

**TG AGROSOLUTIONS LIMITED**

A.C.N. 603 108 925

LEVEL 12, 225 GEORGE STREET SYDNEY NSW 2000

Tel : +61 2 8016 2833 Fax : +61 2 9279 0664

Dear Ms. Ingrid Wei

Re: TG Agrosolutions Limited – Periodic Disclosure Query

We refer to your letter dated 19 October 2017 concerning the observations made by NSX on the Interim Financial Report lodged on 14th September 2017, particularly on the substantially higher cost of goods sold in the period ended 30 June 2017, and related questions.

We append below the details of cost of goods sold for TG Agroseedlings Sdn Bhd, which is the main operation subsidiary during the relevant period for your information.

	1H2017	1H2016
Cost of Goods Sold	(RM)	(RM)
Commission	-	60,950
Consumable stock	9,441	6,636
Purchases	2,079,499	2,723,018
Rental	69,092	132,156
Replanting charges	-	26,767
Salaries and wages	66,528	422,564
- wages overprovision in prior years	-	(343,362)
Transport charges	19,447	14,470
Subtotal	2,244,007	3,043,199
Opening Inventories	2,693,815	3,116,775
Less: Closing inventories	1,996,115	5,165,944
Total	2,941,707	994,030

As shown in the table above, the input cost (as shown in subtotal above) for 1H2017 was in fact RM799,192 lower than the comparable period in 2016. The increase in the overall cost of goods sold in the period ended 30 June 2017 was mainly due to the movement of inventories. These movements of inventories reflect the ordinary course of business of TG Agroseedling Sdn Bhd.

We wish to also highlight that the Group had since end of 2016 embarked on a pineapple pilot project in Miri, Sarawak. This disclosure was already made in the Interim Financial Report lodged on 14 September 2017. The additional cost for this pilot project has been reflected in the cost of goods sold as shown above as well as in the Group consolidated account as released through the exchange earlier.

Below is our reply to other queries raised by you: -

- 1) Can the Company please provide information supporting the material change in the cost of goods sold?

Please refer to the table above.



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- 2) When did the Company first become aware of the information regarding possible change in business activities that could result in material change in the cost of goods sold?

Contemporaneous with the reporting of Interim Financial Report on 14th September 2017.

- 3) Does the Company believe it is in compliance with Listing Rule 6.4 as the financial position of the group has significantly changed from the period ended 30 June 2016 to the period ended 30 June 2017 without any information being released to the market supporting the significant change in the financial position?

Yes.

Thank you.

Sincerely,

Chie Kieng Ngu

Director, TG Agrosolutions Ltd