 2011-2013 totaled 82.16, 69.06, and 80.03 million Baht, representing an increase (a decrease) percentage of (12.69%), (15.94%), and 15.88 respectively, not including financial cost.

Financial cost in 2011 – 2013 totaled 1.80, 0.64, and 1.15 million Baht, representing an increase (a decrease) of 18.42%, (64.44%), and 80.34 respectively.

In 2011, based on the types of transactions, cost of sales totaled 45.13 million baht, a decrease of (13.63) million baht represented a 23.20% decrease compared to the previous year. This was because during the second half of 2011 total sales decreased from the effect of the Hazardous Substance Act.(No. 3) B.E. 2551. Sales mainly rose in the second quarter and dropped in the third and forth quarters. It was found that cost of sales and marketing decreased on sales promotion, commission, transportation, and vehicles expenses. Administrative expenses totaled 31.33 million baht, an increase of 1.69 million baht represented an increase of 4.78% year-on-year. The increase were from increase in charity donation, miscellaneous expenses and employee's salaries

Profit (loss) from exchange rate in 2011 totaled (2.21) million baht shown in balance sheet on other income. A decrease of (8.59) million baht marked a decrease of (134.71)% compared to the previous year. This came from the fluctuations in the exchange rate throughout the year due to the uncertainty in the global economic problems in many countries and caused the baht to weaken. At the end of the year, the exchange rate was 31.86 baht to the dollar, led to a forex lox in 2011.

Financial costs in 2011 totaled 1.80 million baht. The 0.28 million baht difference marked an increase of 18.42% compared to the previous year. This was due to the depreciation of the baht. The management made a prudent and appropriate management of T/R payables in light of the financial situation and fluctuating baht value at the time to economize and maximize the company's interest on financial costs. This was done by arranging terms of payment considering to pay on due date or to extend the term of which may lead to a slightly increase of interest payable burden. However, this was more beneficial to the company as it was paid at a lower rate of exchange.

In 2012, considered the classification of accounting entries, the cost of sales as of 2012 stood at THB 18.35 million, declining by (26.78)%, or (59.34)% compared the past year. This was because the sales turnover of 2012 was in the wane at (66.04)% against the year earlier, caused by the impact from the Hazardous Substance Act (The 3rd) B.E 2551. The Company has taken up the process of registration for the chemical substances and waited for the approval. The volumes of the production and sales significant dropped, resulting in the declination of sales and market cost i.e. sales promotion cost, commission, transportation and vehicle cost etc.

Meanwhile, the administration cost for 2012 was at THB 38.10 million, increasing by THB 1.07 million, or 2.89% against the year earlier. Such increase resulted from the benefit welfares of the employees. Regarding the cost incurring from the interruption of production during the first quarter of 2012, it stood at THB 12.60 million mainly owing to the announcement of Hazardous Substance Act (the 3rd) B.E. 2551. The Company had to destroy the packaging whose the registration expired and could not be manufactured in amount of THB 5.40 million, and the production-related cost was THB 7.2 million as the Company has not been granted the permit and could not start the manufacturing.

The financial cost as of 2012 was recorded at THB 0.64 million, declining by THB (1.16) million, or (64.65)% compared with the previous year, mainly due to the decrease in T/R interest from the declining order of raw materials from overseas, as well as the volatility of exchange rate caused by the global economic downtrend in many countries, especially US. Therefore, the management of T/R settlement must have been depended on the current market situation in order to maintain the most economical and efficient financial cost, especially to make a payment on specific term basis, or extend the term which might lead to more burden in payment, but the Company would pay with the lower exchange rate.

In 2013, based on the accounting classification, the sales expenses as of 2013 stood at THB 39.45 million or increased by THB 21.10 million, or 114.95% against the previous year, as the sales turnover of 2013 ascended at 126.62% from the last year. The increasing sales expenses included sales promotion, commission, transportation and vehicle cost, etc.

Regarding the administrative cost in 2013, it was at THB 40.58 million, or increased by THB 2.48 million or 6.51 % compared to the previous year. The increase reflected to the ESOP scheme which started for the first year. The Company could control the administrative cost effectively and economically and generate more incomes from increasing sales.

The financial cost as 2013 reached at THB 1.15 million which increased by THB 0.51 million, or 80.34% against the past year, as a consequence of T/R interest payment from the increasing import of raw

materials. In addition, the fluctuation in the foreign currencies and QE policy by FED smashed THB currency. Therefore, the Company was required to take the current market situation into their account to manage the payment of T/R interest in order to economize and maximize the financial cost, especially to settle the debts on timely term of payment or to extend the payment term. In 2013, the Company considered to enhance the risk management by purchasing Forward Contract to hedge for the risk and minimize the financial cost.

The above operational results led to gross profit during 2011-2013 to total 324.62, 82.46, and 256.08 million Baht respectively, representing a percentage of 33.99, 25.42, and 34.84 respectively.

Operational profits in 2011–2013 came to 242.45, 13.40, and 176.05 million Baht respectively, representing a percentage of 25.39, 4.13, and 23.95 respectively.

Net profits in 2011 – 2013 came to 172.36, 85.29, 134.99 million Baht, or a percentage of 17.92, 20.38, and 18.59 respectively.

Return on equity during 2011 – 2013 were 32.50%, 17.32% and 27.63% respectively.

In 2011, Thailand economic growth rate increased only by 0.01% from domestic consumption, export of private sector, and tourism rose during the first 3 quarters. The forth quarter was affected by the floods in wide range of agricultural area in the northern, the north-eastern and the central regions and caused significant damages to agricultural productions. In consequence, manufacturing, tourism, household spending, and investment sector were slowed down.

The significant effect was from the enforcement of the Hazardous Substance Act (No.3) B.E. 2551, a revision of the previous Hazardous Substance Act B.E. 2535 on August 23, 2008 resulted in the expiration of import, formulation, and export permit on August 22, 2011. (Three years from the enforcement date) The company is not able to import or formulate any products but is able to sell remaining finished products for another 2 more years.

The 2 major factors, economic and natural disaster factor and the enforcement of the mentioned Act. caused structural changes in demand of company's products. Before the enforcement date, August 22, 2011 the demand of the products increased dramatically during the second quarter causing total sales to rise by 54.92% compared to the previous year. The sales started to slow down in the third quarter and declined further to the lowest position in the forth quarter.

Total sales of 2011 increased by only 6.53% compared to the previous year. Production was affected by the volatility of the world oil price causing the prices of raw materials to rise. The enforcement of the Act. caused the company to accelerate the timely production. The company had to bear burden of fixed costs incurred after the date stopping of production and import causing the increasing rate in cost of sales higher than the increasing rate in sales. However, the company efficiently manage production costs



with save and most cost-effective in line with the current economic situation in order to maintain market share as possible. Because of the sales and cost of sales discussed above, the gross profit was 324.62 million baht, representing 33.99% of net sales. The (2.08) million baht represent a slightly decrease of (0.64)% compared to the previous year.

Selling and administrative expenses in 2011 dropped by (11.93) million baht or a decrease of (12.68) % compared to last year resulted from the decrease in sales. The company devised the policy to maintain market share and administrative policy to generate worthwhile and efficiency income from investment. The profit from operations in 2011 was 242.45 million baht or 25.39%. The difference of 9.85 million baht marked an increase of 4.23% compared to the previous year.

Profit (loss) from the exchange rate, incurred due to the all-year-fluctuation, was the influence of the world economy. Such phenomenon had affected several regions of the world and led to the constant weakness of the Baht value. Hence, the management of debt payment to creditors T/R as well as to foreign creditors must rely on with financial market and the Baht value situations at that time and that led to the loss from the exchange rate.

The corporate income tax in 2011 was 75.01 million baht. An increase of 13.55 million baht marked an increase of 22.05 % compared to last year. The corporate income tax rate in 2011 was 30 % of the net profit while that in 2010 was only 25 % of the net profit. When considering the net profit prior to the income tax in 2011, it increased by 2.16 million baht marked or 0.88 %. Due to the aforementioned factors, the corporate income tax in 2011 increased.

According to the main aforementioned factors, the company then has a satisfied performance and this led to 172.36 million baht for the net profit in 2011 which was 17.92 % of the total revenue- a decrease of 11.38 million baht or 6.17% when compared with that in 2010. As a result, the return on equity decreased slightly to 33.01%.

In 2012, the overall Thai economic expanded only 5.9% (projected by BOT), due to the recovery from the flood crisis in late 2011. For the industrial sector, they had to invest in machinery to increase the production capacity, resulting in the private sector to expand their business. At the same time, the public sector laid down various policies to support and solve the problem in the short and long term. In connection with the Hazardous Substance Act (the 3rd) B.E. 2551), the Company was unable to import the raw materials to manufacture the products, incurring the cost caused by the stoppage of production.

Affected by the global economic downturn and the declaration of Hazardous Substance Act (the 3rd) B.E. 2551, the structure of manufacturing and distribution has been changed, affecting the demands in

the market. Consequently, the sales turnover of 2012 receded (66.04)% compared with the previous year; meanwhile, the cost of production and sales ballooned as the volumes of products in 2012 manufactured shrank, compared with those in 2011; therefore, the cost per unit was higher. In addition, the registration process was involved with complicated steps and time consumption. This affected and changed the manufacturing structure, i.e., from mixing to repackaging with smaller units, resulting in higher cost of raw materials. Nevertheless, the Company has still focused the policy to manage the production cost with cost-effectiveness and efficiency under the current market environment in order to catch up with the competitors and maintain the market shares. On the ground of the sales turnover and cost of goods sold as stated above, the gross profit margins of 2012 was at THB 82.46 million or 25.42 of net sales, receding by THB (242.15) million, or (74.60)% compared with the earlier year.

The cost of sales and administration, including the cost of production interruption as of 2012 has declined amounting to THB (13.10) million, or (15.94) % as a result of the significant decrease in sales amount. In addition, the Company has still followed the marketing policy to save the market shares, and focused on the administration action plan to invest the business with the highest economy, cost-effectiveness and efficiency, to generate the top profits under the restricted market environment. The profit from the operation in 2012 was at THB 13.40 million, or 4.13% of the net sales amount, which decreased by THB (229.05) million or (94.47)% compared with the previous year.

The profit in 2012 has waned considerably reflecting the declining sales turnovers, as a result of the above-mentioned factors. The Company has still required generating incomes from the existing resources, while waiting for the permits of chemical substance registration. The financial position of the Company was on the solid ground, especially the Company has had a number of cash flow and deposited in banks, as well as temporary investment. The Company efficiently managed the money and generated the profit of THB 30.27 million, increasing by THB 24.07 million or 388.42%. In 2012, the Company sold the 10-3-04 rai plot of land at an old Minburi Plant, earning the profit of THB 60.96 million, and sold an old car amounting to THB 0.58 million. Besides, the Company could earn the profits from the foreign exchange rate amounting to THB 2.24 million, increasing by THB 4.45 million or 201.36 compared with the previous year.

Regarding the corporate tax in 2012, it was THB 21.73 million, decreasing by THB (53.28) or (71.03)% compared to the earlier year. It was noted that the rate of corporate tax as of 2011 was equivalent to 30% of the net profit; meanwhile the corporate tax rate of 2012 was at 23% of net profits. The receding sales turnovers also contributed to the decrease in net profits; consequently, the corporate tax in 2012 was smaller.

Under the current restriction of the major factors as stated above, the Company could earn the satisfactory result of THB 85.29 million net profits for 2012, accounting for 20.38% of the total income, decreasing by THB(87.07) million , or (50.52)% . Consequently, the return margin for the shareholders was at 17.27 %, decreasing from 33.01% of 2011.

In 2012, the Company invested in available-for-sales securities amounting to THB 8.99 million. On December 31, 2012, the investment amount of the available-for-sales securities have been changed its fair value, and the Company could earn the profits from such change in amount of THB2.66 million, or increasing by 29.56%. Therefore, the comprehensive loss/profits for 2012 amounted to THB 87.95 million, equivalent to 21.01 % of the total revenue.

In 2013, the sales turnovers of 2013 increased by 126.62% as a result of the Government's rice pledging scheme which encouraged the farmers to expand the areas of paddy fields, especially the season rice. Besides the Company had been granted the permits of registration for the main herbicide products and other additional products lines, they could import, manufacture and distribute the products to satisfy the market demand.

Consequently, the sales turnover expanded while the production cost and sales cost also increased, but still lower than the ratio of the sales turnovers. Even though the cost of imported material per unit was higher owing to the rise of world oil price and the fluctuation of foreign currencies which caused the loss of foreign exchange and affected to the administrative cost, the Company set forth the policy to manage the raw material procurement, i.e. to acquire good quality raw materials at reasonable price to be used in the increasing production line to reflect the market demands. The Company committed themselves to manage the administrative cost in economic, cost-effective and efficient ways under the current market situation, maintain the competitiveness capability in the market, and maximize the market shares. As a result of the best efforts, the initial profit margins as of 2013 was generated at THB 256.05 million, or 34.84% of the net sales, or increasing by THB 173.62, or 210.85% against the previous year.

The sales expenses and administration expenses, including the ones incurred by the cessation of the production in 2012, increased by THB 10.97 million or 15.88 % to reflect the increase in sales turnover. The Company still maintained the management policy by focusing on the investment in the most economic, cost-effective and efficient ways to maximize the incomes. Under the severe competition in the market, the sales promotion was indeed necessary to encourage the market demand in each quarter, therefore, the cost of business promotion in 2013 nosed up. Nevertheless, the Company could manage to generate the 2013 operation profits in amount of THB 176.05 million, or equivalent to 23.95% of the net sales, or increasing by THB162.65 million, or 1,213.81% compared to the previous year.

In spite that the Company could manage to improve the operation profits of 2013 significantly, they were still affected by the world economic problems in USA, Europe and Asia which also hit the Thai stock market in the latter half of 2013 and weakened THB currency. As a result, the Company could generate the income from the investment at THB 1.04 million, or decreased by THB (29.23) million, or (96.57), and sustained the loss of foreign exchange at THB (10.46) million, decreasing by THB (12.71) million, or 566.16%.

The corporate tax as of 2013 stood at THB 31.02 million, increasing by THB9.28 million, or 42.71% against the previous year. It was noted that the corporate tax rate as of 2012 stayed at 23% of the net profits before tax deduction, meanwhile the 2013 corporate tax rate was at 20% of the net profits before tax deduction. Therefore, despite the increase in the sales turnover and the profits before tax at 55.12%, the corporate tax nosed up only 42.71%.

As the above reasons, the Company could manage their operation successfully under the stringent situation and generate the 2013 net profits in amount of THB 134.99 million, equivalent to 18.59% of the total incomes, or increasing by THB 49.71 million, or 58.27%, and therefore, the rate of returns to the shareholders was 27.55%, or increased by 17.27 from 2012.

In 2013, the Company invested in the available-for-sales securities in amount of THB 14.30 million. On December 31, 2013, the fair values of the available-for-sales securities were adjusted, and the profits from the adjustment was at THB 11.56 million, or increasing 10.88%, which meant that the loss incurred due to the adjustment of fair value of the investment in the available-for-sales securities in 2013 in amount of THB 0.57 million, and the loss incurred due to the adjustment in the deferred income tax under the shareholder's equity in amount of THB 0.53 million. Therefore, the comprehensive incomes for 2013 stood at THB 134.42 million or equivalent to 18.51 of the total income.

Total assets in 2011-2013 amounting to 582.20, 533.94, and 655.65 million Baht respectively, marked an increase (decrease) at a percentage of (21.55), (8.29), and 22.79 respectively.

Total liabilities in 2011-2013 amounting to 56.76, 71.74, and 137.84 million Baht, marked an increase (decrease) percentage of (74.57), 26.39, and 92.14 respectively.

Shareholder equity in 2011-2013 amounting to 525.44, 462.19, and 517.81million Baht, marked an increase (decrease) of 1.26%, (12.03%), and 12.03% respectively.

In 2011, from the increase of the sale figure at 6.53 %, the company's net profit in 2011 was 172.36 million baht. This led to the significant change in the balance sheet from that of 2010 because of the aforementioned natural disaster as well as the new Hazardous Substance Act. So, the total asset and total debt decreased to (159.91) million baht and (166.44) million baht or (21.55) % and (74.57) % respectively.

When compared with that of last year, it decreases in the sections account receivables, inventory, short-term loan from the financial institutions, and account payables, etc.

Hence, from the performance in 2010, the cash flow from operations increased by 148.70 % with an increase in the current ratio from 3.01 times from that in 2010 and to 10.38 times in 2011. Quick ratio increased from 2.20 times in 2010 to 8.62 times in 2011. The liquidity of cash flow increased from 0.69 % in 2010 to 2.41 % in 2011. The average collection period decreased from 65 days in 2010 to 41 days in 2011. The average inventory turnover period decreased from 88 days in 2010 to 74 days in 2011. The average payment period decreased from 88 days in 2010 to 53 days in 2011 and this made the cash cycle equaled 63 days. From the operations, it was clearly shown that the liquidity ratios were better than those of the former years. The effect of the new Hazardous substance Act was that the production had to be temporarily paused during the new license registration process. The company then had no purchasing order for raw material as well as the materials used in production. Moreover, the sale figure before August 22, 2011 and the demand for goods in the market abnormally increased and this changed the goods from being bought on credit term to be bought in cash in order to have goods sold to the agriculturists. Due to all factors, trade account receivable, inventory, account payables, T/R creditors decreased while, the cash and the cash equivalents including short-term investment increased and finally led the increase of the cash flow from operating activities.

The cash flow from the investment activities increased by 322.34 % when compared with that of last year. The company had sold the short-term investment to promote the liquidity for 120 million baht in 2011, had purchased the machines, the equipments as well as the vehicles for 6 million baht. Moreover, the company had paid for the on-process registration fee due to the Hazardous Substance Act mentioned above for 9 million baht.

The cash flow from the financing activities increased by 231.59 % when compared with that of last year since the payment for T/R creditors which ended in the fourth quarter and the dividend payment of 156.80 million baht which was an increase from last year.

When considering the capital structure, it was found that the debt to equity ratio decreased from 0.43 time in 2010 to 0.11 time in 2011. The decrease of current liabilities from the trade account payables and the T/R creditors led to a decrease in such ratio and it was considered very-good level.

The interest coverage ratio increased from 127.87 times in 2010 to 224.49 times in 2011. The cash flow from operations increased rather a lot. From the changing policy in selling goods based on the market demand, the sale figure increased and the company's liquidity also increased a lot and this led to the increase of the ability to pay off interest.



At the same time, the company's performance was at a very-good level and thus minimizing the decrease in profit. With the current economy situation affected by the flood as well as the effective of the Hazardous Substance Act, the return on assets decreased from 26.89 % in 2010 to 26.03 % in 2011 and the return on fixed assets decreased from 298.67 % in 2010 to 295.07 % in 2011.

Assets turnover increased from 133.24 times in 2010 to 145.23 times in 2011 due to the investment in fixed assets. The efficiency ratio decreased a bit but it was able to generate profit and led to a satisfied operating result.

From the investment structure shown, the company also set a prudent and efficient financial management policy with consideration on all risks and expenses that may occur to minimize the effect to the company performance, for example, expenses incurred from the investment in product re-registration as a result of the new Hazardous Substance Act. The company also carries out the production plans including setting the policy in purchasing appropriate raw materials in quantity, price, and quality to comply with the on-process of the license registration. Moreover, the company still conducts the marketing plans as well as marketing strategies to stay competitive in the highly competitive market. Various internal and external factors are also considered either the fluctuation of the exchange rate and term of payment for T/R which will cause the financial cost burden in the future. These must be planned in order to avoid risks that may occur as well as to be able to comply with the financial situation at that time for the ultimate economy and benefit.

The company also puts the strong emphasis on financial stability by bringing current liabilities and investing in current assets for liquidity and the ultimate benefit. This will cause the most economical financial costs in order to achieve highest return on shareholders' equity and this will sustain the significant financial ratios as shown in the aforementioned performance of 2011.

In 2012, the sales turnover decreased (66.04) %, generating the 2012 profit of THB 85.29 million. As a result, the Company's financial statement was significantly changed from 2011, attributed to the impact from the market environment and the Hazardous Substance Act as mentioned earlier. Consequently, the total assets decreased by THB(48.26) million, or (8.29) % compared with the previous year, i.e. the cash flow and cash deposited in banks decreased by THB (170) million, and the temporary investment increased by THB 96.50 million, trade receivables and other receivables were at THB 8.28 million, the inventory stock was in value of THB 6.02 million, investment for available-for-sales securities was worth of THB 8.99 million, and the Non-current assets amounted to THB 11.43 million.

The total debt increased by THB 14.98 million, or 26.39 %, compared to the previous year, mainly due to the increase in the short-term loans granted from financial institution (creditor T/R) in amount of

THB 36.22 million, and decrease in the trade account payable and income tax payable in amount of THB (16.30) million, and drop of others in value of THB (4.92) million.

Therefore, as a result of the performance as of 2012, the cash flow decreased by (106.57) %, consisting of the decrease in the liquidity from 10.38 times in 2011, to 6.99 times in 2012. The quick ratio decreased from 8.62 times in 2011 to 5.56 times in 2012. The cash ratio decreased from 2.4 times in 2011 to (0.38) times in 2012, the average collection period increased from 41 days in 2011 to 64 days in 2012, the average holding period increased from 74 days in 2011 to 131 days in 2012, the payment period decreased from 53 days in 2011 to 41 days in 2012, therefore, the cash cycle remained 153 days. It was noted that the liquidity ratio decreased, but was still in a good range, mainly due to the declaration of Hazardous Substance Act, causing the decrease in sales amount, and production interruption while the permit of registration was in process. The raw materials were not ordered from overseas suppliers and only the raw materials and packaging was purchased from the local suppliers to brace for the production after the permit is granted. Until the 2nd quarter of 2012, the Company received the permits of chemical substances for pesticide and herbicide, and started its production process, and ordered a few raw materials from overseas suppliers as per the permit granted. Consequently, in 2012, the Company still maintained a large amount of cash, cash deposited in banks, and temporary investment, and there were a few of T/R creditors. However, the Company was still required to pay a large amount of corporate tax, resulting in the decrease in the operating cash flow.

The cash flow from the investment activities decreased by (130.47)%, compared with the previous year. The Company allocated more in the temporary investment amounting to THB 91.10 million in 2012. The Company sold the plot of land at Minburi plant and old car, and earned the dividends from the temporary investment. The Company also purchased machinery and vehicles in amount of THB 4.11 million, and settled the operating cost for registration process amounting to THB 9.2 million, and unearned revenue from the asset disposal in amount of THB 6.33 million.

The cash flow in income earning activities also lessened (59.58) % compared with the earlier year as there was a purchase of raw materials from overseas, and there were T/R creditors in 2012, amounting to THB 151.20 million, and the settlement period and dividend payment has not been due yet. In connection with the sales turnovers which decreased (66.04) %, the cash or cash equivalent was at THB (169.99) million, lessening by THB (322.60) million, or 211.39%

The capital structure was composed of the liability ratio against the portion of shareholders increasing from 0.11 in 2011 to 0.16 in 2012, due to the increase in the current liability incurred from T/R creditors. The liability ratio slightly expanded, but it was still considered in a good shape.

EBITDA decreased from 224.51 times in 2011, to 1.41 times in 2012. The operating cash flow significantly reduced from the shrinking sales turnover. Consequently, the Company's liquidity became lessening, affecting the EBITDA coverage ratio.

Simultaneously, the Company's overall operating result declined significantly. Due to the current market environment and Hazardous Substance Act, the sales turnover decreased, nevertheless, the Company still managed their finance stance efficiently and enabled to make profits from the limited resources, including asset disposal. The Company's yields on assets reduced from 26.03% in 2011 to 15.28% in 2012, and the yields on fixed assets declined from 295.07% in 2011 to 169.09% in 2012, and the total asset turnover ratio lessened from 145.23 times in 2011 to 75 times in 2012, reflecting the decrease in the asset investment and the Company's operating result under the declaration of Hazardous Substance Act.

In 2013, the increase in the turnover at 126.62 % yielded the net profit at THB 134.99 million. Therefore, the financial position significantly changed from 2012. Having been impacted by economic problems, political issues on the rice pledging scheme and permits on the registration of herbicide chemicals, the Company could gain the overall assets at THB 121.71 million, or increasing 22.79% compared to the last year. The major increasing (decreasing) items included the cash flow or equivalent at THB 57.40 million, account receivables and others debts at THB 53.73 million, the inventory at THB 50.87 million and the investment in the available-for-sales securities at THB 5.31 million and the decreasing items include the temporary investment at THB (46.07) million.

The total debt increased to THB 66.10 million, or 92.14% against the previous year, comprising the short-term loan from financial institution (T/R creditors) at THB 17.63 million, payables and others at THB 37.92 million, and income tax payable at THB 11.79 million, etc.

The shareholder's equity increased THB 55.62 million, or 12.03%, against the previous year, mainly from the increment of the reserve of share warrants which has not been used under ESOP project in amount of THB 3.89 million in the 3 year validity (2013-2015), the increase in the unappropriated retained earnings at THB 52.82 million, and decrease in others contributing factors of shareholders at THB 1.56 million, consisting of the loss from the available-for-sales securities and deferred income tax, as clarified above.

The significant change in the financial statement regarding the main assets reflected the increase in the sales turnover which was required to be prepared in terms of the inventory stock, i.e. raw materials, packaging materials and finished products to support the production process to satisfy the market demand. Therefore, the inventory stock increased. Meanwhile, the payables and others, including the short term borrowing from financial institution (T/R payables) also increased as the Company purchased the raw



materials required for the production process. When the sales volumes expanded, the Company gained more cash flow and trade receivables. In addition, the expenses in production, sales and administration, as well as corporate tax increased to reflect such the expansion of sales volumes.

Therefore, the operating cash flows increased 542.34%, with the 4.28 time liquidity ratio, decreasing from the 6.99 time liquidity ratio as of 2012. The quick liquidity ratio reduced to 3.20 times in 2013 from 5.56 times in 2012, the cash ratio increased from (0.38) times in 2012 to 0.98 times in 2013, the average collection period reduced from 65 days in 2012, to 44 days in 2013, and the average payment period increase from 57 days in 2012 to 63 days in 2013. Therefore, the cash cycle was 69 days, and the liquidity ratio reduced to reflect the expanding sales volumes, and increasing liabilities due to the increment in the purchase of raw materials, and expenses in production distribution, sales and administration.

The cash flow from the investment activities rose 190.69%, compared to the previous year. In 2013, the Company invested more the temporary investment in amount of THB30 million and gained the dividends of THB 16.60 million. The machinery, equipment and vehicles were purchased in amount of THB 1.15 million. The registration cost under the new Hazardous Chemical Act was also settled in amount of THB 8.64 million and the available-for-sales securities were invested in amount of THB 6.02 million.

The cash from the financing activities increased (40.85)% compared to the last year, as the raw materials were purchased from overseas, which lead to T/R payables in 2013 which have not been due for settlement and dividend payment in amount of THB 84.00 million.

Based on the expanding operations in 2013, the Company gained more cash and equivalent at THB 57.40 million, increasing by THB 227.40 million or 133.77%.

Based on the capital structure, the debt to equity ratio increased from 0.16 in 2012, to 0.27 in 2013. The increase reflected the higher current liabilities from T/R payables and trade accounts and other payables, but was still in the acceptable range.

The interest coverage ratio increased from 1.41 times in 2012 to 110.85 times in 2013, as the operating cash flow and sales turnover increased, resulting in the higher liquidity of the Company.

At the same time, the Company's performance was enhanced and yielded the net profit margins due to the current economic environment, climate and the government's scheme which encouraged agriculturist to increase their agricultural products, as well as obtaining the registration permits on the major herbicide products.

The operation result as of 2013 and gains from the fixed assets increased from 15.28% in 2012 to 22.70% in 2013. The return on fixed assets increased from 169.09 in 2012 to 297.01 in 2013, and the total asset turnover increased from 75.01 times in 2012 to 122.08 times in 2013. The improvement in the

operation revealed the capability in generating the profit margins by using the assets in efficient and cost effective ways.

Based on the capital structure, the Company laid down a financial policy prudently and effectively to earn the highest yields with minimum risks, and also took the investment-related expenses into account. For example, the registration for chemical substance was considered as sizeable investment; the policy, action plan and management for registration of chemical substances were set out to obtain the permits as soonest as possible; the policy for raw material supplies was considered to purchase with appropriate quantity, quality and price in line with the current situation and registration progress, as well as the action plan and market strategies were also set forth to respond to the high competitive market; various external and internal factors must be taken into consideration, i.e. volatility of currency and the management of overseas settlement terms, in order to hedge the possible risks and cope with the financial situation appropriately with the highest economy and efficiency.

The Company has still put a strong emphasis on the financial stability by investing the current liabilities in the current assets in order to strengthen the liquidity and earn the highest yields. This resulted in the most economic financial cost in order to earn the highest yields for the shareholders, and also maintain the important financial ratio in the best levels, as shown in the performance as of 2013 as explained above.

The significant contributing factors which will affect the Company's operation in 2014 includes the 4-5% expansion of economy, as well as the vulnerable agricultural environment which shall be subject to negative impacts, such as, the world economies' financial problem, political conflict, as well as the currency fluctuation which is required close monitoring as the QE 3 has caused jitters and uncertainties among the investors, and affected the stock markets around the world, including the world oil price. These factors shall influence over the export and domestic price of agricultural products, especially the production cost which may increase.

Nevertheless, it is estimated that the agricultural economy in 2014 shall expand in a range of 3.0% – 4.0% under the above-mentioned factors, the risk of water management and climate change, and the outbreak of plant diseases, as well as the delay in the payment of the rice pledging scheme which shall cause the farmers unable to purchase and invest in the next cropping season.

Also, it is expected that under the climate change which is approximate to 2013, some of the agricultural produces will tentatively increase, such as wet season rice, animal-feeding corn, sugarcane, rubber plants and oil palm. The produces which may decrease include out-of-season rice, tapioca, pineapple and fruits which are subject to insufficient water management. Therefore, the price of

agricultural produces in 2014 mostly remains proximate, or may be slightly higher than those in 2013 if the world economy continuously improves with the increasing domestic and international market demands.

The registration process for the new products also helps enhance the production capability to satisfy the market demand. At present, the Company has continuously sought for the permits of registration of new products, therefore, the sales volumes of 2014 is expected to increase when compared to 2013. Besides, there are still positive factors favoring the agricultural sector in the aspect of both production and price, namely, the government's policy and measures to help the farmers and agriculturists to access to the financial supports, such as, credit cards for agriculturists, financial aides to the agriculturists who sustain from the natural disaster, etc, in order to give them an incentive, to enhance the production capacity and to lift up the price.

In agricultural sector production, the Government will continue to provide its full support in all areas such as:

1. Technology development - Developing production technology by educating farmers and providing good plant breeds in order to further develop quality of output and create competitive capability.
2. Marketing - Helping to sustain agricultural prices by providing farmers with loans using their agricultural goods as collateral. This will keep agricultural prices from falling too low and let market forces operate on their own.
3. Finances – Providing loan support which might be in the form of a village fund, low-interest loans so as to create opportunity for farmers and allow farmers to easier fund accessibility.
4. Promote agricultural processing – This is done by creating added value to products which would develop product quality and enable to export.

Government support on production and its strategy to restructure agricultural products to make it in line with market needs and create competitiveness for the country, will improve farmers' situation and living standards.

Raw material prices rising higher with world market conditions are a risk factor, making the cost price of products higher. Higher oil prices, Baht fluctuation and weakening, drought and flooding, and the new regulation from the government enforced recently are also external factors which are beyond control. However, the company has devised a policy to ease the effects from these risk factors.

1. Company policy to manage forex on raw material imports, for example, with an extension of account payable and the using of forward contract to reduce risks with prudent consideration of favorable exchange rate.



2. Practicing more caution when ordering raw materials, seeing that it concords with needs. This will reduce damage from excessive inventory. However, lead Time is considered to avoid short of inventory.
3. Making careful consideration before opening new trade accounts and expanding credit lines to prevent damage from bad debts and strictly performing in accordance with collection policy.
4. Disseminate knowledge on technology and correct usage of product to increase yields, promote safety, with no environmental effects.
5. Arrange enough budget to handle with the Hazardous substance Act (No.3) B.E. 2551 enforced.

These above factors affect the company's operations and financial position. Therefore, it is the policy of the company to try and reduce the adverse effects from these various factors through the above mentioned measures. Although, these are outside factors that cannot be controlled, it is expected that this policy will reflect in better operations for the company.