

MIRA INFORM REPORT

Report No. :	535997
Report Date :	25.10.2018

IDENTIFICATION DETAILS

Name :	KONGPHOP FROZEN FOODS CO., LTD.
Formerly Known As :	SAKORN FISHERY CO., LTD
Registered Office :	95 Moo 3, Ekachai Road, T. Nadee, A. Muang, Samutsakorn 74000
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	27.02.1991
Com. Reg. No.:	0745534000175
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in manufacturing, exporting and distributing various kinds of frozen seafood and related products
No. of Employees :	700

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Thailand	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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THAILAND - ECONOMIC OVERVIEW

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures - have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions. Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

COMPANY NAME

KONGPHOP FROZEN FOODS CO., LTD.

COMPANY SUMMARY

BUSINESS ADDRESS : 95 MOO 3, EKACHAI ROAD, T. NADEE,
A. MUANG, SAMUTSAKORN 74000, THAILAND
TELEPHONE : [66] 34 833-403-5, 34 861-087-8, 081 296-0139
FAX : [66] 34 833-410, 34 834-015
E-MAIL ADDRESS : info@kongphop.com
REGISTRATION S ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1991
REGISTRATION / TAX ID NO. : 0745534000175
CAPITAL REGISTERED : BHT. 20,000,000
CAPITAL PAID-UP : BHT. 20,000,000
SHAREHOLDER'S PROPORTION : THAI : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. SOMBAT LUESUKPRASERT, THAI
MANAGING DIRECTOR

NO. OF STAFF : 700
LINES OF BUSINESS : FROZEN SEAFOODS
MANUFACTURER, DISTRIBUTOR AND EXPORTER

CORPORATE PROFILE

OPERATING TREND : STABLE
PRESENT SITUATION : OPERATING NORMALLY
REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT
MANAGEMENT STANDARD : MANAGEMENT WITH GOOD PERFORMANCE

HISTORY

The subject was established on February 27, 1991 as a private limited company under the originally registered name "Sakorn Fishery Co., Ltd." by Thai groups.

On July 23, 2003, its name was changed to KONGPHOP FROZEN FOODS CO., LTD. Its business objective is to manufacture seafood and related products to both local and overseas markets. It currently employs 700 staff.

The subject's registered address is 95 Moo 3, Ekachai Rd., T. Nadee, A. Muang, Samutsakorn 74000, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Sombat Luesukprasert	Thai	66
Ms. Siriporn Luesukprasert	Thai	-

AUTHORIZED PERSON

One of the above directors can sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Sombat Luesukprasert is the Managing Director.
He is Thai nationality with the age of 66 years old.

Ms. Siriporn Luesukprasert is the Deputy Managing Director / Accounting & Financial Manager.
She is Thai nationality.

Mr. Pornchai Luesukprasert is the Sales & Marketing Manager.
He is Thai nationality.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, exporting and distributing various kinds of frozen seafood and related products under its own brands "KPF", "BLUESEA", "SKF", "SEA PREMIUM" and "DM". The products are as follows:

- Shrimp [black tiger shrimp, white shrimp, freshwater shrimp, pink shrimp, and sand shrimp]
- Squid [cuttlefish, octopus, baby octopus]
- Molluscs [fish/ crab/ flathead lobster/ shell]
- Seafood mix
- Value-added products
- Skewer products

PURCHASE

The products are purchased from suppliers and fishermen both domestic and overseas, mainly in Myanmar, India, Malaysia, Vietnam and Indonesia.

SALES

95% of the products is exported to over 60 countries, such as Republic of China, Korea, Japan, Hong Kong, Singapore, Vietnam, Malaysia, Indonesia, New Zealand, Russia, U.S.A., Canada, Chile, Egypt, Lebanon, Israel, Australia, and countries in Europe, Africa and Middle East, the remaining 5% is sold locally.

MAJOR CUSTOMER

Fanco Trading Company : U.S.A.

SUBSIDIARY AND AFFILIATED COMPANY

The subject is not found to have any subsidiary or affiliated company here in Thailand.

LITIGATION

Bankruptcy and Receivership

There are no litigation on bankruptcy and receivership cases filed against the subject found at Legal Execution Department for the past five years.

Others

There are no legal suits filed against the subject according for the past two years.

CREDIT

Sales are by cash or on the credits term of 30-60 days.
Local bills are paid by cash or on the credits term of 30-60 days.
Imports are by T/T.
Exports are against L/C or T/T.

BANKING

Kasikornbank Public Company Limited
Bangkok Bank Public Company Limited
The Siam Commercial Bank Public Company Limited

EMPLOYMENT

The subject employs approximately 700 office staff and factory workers.

LOCATION DETAILS

The premise is owned for administrative office and cold storage at the heading address. Premise is located in provincial.

COMMENT

The subject's operating performance in 2017 has seen an improvement with an increase in both sales income and net profit comparing to the previous year. This was mainly due to tight regulation by the government on fishery has been declined which eased the problem on lack of raw materials. As soon as the problem on fishery regulation imposed by EU are solved completely, the subject expects a good business performance in the future.

Generally, the subject's business remains strong and profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 1,000,000 divided into 1,000 shares of Bht. 1,000 each with fully paid.

The capital was increased later as follows:

Bht. 5,000,000 on December 19, 1991
Bht. 20,000,000 on July 29, 1994

The latest registered capital was increased to Bht. 20 million, divided into 20,000 shares of Bht. 1,000 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Mr. Sombat Luesukprasert Nationality: Thai Address : 95 Moo 3, Ekachai Rd., T. Nadee, A. Muang, Samutsakorn	10,000	50.00
Mrs. Varunee Luesukprasert Nationality: Thai Address : 83/1 Moo 3, Ekachai Rd., T. Nadee, A. Muang, Samutsakorn	4,000	20.00
Mr. Suttipong Luesukprasert Nationality: Thai Address : 83/1 Moo 3, Ekachai Rd., T. Nadee, A. Muang, Samutsakorn	1,000	5.00
Ms. Siriporn Luesukprasert Nationality: Thai Address : 83/1 Moo 3, Ekachai Rd., T. Nadee, A. Muang, Samutsakorn	1,000	5.00
Ms. Jidapa Luesukprasert	1,000	5.00

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Nationality: Thai Address : 83/1 Moo 3, Ekachai Rd., T. Nadee, A. Muang, Samutsakorn		
Mr. Pornchai Luesukprasert	1,000	5.00
Nationality: Thai Address : 2210/10 Krungthep-Nonthaburi Rd., Bangsue, Bangkok		
Mr. Surapas Luesukprasert	1,000	5.00
Nationality: Thai Address : 814/213 Norasing Rd., T. Mahachai, A. Muang, Samutsakorn		
Ms. Uraiwan Chaikittibutr	1,000	5.00
Nationality: Thai Address : 11/20 Sukhumvit 95 Rd., Bangchak, Prakanong, Bangkok		

Total Shareholders : 8

Share Structure [as at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	8	20,000	100.00
Foreign	-	-	-
Total	8	20,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Charoenchai Pimolphan No. 7040

FINANCIALS

BALANCE SHEET [BAHT]

The latest financial figures published for December 31, 2017, 2016 and 2015 were:

ASSETS

Current Assets	2017	2016	2015
Cash and Cash Equivalent	12,653,741.47	29,765,183.57	16,782,315.04
Short-term Investment	-	352,859.81	60,352,859.81
Trade Accounts and Other Receivable	327,405,608.52	289,001,651.88	250,661,750.16
Inventories	25,112,794.88	25,235,251.52	22,096,815.77
Other Current Assets	4,167,627.38	1,689,634.62	469,561.28

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Total Current Assets	369,339,772.25	346,044,581.40	350,363,302.06
Property, Plant and Equipment	128,639,727.45	74,857,897.02	61,881,860.08
Other Non-current Assets	160,800.00	149,800.00	149,800.00
Total Assets	498,140,299.70	421,052,278.42	412,394,962.14

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan from Financial Institution	13,469,447.39	4,114.39	-
Trade Accounts and Other Payable	198,722,159.74	162,280,271.39	183,019,590.28
Short-term Loan	3,741,247.50	2,290,875.22	611,384.21
Accrued Income Tax	4,752,947.06	5,761,984.56	3,556,431.27
Total Current Liabilities	220,685,801.69	170,337,245.56	187,187,405.76
Total Liabilities	220,685,801.69	170,337,245.56	187,187,405.76
Shareholders' Equity			
Share capital : Baht 1,000 par value authorized, issued and fully paid share capital 20,000 shares	20,000,000.00	20,000,000.00	20,000,000.00
Capital Paid	20,000,000.00	20,000,000.00	20,000,000.00
Retained Earning : [Deficit]			
Appropriated for Statutory reserve	2,000,000.00	2,000,000.00	2,000,000.00
Unappropriated	255,454,498.01	228,715,032.86	203,207,556.38
Total Shareholders' Equity	277,454,498.01	250,715,032.86	225,207,556.38
Total Liabilities and Shareholders' Equity	498,140,299.70	421,052,278.42	412,394,962.14

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	2,466,249,692.70	2,438,183,732.37	1,621,926,583.38
Other Income	4,927,104.21	8,590,185.24	7,648,278.57
Total Revenues	2,471,176,796.91	2,446,773,917.61	1,629,574,861.95
Expenses			
Cost of Goods Sold or Services	2,308,049,780.20	2,295,028,180.71	1,513,719,744.54

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Selling Expenses	51,909,259.52	60,746,399.57	47,157,291.08
Administrative Expenses	64,658,360.42	45,629,024.11	38,020,044.58
Total Expenses	2,424,617,400.14	2,401,403,604.39	1,598,897,080.20
Profit / [Loss] before Financial Cost and Income Tax	46,559,396.77	45,370,313.22	30,677,781.75
Financial Cost	[566,646.01]	[919,940.28]	[493,430.50]
Profit / [Loss] before Income Tax Income Tax	45,992,750.76 [9,253,285.61]	44,450,372.94 [8,942,896.46]	30,184,351.25 [6,357,202.47]
Net Profit / [Loss]	36,739,465.15	35,507,476.48	23,827,148.78

KONGPHOP FROZEN FOODS CO., LTD.

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	1.67	2.03	1.87
QUICK RATIO	TIMES	1.54	1.87	1.75
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	19.17	32.57	26.21
TOTAL ASSETS TURNOVER	TIMES	4.95	5.79	3.93
INVENTORY CONVERSION PERIOD	DAYS	3.97	4.01	5.33
INVENTORY TURNOVER	TIMES	91.91	90.95	68.50
RECEIVABLES CONVERSION PERIOD	DAYS	48.46	43.26	56.41
RECEIVABLES TURNOVER	TIMES	7.53	8.44	6.47
PAYABLES CONVERSION PERIOD	DAYS	31.43	25.81	44.13
CASH CONVERSION CYCLE	DAYS	21.00	21.47	17.61
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	93.59	94.13	93.33
SELLING & ADMINISTRATION INTEREST	%	4.73 0.02	4.36 0.04	5.25 0.03
GROSS PROFIT MARGIN	%	6.61	6.22	7.14
NET PROFIT MARGIN BEFORE EX. ITEM	%	1.89	1.86	1.89
NET PROFIT MARGIN	%	1.49	1.46	1.47
RETURN ON EQUITY	%	13.24	14.16	10.58
RETURN ON ASSET	%	7.38	8.43	5.78
EARNING PER SHARE	BAHT	1,836.97	1,775.37	1,191.36
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.44	0.40	0.45
DEBT TO EQUITY RATIO	TIMES	0.80	0.68	0.83
TIME INTEREST EARNED	TIMES	82.17	49.32	62.17

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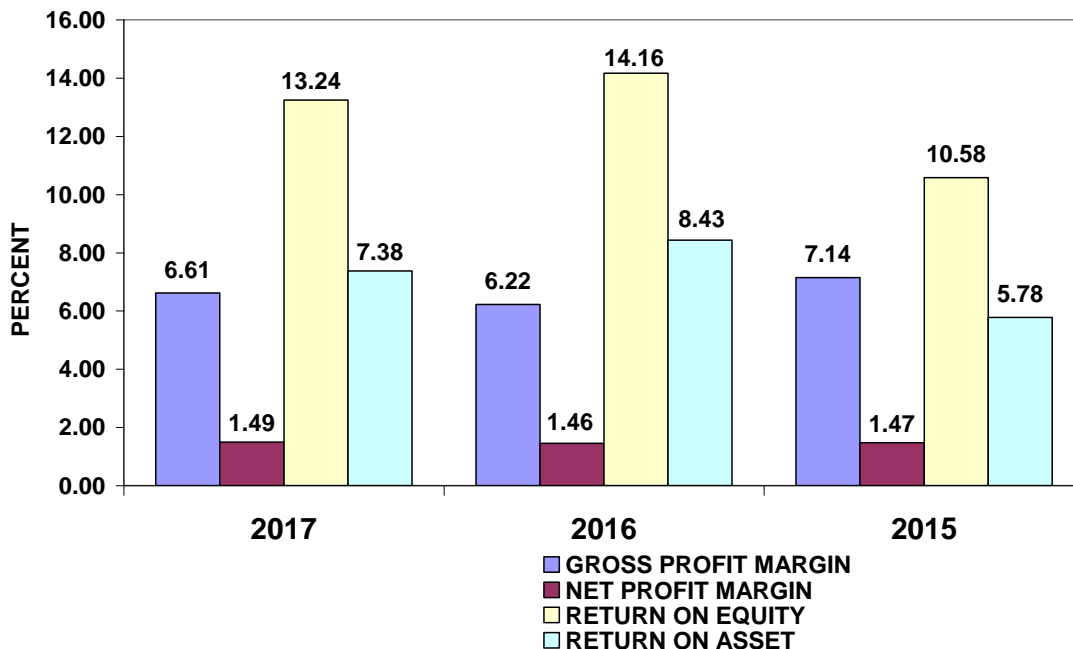
ANNUAL GROWTH

SALES GROWTH	%	1.15	50.33
OPERATING PROFIT	%	2.62	47.89
NET PROFIT	%	3.47	49.02
FIXED ASSETS	%	71.85	20.97
TOTAL ASSETS	%	18.31	2.10

ANNUAL GROWTH : EXCELLENT

An annual sales growth is 1.15%. Sales Income has increased from THB 2,438,183,732.37 in 2016 to THB 2,466,249,692.70 in 2017. While net profit has increased from THB 35,507,476.48 in 2016 to THB 36,739,465.15 in 2017. And total assets has increased from THB 421,052,278.42 in 2016 to THB 498,140,299.70 in 2017.

PROFITABILITY : IMPRESSIVE



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PROFITABILITY RATIO

Gross Profit Margin	6.61	Acceptable	Industrial Average	25.91
Net Profit Margin	1.49	Impressive	Industrial Average	(5.46)
Return on Assets	7.38	Impressive	Industrial Average	(8.36)
Return on Equity	13.24	Impressive	Industrial Average	(61.94)

Gross Profit Margin used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings. The company's figure is 6.61%. When compared with the industry average, the ratio of the company was lower. This indicated that company may have problems with control over its costs.

Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. Net Profit Margin ratio is 1.49%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

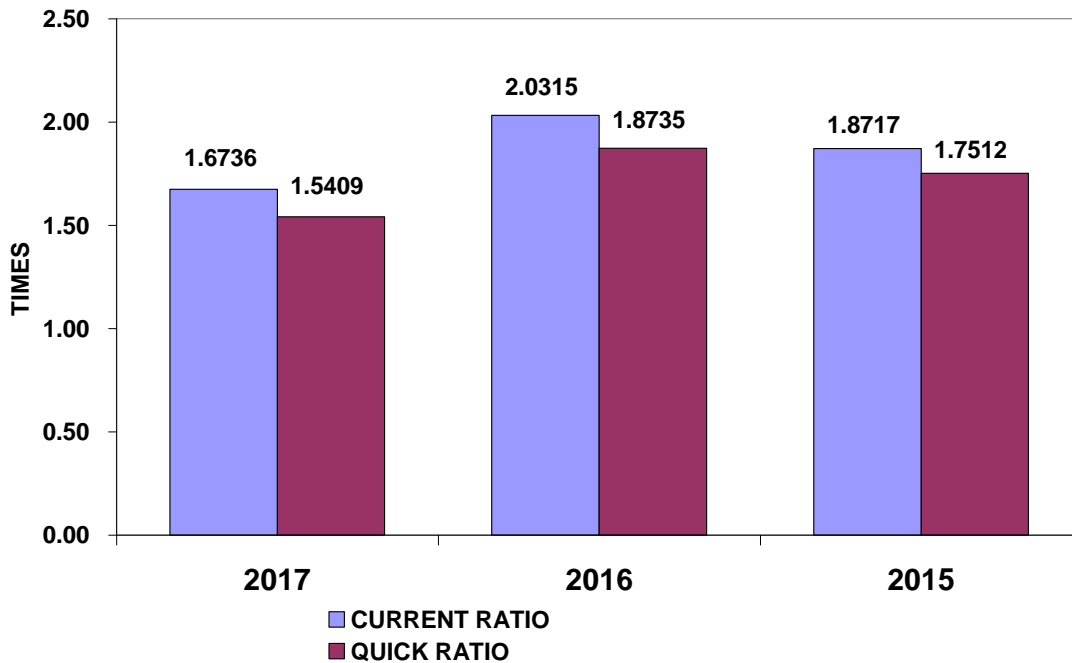
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 7.38%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. Return on Equity ratio is 13.24%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Trend of the average competitors in the same industry for last 5 years

Return on Assets	Downtrend
Return on Equity	Downtrend

LIQUIDITY : IMPRESSIVE



LIQUIDITY RATIO

Current Ratio	1.67	Impressive	Industrial Average	0.96
Quick Ratio	1.54			
Cash Conversion Cycle	21.00			

The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 1.67 times in 2017, decrease from 2.03 times, then it is generally considered to have good short-term financial strength. When compared with the industry average, the ratio of the company was higher, indicated that company was an efficient operator in a dominant position within its industry.

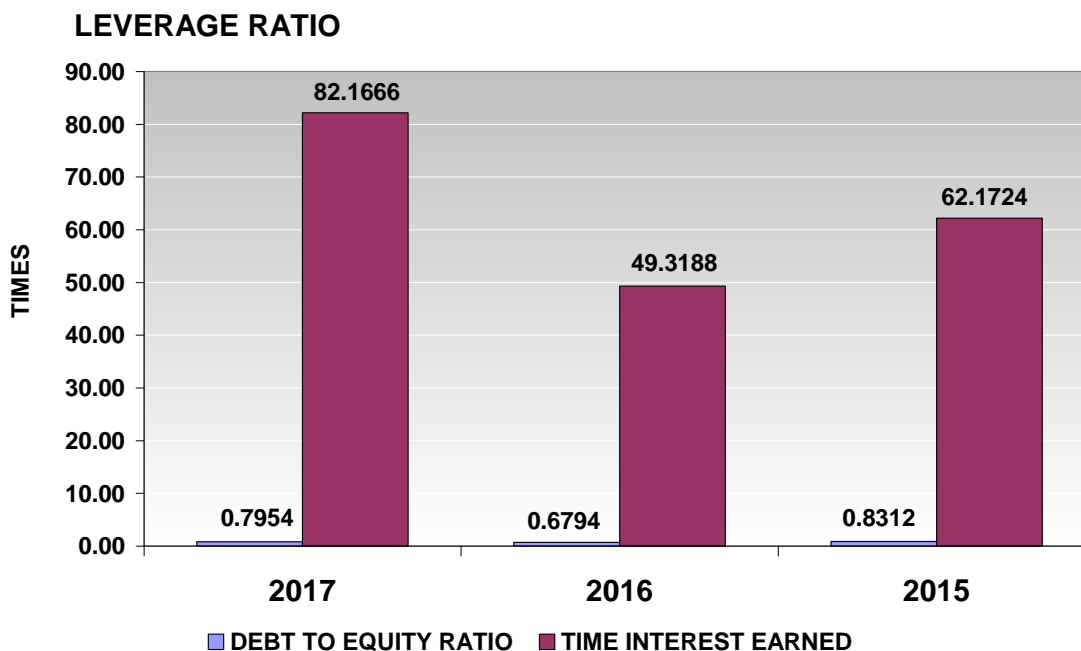
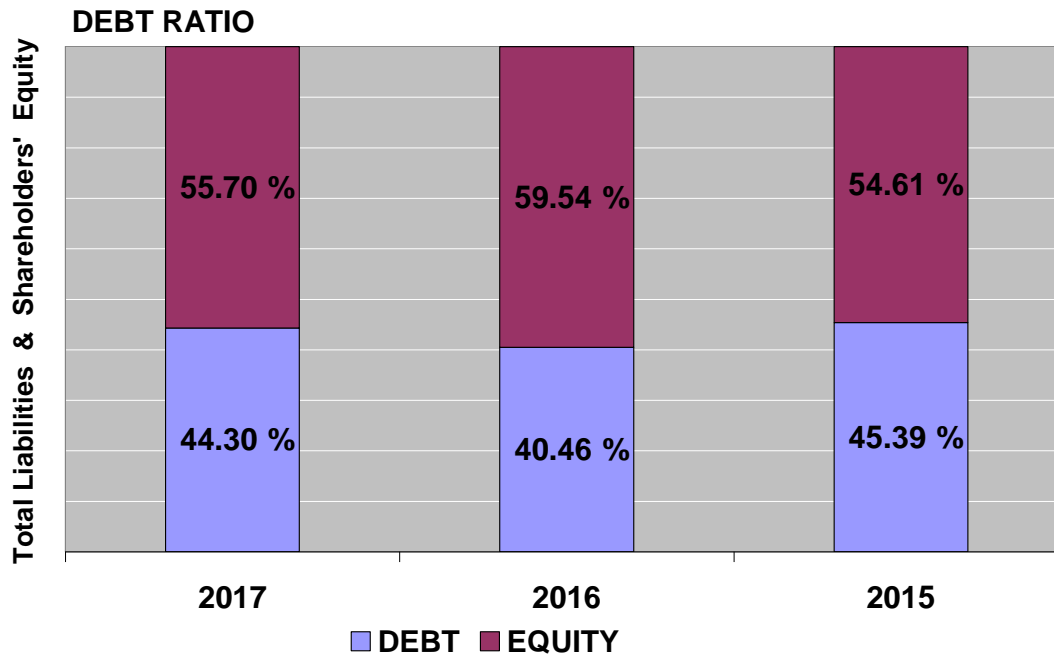
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.54 times in 2017, decrease from 1.87 times, although excluding inventory so the company still have good short-term financial strength.

The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 22 days.

Trend of the average competitors in the same industry for last 5 years

Current Ratio Downtrend

LEVERAGE : EXCELLENT



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LEVERAGE RATIO

Debt Ratio	0.44	Impressive	Industrial Average	0.98
Debt to Equity Ratio	0.80	Impressive	Industrial Average	42.02
Times Interest Earned	82.17	Impressive	Industrial Average	-

Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A lower the percentage means that the company is using less leverage and has a stronger equity position.

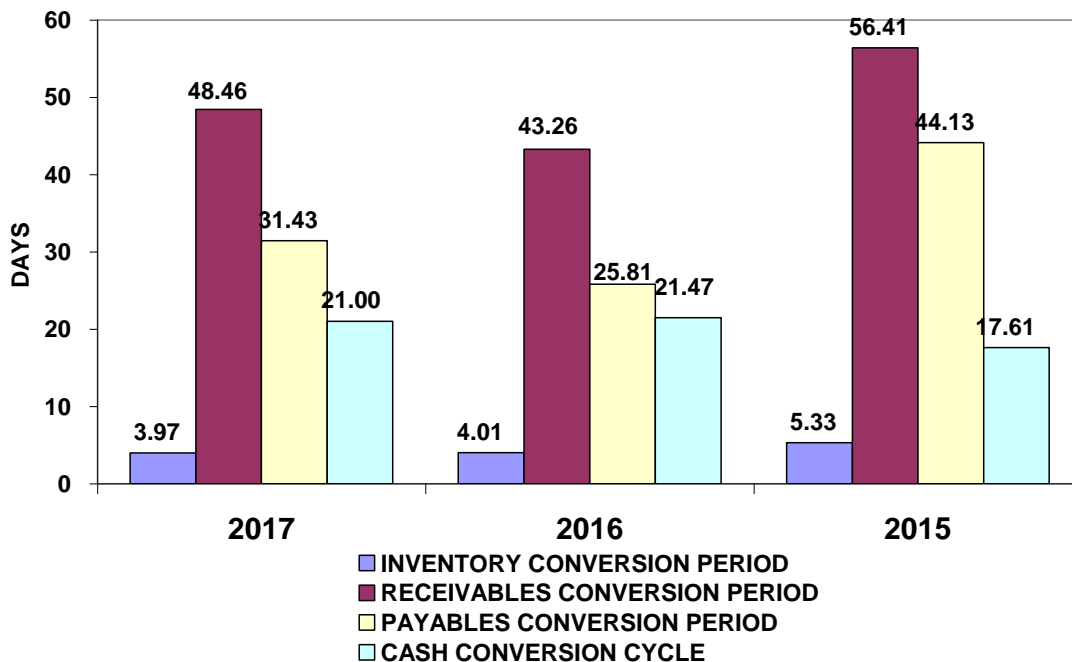
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 82.17 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.44 less than 0.5, most of the company's assets are financed through equity.

Trend of the average competitors in the same industry for last 5 years

Debt Ratio	Uptrend
Times Interest Earned	Stable

ACTIVITY : EXCELLENT



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ACTIVITY RATIO

Fixed Assets Turnover	19.17	Impressive	Industrial Average	-
Total Assets Turnover	4.95	Impressive	Industrial Average	1.53
Inventory Conversion Period	3.97			
Inventory Turnover	91.91	Impressive	Industrial Average	4.09
Receivables Conversion Period	48.46			
Receivables Turnover	7.53	Impressive	Industrial Average	6.35
Payables Conversion Period	31.43			

The company's Account Receivable Ratio is calculated as 7.53 and 8.44 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overtly stringent policy. In this case, the company's A/R ratio in 2017 decreased from 2016. This would suggest the company had deteriorated in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days is 4 days at the end of 2016, same number of days as in 2017. This represents a positive trend. And Inventory turnover has increased from 90.95 times in year 2016 to 91.91 times in year 2017.

The company's Total Asset Turnover is calculated as 4.95 times and 5.79 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

Trend of the average competitors in the same industry for last 5 years

Fixed Assets Turnover	Stable
Total Assets Turnover	Uptrend
Inventory Turnover	Uptrend
Receivables Turnover	Downtrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupee
US Dollar	1	INR 73.26
UK Pound	1	INR 95.05
Euro	1	INR 83.99
THB	1	INR 2.23

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	KET

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)