



Part 3.

11. Financial Highlight

(1) Financial statements

The company paid 650,000 THB to the auditor for audit fee. There was no non-audit fee.

(a) Auditor report

The auditor has reported the financial statements of Pato Chemical Industry Public Co., Ltd. as of 31 December of 2015 - 2018 without any conditions.

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

**PATO Chemical Industry Public Company Limited and Subsidiary****Comparative Statements of Financial Position for the year ended December 31 (Unit: Thousand THB)**Separated financial statements

| | 2015 | | 2016 | | 2017 | | 2018 | |
|---------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| ASSETS | | | | | | | | |
| CURRENT ASSETS | | | | | | | | |
| Cash and cash equivalents | 24,639 | 3.86 | 45,971 | 6.68 | 37,740 | 5.25 | 18,303 | 2.34 |
| Short - term investments | 180,305 | 28.25 | 171,866 | 24.97 | 257,147 | 35.75 | 177,325 | 22.69 |
| Trade accounts receivable | 130,521 | 20.45 | 137,311 | 19.95 | 123,049 | 17.11 | 159,489 | 20.41 |
| Inventories | 192,581 | 30.17 | 199,949 | 29.05 | 159,436 | 22.17 | 281,772 | 36.06 |
| Total current assets | 528,046 | 82.73 | 555,097 | 80.66 | 577,372 | 80.28 | 636,889 | 81.51 |
| NON - CURRENT ASSETS | | | | | | | | |
| Available-for-sale investment | 21,703 | 3.40 | 41,289 | 6.00 | 51,675 | 7.19 | 57,110 | 7.31 |
| Investment in subsidiary | 5,000 | 0.78 | 5,000 | 0.73 | 5,000 | 0.70 | 5,000 | 0.64 |
| Property, plant and equipment | 45,636 | 7.15 | 53,702 | 7.80 | 57,903 | 8.05 | 56,463 | 7.23 |
| Intangible assets | 36,113 | 5.66 | 31,957 | 4.64 | 26,014 | 3.62 | 21,426 | 2.74 |
| Deferred tax assets | 1,703 | 0.27 | 1,095 | 0.16 | 1,209 | 0.17 | 4,325 | 0.55 |
| Other non - current assets | 92 | 0.01 | 56 | 0.01 | 21 | 0.00 | 156 | 0.02 |
| Total non-current assets | 110,247 | 17.27 | 133,099 | 19.34 | 141,822 | 19.72 | 144,478 | 18.49 |
| Total Assets | 638,293 | 100.00 | 688,196 | 100.00 | 719,194 | 100.00 | 781,367 | 100.00 |

Consolidated

| | 2015 | | 2016 | | 2017 | | 2018 | |
|--|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| | | | | | | | | |
| | 29,499 | 4.61 | 56,456 | 8.17 | 46,829 | 6.49 | 21,809 | 2.76 |
| | 180,305 | 28.17 | 171,866 | 24.86 | 257,147 | 35.64 | 185,339 | 23.42 |
| | 125,906 | 19.67 | 130,187 | 18.83 | 115,159 | 15.96 | 151,331 | 19.12 |
| | 197,918 | 30.92 | 203,312 | 29.41 | 163,592 | 22.68 | 290,760 | 36.75 |
| | 533,628 | 83.37 | 561,821 | 81.27 | 582,727 | 80.77 | 649,259 | 82.05 |
| | | | | | | | | |
| | 21,703 | 3.39 | 41,289 | 5.97 | 51,675 | 7.16 | 57,110 | 7.22 |
| | - | - | - | - | - | - | - | - |
| | 45,636 | 7.13 | 53,702 | 7.77 | 57,903 | 8.03 | 56,461 | 7.14 |
| | 37,332 | 5.83 | 33,346 | 4.82 | 27,903 | 3.87 | 24,002 | 3.03 |
| | 1,703 | 0.27 | 1,095 | 0.16 | 1,209 | 0.17 | 4,325 | 0.55 |
| | 92 | 0.01 | 56 | 0.01 | 21 | 0.00 | 156 | 0.02 |
| | 106,466 | 16.63 | 129,488 | 18.73 | 138,711 | 19.23 | 142,054 | 17.95 |
| | 640,094 | 100.00 | 691,309 | 100.00 | 721,438 | 100.00 | 793,313 | 100.00 |

Separated financial statements

| | 2015 | | 2016 | | 2017 | | 2018 | |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES | | | | | | | | |
| Short - term loans from financial institutions | 49,449 | 7.75 | 33,985 | 4.94 | 13,531 | 1.88 | 84,163 | 10.77 |
| Trade accounts payable - related companies | 52,582 | 8.24 | 74,237 | 10.79 | 56,595 | 7.87 | 75,400 | 9.65 |
| Current portion of hire-purchase contracts payable | - | - | - | - | - | - | - | - |
| Accrued income tax | 14,244 | 2.23 | 19,942 | 2.90 | 21,341 | 2.97 | 18,668 | 2.39 |
| Others current liabilities | 799 | 0.13 | 1,085 | 0.16 | 878 | 0.12 | 879 | 0.11 |
| Total Current Liabilities | 117,034 | 18.34 | 129,249 | 18.78 | 92,345 | 12.84 | 179,110 | 22.92 |
| NON - CURRENT LIABILITIES | | | | | | | | |
| Hire-purchase contracts payable-net | - | - | - | - | - | - | - | - |
| Employee benefit obligations | 9,048 | 1.42 | 8,028 | 1.17 | 11,840 | 1.65 | 16,537 | 2.12 |
| Total Liabilities | 126,122 | 19.76 | 137,277 | 19.95 | 104,185 | 14.49 | 195,647 | 25.04 |
| SHAREHOLDERS' EQUITY | | | | | | | | |
| Share capital-ordinary share THB. 1.00 par value | | | | | | | | |
| Authorizes share capital | | | | | | | | |
| 2015: Authorized shared capital 142,377,000 ordinary shares. | | | | | | | | |

Consolidated

| 2015 | | 2016 | | 2017 | | 2018 | |
|---------|-------|---------|-------|---------|-------|---------|-------|
| Amount | % | Amount | % | Amount | % | Amount | % |
| | | | | | | | |
| 49,449 | 7.73 | 33,985 | 4.92 | 13,531 | 1.88 | 87,382 | 11.04 |
| 53,314 | 8.33 | 75,371 | 10.90 | 57,152 | 7.92 | 79,591 | 10.06 |
| - | - | - | - | - | - | - | - |
| 14,703 | 2.30 | 20,812 | 3.01 | 22,003 | 3.05 | 19,875 | 2.51 |
| 804 | 0.13 | 1,092 | 0.16 | 984 | 0.14 | 950 | 0.12 |
| 118,270 | 18.48 | 131,260 | 18.99 | 93,670 | 12.98 | 187,780 | 23.73 |
| | | | | | | | |
| - | - | - | - | - | - | - | - |
| 9,048 | 1.41 | 8,028 | 1.16 | 11,840 | 1.64 | 16,537 | 2.09 |
| 127,318 | 19.89 | 139,288 | 20.15 | 105,510 | 14.62 | 204,317 | 25.82 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Separated financial statements

| | 2015 | | 2016 | | 2017 | | 2018 | |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| 2016: Authorized share capital 142,372,000 Ordinary shares. | | | | | | | | |
| 2017: Authorized share capital 142,372,000 Ordinary shares. | | | | | | | | |
| 2018: Authorized share capital 142,372,000 Ordinary shares. | 142,377 | | 142,377 | - | 142,372 | - | 142,372 | - |
| Issued and paid-up share capital | | | | | | | | |
| 2015: 2016 : 2017 and 2018: 143,372,000 ordinary shares | 142,372 | 22.31 | 142,372 | 20.69 | 142,372 | 19.80 | 142,372 | 18.22 |
| Premium on share capital | 162,015 | 25.38 | 162,015 | 23.54 | 162,015 | 22.53 | 162,015 | 20.73 |
| Capital reserve for unvested stock warrant under ESOP | - | - | - | - | - | - | - | - |
| Retained earning | | | | | | | | |
| Appropriated for legal reserve | 142,238 | 2.23 | 14,238 | 2.07 | 14,238 | 1.98 | 14,238 | 1.82 |
| Unappropriated | 193,118 | 30.26 | 230,253 | 33.46 | 291,749 | 40.57 | 271,166 | 34.70 |
| Other components of equity | 428 | 0.07 | 2,041 | 0.30 | 4,635 | 0.64 | (4,071) | (0.52) |
| Total Shareholders' Equity | 512,171 | 80.24 | 550,919 | 80.05 | 615,009 | 85.51 | 585,720 | 74.96 |
| Total Liabilities and Shareholders' Equity | 638,293 | 100 | 688,196 | 100 | 719,194 | 100 | 781,367 | 100 |
| Book value per share (THB) | 3.62 | | 3.87 | | 4.32 | | 4.11 | |
| Par Value | 1 | | 1 | | 1 | | 1 | |
| Common Share | 142,372,000 | | 142,372,000 | | 142,372,000 | | 142,372,000 | |

Consolidated

| 2015 | | 2016 | | 2017 | | 2018 | |
|-------------|-------|-------------|-------|-------------|-------|-------------|--------|
| Amount | % | Amount | % | Amount | % | Amount | % |
| | | | | | | | |
| | | | | | | | |
| 142,377 | - | 142,372 | - | 142,372 | - | 142,372 | - |
| | | | | | | | |
| 142,372 | 22.24 | 142,372 | 20.59 | 142,372 | 19.73 | 142,372 | 17.99 |
| 162,015 | 25.31 | 162,015 | 23.44 | 162,015 | 22.46 | 162,015 | 20.47 |
| - | - | - | - | - | - | - | - |
| | | | | | | | |
| 14,238 | 2.22 | 14,238 | 2.06 | 14,238 | 1.97 | 14,238 | 1.80 |
| 193,723 | 30.26 | 231,355 | 33.47 | 292,668 | 40.57 | 272,442 | 34.43 |
| 428 | 0.07 | 2,041 | 0.30 | 4,635 | 0.64 | (4,071) | (0.51) |
| 512,776 | 80.11 | 552,021 | 79.85 | 615,928 | 85.38 | 586,996 | 74.18 |
| 640,094 | 100 | 691,309 | 100 | 721,438 | 100 | 791,313 | 100 |
| 3.63 | | 3.88 | | 4.33 | | 4.12 | |
| 1 | | 1 | | 1 | | 1 | |
| 142,372,000 | | 142,372,000 | | 142,372,000 | | 142,372,000 | |

**PATO Chemical Industry Public Company Limited and Subsidiary Statements of Income for the year ended December 31 (Unit: Thousand)**Separated financial statements

| | 2015 | | 2016 | | 2017 | | 2018 | |
|---|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Revenues | | | | | | | | |
| Sales | 638,555 | 100.00 | 688,465 | 100.00 | 837,194 | 100.00 | 789,290 | 100.00 |
| Cost of sales | (452,724) | (70.90) | (475,894) | (69.12) | (534,779) | (63.88) | (529,772) | (67.12) |
| Gross profit | 185,831 | 29.10 | 212,571 | 30.88 | 302,415 | 36.12 | 259,518 | 32.88 |
| Investment income | 930 | 0.14 | 9,474 | 1.34 | 10,622 | 1.24 | 4,728 | 0.59 |
| Gain on disposal of assets | - | - | - | - | - | - | - | - |
| Gain (loss) on exchange rate | (1,831) | (0.28) | 1,458 | 0.21 | 184 | 0.02 | (288) | (0.04) |
| Revenue dividend for subsidiary | 2,800 | 0.43 | 5,700 | 0.81 | 6,500 | 0.76 | 8,150 | 1.01 |
| Other income | 4,001 | 0.62 | 4,361 | 0.61 | 3,537 | 0.41 | 5,052 | 0.63 |
| Profit before expenses | 191,731 | 29.75 | 233,564 | 32.92 | 323,258 | 37.67 | 277,160 | 34.35 |
| Selling expenses | (29,496) | (4.58) | (28,548) | (4.02) | (42,158) | (4.91) | (41,271) | (5.11) |
| Administrative Expenses | (37,828) | (5.87) | (38,641) | (5.45) | (40,842) | (4.76) | (40,200) | (4.98) |
| Finance cost | (599) | (0.09) | (486) | (0.07) | (617) | (0.07) | (1,638) | (0.20) |
| Total Expenses | (67,324) | (10.54) | (67,675) | (9.54) | (83,617) | (9.75) | (83,109) | (10.30) |
| Profit before Income Tax | 123,808 | 19.21 | 165,889 | 23.38 | 239,641 | 27.93 | 194,051 | 24.05 |
| Income Tax | (23,837) | (3.70) | (29,094) | (4.10) | (44,742) | (5.21) | (36,400) | (4.51) |
| Net Profit of the year | 99,971 | 15.51 | 136,795 | 19.28 | 194,899 | 22.71 | 157,651 | 19.54 |
| Other comprehensive income: | | | | | | | | |
| Gain (loss) on change in value of available | | | | | | | | |
| Sale investments | (1,714) | (0.27) | (1,613) | 0.23 | 2,594 | 0.30 | (8,706) | (1.08) |
| Actuarial loss on defined employee benefit | - | - | - | - | (2,420) | (0.28) | (3,117) | (0.39) |
| Total comprehensive income for the year | 98,257 | 15.25 | 136,408 | 19.51 | 195,073 | 22.73 | 145,828 | 18.07 |

Consolidated

| | 2015 | | 2016 | | 2017 | | 2018 | |
|--|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| | | | | | | | | |
| | 647,785 | 100.00 | 709,431 | 100.00 | 867,696 | 100.00 | 816,701 | 100.00 |
| | (454,495) | (70.16) | (484,547) | (68.30) | (552,045) | (63.62) | (541,023) | (66.24) |
| | 193,290 | 29.84 | 224,884 | 31.70 | 315,651 | 36.38 | 275,678 | 33.76 |
| | 1,005 | 0.16 | 9,478 | 1.31 | 10,622 | 1.21 | 4,743 | 0.58 |
| | - | - | - | - | - | - | - | - |
| | (1,842) | (0.28) | 1,463 | 0.20 | 185 | 0.02 | (173) | (0.02) |
| | - | - | - | - | - | - | - | - |
| | 1,140 | 0.18 | 1,272 | 0.18 | 132 | 0.02 | 1,456 | 0.18 |
| | 193,593 | 29.87 | 237,097 | 32.86 | 326,590 | 37.17 | 281,704 | 34.24 |
| | (30,515) | (4.71) | (29,850) | (4.14) | (43,627) | (4.97) | (42,966) | (5.22) |
| | (38,098) | (5.88) | (38,933) | (5.40) | (41,227) | (4.69) | (40,571) | (4.93) |
| | (604) | (0.09) | (487) | (0.07) | (622) | (0.07) | (1,670) | (0.20) |
| | (69,217) | (10.68) | (68,270) | (9.60) | (85,476) | (9.73) | (85,207) | (10.36) |
| | 124,376 | 19.19 | 167,827 | 23.26 | 241,114 | 27.44 | 196,497 | 23.88 |
| | (24,552) | (3.79) | (30,535) | (4.23) | (46,398) | (5.28) | (38,489) | (4.68) |
| | 99,824 | 15.40 | 137,292 | 19.02 | 194,716 | 22.16 | 158,008 | 19.21 |
| | | | | | | | | |
| | | | | | | | | |
| | (1,714) | (0.26) | 1,613 | 0.22 | 2,594 | 0.30 | (8,706) | (1.06) |
| | - | - | - | - | (2,420) | (0.28) | (3,117) | (0.38) |
| | 98,110 | 11.31 | 138,905 | 19.25 | 194,890 | 22.18 | 146,185 | 17.77 |



| | 2015 | | 2016 | | 2017 | | 2018 | |
|---|--------|-------|---------|-------|---------|-------|---------|-------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Profit attributable to: | | | | | | | | |
| Equity holders of the parent | 99,971 | 15.51 | 136,795 | 19.26 | 194,899 | 22.71 | 157,651 | 19.54 |
| Non-controlling interests | - | - | - | - | - | - | - | - |
| Net profit for the year | 99,971 | 15.51 | 136,795 | 19.28 | 194,899 | 22.71 | 157,651 | 19.54 |
| Profit attributable to: | | | | | | | | |
| Equity holders of the parent | 98,257 | 15.25 | 138,408 | 19.51 | 195,073 | 22.73 | 145,828 | 18.07 |
| Non-controlling interests | - | - | - | - | - | - | | |
| Total comprehensive income for the year | 98,257 | 15.25 | 138,408 | 19.51 | 195,073 | 22.73 | 145,828 | 18.07 |
| Basic earnings per share | | | | | | | | |
| Profit attributable to | | | | | | | | |
| Equity holders of the parent | 0.71 | | 0.96 | | 1.37 | | 1.11 | |
| Diluted earnings per share | | | | | | | | |
| Profit attributable to | | | | | | | | |
| Equity holders of the parent | 0.71 | | 0.96 | | 1.37 | | 1.11 | |

| | 2015 | | 2016 | | 2017 | | 2018 | |
|--|--------|-------|---------|-------|---------|-------|---------|---------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| | | | | | | | | |
| | 99,824 | 15.40 | 137,292 | 19.02 | 194,716 | 22.16 | 158,008 | 19.21 |
| | - | - | - | - | - | - | - | - |
| | 99,824 | 15.40 | 137,292 | 19.02 | 194,716 | 22.16 | 158,008 | 19.21 |
| | | | | | | | | |
| | 98,110 | 15.14 | 138,905 | 19.25 | 194,890 | 22.18 | 146,185 | 17.77 |
| | - | - | - | - | - | - | - | - |
| | 98,110 | 15.14 | 139,905 | 19.25 | 194,890 | 22.18 | 146,185 | (3,117) |
| | | | | | | | | |
| | | | | | | | | |
| | 0.71 | | 0.96 | | 1.37 | | 1.11 | |
| | | | | | | | | |
| | | | | | | | | |
| | 0.71 | | 0.96 | | 1.37 | | 1.11 | |

**Statement of Cash Flows for the Year Ended December 31 (Unit: Thousand THB)**Separated financial statements

| | 2015 | 2016 | 2017 | 2018 |
|---|----------|----------|---------|-----------|
| Cash Flows from Operating Activities | | | | |
| Profit before income tax | 123,809 | 165,890 | 239,641 | 194,052 |
| Adjustments to reconcile net income to net cash | | | | |
| Provided by operating activities | | | | |
| Retirement employee benefit | 525 | 496 | 923 | 950 |
| Unrealized (gain) loss on exchange rate | (2) | 1,273 | (36) | (515) |
| Unrealized (gain) loss from changes in value of investments | 3,002 | (11,927) | (3,009) | 2,004 |
| Gain on disposal of short-term investment | 499 | 8,366 | (1,159) | (1,096) |
| Employee benefit expenses under Employee Plan (ESOP) | 2,745 | - | - | - |
| Dividend income for subsidiary | (2,800) | (5,700) | (6,500) | (8,150) |
| Amortization of intangible assets | 3,165 | 7,308 | 7,695 | 7,247 |
| Dividend income | (4,296) | (5,862) | (6,416) | (5,607) |
| Depreciation and amortization | 6,115 | 7,921 | 6,915 | 7,129 |
| Doubtful account | - | - | - | - |
| Gain on disposal of vehicles | (1,084) | (37) | (31) | (1,368) |
| Interest expenses | 598 | 486 | 618 | 1,638 |
| Profit from operational activities before change in operational | | | | |
| Assets and liabilities | 132,276 | 168,214 | 238,641 | 196,284 |
| and (Increase) decrease in operating assets | | | | |
| Trade account receivables | (13,715) | (3,890) | 12,788 | (37,416) |
| Inventories | 24,046 | (7,368) | 40,512 | (122,336) |
| Other current assets | - | - | - | - |
| Advance for inventories | - | - | - | - |
| Refundable Income Tax | - | - | - | - |

Consolidated

| | 2015 | 2016 | 2017 | 2018 |
|--|----------|----------|---------|-----------|
| | | | | |
| | 124,376 | 167,828 | 241,114 | 196,496 |
| | | | | |
| | | | | |
| | 525 | 496 | 923 | 950 |
| | (2) | 1,273 | (36) | (532) |
| | 3,002 | (11,927) | (3,009) | 1,990 |
| | 564 | 8,366 | (1,159) | (1,096) |
| | 2,745 | - | - | - |
| | - | - | - | - |
| | 3,165 | 7,308 | 7,695 | 7,592 |
| | (4,426) | (5,862) | (6,416) | (5,607) |
| | 6,115 | 7,921 | 6,915 | 7,129 |
| | - | - | - | - |
| | (1,084) | (37) | (31) | (1,368) |
| | 603 | 487 | 623 | 1,669 |
| | | | | |
| | 135,583 | 175,853 | 246,619 | 207,225 |
| | | | | |
| | (16,441) | (4,281) | 15,028 | (36,171) |
| | 20,544 | (5,393) | 39,721 | (127,188) |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |



| | 2015 | 2016 | 2017 | 2018 |
|---|----------|----------|----------|----------|
| Other non-current assets | (76) | 36 | 35 | (135) |
| Increase(decrease) in operating liabilities | | | | |
| Trade accounts payable-other companies | 11,487 | 20,228 | (17,577) | 18,763 |
| Liability arising from guarantee | - | - | - | |
| Accrued expenses | - | - | - | |
| Employee benefit obligations | (368) | (1,516) | (136) | (150) |
| Other current liabilities | (313) | 234 | (166) | 12 |
| Cash received from operation | 153,337 | 175,938 | 274,097 | 55,022 |
| Income tax paid | (21,637) | (23,193) | (43,500) | (39,234) |
| Net cash provided by (used in) operating activities | 131,700 | 152,259 | 229,979 | 15,788 |

| 2015 | 2016 | 2017 | 2018 |
|----------|----------|----------|----------|
| (76) | 36 | 35 | (135) |
| | | | |
| 10,559 | 20,628 | (18,154) | 22,397 |
| - | - | - | - |
| - | - | - | - |
| (368) | (1,516) | (136) | (150) |
| (527) | 236 | (67) | (23) |
| 149,274 | 185,563 | 283,046 | 65,955 |
| (22,048) | (24,222) | (45,365) | (40,795) |
| 126,623 | 160,854 | 237,058 | 25,160 |

**Statement of Cash Flows for the Year Ended December 31 (Unit: Thousand THB)**Separated financial statements

| | 2015 | 2016 | 2017 | 2018 |
|---|-----------|-----------|-----------|-----------|
| Cash flows from investing activities | | | | |
| Cash paid for investing in short-term investments | - | 12,000 | (80,731) | 88,091 |
| Proceeds from disposal of assets | 1,084 | 5,102 | 31 | 1,368 |
| Cash paid for acquisition of equipment and vehicles | (7,779) | (21,052) | (11,116) | (5,687) |
| Cash paid for acquisition of intangible asset | (1,817) | (3,152) | (1,752) | (2,659) |
| Cash paid available-for-sale investment | (3,995) | (17,570) | (7,526) | (25,495) |
| Cash paid for investment in subsidiary | - | - | - | - |
| Dividends income | 9,296 | 8,662 | 14,390 | 14,733 |
| Net cash provided by (used in) investing activities | (3,211) | (16,010) | (86,704) | 70,351 |
| Cash Flows from Financing Activities | | | | |
| Increase(decrease)in short-term loans from financial institutions | (1,518) | (15,308) | (20,484) | 71,190 |
| Interest paid | (598) | (486) | (618) | (1,637) |
| Proceeds from issue of common shares | 19,450 | - | - | - |
| Dividend paid | (128,795) | (99,609) | (131,023) | (175,129) |
| Net cash used in financing activities | (110,863) | (114,917) | (151,507) | (105,576) |
| Net Increase (Decrease) in Cash and Cash equivalents | 17,028 | 21,331 | (8,231) | (19,437) |
| Cash and cash equivalents, beginning of year | 7,611 | 24,639 | 45,971 | 37,740 |
| Cash and cash equivalents, end of year | 24,639 | 45,970 | 37,740 | 18,303 |

Consolidated

| | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|
| | | | | |
| | (64) | 12,000 | (80,371) | 80,091 |
| | 1,084 | 5,102 | 31 | 1,368 |
| | (7,779) | (21,052) | (11,116) | (5,687) |
| | (2,301) | (3,321) | (2,252) | (3,691) |
| | (3,995) | (17,570) | (7,526) | (25,495) |
| | - | - | - | - |
| | 4,426 | 5,862 | 6,416 | 5,607 |
| | (8,629) | (18,979) | (95,178) | 52,193 |
| | | | | |
| | (1,518) | (15,308) | (20,484) | 74,425 |
| | (603) | (487) | (623) | (1,669) |
| | 19,450 | - | - | - |
| | (128,795) | (99,609) | (131,023) | (175,129) |
| | (110,863) | (114,917) | (151,507) | (102,373) |
| | 7,131 | 26,957 | (9,627) | (25,020) |
| | 22,368 | 29,499 | 56,456 | 46,809 |
| | 29,499 | 56,456 | 46,829 | 21,809 |



(c) Financial Ratio 2015-2018

Separate Financial Statements

Consolidated

| | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|---------|--------|---------|---------|
| Liquidity Ratio | | | | |
| Current Ratio (Time) | 4.51 | 4.29 | 6.25 | 3.56 |
| Quick Ratio (Time) | 2.87 | 2.75 | 4.53 | 1.98 |
| Cash Flow Ratio (Time) | 1.18 | 1.24 | 2.08 | 0.12 |
| Receivable Turnover (Time) | 5.12 | 5.14 | 6.43 | 5.59 |
| Collection Period (Day) | 70 | 70 | 56 | 64 |
| Inventory Turnover (Time) | 2.21 | 2.42 | 2.98 | 2.40 |
| Inventory T/Period (Day) | 163 | 148 | 121 | 150 |
| Account Payable Turnover (Time) | 4.66 | 4.53 | 6.00 | 4.61 |
| Payment Period (Day) | 77 | 80 | 60 | 78 |
| Cash Cycle (Day) | 156 | 138 | 117 | 136 |
| Profitability Ratio | | | | |
| Gross Profit Margin (%) | 29.10 | 30.88 | 36.12 | 32.88 |
| Profit from operation (%) | 18.56 | 21.12 | 26.21 | 22.56 |
| Other profit (%) | 0.92 | 2.96 | 2.43 | 2.19 |
| Cash (%) | 111.13 | 105.06 | 105.10 | 8.87 |
| Net Profit Margin (%) | 15.51 | 19.28 | 22.71 | 19.54 |
| Return on Equity (%) | 19.36 | 25.74 | 33.43 | 26.26 |
| Efficiency Ratio | | | | |
| Return on Total Assets (%) | 15.69 | 20.63 | 27.70 | 21.01 |
| Return on Fixed Assets (%) | 236.78 | 291.36 | 361.66 | 288.17 |
| Assets Turnover (Time) | 101.14 | 106.97 | 121.93 | 107.55 |
| Financial Ratio | | | | |
| Debt to Equity (Time) | 0.25 | 0.25 | 0.17 | 0.33 |
| Interest Coverage (Time) | 260.66 | 375.15 | 447.25 | 32.86 |
| Cash Basis (Time) | 0.95 | 1.23 | 1.60 | 0.09 |
| Payout Ratio (%) | 99.69 | 95.75 | 89.85 | 90.31 |
| Per Share (THB) | | | | |
| Book Value (THB) | 3.60 | 3.87 | 4.32 | 4.11 |
| Earnings per Share (THB) | 0.71 | 0.96 | 1.37 | 1.11 |
| Dividend per Share (THB) | 0.70 | 0.92 | 1.23 | 1.00 |
| Growth Rate | | | | |
| Total Sale (%) | 0.36 | 7.82 | 4.50 | 8.64 |
| Cost of Goods Sold (%) | 9.19 | 8.84 | (24.11) | 87.79 |
| Sales Revenue (%) | (8.46) | 7.82 | 21.60 | (5.72) |
| Selling & Admin Expense (%) | (7.32) | 4.43 | 13.75 | (0.89) |
| Net Profit (%) | (22.55) | 36.83 | 42.48 | (19.11) |

| 2015 | 2016 | 2017 | 2018 |
|---------|--------|---------|---------|
| | | | |
| 4.51 | 4.28 | 6.22 | 3.46 |
| 2.84 | 2.73 | 4.47 | 1.91 |
| 1.12 | 1.29 | 2.11 | 0.18 |
| 5.50 | 5.54 | 7.07 | 6.13 |
| 65 | 65 | 51 | 59 |
| 2.18 | 2.42 | 3.01 | 2.38 |
| 165 | 149 | 120 | 151 |
| 4.63 | 4.57 | 6.13 | 4.55 |
| 78 | 79 | 59 | 79 |
| 152 | 135 | 112 | 131 |
| | | | |
| 29.84 | 31.70 | 36.38 | 33.76 |
| 19.25 | 22.00 | 26.60 | 23.53 |
| 0.05 | 1.69 | 1.24 | 0.73 |
| 102.04 | 103.36 | 102.98 | 13.09 |
| 15.40 | 19.02 | 22.16 | 19.21 |
| 19.31 | 25.79 | 33.34 | 26.27 |
| | | | |
| 15.61 | 20.62 | 27.57 | 20389 |
| 236.45 | 292.36 | 361.33 | 288.79 |
| 101.35 | 108.40 | 124.39 | 108.77 |
| | | | |
| 0.25 | 0.25 | 0.17 | 0.35 |
| 252.29 | 395.00 | 457.72 | 39.11 |
| 0.92 | 1.30 | 1.64 | 0.14 |
| 99.84 | 95.40 | 89.94 | 90.10 |
| | | | |
| 3.60 | 3.88 | 4.33 | 4.12 |
| 0.71 | 0.96 | 1.37 | 1.11 |
| 0.70 | 0.92 | 1.23 | 1.00 |
| | | | |
| 0.20 | 8.00 | 4.36 | 9.69 |
| 8.31 | 9.40 | (24.25) | 93.65 |
| (8.98) | 9.52 | 22.31 | (5.88) |
| (7.43) | 5.78 | 15.10 | (1.77) |
| (22.71) | 37.53 | 41.83 | (18.85) |

2) Management Discussion and Analysis

The performance of PATO Chemical Industry Plc and subsidiary indicated net profit (loss) totaled THB 137.29, 194.72 and 158.01 million in 2016 – 2018 respectively. These figures represent an increase or a reduction percentage of 37.53, 41.83, and (18.85) respectively.

In 2016, the world economy continued to grow in narrow range from 2.4% in the previous year to 2.9%. The world economic outlook in 2017 will be mainly focus to the overall economy of the United States, European Union, China, Japan and may include ASEAN which are considered a big market.

The U.S. economy still had growth rate at 1.6, which the Federal Reserve Bank of the United States increased the interest rate from 0 – 0.1 to 0.25 – 0.50 in December of last year. This adjustment has been made for the first time in the past 7 years, resulting in a strengthening Dollar against Euro, Yen and Bath. Business investment decelerated; on the other hand, the unemployment rate decreased which strengthened its economy. The consumption rate was below the production capacity so the prices of the commodities in agriculture and industrial sectors went down, and the reduction of products in inventory, which caused the U.S. economy in 2016 expanded at the slowest pace.

The EU economy was under the pressure from the result of The United Kingdom referendum: withdrawal from the EU (BREXIT), which played part to the struggling European economy due to the European debt crisis of European countries that were not able to compete with other countries, which are not part of the European Union. However, QE policy (Quantitative Easing) from European Central Bank (ECB), which stimulated the lending commercial banks especially for household loans - helped expand the consumer rate of the private sectors and that helped raise the EU economy to grow steadily to 1.9%.

Japan's economic growth was still weak, which increased only 0.50% from the government investment and from the easy monetary policy whereas the consumption rate of the private sectors and exporting rate still decreased.

The Chinese economy, which ranked the second largest of the world economy, is slowing down but still grew at the rate of 6.6%, which was considered a high rate. This was due to the support from consumption and service sectors.

However, the Chinese economy was still at risk from the debts of its commercial banks, which caused negative effects to the financial stability and could weaken Yuan. This is because China needed to add more Yuan to improve the liquidity of its commercial banks and caused the whole economy of China to be continually slowing down.

Meanwhile, ASEAN's economic growth expanded 4.8%, which of this group; Indonesia was the country that its economy was in concerned condition due to the situation of the deficit in trade and current account.



In case of Thailand, the economy expanded at the rate of 3.2%, this is due to the fact that the economy received the impact from world economy, for instance, the interest rate hike affects the direction of Thai Baht and the impact from slow China economy from non-performing loans of commercial banks, caused the demands to decrease and commodity price tended to fall that these are the obstacles for recovery of exports. However, Thailand economy is still able to be expanded because the positive factors from household spending and public investment in transportation infrastructure made the private investment also expanded. Moreover, the other factors, for example, adding of the stimulus package “Shop Chuay Chart” project in 2016, has helped the exports and services and tourism sectors growth.

The overall of agricultural economy in 2016 continued to shrink at 0.50% when compared with 2015 because of the drought in 2015 to beginning of 2016. The amount of water in the main embankments was very low and inadequate for many kinds of agricultural plantation, especially off-season rice in Chao Phraya basin, the lower northern and central of Thailand. Moreover, the direction of agricultural product exports have declined since the economy of major trading partners such as China continue to slow. The second half of 2016, the situation of drought and water in the embankments have improved, however, the products of agricultural crops in 2016 were still in contraction at 1.8% when compared with 2015 that the decreased products of important agricultural crops were, for example, the off-season rice, maize, cassava, industrial sugar cane, industrial pineapple, rubber and oil palm. However, there are the increase of average price of agricultural crops such as industrial pineapple, oil palm and rubber due to the decrease of production and inadequate for the market needs.

With regard to the agricultural and farm products, the average price are lower, these are including non-glutinous rice in the husk, maize, cassava and industrial sugar cane. Emphasizing on the non-glutinous rice in the husk, the drought situation has been recovered, so the output of non-glutinous rice in the husk is increased in the market and the non-glutinous rice in the husk product that was still in the stock; has pressured the price of the rice to be lower.

In 2017, the world economy continued to grow from the previous years in a narrow range. The International Monetary Fund (IMF) expected that the world economy would grow 3.60% (as of October 2017) increased from 3.5% last year. Overall, global economic growth in all regions improved including the economy of developed countries, the United States, Eurozone, Japan, China and the ASEAN community, excepted for Middle Eastern countries which decelerated.

The US economy expanded 2.2% which was mainly supported by consumer spending and private investment. The unemployment rate continued to decrease which reflected strength of the US labor market. The inflation was below the target, therefore, Monetary Policy Committee of Federal Reserve Bank maintained policy interest rate of 1-1.25%.

The Eurozone's economy (Germany, France, Italy and Spain) still continued to expand at 2.1% due to the decreasing of political concerned in the Eurozone, which improved domestic spending and economic confidence in the region. The inflation remained low so the European Central Bank extended the easing of Quantitative Easing (QE) policy until the 3rd quarter of 2018 and also decreased the purchasing amount of government bonds.

For the Japanese economy still continued to grow at 1.5% due to the improvement of consumption spending and private investment including the tourism sector which expanded highly. Therefore, the easy monetary policy was still applied due to the low level of inflation rate.

The Chinese Economy still continued expanded at 6.8% due to the growth of domestic consumption and investment. The unemployment rate was in low level. However, Chinese economy remained vulnerable from the risks of high NPL ratio of commercial banks in China which affected the economic stability of the country.

For overall ASEAN economy, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam continued to expand at 5.2%.

The economy of Thailand was affected by the global economy expanded 3.9% in 2017 mainly due to the export growth in all export sectors and almost every category that in accordance with the expansion of the partner countries economic and rising value in world market. Therefore, the export and price of the products increased. While, private consumption expanded from the improvement of the total income in the economy, spending stimulation measure of the government, and low inflation and interest as well as the consumer confidence and spending. Moreover, the private investment increased especially the investment of machine which in line with the improvement of the export. In the meantime, the government investment decreased, this is because the flood crisis which decreased government procurement so the budget disbursement rate was lower than the target. The production and transportation were improved due to the export and delivery service of land, air, and marine including the services and tourism sectors were expanded significantly due to tourism revenue.

The overall agricultural economy in 2017 expanded 5.3% when compared with 2016 due to the weather and the sufficient amount of water which facilitated the agricultural production. The half of 2016, there was the water crisis before the situation was improved in the second half of the year. In contrast, the water in 2017 was sufficient and available in important reservoirs which could be served to cultivate various types of crops especially off-season rice in Chao Phraya River Basin, Lower North, and Upper Central. Moreover, the weather in many regions was favorable and, therefore, could promote the export of agricultural products and agricultural production due to the growth of the economy of partner countries. The major crops which had more productivity are off-season rice, maize, factory sugarcane, factory

pineapple, rubber, and oil palm. The crops which had less productivity are wet season rice, cassava. For wet season rice, the decreasing was the result of violent flood in many areas where damaged by tropical storm Sonca and tropical storm Doksuri.

As a result, the average prices of agricultural products were increased, for example, rice, sugarcane, raw rubber sheet. In case of rice, the increasing price was the result of flood. For sugarcane, the risen price was in accordance with the prices in the world market. For the increased price of raw rubber sheet, it was the result of the increasing demand in the world market. In case of the decreased prices of products, namely, maize, cassava, factory pineapple, and oil palm, this was because the less demand in animal food industry and the oversupply in the market.

In 2018, global economy continued to expand in a narrow range comparing to the past years. International Monetary Fund (IMF) was expecting that the global economy of the present year would grow by 3.70 percent (as of October 2018). The economic situation still has to face with many risks such as the effects from trade war between America and China, fragile economy of some countries in many regions, and tendency of strained global financial situation.

American economy continued to improve by growing by 2.9 percent due to the increasing of spending in the country including on consumption and overall investment. At the same time, the labor market in America has been very strong with low unemployment rate. The inflation rate has moved to the expected level. This resulted in Federal Reserve Board agreed to maintain the policy interest rate at the rate of 2.00-2.25 percent.

European economy within the group of Germany, France, Italy, and Spain grew by 2.0 percent with the supporting factors from the improvement of consumption and private sector investment. Though, there was an effect in the first half of 2018 from the governmental transition in Italy and Spain, there was some improvement in the second half of the year. This brings more confidence in the economic situation.

Japanese economy grew by 1.1 percent due to the low expansion of household consumption, the increasing price of consumer goods, and natural disasters including earthquake and severe storms, which affected tourism and household consumption. In addition, the central bank of Japan has decided to maintain the low policy interest rate due to the likelihood of economic stagnation.

Chinese economy grew by 6.6 percent. The continuity of economic reformation and debt restructuring policies caused slowdown in manufacturing sector, investment, and domestic consumption.

The economic conditions in the ASEAN-5, which included Indonesia, Malaysia, the Philippines, Thailand and Vietnam, has continuously expanded by 5.3 percent.

Regarding Thai economic condition, it is affected by the global economic situation, which caused Thai economy to grow by 4.1 percent in 2018 due to the main factors of the likelihood of export deceleration, which caused by the effects of trade restriction between America and China. The exporting value in the main markets, which were China, Japan, America, and European Union, is decreasing. This caused the decreasing in exporting volume and product prices. However, it is still expanding well in the overall condition. There is an investment in machines and equipment to increase the production efficiency in order to respond to the increasing domestic demand that followed the increasing of household income, which relevant to the expansion of private sector consumption in all expenditure categories. This result was part of the Government Welfare Card project that supports household purchasing power at the ground level to gradually improve. Due to the betterment of economic situation, it caused the majority of business sector to invest more on machinery, equipment, and automatic system in order to continually improve the effectiveness of production to respond to the purchasing order from both domestic and international. In terms of tourism, it still continue to expand in every region, which reflects the growth in the number of both Thai and international tourists comparing to the previous years. For the real estate business, the expansion continues only in Bangkok, metropolitan area, and major touristic cities, which is relevant to the expansion of governmental construction project. However, at the provincial level, the expansion is quite still. The inflation and interest rate were also at low level, which was considered to be a relaxed financial policy and supportive for the expansion of Thai economy.

In terms of the overall conditions of agricultural economy in 2018, it grew by 4.6 percent when comparing to 2017 due to the supportive amount of water and weather condition for agriculture, governmental, private sector, and public policies that facilitating plantation in suitable areas, provide water resources and quality seeds, which make farmers to expand planting area. However, some of the crops were affected by flood and drought in some area, which affects the agricultural products. The types of crops with the increasing number of goods include off-season rice, maize, sugar cane, pineapple, rubber, and palm oil. The important kinds of crops with the decreasing number of goods include wet season rice and cassava. Especially, wet season rice production becomes lower due to drought in certain area of the Northeastern

region in the beginning of planting time and the delay of rain when the rice was bearing grains. This caused damages to some of the wet season rice.

For these reasons, agricultural product price in average is rising. This includes the price of rice, maize, and cassava. The price of rice increased due to the higher demand in foreign market, while the rising of maize price due to the increasing demand from animal feed industry and measures for purchasing maize in order to maintain the stability of the price. The price of cassava rose due to the decreasing of products, which is inadequate for the market demand. The crop types with the decreasing in average price include sugar cane, pineapple, rubber sheet, and palm oil. The price of these crops decreased due to oversupply in both domestic and international market.

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

Sales revenue during 2016 – 2018 were THB 709.43, 867.70, and 816.70 million respectively, representing an increase (a decrease) percentage of 9.52, 22.31, and (5.88) respectively.

Total revenue during 2016 – 2018 were THB 721.64, 878.69, and 822.73 million, representing an increase (a decrease) percentage of 11.35, 21.76, and (6.36) respectively.

Cost of Sales in 2016 – 2018 were THB 484.55, 552.05, and 541.02 million, representing an increase (a decrease) percentage of 6.61, 13.93, and (2.00) respectively.

The gross profit of 2016 – 2018 are THB 224.88, 315.65, and 275.68 million, represent an increase (or decrease) of 16.34, 40.36, and (12.66) respectively.

In 2016, the economic condition continued to slightly expand which was due to the impact of the global economic crisis occurred to foreign countries such as the United States, European Union, China, and Japan as previously mentioned above. This further created both positive and negative internal factors affecting the economic condition of Thailand such as political issues which investors felt uncertain towards the instability, droughts that damaged agricultural products which resulted lower crop yield and price. The public sector has put various policies and measures in to place to help the agricultural sector with the agricultural reform consisting of the learning center project to increase manufacturing efficiency of agricultural products, large scale agriculture, management of agricultural farmland, organic farming, and agricultural products bank, as well as the development of agricultural product manufacturing. All aimed to help decrease the cost of agricultural production of farmers and to improve the quality of their agricultural products in order to gain competitive edge in the market.

From the factors above, the sales figure in 2016 went up to 709.43 million baht with 61.65 million baht or 9.52% increase whereas the cost of sales of 2016 was 484.55 million baht with 30.05 million baht

or 6.61% increase which resulted the 2016's gross profit to be 224.88 million baht with 31.59 million or 16.34% increase.

Main causes could be summarized by issue as follows:

1. The sales figure in 2016 increased due to the continuous drought from 2015 to early 2016 which caused scarcity on usable water supply among various dams insufficient for crop cultivation thus the government seek cooperation on the halt of off-season rice farming. After the second half of 2016, the situation unfolded, water supply from dams restored to sufficient level to supply the plantation which allowed in-season rice farming which covered 0.64% more area whereas the area for off-season rice farming decreased by 22.37%. (Source: Center for Agricultural Information, Office of Agricultural Economics) This explained why the production volume by farmers increased while off-season rice decreased.
2. The yield of main agricultural crop products decreased. The yield of products such as off season rice, maize, cassava, industrial sugar cane, industrial pineapple, rubber, and oil palm had decreased by (29.37), (5.11), (2.40), (10.51), (1.70), (0.90), and (7.24) percent respectively whereas the yield of in-season rice product increased by 3.26%. In terms of pricing of important products, the prices of non-glutinous rice in the husk with 15% moisture, in-season rice, maize, cassava and industrial sugar cane declined by (1.60), (29.38), (9.52), (26.27), and (7.26) percent respectively. However, the prices of industrial pineapple, rubber, and oil palm had increased slightly. Due to the drought, which was both problematic and obstructing to crop cultivation, and the market mechanism, the prices of these crops continued to fluctuate.
3. Farmer's debts: due to fact that the government asked the farmers to halt their off-season rice farming and turn to cultivating less water-consuming crops, the yield of off-season rice tremendously reduced. Consequently, farmers lacked financial liquidity and thus were unable to repay their old debts nor invest in the new farming round.
4. Exports of agricultural products tended to decrease due to the global economic slowdown. The demand for commodities from international trading partners such as China also declined which resulted a continued domestic price reduction on most major agricultural commodities.
5. Demand for pesticides in the first half of the year decreased due to the decline in crop cultivation from drought crisis and insufficient dam water supply which also subsequently reduced the occurrence of weed outbreaks, plant diseases, and pests. However, the amount of rain falls in the second half of the year made it possible for plantation so the situation of drought crisis unfolded. Cultivation could begin in many areas and as well followed by the outbreak of weeds, plant diseases and pests such as rice



blast disease, brown planthopper, and stem borers in rice fields. There was a rise in demand of pesticides during this period.

From the above reasons, there was a decline in financial liquidity for farmers during the first half of the year as well as their purchasing power which resulted, a decreased demand of agricultural chemicals in the market. Competition among competitors in all aspects such as price and promotion intensified to maintain the market share. Consequently, the sales figure of the first six months of 2016 yielded 275.09 million baht however, since the market demand increased in the second half due to the aforementioned reasons, sales figure during the second six months increased to 434.34 million baht which was 159.25 million baht or 57.89% higher than the first six months. Market pricing competition among competitors declined as well due to the return of high market demand which increasingly drove more sales.

Sales of all types of products including commodity and specialty increased at the same time, the sales proportion of products with higher gross profit also increased especially the main products used in rice fields which accounted 56.85% of total circulation in 2016. The increasing change is 2.14% when compared to 2015.

Increased sales led to increased manufacturing which affected the tendency of raw material cost reduction compared to the market price. In addition, the fluctuation of baht value also contributed to the impact on raw material cost reduction however, after the end of the fourth quarter in 2016, the market price of imported raw materials increased for 10.15% due to Chinese legislative enforcement regarding various pollution laws which resulted in a higher cost of production. Subsequently, raw material producers decided to raise prices.

While the manufacturing process required adequate labor to accommodate the increased sales, it was crucial, therefore, to find additional recruitment from external companies. Consequently, the labor cost went higher than the previous year. The production overhead also increased due as part of the impact from increased production volume as well as other factors resulting the costs to have increased by 6.61% compared to the previous year. As a result, the gross profit in 2016 yielded 224.88 million baht or 31.70% which was an increased change of 31.59 million baht or 16.34% when compared to the previous year.

Though the manufacturing cost increased in 2016, it was considerably lower than the increased sales therefore, the gross profit increased.

As for other income in 2016, 12.21 million baht was earned which was 11.90 million baht or 3,838.71% higher than the previous year due to improvement in financial and capital markets. This resulted in an investment income of 9.48 million baht comprising of dividend income, loss on sale of investment, unrealized gains on changes in the value of investments, and earned interest which, in total, was an increase of 8.47 million baht or 834.61%.



There was also a gain from currency exchange rate due to the fluctuation of baht value ranging between 36.31-34.68 baht per dollar. The company had a policy to hedge foreign exchange rate risk by utilizing forward contract which resulted in an increased gain in the exchange rate of 3.30 million baht or 179.42% when compared to the previous year.

In 2017, economic situation continued to expand slightly due to the improved world economic growth, for example, the United States, Eurozone, Japan, China and ASEAN 5. As mentioned above, The Thai economic situation experienced both positive and negative factors such as floods that caused the damages to agricultural products, decreased number of products and continued affecting to price of agricultural crops. This was necessary that the government had to find the solution by determining the policies and measures to help the agricultural sector. In agricultural sector, these were consisted of upgrading the agricultural standards to sustainability by focusing on integration of 13 main policies, namely, the learning center project, optimizing agricultural production, extension needs of large agricultural land plot of farmers, management of agricultural areas, organic farming, new theory agriculture, agricultural product bank, upgrading the cooperatives, production plan and integrated rice marketing. This was to reduce the cost and upgrade the agricultural products to be more effective and up to standard by using the innovation and technology for production.

According to the above factors, the sales in 2017 were THB 867.70 million that was increased THB 158.27 million or 22.31%. The selling costs were THB 552.05 million in 2017, an increase of THB 67.50 million or 13.93%. In 2017, the gross profit margin was at THB 315.65 million, an increase of THB 90.77 million or 40.36% y-o-y.

The key issues could be summarized as follows:

1. The sales in 2017 were increased since the economic conditions were slightly expanded from the previous year. The amount of rainfall in 2017 was sufficient for cultivation and for irrigation in many dams, so agriculturists could increasingly cultivate in many areas and a permissive weather effected on agricultural production of wet season rice cultivation, off-season rice cultivation and cultivation of maize in the planting areas increased for 0.54%, 112.02% and 0.26% respectively (source: Agricultural Information Center, Office of Agricultural Economics), so productivity of farmers increased, especially off-season rice. On the other hand, productivity of wet season rice was decreased.

2. The agricultural outputs of the major crops which were increased, namely; off-season rice, maize, sugarcane, factory pineapple, para-rubber and oil palm, 131.37%, 3.36%, 15.74%, 7.94%, 3.74% and 18.33% respectively. In case of wet season rice, the planting areas were slightly increased from previous year, but productivity decreased 6.98%, this was due to

severe flooding from the influence of tropical storm Sonca and Doksuri during the third quarter in many provinces of the northeastern region such as Sakon Nakhon, Nakhon Phanom, Bueng Kan and Kalasin including the central region such as Chai Nat, Ayutthaya and Lop Buri, resulting in the damages in cultivate areas of wet-season rice. For the price of agricultural products with the higher average price such as rice, sugarcane, raw rubber sheet, especially the price of Jasmine wet-season rice was increased 28.01%, prices of sugarcane, raw rubber sheet were increased for 26.50% and 23.63% respectively because flood crisis causing the productivity to reduce and resulting in the world market price increased as well as the market demand. In contrast, the average prices of some agricultural product sectors decreased such as maize, cassava, factory pineapple, oil palm since these sectors could be substituted by other materials, the oversupply of the products to the market and quality could not meet the market standards.

3. For the debt of agriculturists, the government flood relief helped agriculturists who received the impact from flood crisis by 3,000 Baht per household and other measures for reviving the agriculturists in terms of debt and new credits such as Farmers' Reconstruction and Development Fund to solve the debt problems of agriculturists quickly and effectively, in particularly, for helping informal debt and supporting the small farmer loan that helped farmers had better financial liquidity and to have available fund for new round of cultivating.
4. The exports of agricultural products increased 12.53% from the previous year. For example, rice products and value of rice exports were increased 10.52%, rubber and oil palm were increased 36.97% and 65.66% respectively from higher market demand, and the improved competitiveness of Thailand including better economy of the trading partners, thus the exports of agricultural products increased resulting in the higher price of agricultural products in the country.
5. The use for pesticides increased because the increasing of agricultural area from the sufficient rainfall and water for cultivation, also the weather has facilitated in many areas of the country, these factors lead to better results in productivity, especially the off-season rice yield which resulted in the weeds and insect pests outbreak, therefore, the demand for pesticides increased accordingly.

Due to the above reasons, the financial liquidity of agriculturists was improved, and spending power increased, so demands in the market increased. The competition between competitors, for example, price and promotion to maintain the market share was remained but the competition was soften due to higher demands in the market and thus be able to sell more.



The sales of all products in both commodity product and specialty products were increased, especially in the key products used in the paddy rice field had the added ratio as 55.50% of all sales in 2017 that was increased 18.72% when comparing with sales in 2016, except acaricide that was less due to no outbreak of pests and the releasing of new fungicide products which were the products used in some fruit plants and flowers as well as rice fields.

The increased sales caused the productivity increased, even though Thai Baht had strengthened significantly. The costs of imported materials tended increased to the average material price of 5%-20% since the enforcement of various pollution laws in China where was the main raw material producers, therefore, this additional cost of production made the raw material producers increased their prices.

While the production process required labors to adequately support the increased of the sales sufficiently, it was necessary to seek labors from external sources, outside companies and resulting to the higher labor cost from last year including the overhead expenses of production as well. Referring to the demand for higher production volume and other factors made the selling costs increased of 13.93% when comparing with the previous year. This was the key factor to make the gross profit in 2017 of 315.65 million Baht equal to the gross profit margin of 36.38%, which increased of 90.77 million Baht or 40.36% when comparing with gross profit last year.

Although, the cost ratio increased in 2017, the added cost ratio was lower than the increased in selling ratio. Therefore, the gross profit margin increased.

The other incomes in 2017 were THB 10.94 million, a decrease of THB 1.27 million or 10.40% in comparison with the other incomes of last year. These incomes consisted of the increased investment income due to the slight improvement of investment conditions in stock market, hence, the investment incomes, which mainly were the capital gain and unrealized gain including dividend and interest received of THB 10.62 million equal to the increase of THB 1.14 million or 12.06%. The profits from exchange rate were due to Thai Baht appreciation in the range of 36.02 – 32.68 Baht/USD. The company provided preventive measure of the foreign exchange hedging policy by Forward Contract, which resulted in the profit from exchange rate of THB 0.18 million, decreased of THB 1.28 million or 87.36% compared to the previous year.

In 2018, there was a small expansion of market condition, which was the result from the global economic condition abroad in America, European Union, Japan, China, and ASEAN. This caused agricultural and other important product export value of Thailand decreased. So, this has affected Thai economic condition in many factors. The positive factor includes the overall water amount and weather condition that support agriculture, which the quantity of water in the main reservoirs is adequate for

planting. Negative factors include flood, drought, and the delay of rain in many provinces in the Northeastern region. These issues have caused a lot of damages to agricultural production, which led to the decreasing product quantity and continually affected agricultural product price. Therefore, public sector needs to solve this by determining different policies and measures in order to facilitate agricultural sector and encourage reformation of agricultural sector by employing Production follows Marketing principle together with the utilization of technology and innovation. The crucial policies that should be implemented include Proactive Management, Improvement of Agricultural Products Quality, and the development towards Smart Farmer, which will help increasing production effectiveness, reducing production cost, strengthening agricultural organizations, encouraging farmers to be more professional and have more capacity in producing, processing, and marketing for agricultural products to be relevant to the market demand and quality standards.

From the factors mentioned above, it caused the sales of 2018 amount 816.70 million baht reduced to 541.02 million baht, which decreased by 11.02 million baht or 2 percent. This resulted in the gross profit of 2018 amount 275.68 million baht decreased by 39.97 million baht or 12.66 percent.

The important issues can be concluded as follows :

1. The sales of 2018, due to the small expansion of economic condition. Though the weather condition, rain quantity, and level of water in reservoirs were supportive for agriculture and had positive effects on agricultural good production. As can be seen from the expansion of off-season rice, maize, sugar cane, rubber, and palm oil plantation areas that increased by 22.79, 2.14, 26.23, 4.90, and 5.27 percent respectively. (Source: Center for Agricultural Information, Office of Agricultural Economics) This caused the increasing product quantity especially for off-season rice, while the product quantity for wet season rice decreased.
2. The quantity of crucial agricultural crops increased, this includes off-season rice, maize, sugar cane, pineapple, rubber, palm oil that increased by 29.18, 9.84, 31.60, 2.12, 7.60, and 9.12 percent respectively. At the same time, wet season rice quantity decreased by 0.40 percent comparing to the previous year due to flood, drought, and delay of rain during the planting season in many provinces of the Northeastern region such as Nakhon Ratchasima, Sisaket,

Surin, Roi-et, Khonkaen, and Buriram, which were center for wet season rice plantation of the country.

The average price of agricultural products that increased were rice, maize, and cassava, which increased by 37.64, 28.15, and 52.75 percent, respectively, due to the increasing demand of foreign market, the expansion of animal feed industry, measures on maize purchasing in order to maintain the price stability, and inadequate supply of cassava. The average price of agricultural products that decreased were sugar cane, pineapple, rubber sheet, and palm oil, which decreased by 22.57, 42.54, 27.99, and 24.54 percent respectively due to the oversupply of products.

3. Public sector provides assistance to farmers by announcing measures to help farmers and maintain the stability of rice price for the production year 2018/2019. There were 3 marketing projects: Giving credit to delay selling paddy and assistance in harvesting and quality improvement for farmers who plant wet-season rice in order to delay selling of jasmine rice paddy, sticky rice paddy, round shaped rice paddy, and Phathumthani 1 rice paddy. Another project is to provide credit in order to collect rice and add more value by giving credit to Farmers Institute in order to collect rice paddy to sell or process. This way we can prevent oversupply of rice paddy.
4. The export value of Thai agricultural product during January – October 2018 decreased by 2.10 percent when comparing to the same period of 2017. Especially, the export value of maize, sugar, and rubber products has decreased due to the continual domestic demand for agricultural products, measures of exporting partners to delay importing, and high competition in the exporting market. The export value of all kinds of rice, cassava, and palm oil has increased due to the continual demand of international market together with the decreasing of quality and price to the same level of global market price.
5. The demand for using pesticide has decreased due to the demand and supply factors and other obstacles in producing agricultural products including the decline of product quality, which affected in the decreasing of product price.

From the aforementioned reasons, it caused a decreasing of financial liquidity of farmers, which led to the decrease of purchasing power and demand of products. There is an intense competition in the market among competitors in all aspects such as price and promotion in order to maintain market share.

The sales of all products including commodity product and specialty product have increased, especially major products using in rice plantation. This accounted for 66 percent of 2018 annual sale, which increased by 18.92 percent comparing to the sales of 2017, except for the sales of pesticide products, which have decreased due to less fungi and insect pest epidemic.

In terms of overall product quantity, it decreased according to the sales ratio, while the foreign exchange rate of the baht kept fluctuated throughout the year and depreciated a lot during the 3rd quarter and started to appreciate during the 4th quarter, which is similar to the foreign exchange rate of the baht in the beginning of 2018. There is a tendency for increasing in the price of imported raw materials. Moreover, the market price of the raw material started to increase due to the enforcement of law related to pollution and environment in China, which is the main raw material producer. This caused the limitation in the raw material quantity or some of the raw material sources were closed down and could not produce or need to improve the production process to meet the requirements, which led to a higher cost in production process. For this reason, the quantity of products has decreased and the price of raw material rose.

At the same time, adequate labor force was required in the production process. Therefore, it requires for labor outsourcings. At the current situation, this caused a small decrease in labor cost comparing to the previous year. The production expenses also have a small decrease. From the effects on the decreasing of production quantity and other factors, it caused the cost of sales to reduce by 2.00 percent when comparing to last year. This was an important reason causing a decrease in 2018 gross profit from 275.68 million baht or accounted as 33.76 percent of the sales by 39.97 million baht or equivalent to 12.66 percent comparing to last year gross profit. As the rate of reduction in 2018 cost of sales was lower



than the rate of reduction in sales, it shows that the company still needs to bear the increasing in capital from the external factors, which led to the decreasing of gross profit.

Other income in 2018 amount 6.03 million baht decreased by 4.91 million baht or 44.88 percent lower, in comparison to last year, which caused by the decreased in return on investment due to the effects from the huge decrease of investment in stock market throughout the year. This caused the return on investment amount 4.74 million baht, which mainly includes profit and loss from disposal of investment, unrealized gain (loss) from the changes in investment value, dividend receivable, and interest receivable to decrease by 5.88 million baht or 55.35 percent. The loss in exchange rate was caused by the fluctuation of the exchange rate throughout the year, even though the company has a preventive policy by doing forward contract. The loss of the exchange rate still continues to increase. Other income has increased from the selling of cars and old forklift, and trade in office equipment and old package.

Table showing rate of increases (reduction) during 2016 – 2018

| | 2016 | | | 2017 | | | 2018 | | |
|----------------|----------|---------|------------|----------|---------|------------|----------|---------|------------|
| | Amount | % | Change (%) | Amount | % | Change (%) | Amount | % | Change (%) |
| Sales | 709.43 | 100.00 | 9.52 | 867.70 | 100.00 | 22.31 | 816.70 | 100.00 | (5.88) |
| Total revenues | 12.21 | 1.72 | 3,838.71 | 10.94 | 1.26 | (10.40) | 6.03 | 0.74 | (44.88) |
| Cost of sales | (484.55) | (68.30) | 6.61 | (552.05) | (63.62) | 13.93 | (541.02) | (66.24) | (2.00) |
| Gross profit | 224.88 | 31.70 | 16.34 | 315.65 | 36.38 | 40.36 | 275.68 | 33.76 | (12.76) |

Sales and General Administrative expenses during 2016-2018 totaled THB 68.78, 84.85, and 83.54 million representing an increase (a decrease) percentage of 0.25, 23.36, and (1.55) respectively, not including financial cost.

Financial cost in 2016 – 2018 totaled THB 0.49, 0.62, and 1.67 million representing an increase (a decrease) of (18.33), 26.53, and 168.21 respectively.

In 2016, when each type of account is considered, we can see that selling expenses at in 2016 stand at 29.85 million THB, a decrease of (0.67) million THB from the previous year, or an equivalent of (2.19)%. This is due to the fact that the demand of the product in the market for Q3 and Q4 has increased from the rainfall and water level in dams increase leads to sufficient water supply for the cultivation. In addition, price competition in the market became less intense causing the selling expenses to reduce accordingly, such as sale promotion expenses of THB 2.83 million or a decrease of THB (4.33) million or



an equivalent of (60.50). Salary and welfare for employee reduced from decrease of number of employees. Other expenses, which are sales commission, fuel expenses, depreciation, transportation, and registration fees, increased.

Administration expenses in 2016 are at THB 38.93 million, an increase of THB 0.83 million from the previous year, or an equivalent of 2.18%. The decrease stems from the fringe benefit and welfare for employees under ESOP project which ended last year.

The increase in selling and administrative expenses of THB 0.17 million, an increase of 0.25% comparing to the previous year was lower than the increase in sales, thus shows management of investment in the form of cost-effective and generate higher income.

Financial costs in 2016 stand at THB 0.49 million, a decrease of THB (0.11) million from the previous year, or an equivalent of (18.33)%, all of which are T/R interest from the increased order of raw materials from other countries. With currency fluctuations from the impacts of the economy, the Thai Baht depreciated. The payment of T/R debts has to take into consideration the situation at that particular moment to achieve maximum benefits in terms of financial costs by paying according to the term or extending the payment term. In 2016, the Thai Baht depreciated from January – November, at 35.30 THB / US Dollars. This is the reason why the company paid off T/R debts earlier in order to reduce burden from T/R interest and loss from currency exchange. In addition, the company also has a policy to do forward contract to reduce risks of impact from currency exchange and to properly pay for T/R debts according to the situation in order to reduce financial costs.

In 2017, when each type of account in 2017 is considered, we can see that selling expenses stand at THB 43.63 million, an increase of THB 13.78 million over the previous year, or an equivalent of 46.15%. This is due to the fact that the demand of the product in the market has increased from rainfalls and the sufficient water supply for the cultivation. In addition, market competition was less intense. However, the company had to maintain or increase market share causing the selling expenses to increase accordingly, such as sale promotion expenses of THB 12.93 million, an increase of THB 10.24 million or 381.20%. Commission and transportation expenses increased in line with the increase in sales volume. The expenses on registration fee increased due to new products etc.

Administrative expenses in 2017 are at THB 41.22 million, an increase of THB 2.29 million over the previous year, or an equivalent of 5.89%. This slight change stems from the increase in salary and welfare for employees.

The increase in selling and administrative expenses of THB 16.07 million or an increase of 23.36% y-o-y under the increase in sales volume shows the effective financial management in term of cost savings, and thus the Company is able to enjoy the increase in revenue.

Financial costs in 2017 stand at THB 0.62 million, an increase of THB 0.14 million over the previous year, or an equivalent of 27.77%, all of which are T/R interest from the order of raw materials from other countries. With currency strengthen from the impacts of world economy and the USA monetary policy led to worries among investors. Foreign capital flows into other regions including Thailand shows the sign of better economic situation. Capital flows into both the capital and bond markets, the Thai baht appreciated. The payment for T/R debts has to take into consideration the situation at that particular moment to achieve the maximum benefits in terms of financial costs by paying according to the term or extending the payment term by T/R. In 2017, Thai baht continues to appreciate from THB 36.02 to 32.68 to a dollar. As a result, T / R payments are faster in order to reduce T / R interest burden and reduce the impact of exchange rate fluctuations. The company also has a policy to do forward contract to reduce risk in financial costs to a minimum.

In 2018, when considering on types of sales expenses of 2018 amount 42.97 million baht decreased by 0.66 million baht or decreased by 1.52 percent of the previous year. The sales volume decreased due to aforementioned factors, which caused less demand of the products in the market and high competitiveness according to market mechanism. For this reason, the company was required to preserve and increase market share, which led to higher expenses in sales promotion cost 14.61 million baht. The cost of sales promotion increased by 1.68 million baht or 12.96 percent. However, there was a minor reduction in overall expenses.

Administrative expenses of 2018 was 40.57 million baht, which decreased by 0.66 million baht or 1.59 percent when comparing to the previous year. This was due to the decrease in employee welfare expenses.

The reduction of sales expenses and administrative expenses, which occurred within the decreasing of sales, shows that the company could manage the capital in terms of expenses effectively, especially in terms of sales promotional cost in order to stimulate market demand. Regarding the expenses in other forms, the investment was done economically and worthy with the concern of effectiveness maximizing income.

Financial capital of 2018 was 1.67 million baht, which increased by 1.05 million baht or increased by 168.21 percent when comparing to the previous year. All of these were T/R interest from the increasing of importing raw material from abroad during the period when the exchange rate was fluctuating. This caused by the effects of global economic situation, which led to the flow of foreign investment in Thailand. Later, there was an outflow of investment, when the Federal Reserve raised policy interest rate, which caused Thai baht to depreciate during the second quarter. Therefore, debt settlement management was required to consider on the current situation in order to create the least financial burden cost. Especially,



when considering on payment according to the TERM received from sellers or postponed the TERM by conducting T/R. Moreover, policy on presenting risk from the effects of exchange rate by conducting forward contract or T/R on Thai baht at a proper exchange rate in order to T/R support debt settlement with the lowest cost. However, in 2018, there was an increase in T/R interest rate from 1.62 percent to 2.54 percent, which resulted in higher financial capital

Operational profits in 2016–2018 came to THB 156.10, 230.80, and 192.14 million respectively, representing a percentage of 22.00, 26.60, and 23.53 respectively.

Net profits in 2016 – 2018 came to THB 137.29, 194.72, and 158.01 million, or a percentage of 19.35, 22.44, and 19.35 respectively.

Return on equity during 2016 – 2018 were 25.79, 33.34, and 26.27 respectively.

In 2016, the sales volume which increased by 9.52%, is the result of the drought and insufficiency of water supply for cultivation during the first half of the year has ended. It was until rainfall and water level in the main dams increased and finally led to sufficient water for cultivation by the second half of the year. However, the quantity of agricultural produce reduced and outside factors as world economy causing demand of the produces to decline. The lack of financial liquidity caused farmers to lose ability to pay off debts nonetheless government policy to help farmers to live a better life.

When the demand in the market increases, the company's sales volume went up by 57.89% during the second half compared with the first half of the year. Market competition became less intense on price. As such, the sales volume of both Commodity Product and Specialty Product increased. Meanwhile, sales ratio of high profit margin products increased. In particular, products used in paddy fields, which typically shares 56.85% of total year sales, increased by 8.14 compared with the previous year. The use of marketing strategies enabled the increase in sales volume and causing gross profits to increase accordingly.

Selling expenses and administrative expenses in 2016 increased by 0.25%. Since the company's sales volume has increased, the company is committed to operating wisely and effectively in order to generate highest revenues possible. As the competition in the today's market was less intensified from the first half the year, sales promotion becomes less necessary as agrochemical demand in the market is high. In 2016, the company still made a profit of THB 156.10 million from its operations which represents 22% of total net sales. An increase of 31.42 million THB from the previous year represents an equivalent of 25.20% over the previous year.

Corporate income tax in 2016 is at 30.53 million THB, an increase of THB 5.98 million from the previous year, or an equivalent of 24.37%. Since the sales volume has increases, the profit before corporate income tax deduction stands at THB 168.31 million, an increase of THB 43.45 million from the previous year, or an equivalent of 34.94%. The company has included within, the benefit of exemption from tax on



dividends received from unit trust subject to holding conditions and profit from value adjustment of available-for-sale investment etc.

From the aforementioned factors, the company's operating results in the current situation are satisfactory, which leads to the company's net profit of THB 137.29 million in 2016, or an equivalent of 19.02%. Return of Equity (ROE) for shareholders stands at 25.79%, an increase of 19.31% from the previous year.

In 2016, the company invested in available-for-sale securities for 17.57 million THB, in which, as of 31 December 2016, the company gained the profit from fair value adjustment of available-for-sale securities. Profit of THB 2.02 million is the increase from investment value of THB 2.55 million caused by the upturn of capital market in 2016. The company's deferred tax stated under the topic of profits (losses) from investment evaluation in comprehensive income in 2016 stands at THB 138.91 million, or an equivalent of 19.25% of total income.

In 2017, the sales volume in 2017, increased by 22.31%, is the result of no more drought crisis and sufficiency of rainfalls and water supply for cultivation. The amount of main agricultural products greatly increased such as, off-season rice, maize, sugarcane, pineapple, para-rubber, palm oil, and so on. Unfortunately, in-season rice fields were affected by floods in many areas, the yield decreased. However, the external factors of the world economy continue to expand, leading to improved trade partners. As a result, exports of agricultural products increased. Price of main domestic agricultural commodities such as rice paddy, sugarcane and raw rubber sheet have increased. The financial liquidity of the farmers improved accordingly. The policies to help farmers supported by the government on both production, finance, including debt repayment for farmers led to increasing in purchasing power. Demand in the market increased.

Market competition become less intensified. The company still maintains its marketing policy in all aspects, such as price and promotion to maintain the market share of the Company. Sales of all products of the Company, such as Commodity Product and Specialty Product, especially the main products used in rice fields accounted for 55.50% of total sales in 2017, increased by 18.72% y-o-y. While the cost of production such as cost of raw materials kept increasing due to factors affecting the raw material producers, resulting in rising prices. Labor and overheads cost increased in line with the production. However, the increase was at the lower rate of the increase in sales resulting in a higher gross profit compared to 2016.

Selling expenses and administrative expenses in 2017 increased by 23.36%. Since the company's sales volume has increased, the company is committed to operating wisely and effectively in order to generate highest revenues possible in line with current situation. As the competition in the today's market still exist, promotion strategies in stimulating consumer demand are needed. In 2017, the company spent

THB 12.93 million in promotion strategies, an increase of THB 10.24 million over the previous year, or an equivalent of 381.20% y-o-y. However, the company still made a profit of THB 230.80 million from its operations in 2017, or an equivalent of 26.60%, an increase of THB 74.70 million over the previous year, or an equivalent of 47.85%.

Corporate income tax in 2017 is at THB 46.40 million, an increase of THB 15.86 million over the previous year, or an equivalent of 51.95%. Since the sales volume has increased, the profit before corporate income tax deduction stands at THB 241.74 million, an increase of THB 73.42 million over the previous year, or an equivalent of 43.62%. The Company has included the right to exclude tax from dividends from investment units that meet the conditions of holding period and profits from the valuation of trading securities (investment units) etc.

From the aforementioned factors, the company's operating results in the current situation are satisfactory, which leads to the company's net profit of THB 194.72 million in 2017, or an equivalent of 22.44%. Return of Equity (ROE) for shareholders stands at 33.34%, increased from 25.79% in 2016.

In 2017, the company invested in available-for-sale securities for THB 7.53 million, in which fair value was adjusted as of 31 December 2017, the company gained the profit from change for THB 3.24 million. The profit from the change of fair value of investment in available-for-sale securities in 2017 is THB 5.79 million due to the improvement of the Stock Market. Deferred tax stated under the topic of profit (loss) on the measurement of total investment for the year 2017 amounting to THB 2.59 million and the new valuation of the post-employment benefit obligation as per the actuarial loss amounted to THB 2.42 million. Therefore, the total comprehensive income for the year 2017 stands at THB 194.89 million or an equivalent of 22.46%.

In 2018, the sale decreased by 5.88 percent, even though the weather, rainfall, and water level in reservoirs were suitable for additional plantation in many areas, caused the increase in various crop productions, for example, off-season rice, maize, sugar cane, rubber, and palm oil. However, during 2018, there were still many areas affected by flood, drought, and delay of rain. So, it caused the decrease of agricultural products in those areas. However, external factors such the rigid expansion of global economy that led to the delay of placing purchasing order of trade partner countries due to the decrease of demand in foreign market. This is the cause for the reduction of export, which affected domestic agricultural product price to have a higher average price namely, rice, maize, and cassava. Some agricultural product such as sugar cane, pineapple, rubber sheet, and palm oil average price decreased. From all these, it caused low financial liquidity of farmers, which public sector realized the problems. So, there was a policy to assist famers with the said problems.

In terms of marketing, there was decrease of product demand and high competitiveness in all aspects including price and sales promotion; this is to preserve the market share. At the same time, the cost of raw material was increased due to the factors on exchange rate and the effects from environmental policy of China. So, the company had to bear the higher cost of raw materials including the labor cost. Moreover, the production expenditure slightly decreased, which caused sales capital to decrease in the lower ratio than the ratio of sale. Thus, gross profit of 2018 decreased.

Sales and administrative expenses of 2018 slightly decreased. From the decrease of sale, the company still continued managing policy that emphasizes on expense investment that was cost saving, worthy, and most effective in order to maximize profit in current situation. While the marketing competition was getting more and more intense, the company was required to proceed on the policy to stimulate the demand for the products with different strategies in order to create customer motivation. Due to the increase of sales promotional expenses, the company gained operational profit of 192.14 million baht in 2018, which accounted for 23.53 percent of net sale. This decreased by 38.66 million baht or decreased by 16.75 percent comparing to the previous year.

Corporate income tax of 2018 was 38.49 million baht, which decreased by 7.91 million baht or decreased by 17.05 percent when comparing to the previous year of 2017, due to the decrease of sale. Profit before deducting income tax was 196.50 million baht, which decreased by 45.24 million baht or decreased by 18.71 percent. The company was entitled to exempt from dividend tax of the investment units which relevant to possession conditions and profit from adjusting available for sales securities (investment unit).

From the aforementioned factors, the company's overall operation was considered to be satisfactory in the current situation, which brought 158.01 million baht or accounted for 19.35 percent of profit in 2018. This resulted in the rate of return for the shareholders became 26.27 percent, which decreased by 33.34 percent from 2017.

In 2018, the company increased the investment on available for sales securities by 25.50 million baht. As of 31 December 2018, there was an adjustment on fair value of investment on available for sales securities. The adjustment was 10.88 million baht. This caused the value of available for sales securities to decrease by 5.09 percent. Due to the decreasing in stock market throughout 2018 more than 200 points, this caused the loss as stated. The loss in investment on available for sales securities was 8.71 million baht and on value adjustment of post-employment benefits obligation due to loss forecasted according to Actuarial Science amount 3.12 million baht. Therefore, the comprehensive profit and loss of 2018 was 146.18 million baht or accounted for 17.90 percent.



Total assets in 2016-2018 amounting to THB 691.31, 721.44 and 791.31 million respectively, marked an increase (a decrease) at a percentage of 8.00, 4.36, and 9.69 respectively.

Total liabilities in 2016-2018 amounting to THB 139.28, 105.51, and 204.32 million, marked an increase (a decrease) percentage of 9.40, (24.25), and 93.65 respectively.

Shareholder equity in 2016-2018 amounting to THB 552.02, 615.93, and 586.99 million, marked an increase (a decrease) percentage of 7.65, 11.58, and (4.70) respectively.

In 2016, with the increased sales volumes, the Company's operating results boast net profit of THB 137.29 million, causing its balance sheet to be significantly different from that of 2015. The world economic situation and from other aforementioned problems affected Thailand economy and caused the Company's total assets to increase for THB 51.22 million, or an equivalent of 8.00%, when compared to the previous year. Major sections that increased (decreased) are cash and cash deposits which increased for THB 26.96 million, or an equivalent of 91.38%. Short-Term Investments decreased for THB (8.44) million, or an equivalent of (4.68) %. Trade creditors and other creditors increased by 4.28 million THB or an equivalent of 3.40%. An increase in inventories for THB 5.39 was an equivalent of 2.70%. Investment in available-for-sale securities and the adjustment of unrealized profit for THB 19.59 million was an equivalent of 90.20%. An increase in property, plant and equipment for THB 8.07 million was an equivalent of 17.70 % from investment of vehicles, factory building and machinery with replacement and renovation. Intangible assets decreased for THB (3.99) million or an equivalent of (10.68)% from selling of some assets. Deferred tax and other non-current assets slightly decrease.

The company's total liabilities increased for THB 11.97 million, or an equivalent of 9.40%, when compared to that of the previous year. Major increase (decrease) includes decrease in short term loan from financial institutions (T/R creditors) for THB (15.46) million, or an equivalent of (31.27)%. Trade account payable and other creditors increased for THB 22.06 million, or an equivalent of 41.37%. Income tax payable increased for THB 6.11 million, or an equivalent of 41.55%. Employee benefit obligations decreased for THB (1.02) million or an equivalent of (11.27) % due to employee retirement.

Shareholder's equity increased for THB 39.24 million, or an equivalent of 7.65%, when compared to that of the previous year. This amount comes from an increase (a decrease) in unappropriated retained earnings for THB 37.63 million, or an equivalent of 19.43% from the increase in net profit and other components of shareholder's equity which includes surplus on revaluation of investment for THB 1.61 million, or an equivalent of 367.33%.

The changes in the balance sheet come from the increase in sales volume. Even though there were various problems during the first half of the year, the situation became unravel. . Farmers were able to cultivate new crops causing the higher demand in agricultural products. Competition in the market



became less intense. Sales volume during the second half increased significantly in replacement of the first half of the year. The Company managed to import raw materials to meet the increasing production in 2016 appropriately and sufficiently to meet market demand. And thus making the total cash and cash equivalents, accounts receivable, and inventories increased. The collection period remained the same as the previous year. The average inventory turnover was quicker. With the significant volatility of the baht, the company needs to reduce the impact of exchange rates by speeding up T/R payment when the exchange rate was at appropriate level. T/R payable thus significantly decreased. The Company continued to buy some domestic raw materials and packaging materials to meet market demand. As a result, trade and other account payables increased. However, average payment was the same as the previous year. To manage liquidity ratio, the company needed to divest some current investment to pay-off liabilities so as to generate more income.

Therefore, from the Company's operating results in 2016, the cash flows increased by 27.03%. The liquidity ratio decreased from 4.51 times in 2015, to 4.28 times in 2016, and the quick ratio decreased from 2.84 times in 2015, to 2.73 times in 2016. At the same time, the cash flow liquidity ratio increased from 1.12 times in 2015 to 1.29 times in 2016, and the collection and payment period was 65 days and 65 days respectively in 2015, same level as the previous year. The average inventory turnover period quicker from 165 days in 2015, to 149 days in 2016, leaving the cash cycle to be better from 152 days in 2015 to 135 days in 2016. We can see that from the operating results, the Company's overall liquidity ratio maintained the same as previous year.

The Company's cash flows from the investment decreased by (119.94) %, when compared to the previous year. The Company invested in available- for-sale investment for THB 17.57 million in 2016, received dividend for THB 5.86 million, bought equipment and vehicles for THB 21.05 million, received from obsolete vehicle trade-off for THB 5.10, and paid for expenses related to the registration for the new license for THB 3.32 million.

Cash flows from financing activities decreased by 3.66% when compared with the previous year. The import of raw materials in 2016 increased. Thus, there were more T/R and payment period was extended. However, the volatility of the exchange rate led to the weakening baht. In accordance with its risks preventing policy, the Company paid its debts to T/R creditors earlier causing its short-term loans from the financial institutions to reduce forex lost. Meanwhile, the Company has covered exposure with forward contract to reduce financial cost and led to cost savings and get the most out of current situation. Short-term loans from financial institutions decreased consequently. The Company paid for dividend THB 99.61million. Cash and cash equivalents by the end of the year then equal to THB56.46 million, an increase of THB 26.96 million or an equivalent of 91.38%.



The Company's capital structure comprises debt-to-equity ratio, which was 0.25 times for both 2015 and 2016. The company is able to manage and control financial position to maintain same ratio while operating result increase. This ratio level is considered very well.

Interest coverage ratio increased from 251.29 times in 2015 to 394 times in 2016. From the aforementioned operation result, the Company saw operation cash flow increased THB 160.65 million, an increase of THB34.23, or an equivalent of 27.03%. The pay-off T/R creditor in advance helped reduce financial cost by (18.33) % compare with the previous year. Therefore, interest coverage increased accordingly.

Meanwhile, the Company's operating results increased causing its net profit to increase. Therefore, its return on assets increased from 15.61% in 2015 to 20.62% in 2016; its return on fixed assets increased from 236.45% in 2015 to 292.36% in 2016, and its asset turnover ratio increase from 101.35 times in 2015 to 108.40 times in 2016. All in all, this indicates that the ability in profit generation from the wise and efficient use of assets has increased in accordance with current situation when compared with the previous year.

In 2017, with the increased sales volumes, the Company's operating results boast net profit of THB 194.72 million, causing its balance sheet to be significantly different from that of 2016. The world economy from aforementioned situation caused the Company's total assets to increase to a total of THB 721.44 million, an increase of THB 30.13 million is an equivalent of 4.36 %, when compared to the previous year. Major sections that increased (decreased) are cash and cash deposits which increased for THB 75.65 million or a different of 33.13% y-o-y. Accounts receivable and other receivable decreased by THB (15.03) million or an equivalent of (11.54) %. Inventory decreased by THB (39.72) or an equivalent of (19.54) % y-o-y. Available-for-sales securities increased from new investment and unrealized profits from the change of fair value totaled THB 10.39 million, an equivalent of 25.15% y-o-y. An increase in property, plant and equipment for THB 4.20 million was an equivalent of 7.82 % from investment of factory building and machinery with replacement and renovation, new vehicles to replace obsolete ones. Intangible assets, and Deferred Tax for THB (5.33) million or an equivalent of (15.47) % from selling of some assets and the cancellation of new product registration that does not meet market demand or products that were not allowed to be registered any more.

The company's total liabilities of THB 105.51 million, decreased of THB (33.78) million, or an equivalent of (24.25) %, when compared to that of the previous year. This amount includes an increase (a decrease) in short term loan from financial institutions (T/R creditors) for THB (20.45) million or an equivalent of (60.19) %, trade account payable and other creditors for THB (18.22) million or an equivalent of (24.17) %, and income tax payable for THB 1.19 million or an equivalent of 5.72%. The



employee benefit obligation increased by THB 3.81 million or 47.49% due to the increase in service cost and interest from obligation of THB 0.82 million. The loss on the actuarial valuation was THB 2.89 million.

Shareholder's equity of THB 615.93 million, increased for THB 63.91 million, or an equivalent of 11.58%, when compared to that of the previous year. This amount comes from an increase in unappropriated retained earnings for THB 61.31 million, or an equivalent of 26.50% from the increase in net profit and other components of shareholder's equity which includes surplus on revaluation of fair value of available-for-sale of THB 2.59 million, or an equivalent of 127.07%.

The changes in the balance sheet come from the increase in sales volume from various factors such as favorable irrigation water, weather causing proper cultivation. The increase in agricultural products especially off-season rice led to the higher demand in agro chemical products. Due to the less competitive market but the competition still exist as per market mechanism, the Company had to prepare raw materials for production in 2017 at appropriate quantity for market demand.

Therefore, the cash and cash equivalents, short-term investments increased while accounts receivable and inventories decreased with a faster collection period and sales period. As the baht strengthens, the company needs reduce the impact of exchange rates by covering the exposure with forward contracts at appropriate rate and speeding up T/R payment, short-term loan from financial institution reduced consequently. Account payables for raw materials and domestic packaging materials reduced. As a result, average payment period was faster. As for financial liquidity management, the Company bought and sold temporary investments for debt repayment. The investments in various forms was to increase revenue.

Therefore, from the Company's operating results in 2017, the cash flows increased by 47.37 %. As for financial ratio, the liquidity ratio increased from 4.28 times in 2016, to 6.22 times in 2017, and the quick liquidity ratio increased from 2.73 times in 2016, to 4.47 times in 2017. At the same time, the cash flow liquidity ratio increased from 1.29 times in 2016 to 2.11 times in 2017, and the average collection period reduced from 65 days in 2016, to 51 days in 2017. The average sale period decreased from 149 days in 2016, to 120 days in 2017, while the accounts payable payment period reduced from 79 days in 2016, to 59 days in 2017, leaving the cash cycle to be better from 135 days in 2016 to 112 days in 2017.

The Company's cash flows from the investment decreased by (401.49) %, when compared to the previous year. The Company applied a policy to lengthen payment term and increase investment in temporary investment for THB 81 million and investment in available-for-sale securities for THB 7.53 million and received dividend for THB 6.42 million. The Company bought machineries and vehicles for



THB 11.01 million and paid for expenses related to the registration for the new license according to Hazard Substances Act, which is under operation, for THB 2.25 million.

Cash flows from financing activities reduced by 31.84% when compared with the previous year since the order of raw materials from other countries increased from that of 2016, causing more T/R creditors. The Company applied a policy to lengthen payment term in 2017. Due to the strengthen baht and to prevent risk from forex loss, the Company covered exposure with forward contract and fastened T/R paid off period to reduce financial cost and led to cost savings and to get the most out of current situation, causing its short-term loans from the financial institutions to reduce. The Company also paid for dividends for THB 131.02 million. Cash and cash equivalents by the end of the year then equal to THB 46.83 million. A difference of THB 9.63 million was equivalent to 17.06% y-o-y.

The Company's capital structure comprises debt-to-equity ratio, which was 0.25 times for 2016 and 0.17 times in 2017. The company is able to manage and control effective financial position under improving operational by decreasing payables burden significantly. As a result, payout reduced, and this ratio level is considered very well.

Interest coverage ratio increased from 394 times in 2016 to 456.72 times in 2017. From the aforementioned operation result, the Company saw operation cash flow increased THB 237.06 million, an increase of THB76.21, or an equivalent of 47.37 %. The pay-off T/R creditor in advance slightly helped financial cost to increase slightly compared with the previous year. Therefore, interest coverage increased accordingly.

Meanwhile, the Company's operating results increased causing its net profit to increase. Therefore, its return on assets increased from 20.62% in 2016 to 27.57% in 2017; its return on fixed assets increased from 292.36% in 2016 to 361.33% in 2017, and its asset turnover ratio increase from 108.40 times in 2016 to 124.39 times in 2017. All in all, this indicates that the ability in profit generation from the wise and efficient use of assets has increased in accordance with current situation when compared with the previous year.

In 2018, with the decreased sales volumes, the Company's operating results see net profit of THB 158.01 million, causing its balance sheet to be significantly different from that of 2017. The world economy from aforementioned situation caused the Company's total assets to increase to a total of THB 791.31 million, an increase of THB 69.87 million is an equivalent of 9.69 %, when compared to the previous year. Major sections that increased (decreased) are cash and cash deposits which decreased for THB (96.83) million or a different of (31.85)% y-o-y. Accounts receivable and other receivable increased by THB 36.17 million or an equivalent of 31.41 %. Inventory increased by THB 127.19 million or an equivalent of 77.75 % y-o-y. Available-for-sales securities increased from new investment and unrealized



profits from the change of fair value totaled THB 5.44 million, an equivalent of 10.52% y-o-y. A decrease in property, plant and equipment for THB (1.44) million was an equivalent (2.49)% from the purchasing new machine and new forklift to replace old one. Intangible assets decreased by THB(3.90) million was an equivalent of (13.98) % from trade off some assets, the cancellation of product registration that did not respond to the market and products that were not allowed to be registered any more. Deferred Tax increased by THB 3.12 million or an equivalent of 257.71% from loss of value changes of available-for-sale securities due to the stock market conditions which decreased throughout the year 2018. The actuarial estimates of employee benefit obligations was another reason for the decrease.

The company's total liabilities of THB 204.32 million, increased for THB 98.81 million, or an equivalent of 93.65%, when compared to that of the previous year. This amount includes an increase (a decrease) in short term loan from financial institutions (T/R creditors) for THB 73.85 million or an equivalent of 545.82%, trade account payable and other creditors increased for THB 22.44 million or an equivalent of 39.26%. Income tax payable decreased for THB (2.15) million or an equivalent of (9.75)%. The employee benefit obligation increased by THB 4.70 million or 39.67% due to the increase in service cost and interest from obligation and the loss on the actuarial valuation from the change of assumption.

Shareholder's equity of THB 586.99 million, a decrease of (28.93) million or an equivalent of (4.70)%, when compared to that of the previous year. This amount came from a decrease in unappropriated retained earnings for THB (20.23) million, or an equivalent of (6.91)% from the decrease in net profit and other components of shareholder's equity which includes loss on revaluation of fair value of available-for-sale of THB (4.07) million, a decrease of (8.71) or an equivalent of (187.81)%.

The changes in the balance sheet came from the decrease in sales volume from various factors that affect farmers' financial liquidity, market demand decreased consequently. The competition intensified as per market mechanism. There were shortage of some raw materials due to strict enforcement of environmental laws in China. The Company had to prepare more raw materials in Q4 for production in 2019 at appropriate quantity for market demand.

Therefore, the cash and cash equivalents, short-term investments decreased while accounts receivable and inventories increased with a slower collection period and sales period. As the baht fluctuated, the company needs reduce the impact of exchange rates by covering the exposure with forward contracts at appropriate rate for T/R payment. Meanwhile, the demand of raw materials to fulfill production in accordance with the situation, the company had to place orders from China and account payables for raw materials increased by 33.43% from raw material and local packaging material purchased. As a result, average payment period was slower. As for financial liquidity management, the Company

bought and sold temporary investments for debt repayment. The investments in various forms was to increase revenue.

From the Company's operating results in 2018, the cash flows decreased by 89.41 %. As for financial ratio, the liquidity ratio decreased from 6.22 times in 2017, to 3.46 times in 2018, and the quick liquidity ratio decreased from 4.47 times in 2017, to 1.9 times in 2018. At the same time, the cash flow liquidity ratio decreased from 2.11 times in 2017 to 0.18 times in 2018, and the average collection period increased from 51 days in 2017, to 59 days in 2018. The average sale period increased from 120 days in 2017, to 151 days in 2018, while the accounts payable payment period increased from 59 days in 2017, to 79 days in 2018, leaving the cash cycle to increase from 112 days in 2017 to 131 days in 2018.

The Company's cash flows from the investment increased by 154.84 %, when compared to the previous year. The Company applied a policy to manage financial liquidity by increasing investment in temporary investment for THB 69.10 million and increase investment in available-for-sale securities for THB 14.51 million and received dividend for THB 5.61 million. The Company bought machineries and vehicles for THB 4.32 million and paid for expenses related to the registration for the new license for THB 3.69 million.

Cash flows from financing activities reduced by 32.71% when compared with the previous year since the order of raw materials from other countries increased from that of 2017, causing more T/R creditors. Due to the fluctuated baht and to prevent risk from forex loss, the Company covered exposure with forward contract and applied for appropriated T/R paid off period and led to cost savings and to get the most out of current situation. Interest rate for T/R increased from 1.62% per year to 2.54% and short-term loan from financial institution increased. The Company also paid for dividends for THB 175.13 million and financial cost of THB 1.67 million. Cash and cash equivalents by the end of the year then equal to THB 21.81 million. A difference of THB 25.02 million was equivalent to 53.43% y-o-y.

The Company's capital structure comprises debt-to-equity ratio, which was 0.17 times in 2017 and 0.25 times in 2018. The company managed to purchase raw materials to fulfill 2019 market demand and led to the increase in liabilities. With the increase in employee benefit obligation mentioned earlier and the decrease in operational result compared to 2017, the company was still being able to manage and control effective financial position, as a result, debt-to-equity ratio reasonably increased but still at a low level and this ratio level is considered very well.

Interest coverage ratio decreased from 457.72 times in 2017 to 39.11 times in 2018. From the aforementioned operation result, the Company saw operation cash flow of THB 25.16 million, a decrease of THB 212.52 million, or an equivalent of 89.41 %. The policy to increase the raw material purchase and



the pay-off T/R creditor led to the increase in financial cost. The increase in T/R interest rate in 2018 resulting in the interest coverage decreased accordingly.

The 2018 Company's operating results saw a decrease in net profit. Therefore, its return on assets decreased from 27.57% in 2017 to 20.89% in 2018; its return on fixed assets decreased from 361.33% in 2017 to 286.79% in 2018, and its asset turnover ratio decreased from 124.89 times in 2017 to 108.77 times in 2018. All in all, this still indicates the ability in profit generation from the wise and efficient use of assets in accordance with current situation when compared with the previous year.

From the capital structure shown, the Company still has the policy to carefully manage its finance in order to achieve maximum returns, while keeping risks that may impact its operation to a minimum. The Company still places emphasis on investment in wise and efficient spending to achieve highest revenue possible. To this end, the Company set the policy to properly order raw materials in terms of quantity, quality and price, to be in accordance with the market situation at that particular moment. In terms of exchange rate risk, which is outside factor that may impact the Company's operating results, the Company has set the policy to prevent risk from fluctuation. To doing so, the Company has managed foreign debt payment term in order to achieve the lowest cost capital possible by doing forward contract to reduce its risks.

The Company has continuously recognized the importance of financial stability. Therefore, the Company has a policy to carefully manage its finance by using its current liabilities to invest in current assets in order to achieve financial liquidity and maximum returns while making the most efficient use of financial capital possible. This goal is to generate the highest returns to shareholders while keeping important financial ratios in good levels, which can be seen in the operating results of 2016, as mentioned earlier.

Important key factors that have impact to the operation in the year 2019, Thai economy has a tendency that there are limitations from the conditions and risk factors from the fluctuations of the global economy, which is expected to continue to grow continuously in a narrow range of about 3.5-4.5 percent under support factors from:

1. Improving income base in the economy, employment, inflation and low interest rates including government's measures to take care of low-income people. These are supporting factors to the continuously expansion of household spending.

2. Private investment is likely to expand clearly in the machinery and tools categories, which generates higher utilization rate of production capacity in the industry. This will encourage the

manufacturing sector to invest more to expand production capacity. In addition, important infrastructure investment projects of the government sector have also progressed continuously.

3. Government investment is likely to expand faster than the year 2018 due to an increase in budget expenditures under investment which can be disbursed faster and continue to increase the budget overlap for years. As well as the progress of major infrastructure investment projects, especially projects under the Transport Operations Plan.

4. The expansion of the tourism sector that was affected by temporary factors in 2018, which is currently increasing in number of tourists, which in January 2019 expanded by 6.0 percent, reflecting the improvement of the tourism sector. Under such a trend, it is expected that the tourism sector will return to normalcy and support the expansion of the Thai economy in 2019.

5. Changing the direction of trade, production and international investment which will help reduce the impact of the global economic slowdown. This is in part caused by trade barriers in the United States and China, thus causing the idea to avoid the effects of trade barriers such as relocation of production from affected countries, adjusting the direction of trade and the production belt between such countries. Apart from reducing the impact of trade barriers, while the global economy slows down, it is also a good opportunity for exports and investment to increase the potential for economic expansion as well.

However, there are still risk factors of the economic system that would cause lower expansion than expected and the risks of volatility in the global economy still expect to be high. These factors are including the results of trade negotiations between the US and China, US trade barrier against various countries, Chinese economic slowdown that may occur sooner than expected, and the economic instability caused by the imbalance of the economy resulting from the movements of capital and production bases due to trade barriers, the impact of the withdrawal of the United Kingdom the European Union without agreements (No Deal BREXIT), the political conflict in the United States, the Middle Eastern conflict, and domestic politics in post-election, may impact Thai economy. However, it is depending on the political climate during the transition period including government policy and direction, which reflects the confidence of investors and in tourism sector. Thus, there is a possibility that the annual budget expenditure process and approval of investment projects of the year 2020 could be delayed.

The trend of the agricultural economy in 2019 is expected to expand in the range of 2.5-3.5 percent, which in all branches of production has expected to be increased (Source: Agricultural Economic

Status, 2018 and Trends in 2019 from the Agricultural Policy and Development Plan Department, the Office of Agricultural Economics) with supporting factors such as agricultural policy and measures that continues to benefits farmers. This is the collaboration between the government, the private sector and civil society that will help push for more efficient agricultural production. These factors will strengthen the farmer sectors in the production planning that are in line with marketing needs resulting in more stable income for farmers.

General weather and water content are still favorable to agricultural production, with the government planning to use water from irrigation projects throughout the country. This is during the dry season of 2018/2019 (November 2018 - April 2019) for the sufficiency of dry season crops together with the forecast that the climate in 2019 will continue to be favorable for crop cultivation and not to experience severe natural disasters. Furthermore, the public and private sectors encourage farmers to grow crops in appropriate areas and also facilitate the development of production, processing and marketing of agricultural products. Altogether, this will help to increase the efficiency of production process. However, it still needs to monitor various situations and factors that may have impact the crops cultivation in the country including the water content in major dams, climate variability as well as the outbreaks of various pests and plant diseases.

The production of agricultural products that are expected to be increased, namely in-season rice, maize, cassava, rubber, oil palm, longan, durian, mangosteen and rambutan, in contrary, the agricultural products that are expected to be decreased, namely off-season rice, sugar cane, pineapple.

In terms of market price, it is expected that rice, maize, longan, durian, mangosteen and rambutan will be in good price. This is due to the demand of both domestic and international markets continuously, together with the farmers having more knowledge and understanding in developing product quality to meet the needs of consumers.

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, let market forces operate on their own, and seeking market channel aboard.



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. The fluctuation of oil prices, THB 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.