

35th
Anniversary



บริษัท ลีพัฒนาผลิตภัณฑ์ จำกัด (มหาชน)
LEE FEED MILL PUBLIC COMPANY LIMITED



รายงานประจำปี 2560

ANNUAL REPORT 2017

“Aiming to attain the international standards, and promoting public and environmental awareness.”



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The Board of Directors of Lee Feed Mill Public Company Limited. Details are as follows:



1 Mr. Visith Leelasithorn
Director and Chairman of
the Board of Directors



6 Mrs. Sununta Subhapholsiri
Director and Member of
the Audit Committee /
Independent Director



2 Mr. Nipon Leelasithorn
Director and Chairman of
the Executive Director
and Managing Director



7 Mr. Busarin Vanaswas
Director and Member of
the Audit Committee /
Independent Director



3 Mr. Karoon Chanmingporn
Director and Deputy Managing
Director



8 Pol. Lt. Gen. Adisorn Nonsee
Director and Independent
Director



4 Mrs. Supaporn Chongvilaiwan
Director and Asst. Managing
Director



9 Mr. Somsak Tiensriyuka
Director and Secretary of
the Board of Directors



5 Assoc. Prof. Dr. Somjai Phagaphasvivat
Director and Chairman of the Audit Committee
/ Independent Director



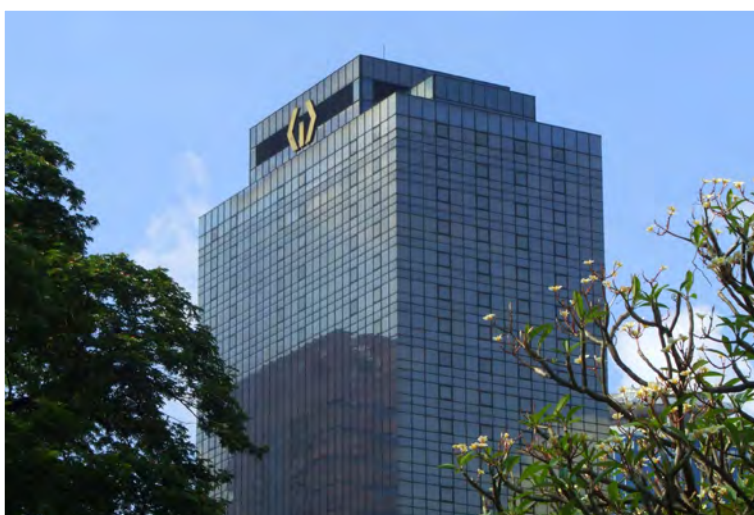
Message from the Chairman

To Shareholders,

Lee Feed Mill Public Company Limited has just celebrated its 35th anniversary in the business. If we look back in time to when we first started in 1983, we were but a small animal feed producer then we started to expand our production capacity and developed our products until we became well received by the customers. We gradually grew our business from our policy to produce high quality animal feeds because we realize that we are the producer at the beginning of the food chain at the end of which would, in turn, also be all of us.

Today's more competitive circumstance in the animal feed business brings with it both opportunities and risks, management of all the processes needs to be accompanied by the careful and close monitoring of situations which can change all the time. Amidst the competition in pricing and quality, the Company needs to place high importance on efficient researches and development to be able to produce constantly improved products, commencing from sourcing quality raw materials, verifying the quality of such raw materials before using them in the production, ensuring production with international standard, and performing quality control on products prior to being sold to customers. This is because the Company strongly believes that by rigorously maintaining high standard and high quality of products, constantly developing and adjusting its work processes in order to be highly adaptive to changes, assisting farmers and customers in solving their problems, and ensuring added values for customers and farmers, the Company would be able to confidently and sustainably continue its business.

As for the Company's operating result in the year 2017, total income amounted to Baht 3,368 million, net profit was Baht 196 million which was a profit of Baht 0.21 per share. As of December 31, 2017, the Company had total assets of Baht 2,989 million, liability of Baht 322 million and shareholders' equity of Baht 2,667 million. Therefore, the Board of Directors has passed a resolution to propose an agenda for the Annual General Meeting of Shareholders' approval of the 2017 dividend payment at the rate of Baht 0.19 per share.



On behalf of the Board of Directors, I would like to take this opportunity to thank you all for having extended to us your constant support. Special thanks also go to governmental bodies, shareholders, farmers, customers, and executives as well as all of our employees whose determination and devotion contribute greatly to the Company's success. I also would like to give you reassurance that the Company always adheres to the principle of good corporate governance, and takes full responsibilities of the society and all of its stakeholders, with special emphasis being constantly placed on transparency, anti-corruption campaign, activities to develop communities around each of the Company's production plants, and efficient energy consumption and environmental management. The Company is determined to ceaselessly develop itself in order to achieve continued success and sustainability in its future business.



Mr. Visith Leelasithorn
Chairman





Report of the Audit Committee

To Shareholders,

The Audit Committee has performed its duties and responsibilities as assigned by the Board of Directors of Lee Feed Mill Public Company Limited to monitoring the Company's operation to ensure that managements and directors have performed their duties to the Company's shareholder with honesty, responsibility and performed under the Company's policy. Audit Committee consists of three independent directors as follows:-

- | | |
|--|---------------------------------|
| 1. Assoc.Prof.Dr.Somjai Phagaphasvivat | Chairman of the Audit Committee |
| 2. Mrs.Sununta Subhapholsiri | Audit Committee Director |
| 3. Mr.Busarin Vanaswas | Audit Committee Director |

During the year 2017, audit committee held 4 meetings, audit committee has conducted the major activities under the scope of duties and responsibilities assigned by the Board of Directors as below:-

1. Review on the financial reports

Review the financial statements and financial reports for the year 2016 and the 1st, 2nd and 3rd quarter of the year 2017, which cover to review accounting standard operation, account policy choosing, and independent disclosure in the financial statement in order to propose to the Board of Director of the Company.

2. Review of risk management

Board of Directors and Management committee have placed great emphasis on risk management and prescribed assessment with internal and external risk factors and opportunity to impact. Prepare risk management plans to prevent or mitigate potential impact on business operations to an acceptable level. The management is responsible for report the risk management. The Audit Committee reviewed the effectiveness of the risk management of the risk management report.

3. Review of connected transactions or transactions that may result in possible conflicts of interest

Review the transactions and disclosure of the related parties which may have potential conflict of interests during the year 2017, considering the necessity of transaction, appropriated pricing by compare with the third parties price or market price and comply with Securities & Exchange Commission, Thailand's principles.

4. Review and evaluation of internal control system

Review the adequacy and appropriateness of internal control system of the company to ensure the Company's operation is efficiency and effectiveness and provide the sustainable return to stakeholders.

5. Review of regulatory compliance

Review the Company's operation that comply with regulation and principles announced by Securities & Exchange Commission, Thailand, and relevant business regulation.

6. Meeting with Independent auditor

Two times meeting with independent auditor without the Board of Director of the Company to allow the auditor to report events or information of the Company and exchange comments independently.

7. Appointment of the external auditor and review of the audit fee for the year 2017

Review independent, performance and opinion of independent auditor. Considered and proposed independent auditor and audit fee for the year 2018 to Board of Director, to be proposed to the shareholders' meeting for approval. Audit committee considered that Ms.Krongkaew Limkittikul, Certified Public Accountant (Thailand) No.5874 and / or Mr.Natthawut Santipet, Certified Public Accountant (Thailand) No.5730 and / or Mr. Supachai Phanyawattano, Certified Public Accountant (Thailand) No. 3930 of EY office Limited to be the Company's independent auditor for the year 2018 due to they are expertise in auditing and have been perform well all along, provide advice on the new accounting standards. The proposed auditors have no relationship and conflict of interest with the Company, major shareholders, Management and their relatives

8. Review the audit committee charter

Review and modify Audit Committee charter to comply with the practice guidelines and relevant regulations, by add the score, authority and duties, and responsibilities as below;

- Review the summarize examinations of corruption and preventive practice. Include review the internal principle processes regarding to clues and complaints.
- Review self-assessment on anti-corruption measures to ensure that the Company has anti-corruption system as reported in the report in the self-assessment report to Thai Institute of Directors.
- Perform self-assessment in performing the duties of the Audit Committee on an annual basis, both group and individual. In order to improve the effectiveness of the work.

The Audit Committee is of the opinion that the Company operations, within the period as at 31 December 2017 have been performed with both proper internal control. The financial reports are accurate, complete and reliable, and in compliance with the laws, rules and regulations related to the Company's business, including the correct disclosure to regulations that are consistent with good corporate governance, transparency and reliability and continuously improved the quality of working system in line with the prevailing business environment.

On behalf of audit committee



Assoc.Prof.Dr.Somjai Phagaphasvivat
Chairman of the Audit Committee

27 February 2018



Business Overview

Lee Feed Mill Public Co., Ltd., was established on 16 August 1983, with initial registered capital of 20 million baht. The Leelasithorn group is the Company's major shareholder. The Company was listed on the Stock Exchange of Thailand on 26 January 1990 and became a limited public company on 7 March 1994. Current paid-up registered capital is 922.18 million baht. Its first feed mill was located in Muang District, Nakhon Pathom. Subsequently in 1988 and 1990, a second feed mill and silo were built, both in Muang District, Saraburi, under Lee Pattana Feed Mill Co., Ltd., and Lee Pattana Silo Co., Ltd. Both of these are subsidiaries with shares of 95 held by Lee Feed Mill Public Co., Ltd., And in the next four years, the Company expanded its parent stock-chicken farm and chick hatchery for the production of broiler chicks for the market. Investment promotion was also granted to the hatchery, located in Chon Dan District, Phetchabun.

Due to the limited area available for expansion of the first feed mill in Nakhon Pathom, as well as its leased status, the first feed mill was closed in 1996, and investment promotion requested for the new feed mill opened in the same year, in Kao Yoi District, Phetchaburi. In 2002, an aquaculture feed mill was opened on the same land as the feed mill in Kao Yoi, under the name of Lee Feed Mill Public Co., Ltd. And Lee Pattana Feed Mill Company limited Investment promotion was also received. In the past, all four feed mills have a combined production capacity of 492,000 tons of animal feed per annum, with actual production at approximately 40 percent of capacity, while the silo's capacity is 38,500 tons for storage of plant seed throughout the year. The company has invested in Bodhi Ngarn Sea Farms Co., Ltd. in 2012. The objective is the experimental farming for the aquaculture business to support the research and development of aquatic animal feed on the high quality and standards to be sustainable.

The Company obtained from the Department of Livestock a Certificate of Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point (HACCP) in the category of animal-feed manufacturing, in order to ensure hygienic products. Our factories received ISO 9001 certification for the entire system. This reflects our effective selection of raw materials, production processes, quality inspections, and health management, as well as our international-standard product quality and our responsibility to society, since good animal feed means quality and safe food for consumers. The Company has its strong concerns and awareness of environmental protection and its impacts (such as wastewater, dust, and air pollution) on the communities and the society, ISO 50001 - Energy Management System, helping as well as energy conservation and effective use of resources; and has therefore determined its policy of environmental management system under ISO 14001 for both of its manufacturing plants.

The Lee Pattana Group operates its business principal activities are (1) the manufacturer of animal feed (2) crop drying, silo (3) experimental farming and (4) crop farming. Substantially all sales, operating profits and assets are related to the manufacture of animal feed business.

- Lee Feed Mill Public Co., Ltd., the parent company, involved in processing the production and distribution of animal feed for both livestock and aquaculture in concentrated pellet and powder forms, as well as concentrated feed for swine, chickens, ducks, cattle, fish, and shrimp, under the trade mark of "Lee" "Win" "Max" and "Pro-grade". The Company's factory is located in Phetchabun province. The Company also run business in animal farm in Kaengkoy district, Saraburi province, breeding broiler chicks which breeder farm and hatchery chicks are located in Phetchabun province. However, the Company temporary ceased operation since October 1, 2004 due to avian influenza crisis. Currently, In Phetchabun, the Company operates the wooden breeding and rent its hatchery.
- Lee Pattana Feed Mill Co., Ltd., a subsidiary, conducting business along the lines of that of the parent company. However, this subsidiary concentrates on feed production for livestock and domestic animals, such as swine, chickens, ducks, cattle under the trade mark of "Lee" "Win" "Max" and "Pro-grade", Moreover, the Company produces pet food, "Petto" and "Jato" for dogs and "Mao Mao" for cats. Its mill is located in Saraburi Province.
- Lee Pattana Agro Silo Co., Ltd., a subsidiary, with in silo grain storage and the purchase and sale of animal feed material to associated companies within the intercompany group.
- Bodhi Ngarm Sea Farm Co.,Ltd., a subsidiary, operates its business as a rental farming.
- Pattana Agro Futures Co., Ltd., an associated company, operated as a future broker (Registration No.12) of agricultural trading in The Agricultural Futures Exchange of Thailand (AFET). Since April 2016, the Company has ceased operations as a trading agricultural broker and already returned the future broker license to the Agricultural Futures Exchange of Thailand in May 2016.





Business Operations

Animal-feed mills of the Lee Pattana Group are divided into geographic regions for sales purposes, so as to attain maximum cost efficiency in regard to transportation and distribution costs. The mill in Phetchaburi is in charge of sales for Nakhon Pathom, Ratchaburi, and all provinces in the South from Phetchaburi on down; while the mill in Saraburi handles all sales in the Central, Northern, Northeastern, and Eastern Seaboard regions of Thailand.

1. Revenue Structure of the Lee Pattana Group (2015 – 2017)

Revenue from Sales	Producer	2015		2016		2017	
		Million Baht	%	Million Baht	%	Million Baht	%
Complete animal feed	Company and subsidiary	3,442	99.45	3,362	99.20	3,297	99.13
Livestock / crop farming	Company	19	0.55	27	0.80	29	0.87
Total		3,461	100.00	3,389	100.00	3,326	100.00

Remarks: Revenues from sales of complete animal feeds for the year 2017 came from land and aquatic animal feeds at the rate of 60 percent and 40 percent, respectively

2. Market and Competition

2.1 Customers, Targeted Customers, and Distribution Channels

Our customers and targeted customers comprise animal-raising farmers and sale agents, at the rate of 55 percent and 45 percent, respectively. Our top product is aqua feed to large-scale and standard farms with adequate and consistent purchasing power, and our sale agents cover specific sale areas and are able to establish and manage subagents in said areas or external sales teams. Sales agents have the financial strength and a sound understanding of our sales terms and conditions. Since our customers strongly to products quality utilization, we focus on the production and distribution of diverse feed formulas to keep up with customer. We have forged excellent ties with customers and sales agents, we have more than 500 customers, the top 10 of which have accounted for 20 percent of total sales. There is no any customer has amount over than 10 percent of total sales.

2.2 Competition Strategy

More than 35 years in this business, the Company is well known and regarded. Our R&D for feed formulas and customized products have differentiated our stance. The Company also has the production capacity to meet increases in market demand. We have forged good relations with customers through academic seminars, sales rewards, and a stock-management system that can cushion against fluctuations in raw-materials prices. Moreover, we have researched substitute raw materials, in case of raw-materials shortages.

2.3 Pricing Strategy

Animal feed is subject to price controls by the Department of Internal Trade, Ministry of Commerce, whereby central-price ceilings have been prescribed. Producers may adjust actual selling prices in accordance with production costs and other competitive costs, such as sales promotions, but not to higher than the prescribed central price. The Company offers reasonable prices by means of effective cost management; e.g., acquisitions and stocks of raw materials at appropriate prices, particularly soybean refuse, Fish meal, maize, or, through our research, substitute raw materials of equivalent quality.

2.4 Competition

Competition in the animal-feed market is divided into 2 main markets, as follows:

1. Free market or the direct sale of animal feed to customers. Customers may use the feed themselves or resell it to farmers raising livestock.
2. Contract farming or the sale of animal feed to members participating in animal-breeding or animal culture projects. Members are guaranteed livestock prices and required to own their own farms. In addition to animal feed, animals like piglets and chicks are available to farmers, as well as information regarding modern farm-management techniques.

The overall animal-feed industry offers profits and average growth rates at moderate levels and faces demand fluctuations in certain years, hinging mostly on export. Nevertheless, the industry experiences less fluctuation compared with other processed agricultural products, since sales are limited only within the country and free from fierce international competition.

According to the Association of Thai Animal-Feed Producers, there are 53 member animal-feed factories, representing 90 percent of the market. Medium and large-scale factories focus on production of pig, chicken, and aquatic animal feeds, while small-scale factories are more specialized. The small market size results in fierce competition; large-scale producers benefit from economies of scale with supplies to their own farms and member farms.

Almost Sales by the Company and its subsidiaries are made in independent local markets. Of the total animal-feed demand of 19.64 million tons per year, the Company accounts for 80 percent are supplied by factories, and the remaining 20 percent are mixed by farmers. Supplies from animal-feed factories goes to independent markets at the rate of 45 percent, to integrated business lines at the rate of 55 percent. Our share in independent markets likely in top ten independent markets (projected by our Management and only for land and aquatic animal feeds).



Competition in the form of integrated business lines poses both pros and cons. Adverse raising conditions and prices of specific animals may create a domino effect for business. On the other hand, a bright outlook for specific animals will directly benefit our field and related ones. If the Company were to focus only on animal feeds, the Company could be more flexible, such as by increasing production of certain animal feeds that show promise and are profitable, thereby lowering business risk; however, such a focus may have low growth prospects compared with integrated business lines.

Our executives anticipate that only a few players in the market can apply the integrated-business-line approach, which is suitable for large-scale companies with hefty investment capital. Note that players in the agricultural industry are mostly SMEs.

2.5 Animal Feed Demand in 2017 and 2018

Table: A Comparison of Animal Feed Consumption Volumes in Thailand (2017 and 2018)

Type of Animal Feed	Animal Feed Consumption					
	2017		2018		Increase (Decrease)	
	Volume (tons)	%	Volume (tons)	%	Volume (tons)	%
Broiler chicken feed	6,504,826	33.12	6,535,797	32.55	30,971	0.48
Parent chicken stock	912,240	4.65	939,456	4.68	27,216	2.98
Layer chicken (small)	1,010,244	5.14	921,801	4.59	(88,443)	(8.75)
Layer chicken (egg)	2,225,600	11.33	2,377,747	11.84	152,147	6.84
Parent layer-chicken stock	31,200	0.16	28,800	0.14	(2,400)	(7.69)
Swine	5,310,000	27.04	5,659,200	28.18	349,200	6.58
Swine breeder	1,004,400	5.11	993,240	4.95	(11,160)	(1.11)
Duck feed	264,600	1.35	310,800	1.55	46,200	17.46
Duck breeder	22,995	0.12	23,360	0.11	365	1.59
Layer duck	422,500	2.15	391,280	1.95	(31,220)	(7.39)
Cattle	850,275	4.33	875,453	4.36	25,178	2.96
Shrimp	510,000	2.60	480,000	2.39	(30,000)	(5.88)
Fish	569,600	2.90	544,000	2.71	(25,600)	(4.49)
Total	19,638,480	100.00	20,080,934	100.00	442,454	2.25

Source: The Thai Feed Mill Association

Agricultural economy in 2017 expanded by 5.3% when compared to the year 2016, with animal farming and fishery expanding by 2.0% and 2.2%, respectively.

A key supporting factor for such a change was from the fact that Ministry of Agriculture and Cooperatives has set the year 2017 to be the year of elevating agricultural quality standards for sustainable growth with 13 key integrated policies, i.e., establishing learning centres for increasing efficiency in the production of agricultural products, establishing systems in support of big plantation farming, managing agricultural areas in accordance with proactive agricultural map, developing quality of agricultural products to meet the standards of organic agriculture and New Theory agriculture, strengthening banks for agricultural products and cooperatives, encouraging comprehensive production plan and one-stop rice trading market, seizing back plots of land under Agricultural Land Reformed Act which are unlawfully held, enhancing water resource management, furthering the concept of Smart Farmer/Young Smart Farmer and Smart Officer in order to continuously drive agricultural economy under the principle of Sufficiency Economy, implementing innovation and technology in order to help reduce production costs, elevating the efficiency and standard in the production of agricultural products, having weather conditions and water quantity that were suitable for animal and fish farming with the usable water quantity in major dams being more sufficient than it was in 2016.

Negative factors came from torrential rains and severe floods experienced in some areas in the southern region, e.g., Nakhon Si Thammarat, Surat Thani, Phatthalung, Krabi during the months of January, November, and December which caused a decline in the production of prawns during the aforementioned months and from the policy to seize back land under Agricultural Land Reformed Act which caused many prawn farmers to cease their businesses as their farms were not in the areas where prawn farming was allowed and this in turn, led to a decline in prawn farming in many areas.

Agricultural economy in 2018 is projected to expand by 3.0-4.0% with livestock business expanding by 1.3-2.3% and fishery business expanding by 2.0-3.0%. This is because the government has various policies and other measures related to agriculture which would be highly beneficial for the farmers across the country and which would in turn, improve their ability to compete by reducing costs, increasing productivity and improving product quality to be in line with the market demands. In addition, the weather and quantity of water available for farmers in 2018 is also projected to be more suitable for livestock and fish farming businesses. The world's economy in 2018 also continue to have a clearly improved trend, including ASEAN economy which also enjoys an improved trend, resulting in higher export volume of livestock and fishery products.



Total saltwater prawn production in 2017 amounted to 3.90 million tons globally, a decrease of 8.62 % from the year 2016. Thailand's cultivated saltwater prawn production yielded approximately 330,000 tons which increased from 311,000 tons yielded in 2016, an increase of more than 6.11%. As for 2018, Thai prawn business is projected to see an increase of 4.54% despite the decline in the overall prawn farming areas and the density of prawns per each pond. This is because prawn farmers have adopted more efficient farming methods and more efficient and systematic management, and they also understand how to prevent and control disease outbreaks very well. These were the main factors that caused prawn production to increase. As for incidents of EMS, there were incidents of outbreaks in many areas; however, as farmers possessed sufficient knowledge on the disease, the damage was not devastating. Overall, prawn cultivation still gave returns that were high enough for farmers to sustain their business.

Prawn exportation is expected to increase as the production in competing countries, e.g., India and Vietnam, declined due to disease outbreaks and findings of traces of antibiotics in prawns. (In Thailand, nowadays no antibiotics are used in prawns.) These might be part of the reasons why importers are reverting to importing more prawns from Thailand. However, Thailand still has to face with problems of trade barriers set by importers in the forms of product standards and a ban placed on uses of illegal labour. In 2018, prices of prawns should increase due to the overall decline of prawn production. Export to China has a tendency to increase especially for big size prawns due to China's improved economy and higher demands for prawns, especially for the big size, resulting in an increase in the export of big size prawns, both live and frozen, to China especially for black tiger prawns.

As for tilapias, the country's total production in 2017 was at 185,902 tons, a 5.35% increase from 2016 owing to the less volatile weather conditions when compared to those in 2016, sufficient water quantity for year-round farming, no widespread disease outbreaks as a result of high water quantity, and fish unaffected by water quality. Farming areas in the southern region sustained some damages towards the end of the year from floods but the farmers were well prepared; therefore, the volume of fish was not severely impacted. Global production of tilapias increased by 5.87% from the year 2016, amounting to 6.31 million tons of these 5.67 million tons were from farming (a 6.98% increase) and 0.64 million tons were from catching of wild fish (a 3.03% decrease). Production from Asian countries amounted to as high as 4.14 million tons, or 65.7% of global production of tilapias. However, it has been projected that in 2018, the production of tilapias would remain at the same level because the government sector is currently imposing stricter control over cultivation of tilapias in floating baskets in public waterways which rendered the farmers unable to expand their farming areas in these waterways. However, there was also a positive factor which was the government's support for big plantation farming in order to increase production efficiency, reduce costs and uplift production standard through organization of cooperatives. Additionally, there was another external factor needed to be closely monitored which was the production of tilapias in Vietnam. This was because Vietnamese government set a target to increase the country's tilapia production by 6% with the US, France, Spain, Malaysia and South Korea as the main markets. If there should be the problem of oversupply in the country, tilapias from Vietnam would be bound to be exported to the neighbouring countries which would in turn, impact the overall pricing within ASEAN.

Livestock business expanded 2.0% in 2017 when compared to 2016. This was due to the increase in productivity to cater for higher demands from both domestic and foreign markets. Most farm systems are of improved standard owing to constant improvements made. There were some incidents of disease outbreaks but vigilant monitoring of the situation and good controlling measures contributed to the success in limiting affected areas. Coupled with the continuous growth in the market demand, especially for chickens raised for meat which saw an increase in the volume produced for the market and which have seen an increase in the export as many trading partners have accepted the quality and price of chickens from Thailand. As for raw milk, the price has increased due to the increase in the medium buying price for raw milk in line with the high quality of raw milk. However, as the communication on the improvement of milk quality was not very far-reaching, the total volume of milk production to decrease as they did not fully understand the management of feeds to optimize milk quality. However, in the long run when farmers can successfully handle the problem, they will find that the quality of milk produced would improve which will in turn, improve the price of the milk as well. Livestock products that saw a decline in the average price was pigs and eggs due to the increase in the farming areas coupled with higher efficiency in farm management which cause loss to be low, resulting in the overall higher supply in the market which caused price to slow down.

Global production of pigs in 2017 amounted to 111.03 million tons, an increase of 0.97 from 2016 in which the total production was 109.97 million tons. For Thailand, in 2017 there was a total production of 19.25 million pigs, a 2.02% increase from 2016 at the end of which there were a total of 18.87 million pigs. However, as there has been constant demand for pigs within the country; the medium and big producers have good farm management and efficient disease control; there was an increase in the number of breeding boars and gilts in each farm, and the survival rate of pigs was higher, the total production of pigs was higher and this in effect, caused oversupply of pigs in the market at the end of 2017. This drove the price down and continued to have the impact until now. The event that was worth monitoring is the increase in the number of pigs reared due to the higher demand for consumption and the oversupply of pigs in Vietnam which drove the price of pigs in Vietnam down and in effect, caused the price of pigs in our neighbouring countries, e.g., Laos and Cambodia to be low as well. This eventually impacted the sales of Thai pigs across the borders. Consumption within the country was projected to increase slightly as the price of pigs was low due to oversupply until it can compete with the prices of other alternative meats. Production of pigs in 2018 was projected to amount to 19.884 million pigs, an increase of 3.28% due to the increase in the number of population within the country coupled with higher efficiency in farm management and disease control which caused the survival rate of pigs to be higher.

In 2017, there were 14,037.23 million eggs produced, an increase of 5.63% from the year 2016 in which there were 13,280.30 million eggs produced due to the higher efficiency in rearing methods and farm management. It is also projected that in 2018, the production would reach 14,355.17 million eggs, an increase of 2.26% from the year 2017 and that the average selling price will increase from that of the year 2017. The projected increase in price was due to the plan to import more suitable and efficient breeding hens and roosters which would



help stabilize pricing of eggs within the country. This was further helped by the campaign launched by the government and private sectors to promote consumption of eggs, focusing on the nutritional benefits of eggs and the appropriate amount for consumption for each sex and age. There was also a message to rectify an old belief that egg consumption is not good for health and this also contributed to higher consumption of eggs. The adverse factor to watch out for is still the sudden change of weather pattern which will have direct impact on the level of immune system of chickens, causing them more susceptible to diseases. This can be mitigated by means of good farm management.

As for chickens raised for meat, from 2013 to 2017, there was a consistent increase of 5.19% year on year. In the year 2017, there were 1,470.26 million chickens raised for meat or 2.08 million tons, an increase of 4.61 from the year 2016 in which there were 1,405.49 million chicken raised for meat or 2.03 million tons. This was due to an increase in the production capacity to cater for the increase in consumption demand and demand for export, helped by standardized farm management and safe production system which are well accepted among consumers. It has been projected that in 2018, there would be 1,501.53 million chickens raised, an increase of 2.13% from the year 2017, in line with the population growth and the trend of domestic as well as foreign demand. Moreover, as chicken meat is, on average, cheaper than other kinds of meats. In terms of export, it was found that Japan has now allowed Thailand to re-export chilled and frozen chicken meat to Japan as Thai products have good image for being of high quality and good value. The fact that Thailand is located within closer vicinity to Japan when compared to competitors like the United States and Brazil, and that Thai labour is skilled and meticulous contributed to Thailand's ability to better cater for the demand of customers than can the competitors. This was also further helped by that fact that China's having problem with food safety which caused Japan to increase the volume of imported processed chicken meat from Thailand.

From 2556 to 2560, dairy cows saw an increase of 2.35% per year. In 2017, there were a total of 645,495 dairy cows, an increase of 3.63 from 2016 in which there were a total of 622,892 cows and the number of dairy dams increased during 2013-2017 at the rate of 2.77% per year. In 2017, there were a total of 269,397 milking dams, an increase of 1.58% from 2016 in which there were a total of 265,218 milking dams. Raw milk production during 2013-2017 increased at the rate of 2.13% per year. In 2017, there were a total of 1,197,658 tons of raw milk produced, a 3.15% increase from 2016 in which the total production amounted to 1,161,102 tons. This was because there were new calves being born during the year and the average number of dairy dams increased from the young dams. The price of raw milk was good as it was set in line with the quality of milk. This caused farmers to improve the efficiency of rearing methods and to use suitable feeds, and to strictly control disease which resulted in higher rate of milk yields and better quality in raw milk.

In 2018, it has been projected that the number of dairy cows and milk production would increase from the natural reproduction of cattle herds and from Department of Livestock Development's policy to improve the quality of milk by focusing on production efficiency by means of aiding technologies and on reduction of production costs by means of management of dairy cow feeds which would improve both the quantity and

quality of raw milk in the long run. In 2018, it has been projected that the number of dairy cows would increase to 660,155, an increase of 2.27 from the year 2017 in which there were a total of 645,495 dairy cows of these 276,321 were milking dams, an increase of 2.57 from 2017 in which the number of milking dams was 269,397. In 2018, the production of raw milk was projected to amount to 1,233,483 tons, an increase of 2.99% from 2017 in which the amount of production was 1,197,658 tons. Such an increase was due to higher demand for ready-to-drink milk from higher consumption of milk in commercial milk market. However, the school milk market which is the key market saw a decline in the demand for milk consumption which was in an opposite direction compared to the demand for milk consumption in commercial milk market. The price raw milk in 2018 was projected to increase from that of 2017 as the overall quality of raw milk improved due to the government policy.

In 2017, beef cattle amounted to 0.962 million, an increase of 5.00% from the year 2016 in which the production of beef cattle was 0.916 million. Factors such as the fact that there was not enough supply for consumption; that there was also demand from the neighbouring countries, and that there were projects to encourage farmers to rear more beef cattle contributed to an increase in the number of beef cattle reared. In 2018, it was projected that the number of beef cattle produced would be 1.005 million, an increase of 4.45 from the year 2017 due to government projects to encourage beef cattle rearing and the growing popularity of consumption of barbecued beef.

Growth rate of gross domestic product of agriculture sector

Unit: Percent

Sector	2017	2018
Agriculture sector	5.3	3.0 - 4.0
Plants	6.8	3.5 - 4.5
Livestock	2.0	1.3 - 2.3
Fishery	2.2	2.0 - 3.0
Agriculture service	4.7	2.0 - 3.0
Forestry	2.3	1.5 - 2.5

Source: : Forecast by Bureau of Agricultural Development Policy and Planning, Office of Agricultural Economics

2.6 Providing crucial raw materials for feed mill production

In sourcing for its raw materials, the Company adheres to international quality standards, namely, ISO 9001, ISO 14001, ISO 50001, GMP, and HACCP. During the procuring process, utmost importance is, therefore, placed on following the Company's policy of sourcing from all quality suppliers under the procuring processes which ensure selection of efficient suppliers and which in turn, allow the Company to purchase quality raw materials at reasonable prices for the production of good quality animal feeds for the benefits of our valued customers.



The world economy saw 3.6 percent growth in 2017 which was an improvement led by the United States both in terms of domestic consumption and international trading. Industrial products recovered with the improvement of the economy in the United States causing FED to raise interest rate 3 times as planned which in turn, had favorable impacts on the economy within the EU, Japan, and ASEAN region. The Chinese government put less emphasis on expediting the country's growth and paid more attention to risk management, coupled with the policy to reduce oversupply in order to control pollution problems caused by factories. These factors contributed to the price rise of the consumer products, and that of petrol price. Thai economy also expanded due to government's investment, improved domestic consumption, and better-than-expected export despite the baht becoming strong. Tourism industry was strong, causing funds to flow into stock markets in Asia and Thailand.

World economy in 2018 was projected to see 3.7 percent growth and continue to recover, with attention being put on major countries like the United States, especially its tax reduction policy to spur investments. European economy looked to be on a strong side but problems within each country still hinder the expansion as well as BREXIT which needs to be monitored for its impacts. For Japan, the economy started to expand whereas for China, even if the economy seemed to have slowed down but focus was placed on domestic growth. ASEAN economy experienced healthy growth and Thai economy had clearer support from the government and welfare scheme provided by the government spurred domestic consumption. Tourism industry was strong. However, there was a need to monitor impacts of stronger baht on export and investment of the private sector which was still fragile, and political factor within the country.

As for the price situation of key raw materials in 2017, prices overall increased slightly when compared to those of 2016 with the main reason coming from the increase in the prices of marine products like powdered fish protein which was in line with foreign markets. Prices in domestic market also rose due to a decreasing supply of powdered fish protein due to a more stringent control on fishery and on use of illegal labor. However, prices of plant-based proteins and starches decreased, with stronger baht helping to soften the impact from importation of products from overseas causing the overall prices to increase only slightly.

As for the situation of key raw materials in 2018, it has been projected that prices would increase by approximately 5 percent from increasing demands of key raw materials in the market and from the impact of global market's increasing exportation of livestock on the pricing of consumer products. There is expected to be higher demand for starches and soy products and pricing of marine products still continues to rise as basic factors remain unchanged. In this connection, the Company will closely monitor the market conditions in order to plan for quick adaptation in cases of price fluctuations in the global market and changes in the government's policies which may have impacts on imported raw materials. This is in order that the Company can procure raw materials that are suitable in terms of production costs in order to maintain its capacity to compete in the market.

Risk Considerations

Risk considerations that may affect the business include:

Risk from Fluctuations In Raw Material Prices

The Company's main raw materials are maize, soybean meal, fish meal, rice bran, and broken rice, the prices of which fluctuate greatly, and they account for 80 percent of total raw materials. Raw-material prices change in accordance with demand and production volume in each period and season. The price is also determined by the demand and supply of the world markets and speculation in commodity futures market also affect the demand of these commodities. These factors may affect the price volatility of raw material. As for the supply side, natural disaster and climate change may contribute in lower crop production. These factors are uncontrollable and unexpected. Nevertheless, the Company manages to adjust sales prices for animal feeds in keeping with raw-material costs, by requesting approval for upward price adjustments from the Department of Internal Trade. Since animal feeds are subject to price controls, price adjustments may not keep pace with raw-material prices. The Company has effectively set up a plan for raw-materials purchases; i.e., making purchases during periods of excessive raw-material production at cheap prices. The Company can substitute more expensive raw materials with cheaper one. At the same time, the Company is seeking new foreign raw-materials producers who offer competitive price compared with local suppliers.

The Volatility on Foreign Exchange Rate Risk

Our major business involves local sales of animal feeds and (meat) chicks, while raw materials like soybean meal and milk powder are imported, representing 40 percent of raw-material costs for animal-feed production. Exchange-rate risk arises, as our revenues are in baht, while certain expenditures are in U.S. dollars. The Company cushions such risk by means of forward exchange rate contracts and continuous currency monitoring, allowing control over exchange rate risk to a certain extent that the Company shall be able to recognize accurate production cost and able to effectively set the selling price.

The Volatility on Interest Rate Risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to its cash at banks, current investments and short-term loan with interest. However, since most of the Company and its subsidiaries financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal. To reduce the risk of interest rate, the Company sets a team to closely monitor the trend of interest rates.



Credit Control Risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and loans as stated in the statement of financial position.

Management Risk

As of 31 December 2017, the major shareholder of the Leelasithorn family is the Company's major shareholder, holding 461,000,000 shares or 49.99 percent of the Company's paid-up registered capital. As such, Leelasithorn family also controls voting at each Shareholders' Meeting, whether in regard to the appointment or removal of directors or voting on shareholders' resolutions requiring a majority of shareholders' votes except the matters that need to be approved by 3 in 4 of the shareholders who attends the Meeting. Thus, the minority shareholders do not have the power to check and balance the vote of the majority shareholders. The minority of shareholders may therefore face a risk of not possessing sufficient votes to review and query the management of the Company. To be as the balance of power for management, the company appointed 4 persons as independent directors of 9 directors. In addition, the Company has formulated and committed to following its corporate governance policy in compliance with the law, business ethics consideration are responsible for their duties and results of their actions to all stakeholders of the Company.

Company Information

1. Company Information

Lee Feed Mill Public Company Limited

Registration of the Company	: 0107537000718
Head Office Location	: 28 th Floor, Wall Street Tower, 33/137 Surawong Road, Bangrak, Bangkok 10500
Feed mill Plant Location	: 65 Moo 2, Huay Ta Chang Sub-district, Khoa Yoi District, Phetchaburi
Aquatic Feed mill Plant Location	: 62 Moo 2, Huay Ta Chang Sub-district, Khoa Yoi District, Phetchaburi
Dong Kui Farming Location	: 33 Moo 14 Dong Kui Sub-district, Chon Dan District, Phetchabun
Chon Dan Farming Location	: 246 Moo 5 Ban Kluay Sub-district, Chon Dan District, Phetchabun
Research and Development	: 40 Moo 11 Huay Hang Sub-district, Kang Koi District, Saraburi
Telephone	: 0-2632-7300 (Automatic)
Fax	: 0-2236-7751
Website	: www.leepattana.com
Type of Business	: Complete animal feed production and distribution, animal farming
Authorized Shares Capital	: Common shares 929,070,000 shares, Baht 1 par value
Paid-up Shares Capital	: Common shares 922,180,251 shares, Baht 1 par value
Paid-up Amount Capital	: 922,180,251 Baht

Shareholding Exceeding 10 Percent of Juristic Persons

Lee Pattana Feed Mill Company Limited

Head Office Location	: 33/137 Surawong Road, Bangrak, Bangkok 10500
Feedmill Plant Location	: 33/1 Moo 7, Phaholyothin Road, Dao Rueng Sub-district, Muang District, Saraburi
Type of Business	: Complete animal feed production and distribution.
Percents of Holding	: 95.00% of authorized share capital and paid-up share Capital Baht 200 million Common shares 20 million shares, Baht 10 par value

Lee Pattana Agro Silo Company Limited

Head Office Location	: 33/137 Surawong Road, Bangrak, Bangkok 10500
Silo Plant Location	: 33/1 Moo7, Phaholyothin Road, Dao Rueng Sub-district, Muang District, Saraburi
Type of Business	: Silo business and distributing of raw materials for animal feed.
Percents of Holding	: 95.00% of authorized shares capital and paid-up share Capital Baht 150 million Common shares 15 million shares, Baht 10 par value



Bodhi Ngarm Sea Fram Company Limited

Head Office Location	: 1/3 Moo 9 Nongbua Sub-district, Muang District, Chanthaburi
Type of Business	: Rental farming.
Percents of Holding	: 99.96% of authorized shares capital and paid-up share Capital Baht 5 million Common shares 50,000 shares, Baht 100 par value

Pattana Agro Futures Company Limited

Head Office Location	: 33/19 Surawong Road, Bangrak, Bangkok 10500
Type of Business	: The Agricultural Futures Trading Broker (Ceased operation)
Percents of Holding	: 44.50% of authorized shares capital and paid-up share Capital Baht 25 million Common shares 2.5 million shares, Baht 10 par value

Other References Persons

Share registrar	: Thailand Security Depository Co., Ltd. 93 Rajadapisek Road, Dindang, Bangkok 10400 Tel. 0-2009-9000 Fax 0-2009-9999
Auditors	: EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Bangkok 10110 Tel. 0-2264-9090 Fax 0-2264-0789-90 Name of Auditor, Ms.Krongkaew Limkittikul Certified Public Accountant Registration (Thailand) Number 5874
Legal advisor	: Chamnong Chanprasit Attorney At Law 26/7-8 Sukhumvit 65, Sukhumvit Road, Phrakanong, Bangkok 10110 Tel. 0-2391-6488 Fax 0-2391-1751
Financial advisor	: None
Management advisor	: None

2. Other Information : None

Major Shareholders

1. The Company's Securities comprise:

Ordinary Shares

Registered and paid-up capital as of 31 December 2017

Registered capital : 929,070,000 Baht, consisting of 929,070,000 ordinary shares at a par value of 1 Baht.

Paid-up capital : 922,180,251 Baht, consisting of 922,180,251 ordinary shares at a par value of 1 Baht.

2. Shareholders

Name of the first 10 major shareholders of the Company

(As of the share register closing date at December 31, 2017)

Shareholders' Name	No. of Shares Held	%
1. Mr.Nipon Leelasithorn	222,000,000	24.07
2. Mr.Preecha Leelasithorn	122,000,000	13.23
3. Alliance Co., Ltd.	82,000,000	8.89
4. Wall Street Tower Co., Ltd.	35,000,000	3.80
5. Mr.Chaicharn Lhupailboon	24,350,000	2.64
6. Mr.Akapol Sittikornmethakul	22,101,600	2.40
7. Lee Kong Jin Holdings Co., Ltd.	18,665,790	2.02
8. Ms.Krongporn Duriyaporn	16,551,687	1.80
9. Mr.Lee Joo Chew	13,838,321	1.50
10. Mr.Kajornkiat Aoug-aram	10,277,700	1.11
11. Others (3,536 persons)	355,395,153	38.54
Total 3,546 persons	922,180,251	100.00

Remark ; The Leelasithorn family is the major shareholder of the Lee Feed Mill Public Company Limited with total holding of 49.99%, including of No.1 - 4 The representative of the Leelasithorn family is Mr.Nipon Leelasithorn.

As of 31 December 2017, the latest date of Share Registration Book closure, the Company's NVDR represents 2.12 percent of paid-up capital, or Baht 922,180,251 (par value of 1 Baht). Investors may obtain information on NVDR from www.set.or.th.

3. Other securities of the Company:

None.



Dividend Payment Policy

The dividend payment policy of Lee Feed Mill Public Company Limited and its subsidiaries will pay dividend at the rate of not less than 50% of net profit of the Company's separate financial statement after deduction of corporate income tax and subject to the Company's cash flow, future investment plans of the company including economic situation.

According to resolutions of the Board of Directors' Meeting No.2/2018 held on 13th March 2018. Approval to pay dividends for the year 2017, at Baht 0.19 per share, which equivalent to 93 percent of net profit of the year 2017 according to the separate financial statement (representing a payout ratio 92 percent of the Consolidated financial statement) payment on 18th May 2018. Dividends payment for the year 2016 and 2015 were Baht 0.24 per share and Baht 0.12 per share, representing a payment ratio of 95 percent and 96 percent of net profit of the separated, (representing a payout ratio of 87 percent and 76 percent of the consolidated financial statement) respectively.



Organization Structure and Management

1. Board of Directors

The Board of Directors of Lee Feed Mill Public Company Limited. Details are as follows:

1. Mr.Visith Leelasithorn	Chairman of the Board of Director
2. Mr.Nipon Leelasithorn	Chairman of the Executive Director and Managing Director
3. Mr.Karoon Chanmingporn	Executive Director / Deputy Managing Director
4. Mrs.Supaporn Chongvilaiwan	Director / Asst.Managing Director
5. Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Audit Committee / Independent Director
6. Mr.Busarin Vanaswas	Member of the Audit Committee / Independent Director
7. Mrs.Sununta Subhapholsiri	Member of the Audit Committee / Independent Director
8. Pol.Lt.Gen.Adisorn Nonsee	Independent Director
9. Mr.Somsak Tiensriyuka	Director / Secretary of the Board

Directors empowered to act as signatories with the authority to commit the Company consist of Mr.Visith Leelasithorn, Mr.Nipon Leelasithorn, Mr.Karoon Chanmingporn, Mrs.Supaporn Chongvilaiwan, Mr.Somsak Tiensriyuka two directors of five directors as signatories, along with the Company's seal.

Roles and Responsibilities of Directors

1. Directors shall perform duties in accordance with specified laws, objectives, and Company regulations, as well as operate in accordance with shareholders' resolutions.
2. Directors shall establish business goals and management policies.
3. The Board of Directors has the authority to determine and change which directors are authorized to act as signatories empowered to commit the Company.
4. The Board of Directors has the authority to appoint any director or external person to act on behalf of the Board, as in the case of the Executive Director and Audit Committee. The delegation of such tasks must remain within the scope of the Board's powers, and the duties and responsibilities of the delegate must be clearly stipulated.
5. The Board of Directors is required to hold meetings should important matters arise that may affect Company operations. This includes requests for credit lines from financial institutions, loans, guarantees, business expansion, investments, or sales of investments in other businesses.
6. Directors shall review and approve quarterly financial reports prior to submitting same to the Stock Exchange of Thailand.
7. Directors shall ensure that financial and other information disclosed to shareholders is complete, correct, and transparent



Details for Board of Directors

Name	:	Mr. Visith Leelasithorn
Position in the Company	:	Director and Chairman of the Board of Directors
Date of first appointment	:	16 August 1983
Latest date of appointment	:	28 April 2017
Education	:	Secondary School
No. of securities increased/ (Decreased) during 2017	:	-
Experience		
1983 - Present	:	Chairman of the Board of Directors Lee Feed Mill Pcl. and Subsidiaries
1983 - Present	:	Chairman Wall Street Tower Co., Ltd.
1980 - Present	:	Chairman Alliance Co., Ltd.
2004 - Present	:	Chairman Lee Pattana Agro Silo Co., Ltd.
2004 - Present	:	Chairman Pattana Agro Futures Co., Ltd.

Name	:	Mr.Nipon Leelasithorn
Position in the Company	:	Director and Chairman of the Executive Director / Managing Director
	:	Member of the Recruitment and Compensation Committee
Date of first appointment	:	16 August 1983
Latest date of appointment	:	29 April 2016
Education	:	Master of Management at Sasin Graduate Institute of Business Administration of Chulalongkorn University
	:	Degree,The National Defence College of Thailand (NDC)
No. of securities increased (Decreased) during 2017	:	-
Training Coursed	:	Directors Certification Program by Thai Institute of Directors Association (IOD)
Experience	:	
1999 - Present	:	Chairman of the executive Director Lee Feed Mill Pcl. and Subsidiaries
1989 - Present	:	Managing Director Lee Feed Mill Pcl. and Subsidiaries
2004 - 2014	:	Managing Director Pattana Agro Futures Co., Ltd.
2014 - Present	:	Chairman of the executive Director Pattana Agro Futures Co., Ltd.
1983 - Present	:	Director Wall Street Tower Co., Ltd.
2004 - Present	:	Chairman of the executive Director Lee Pattana Agro Silo Co., Ltd.
2015 - Present	:	Member of the Recruitment and Compensation Committee Lee Feed Mill Pcl.



Name	:	Mr.Karoon Chanmingporn
Position in the Company	:	Director / Deputy Managing Director
Date of first appointment	:	14 December 1989
Latest date of appointment	:	28 April 2015
Education	:	Department of Animal Husbandry National Chung Hsing University (Taiwan)
No. of securities increased/ (Decreased) during 2017	:	-
Experience		
1989 - Present	:	Executive Director / Deputy Managing Director Lee Feed Mill Pcl. and Subsidiaries
2004 - Present	:	Executive Director Lee Pattana Agro Silo Co., Ltd.

Name	:	Mrs.Supaporn Chongvilaiwan
Position in the Company	:	Asst.Managing Director
Date of first appointment	:	16 May 1997
Latest date of appointment	:	28 April 2017
Education	:	Bachelor degree of Accounting Chulalongkorn University
Training Coursed	:	Directors Accreditation Program by Thai Institute of Directors Association (IOD)
No. of securities increased/ (Decreased) during 2017	:	-
Experience		
1997 - Present	:	Director / Asst.Managing Director Lee Feed Mill Pcl. and Subsidiaries
2004 - Present	:	Executive Director Pattana Agro Futures Co., Ltd.
2004 - Present	:	Director / Asst.Managing Director Lee Pattana Agro Silo Co., Ltd.

Name	:	Assoc.Prof.Dr.Somjai Phagaphasvivat
Position in the Company	:	Chairman of the Audit Committee / Independent Director
Date of first appointment	:	5 July 1991
Latest date of appointment	:	28 April 2015
Education	:	<p>Doctorado de Estado, Facultad de Ciencia Politica, Universidad Complutense de Madrid, Spain 1982</p> <p>Diplome d'Etudes Superieures (Economic Integration), Universite de Nancy, France 1975</p> <p>Licenciatura, Facultad de Ciencia Politica y Economica, Universidad Complutense de Madrid, Spain 1973</p> <p>Bachelor of Arts, Chulalongkorn University 1966</p>
Training Coursed	:	Directors Accreditation Program by Thai Institute of Directors Association (IOD)
No. of securities increased/ (Decreased) during 2017	:	-
Experience	:	<p>1996 - 2013 : Member of the Audit Committee, Amarin Printing & Publishing Pcl.</p> <p>1996 - Present : Independent Director, Amarin Printing & Publishing Pcl.</p> <p>2013 - Present : Chairman of the Audit Committee, Amarin Printing & Publishing Pcl.</p> <p>2006 - 2013 : Chairman of the Audit Committee, SEAFCO Pcl.</p> <p>2006 - Present : Independent Director, SEAFCO Pcl.</p> <p>2013 - Present : Chairman, SEAFCO Pcl.</p> <p>1991 - Present : Independent Director and Chairman of the Audit Committee, Lee Feed Mill Pcl.</p> <p>2007 - Present : Director and Chairman of the Audit Committee, The Krungthep Thanakom Co., Ltd.</p> <p>2010 - 2011 : Independent Director and Member of the Audit Committee, Siam City Bank Pcl.</p> <p>2009 - Present : Independent Director and Audit Committee Thanachart Bank.</p> <p>2015 - Present : Director, Supalai Pcl.</p>



Name	:	Mrs.Sununta Subhapholsiri
Position in the Company	:	Member of the Audit Committee / Independent Director
	:	Member of the Recruitment and compensation Committee
Date of first appointment	:	22 March 1984
Latest date of appointment	:	28 April 2015
Education	:	Bachelor degree (Business Administration) at Pine Mauor College, U.S.A.
Training Courshed	:	Directors Accreditation Program (DAP) and Audit Committee Program by Thai Institute of Directors Association (IOD)
No. of securities increased/ (Decreased) during 2017	:	-
Experience		
2015 - Present	:	Member of the Recruitment and Compensation Committee Lee Feed Mill Pcl.
1999 - Present	:	Member of the Audit Committee Lee Feed Mill Pcl.
1994 - Present	:	Independent Director Lee Feed Mill Pcl.
1984 - Present	:	Director Lee Feed Mill Pcl.
1990 - Present	:	Managing Director Leather Mine Co., Ltd.

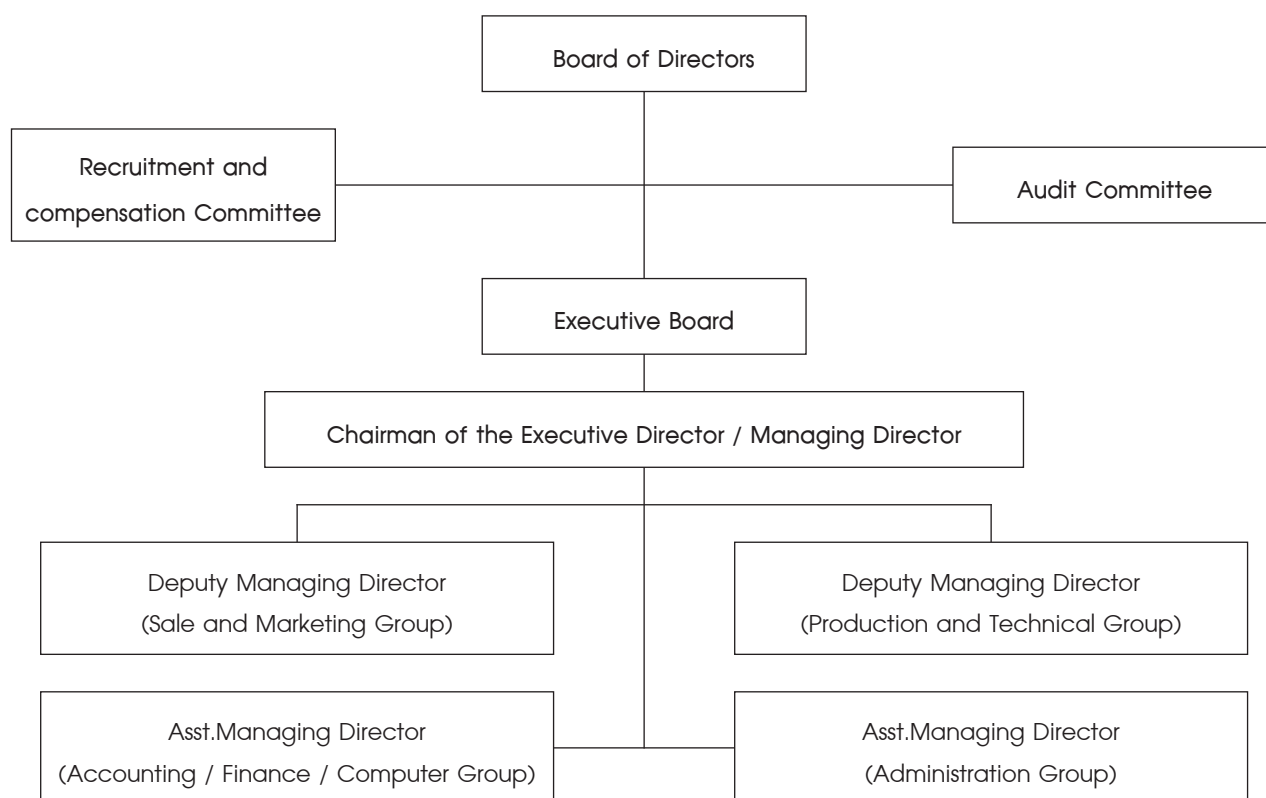
Name	:	Mr.Busarin Vanaswas
Position in the Company	:	Member of the Audit Committee / Independent Director
Date of first appointment	:	29 November 1999
Latest date of appointment	:	28 April 2017
Education	:	MBA Peperdine University, U.S.A.
Training Courseed	:	Directors Accreditation Program (DAP) and Audit Committee Program by Thai Institute of Directors Association (IOD)
No. of securities increased/ (Decreased) during 2017	:	-
Experience		
1999 - Present	:	Member of the Audit Committee Independent Director Lee Feed Mill Pcl.
Present	:	Deputy Managing Director Atlantic Laboratories Corp., Ltd.
Present	:	Deputy Managing Director Atlantic Pharmaceutical Co., Ltd.
Present	:	Deputy Managing Director Vana Corporation Ltd.
Present	:	Director / Thai Pharmaceutical Manufacturers Association (T.P.M.A)
Present	:	Director /The Pharmaceutical Industry Club (PIC)
	:	Director /The Federation of Thai Industries (FTI)



Name	:	Pol.Lt.Gen.Adisorn Nonsee
Position in the Company	:	Independent Director / Chairman of the Recruitment and compensation Committee
Date of first appointment	:	12 March 2010
Latest date of appointment	:	28 April 2016
Education	:	Public administration / Royal Police cadet Academy
No. of securities increased/ (Decreased) during 2017	:	-
Experience		
2006 - 2007	:	Commissioner of the Provincial Police Region 6 Bureau
2007	:	Commissioner of the Metropolitan Police Bureau
2007 - 2008	:	Commissioner of the Central Investigation Bureau
2008 - 2009	:	Commissioner of the Office of Inspector General (Level 8)
2010 - Present	:	Independent Director / Director
2015 - Present	:	Chairman of the Recruitment and Compensation Committee Lee Feed Mill Pcl.

Name	:	Mr.Somsak Tiensriyuka
Position in the Company	:	Director / Secretary of the Audit and Executive Committee / Accounting Manager / Member of the Recruitment and compensation Committee
Date of first appointment	:	15 May 2015
Latest date of appointment	:	29 April 2016
Education	:	MBA, Kasetsart University
Training Coursed	:	Directors Accreditation Program (DAP) by Thai Institute of Directors Association (IOD)
No. of securities increased/ (Decreased) during 2017	:	-
Experience		
2000 - Present	:	Secretary of the Audit Committee / Secretary of the Executive Committee / Lee Feed Mill Pcl. and Subsidiaries
2015 - Present	:	Director / Secretary of the Recruitment and compensation Committee / Lee Feed Mill Pcl. and Subsidiaries
1984 - Present	:	Accounting Manager Lee Feed Mill Pcl. and Subsidiaries

2. Organization Structure



Criteria of the Executive and Committee

The criteria of the executive and committee are set in accordance with the Securities and Exchange Commission (SEC) as follows;

- Of the total number of board members, at least one-third and no fewer than three persons must be independent directors.
- The Audit Committee shall have at least 3 persons

Definition of the Executive and Committee

Executive	means the authorized person who can manage and authorized director
Non-executive	means the director who is not sitting as the executive and unauthorized director
Independent committee	means the director who is not sitting as the Executive and qualified according to the SEC



Qualification of the Independent Director

The Independent director of the company shall meet the qualification and have independent authority according to the Securities and Exchange Commission and Stock Exchange of Thailand ; namely,

1. It shall hold shares not exceeding 0.50 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate, or other juristic person who may have conflict, including the shares held by related persons of the independent director;
2. It shall neither be nor have been an Executive, employee, staff, or advisor who receives salary, or a controlling person of company, its parent company, subsidiary, affiliate, or other juristic person who may have conflict unless the foregoing status has ended not less than two years prior to the date of appointment;
3. It shall not be a person related by blood or registration under laws i.e. father, mother, spouse, sibling, and child, including spouse of the children; of executives, major shareholders, controlling persons, or person to be nominated as executive or controlling persons of the company or its subsidiary;
4. It shall not have a business relationship with the company, its parent company, subsidiary, affiliate, or other juristic person who may have conflict, in the manner which may interfere with his or her independent judgment, and It shall neither be nor have been a major shareholder, a non-independent director or an executive of any person having business relationship with the company, its parent company, subsidiary, affiliate, or other juristic person who may have conflict unless the foregoing relationship has ended not less than two years prior to the date of appointment;
5. It shall neither be nor have been an auditor of the company, its parent company, subsidiary, affiliate, or other juristic person who may have conflict, and not being a principal shareholder, or a non-independent director, or an executive, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate, or other juristic person who may have conflict unless the foregoing relationship has ended not less than two years from the date of appointment;
6. It shall neither be nor have been an professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from its parent company, subsidiary, affiliate, or other juristic person who may have conflict, and neither being nor having been a principal shareholder, or a non-independent director, or an Executive, or managing partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of appointment;
7. It shall not be a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the major shareholder;
8. It shall not have any characteristics which make him/her incapable of expressing independent opinions with regard to the company's business affairs. The independent director may be assigned by the Board of Directors to take part in the business decision of the company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder of other juristic person who may have conflict on the condition that such decision must be a collective one.

The Company's management structure, on a strategy and policy level, comprises of 4 committees namely the Board of Directors, the Executive Directors and the Audit Committee and the Recruitment and Compensation Committee as 31 December 2015 as follow :

The Executive Directors' Committee consists of 4 executives, as follows :

- | | |
|-------------------------------|---|
| 1. Mr.Nipon Leelasithorn | Chairman of the Executive Director Committee and
Managing Director |
| 2. Mr.Karoon Chanmingporn | Executive Director |
| 3. Mrs.Supaporn Chongwilaiwan | Executive Director |
| 4. Mr.Somsak Tiensriyuka | Secretary of the Executive Director |

Roles and Responsibilities of the Executive Directors' Committee

1. The Executive Directors' Committee shall be responsible for the Company's day-to-day management, in accordance with Board policy, and authorized not more than 100 million Baht per times
2. The Executive Directors' Committee shall set forth the Company's organizational structure and planning; and monitor and evaluate the Company's performance for presentation to the Board for approval.
3. The Executive Directors' Committee shall review, monitor, and report on Company performance, in accordance with set business plans for quarterly reporting to the Board.
4. The Executive Directors' Committee shall conduct other duties as mandated by the Board

Managements

- | | |
|-------------------------------|--|
| 1. Mr.Nipon Leelasithorn | Managing Director |
| 2. Mr.Karoon Chanmingporn | Deputy Managing Director
(Production and Technical Groups) |
| 3. Mrs.Supaporn Chongvilaiwon | Asst.Managing Director
(Accounting / Finance / Computer Groups) |
| 4. Mr.Somsak Tiensriyuka | Director and Accounting Manager |

Authority and Duties of the Managing Director

1. Prescribe policy, direction, strategy, and administrative structure in line with economic and competitive conditions, to be presented for approval by the Board of Directors.
2. Map out business plans, budgets, and investments of all types, as well as examine and monitor the implementation of policies and administrative guidelines in accordance with policies presented to and approved by the Board of Directors. Undertake other actions as assigned by the Board of Directors on a case-by-case basis. Present any transactions that may conflict with benefits or other types of interest of the Company or its subsidiaries for consideration and approval by the Board of Directors.



Any related transaction or any transaction related to the acquisition or disposal of assets of the Company or its subsidiaries, as the case may be, must receive approval from a Shareholders' Meeting and/or proceed as per governing criteria and procedures, in line with the SET's prescription for the same

3. Company's Secretary

Company's Board of Directors ruled to appoint Mr. Suparoj Buasri, current Manager of Legal and Public Administration Department, Lee Feed Mill Public Company Limited. He is qualified both in terms of qualification and seniority. He has been performing his duty as the Company's Secretary since August 31, 2008 with duties and responsibilities as being specified in Section 89/15 and Section 89/16 of Securities and Exchange Act (Issue 4) B.E. 2551 (2008). He performed his job with responsibility, prudence and honesty as well as has had to perform the duty in accordance with laws, objectives, regulations of the Company, resolutions of the Board of Directors as well as resolutions of the Company's shareholders. Duties of the Company's Secretary as being stipulated by laws, are as follows:

1. Provide and maintain following documents:
 - A. Directors' registration
 - B. Letter of invitation for meeting of Board of Directors, Board of Directors' minutes of meeting and the Company's annual report.
 - C. Letter of invitation for meeting of shareholders and shareholders' minutes of meeting.
2. Keep report of stakeholding provided by Directors or Executives and submit copy of stakeholding report according to Section 89/14 to Chairman and Audit Committee Chairman within seven working days from the day that the Company receives the report.
3. Undertake other performances as being stipulated by Capital Market Supervision Committee.
4. Make suggestion for laws and related regulations and practices on supervision operation of the Board of Directors to be in line with laws.
5. Other duties as being assigned by the Company.

4. Remuneration of Directors and Executives

The Company's remuneration policy for directors is in accordance with the Board of Directors' policy and thus linked to Company performance. Appropriate remuneration is paid in accordance with business size and industry type and must be approved by a Shareholders' Meeting prior to payment.

At present, the Company has the Recruitment and Compensation Committee for determining remuneration, remuneration-consideration procedures exist to determine appropriate remuneration. Such procedures take into account remuneration from other companies in the same industry and of similar size, as well as Company performance at the time of consideration. Such information is presented to the Shareholders' Meeting for final approval.

1) Monetary remuneration

- As Company directors, the nine directors received a stipend for 2015 totaling 1,020,000 Baht per year, in 2016 totaling 1,110,000 Baht per year and 1,145,000 Baht per year for the year 2017 as follows :

Name	Position	Amount (Baht)		
		2015	2016	2017
1. Mr.Visith Leelasithorn	Chairman of the Board of Directors	335,000	345,000	345,000
2. Mr.Nipon Leelasithorn	Chairman of Executive Director / Managing Director	125,000	135,000	135,000
3. Mr.Karoon Chanmingporn	Deputy Managing Director / Executive Director	80,000	90,000	95,000
4. Mrs.Supaporn Chongvilaiwan	Asst.Managing Director	80,000	90,000	95,000
5. Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Audit Committee / Independent Director	80,000	90,000	95,000
6. Mr.Busarin Vanaswas	Member of the Audi Committee / Independent Director	80,000	90,000	95,000
7. Mrs.Sununta Subhapholsiri	Member of the Audi Committee / Independent Director	80,000	90,000	95,000
8. Pol.Lt.Gen.Adisorn Nonsee	Independent Director	80,000	90,000	95,000
9. Mr.Somsak Tiensriyuka	Director / Committee and Secretary	80,000	90,000	95,000
Total		1,020,000	1,110,000	1,145,000

- The directors and four executive directors receive compensation for their management of the Company in the form of salaries, bonuses social security and provident fund. This amounted to 15.79 million baht, 16.17 million and 15.54 million baht for 2015 - 2017 respectively.
- The allowance of meeting for the four the Audit Committee for 2015 - 2016 amounts Baht 212,000, at the same rate and amounts Baht 260,000 for Year 2017. For the Year 2015 - 2016 the meeting allowance for the Chairman of the Audit Committee has received Baht 25,000 per quarter, each the Audit Committees have received Baht 10,000 per quarter and the Independent director Baht 8,000 per quarter, and Baht 30,000 per quarter, Baht 12,000 per quarter and Baht 11,000 per quarter for the Year 2017 respectively.



Name	Position	Amount (Baht)		
		2015	2016	2017
1. Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Audit Committee / Independent Director	100,000	100,000	120,000
2. Mr.Busarin Vanaswas	Member of the Audi Committee / Independent Director	40,000	40,000	48,000
3. Mrs.Sununta Subhapholsiri	Member of the Audi Committee / Independent Director	40,000	40,000	48,000
4. Pol.Lt.Gen.Adisorn Nonsee	Independent Director	32,000	32,000	44,000
Total		212,000	212,000	260,000

- 2) Other remuneration
- None

Corporate Governance

Corporate Governance Policy

Recognizing the importance of corporate governance to Company operations and continued growth, the Board has formulated and is committed to following its corporate governance policy. Guidance is provided for the Company's direction, and the importance of internal-control and -audit procedures is emphasized. In addition, management performance is stressed, in order to ensure that shareholders' long-term interests are protected and in compliance with the law, business ethics considerations, and the Code of Best Practices for listed company directors, as issued by the Stock Exchange of Thailand.

Shareholders' Rights

The Company held its annual General Meeting at Company headquarters. Meeting notifications and supporting information in accordance with the Meeting's agenda was sent to all shareholders approximately 10 working days beforehand. Each item on the agenda included the Board of Directors' opinions, and a complete report of the Meeting was available for review by the shareholders, the Company has provided a further option for shareholders by enabling independent directors to serve as proxies for shareholders who are unable to attend the Meeting.

Shareholders' Meeting

At the annual Shareholders' Meeting for 2017, six directors attended. The Chairman of the Meeting gave shareholders equal opportunity in regard to reviewing Company performance, raising queries, and voicing their views. Queries raised and important views were noted in the minutes.

Leadership and Vision

The Board has played a role in determining the vision, mission, strategy, target, business plan, and budget of the Company. The Board has also mandated that management conduct business effectively in accordance with the Company's business plan and budget, so as to attain the highest value for the Company and ensure maximum stability for shareholders.

Conflicts of Interest

The Board has been informed of both conflicts of interest and connected transactions. These have been carefully considered and are in accordance with the Stock Exchange of Thailand's guidelines. The prices and conditions involved have been transacted on an arm's-length basis, and details, value, partners, reasons, and necessity are disclosed in the Annual Report and Form 56-1.



Treatment of Insider Information

The Company has set rules and regulations enforcing directors, executives, employees and contract employees to keep the Company's secret and internal information confidential. They are prohibited from disclosing the Company's secret or internal information for their own or other persons' benefits, either directly or indirectly, and whether or not benefits will be given to them. The prevention of management using inside information for their own benefit. Management, including spouses and offspring not yet of legal age, are not allowed to use inside information not yet disclosed to the public for the purchase, sale, transfer, or acceptance of transfer of any securities issued by the Company. Such practice is in accordance with the regulations of the securities industry and the Stock Exchange of Thailand. All transactions involving such purchases, sales, transfers, or acceptance of transfer must be reported to the Securities and Exchange Commission within three workdays of the transaction date. A copy of the documentation must also be made available for review.

Business Ethics

The Company has informed the Board, management, and staff of its ethics policy in conducting business. Honesty and straightforwardness must be an integral part of all practices involving the Company, stakeholders, the public, and society. All relevant parties are aware of these practices, and communication staff and subsequent monitoring have been consistent.

Composition of the Board of Directors

The Board of Directors consists of 9 persons, as follows:

- Directors from management 4 persons
- Directors not from management 1 person
- Independent directors 4 persons

Consolidation or Separation of Positions

The Chairman of the Board is not the same person as the CEO. However, both persons are representatives of the same major shareholder group. There are four independent directors, allowing for balance and the review of operational management.

Meetings of the Board of Directors

The Board of Directors meets regularly every quarter, with additional meetings held as necessary. The meeting agenda is clearly specified in advance, and consideration of Company performance is regularly included. The corporate secretary's department sends a meeting invitation letter, the agenda, and related documents seven days prior to the meeting, in order to allow directors sufficient time to review all information. During 2017, the Board met four times for its regular meetings and an additional one time for special meetings, totaling five meetings in all, with the participation of each director as follows :

Name	Meeting of the Board of Directors					
	General		Extraordinary		Total	
	2016	2017	2016	2017	2016	2017
1. Mr.Visith Leelasithorn	4/4	4/4	1/1	1/1	5/5	5/5
2. Mr.Nipon Leelasithorn	4/4	4/4	1/1	1/1	5/5	5/5
3. Mr.Karoon Chanmingporn	3/4	3/4	1/1	1/1	4/5	4/5
4. Mrs.Supaporn Chongvilaiwan	4/4	3/4	1/1	1/1	5/5	4/5
5. Assoc.Prof.Dr.Somjai Phagaphasvivat	4/4	4/4	1/1	1/1	5/5	5/5
6. Mrs.Sununta Subhapholsiri	2/4	4/4	1/1	1/1	3/5	5/5
7. Mr.Busarin Vanaswas	3/4	3/4	1/1	1/1	4/5	4/5
8. Pol.Lt.Gen.Adisorn Nonsee	4/4	4/4	1/1	1/1	5/5	5/5
9. Mr.Somsak Tienriyuka	4/4	4/4	1/1	1/1	5/5	5/5

Minutes of the meetings that have been endorsed by the directors and related parties may be examined. Directors' terms follow Company guidelines, as noted in the section "Nomination of Directors and Executives." Each term is for a three-year period.

Reports of the Board of Directors

The company's board of directors shall be responsible for the consolidated Financial Statement and separate Financial Statements of Lee Feed Mill Public Company Limited including financial information as appearing in the Annual Report. The aforementioned Financial Statement was prepared according to generally accepted accounting standards by selecting suitable and regularly accepted accounting policies as suitable for use and regular practice. Furthermore, the best prudence and judgment were exercised in the preparation thereof and the relevant information was sufficiently disclosed in the remarks accompanying the Financial Statement for the transparent benefit of the shareholders and investors in general.



The company's board of directors has arranged for and maintained an efficient internal control system in order to reasonably believe that the accounting information was accurately recorded, complete and sufficient for maintaining the company's assets to prevent corruption and irregular performance.

The company's board of directors established an Audit Committee comprising independent directors and director who are not executives in order to help supervise the quality of financial and internal control system reports by monitoring outcome evaluations, providing additional views and reporting to the board of directors about the findings of the company's audit. The opinions of the Audit Committee concerned with this issue appear in the list of names of Audit Committee directors as already shown in this Annual Report.

The consolidated Financial Statement and separate Financial Statements were audited by EY Office Limited an independent auditor. The aforementioned audit received the support of the company's board of directors in terms of supporting various documents, so the auditor could inspect and express opinions according to Thai Standards on Auditing. The auditor's opinion appear in this Annual Report.

The company's board of directors holds the joint opinion that company's internal control system is satisfactory and capable of instilling trust that the 2017 Financial Statement for Lee Feed Mill Public Company Limited is credible as generally-accepted and regularly practiced accounting standards in addition to related rules and regulations.

Relations with Shareholders

The Board of Directors realizes that information pertaining to the Company, financial or otherwise, plays an important role in the decisions of both shareholders and stakeholders. The Board has therefore mandated that management ensures that the disclosure of information is complete, correct, consistent, and timely. Management has consistently ascribed importance in this regard, and information disclosure has been conducted accordingly. The Company has not yet established an Investor Relations unit, as there are still few activities in this area. However, the Head of Accounting has been assigned to communicate with institutional investors, shareholders, analysts, and related government entities. Investors may contact the Company for information by calling 0-2632-7300 (extension 301 or 314), visiting the Company website at www.leepattana.com, or sending E-mail to acct@leepattana.com or ir@leepattana.com

Audit Committee

The Committee consists of three independent directors as follows:

- | | |
|--|---------------------------------|
| 1. Assoc.Prof.Dr.Somjai Phagaphasvivat | Chairman of the Audit Committee |
| 2. Mr.Busarin Vanaswas | Member of the Audit Committee |
| 3. Mrs.Sununta Subhapholsiri | Member of the Audit Committee |

Mr.Worawuth Attawetayanont is the Secretary of the Committee. The term of Audit Committee is 2 years, shall hold a committee meeting four times a year and report to the Board of Director.

Authority and duty of Audit Committee:

1. To review that the company's financial reporting process to ensure accuracy and adequacy.
2. To review that the company has risk management system and to provide recommendations to ensure that it is always up-to date.
3. To review and ensure that the company has adequate and effective internal control systems and internal audit systems.
4. To review and ensure that the company complies with all the securities and exchange law, regulations of the Stock Exchange, and laws relating to business the company.
5. To consider, select, nominate and recommend remuneration of the company's external auditor.
6. To review the disclosure of the company's information in case that there is a connected transaction that may lead to conflict of interest so as to ensure reasonableness of such translations and maximum benefit of the company.
7. To prepare a report on monitoring activities of the Audit Committee, signed by the chairman of the Audit Committee and disclose it in the annual report of the company.
8. To perform any other activities assigned by the Board of Directors, in accordance with the consent of the Audit Committee.

Recruitment and Compensation Committee

According to resolutions of the Board of Director Meeting No.5/2015 on November 10, 2015 has resolved to appoint the Recruitment and Compensation Committee as follows :

- | | |
|------------------------------|---|
| 1. Pol.Lt.Gen.Adisorn Nonsee | Chairman of the Committee |
| 2. Mrs.Sunanta Subhaphosiri | Member of the Committee |
| 3. Mr.Nipon Leelasithorn | Member of the Committee |
| 4. Mr.Somsak Tiensriyuka | Secretary of the Recruitment and Compensation Committee |



The Term of Office of the Recruitment and Compensation Committee is 2 years. Its duties, responsibilities and authorities are as follows :

1. Figuring out a policy, criteria and procedures to recruit Directors for the Board and other committees with transparency.
2. Recruiting, selecting and proposing name of qualified candidates to take up the positions of Directors in the Board or other committees in place of outgoing directors in accordance with the Articles of Association.
3. Identifying proper compensation in cash and non-cash to each individual Director.
4. Preparing a policy and criteria for the yearly remuneration that is fair and reasonable and proposes to the Board of Directors and to get approval from the general assembly of shareholders.
5. The Recruitment and Compensation Committee shall hold a committee meeting at least once a year and report to the Board of Directors.
6. Handling other activities concerning the Recruitment and Compensation as assigned by the Board of Directors.

The Company has the recruitment and compensation Committee to nominate directors to the Board. Instead, directors are voted into office. Directors must receive over half of the total number of votes by shareholders with the right to vote and participating in a Shareholders' Meeting. Should the number of votes be equal, the Chairman of the Meeting shall cast the deciding vote.

Company regulations stipulate that the Board must consist of at least five directors, of whom at least half of the total number must reside in the Kingdom.

At the annual General Meeting, one third of the directors shall retire from office. If the number of directors is not a multiple of three, the number of retiring directors should be as close to one third as possible. Directors retiring under this clause may be reelected.

Should a directorship become vacant due to reasons other than rotation, a qualified person not possessing any of the prohibited characteristics stipulated in Clause 68 of the Public Limited Companies Act of B.E. 2535 may fill the vacancy at the next meeting, such a person may retain this office only for the remaining term of the director he/she is replacing. The Board of Directors' resolution in this regard must also consist of at least three fourths of the remaining directors' votes.

Audit fee of The Lee Feed Mill Public Company Limited and its subsidiaries for the year 2015 to 2017 to EY Office Limited as follow :

Detail	Company Payment	Name of Audit	Year 2015	Year 2016	Year 2017
1	Lee Feed Mill Public Company Limited	Ms.Krongkaew Limkittikul	1,140,000	1,140,000	1,390,000
2	Lee Pattana Feed Mill Company Limited	Ms.Krongkaew Limkittikul	440,000	440,000	540,000
3	Lee Pattana Agro Silo Company Limited	Ms.Krongkaew Limkittikul	150,000	150,000	150,000
4	Bodhi Ngarm Sea Farm Company Limited	Ms.Krongkaew Limkittikul	50,000	50,000	80,000
Total of Audit Fee			1,780,000	1,780,000	2,160,000

Non-audit fee

The company and its subsidiaries paid the non-audit fee the agree-upon procedures-Compliance with conditions stipulated in the investment promotion certificate for the year 2015 to 2017 as shown in the following details.

- Lee Feed Mill Public Company Limited in amount of 100,000 Baht for the year 2015 - 2016 and amount of 150,000 Baht for the year 2017.
- The above nominated auditors and EY Office Limited do not have any relationship or interest with or in the company or any of its executives, major shareholders or their affiliates.



Corporate Social Responsibility Activities

The Company is determined to conduct its business sustainably in accordance with the good corporate governance principle, with importance being placed on taking accountability for the society, partaking in activities to develop communities, preserving the environment, taking care of the Company's personnel, and treating all internal and external stakeholders fairly. This is for the purpose of encouraging all concerned parties to improve and grow together sustainably.

Personnel Development

The Company places high importance on ensuring that its employees have good quality of life, both in terms of work environment which needs to be suitable and safe. It also takes care for the employees to receive compensations and welfares that are fair and commensurate with their responsibilities; encourages employees to be trained and to ceaselessly develop their skills and abilities so that they can further improve themselves and increase their work efficiency, and supports employees to build financial discipline and to plan their savings which would play an important role in helping them to have better quality of life in the long run.

The Company has been successful and gained a myriad of benefits from having joined the "Encouraging Savings and Personal Financial Planning for Listed Companies Project" and "Financial Happiness Building Project" arranged by the Stock Exchange of Thailand since 2013 and nowadays. By joining these projects, the Company's employees can benefit from having enhanced knowledge and higher skills in financial matters, being equipped with sufficient knowledge to manage their own incomes from work and commencing their retirement planning by making saving and investment plans to accumulate wealth which would eventually lead to their financial stability.

In 2017, the Stock Exchange of Thailand held an event called "Creating Synergy among Listed Companies for Sustainable Society" and invited Mr. Nippon Leelasithorn, the Company's Managing Director to be a speaker on the topic of "Saving for Retirement" to share his life experience and success for the purpose of furthering the "Financial Happiness Building Project" for other listed companies' benefits.



Caring for Customers and Trade Partners

The Company pays importance on producing high quality animal feeds in order to offer added value and create satisfaction among customers at a fair price. It also focuses on maintaining good relationships with its trade partners and on joining forces with other organizations, e.g., Thai Feed Mill Association, Federation of Livestock and Aquaculture, Thai Chamber of Commerce and Federation of Thai Industries, in order to create synergy among all parties concerned to ensure sustainable growth for all.

The Company has been extensively researching and developing its products by controlling and performing quality checks in all production processes in order to ascertain that its products meet the set standard. For this purpose, the Company has invested in and developed many systems by implementing new equipments and techniques in order to ensure that its production processes are efficient and of high standard, and can eventually lead to reduced costs and resource consumption. In this connection, the Company has received ISO 9001, ISO 14001 and ISO 50001 from International Organization of Standardization (ISO), and received GMP and HACCP from Department of Livestock Development which add to the customers' confidence in the Company's products and services.



Supporting Education

The Company is aware of and places importance on education of young generations. Therefore, it has been giving financial supports each year to schools which are in need of funds to procure equipments and educational materials, to build and maintain their buildings, and to continuously employ personnel. This is so that Thai youths will become quality citizens who are equipped with knowledge and have the ability to reach their full potentials in order to one day become driving forces that lead the country to further developments in the future.





In 2017, in order to continue to fulfill the wishes of the late HRH Princess Srinagarindra, the Princess Mother who graciously cared for the wellbeing of underprivileged people living remote areas and highlands, under the charitable project called, "the Princess Mother Scholarship", the Company has been supporting the project by giving 10 scholarships in the level of vocational certificate each year for underprivileged people living in remote areas in the total amount of baht 300,000 per year continuously for 5 years until the year 2021. A condition for the recipients of these scholarships is that they would have to go back to develop their hometown after their graduation. This project would help remote areas to be developed by local people who grew up in those areas who are bound to be more passionate and who can relate more with their hometowns which would eventually lead to sustainable development of these communities. In addition, the Company provides education support to eight other schools are as follows :-

1. Wat Huai Hinkoaw School	budgeting of	85,000	baht
2. Wat Mongkol School	budgeting of	13,500	baht
3. Wat Pho School	budgeting of	300,000	baht
4. Wat Kunchonwachiraram School	budgeting of	40,000	baht
5. Wat Donkaiteay School	budgeting of	110,000	baht
6. Wat Nernpho School	budgeting of	163,500	baht
7. Wat Burikaram School	budgeting of	266,000	baht
8. Wat Bankokyao School	budgeting of	209,525	baht

The Company sponsored the budget on education in 2017 totaling 1,487,525 baht.



Activities for Public Services

The Company is aware of the importance of sharing to the society via public services; therefore, it supported its employees to engage in public services. In 2017, the Company's employees have together helped those afflicted by floods in the southern region by donating money and other necessities; donated money and necessities to patients at Phra Baht Nam Phu Temple; given bicycles to schools so that students may borrow them to travel between their homes and the schools; donated electrical appliances for Universal Foundation for Persons with Disabilities. In addition, the Company also accommodates the Thai Red Cross Society to have onsite blood donation at the Company's premises 3 times per year.





Disseminating Knowledge to the Society

The Company allows students from educational institutions to be trained within various sections of the Company and allows government units, e.g., Department of Livestock Development, Provincial Commercial Office, Provincial Industry Office, Office of the Welfare Promotion Commission for Teachers and Education Personnel, to visit its facilities for learn about the production processes and management system of the Company. It also give financial supports to develop the quality of life of people with disabilities in Thailand so that they may make a living by engaging in agriculture or farming of livestock and have income to sustain themselves without becoming burdens to their families or the society. This would consequently strengthen the society in the long run. Moreover, the Company also sends out employees as speakers in order to disseminate knowledge to other organizations as well.



Community Relations

The Company places importance on harmonious coexistence with the society and surrounding communities. It also helps facilitate activities related to religious occasions as well as events held on other traditionally important days in communities surrounding its plants and premises, e.g., merit making events, offering of robes to monks, Children's Day event, events in line with Thai-Chinese tradition, in order to create good relationships with the communities and to continue Thailand's valuable culture.

Additionally, the Company has also initiated an activity which allows working teams to go to communities surrounding the Company's production facilities in order to listen to comments, complaints or suggestions in terms of environmental issues which once suggested by the communities or if the communities are affected by the Company's production processes, it is willing to consider improving and rectifying the issues suggested. This is so that the communities and the Company can coexist harmoniously and develop together sustainably.





Focusing on Safety and Environment

The Company cultivates in its personnel the awareness of personal and public safety by means of projects, such as "Safe Driving Project" in which the Company invited police officers to come and educate the employees on traffic law and disciplines; "Safety, Energy, and Environment Week"; "Responding to Crisis and Fire Evacuation Drill", and "5 S's Project in Workplace" in order to create good awareness among the employees.

The Company has a policy to conserve the environment, and avoid creating pollutions by developing an Ozone system in order to eliminate odor from production processes, and using bacteria in its water treatment in order to lessen the impacts its production processes may have on the environment.



Anti-corruption

The Lee Pattana Group is aware of importance anti-corruption policies. Our commitment is shown by our membership in the Thai Private Sector's Anti-Corruption Coalition under the Thai Institute of Directors Association, and committed to counter all forms of corruption directly and indirectly, and is committed to being a good corporate governance, transparency, and legal integrity. Coupled with social responsibility. All levels of Lee Pattana Group must perform their duties in compliance with practice as follows as be followed.

1. Strictly follow the anti-corruption policy, which must not involvement in any forms of corruption, neither direct nor indirect.
2. Do not give any bribe, neither giving money nor other benefits to individuals or groups who have dealings with the both Lee Pattana Group or the third parties, with the hope of personal advantage.
3. Do not take any bribe, neither money nor other benefits. To prevent any affect to the company and inefficient performance.
4. The procurement process must follow to the Company's procedure in the step of bidding, price comparison, choosing supplier or contractor. The company has strict internal control procedures in the process, which must be approved by the manager or the managing director, as the case may be.
5. Charitable donations, public donations and grants must be donated on behalf of Company or group only. There must be clear and reliable evidence of donation. And it must follow the company's procedures. The company will not use the donation as an excuse or use it for any other purpose.
6. To give or receive gifts, souvenirs, receptions or funding, either money or other benefits, to any activity or project, must be performed under the Company's name or the Group and also must be operated with transparency, can be verified. And only for the purpose of greeting or congratulating without any hidden implications.
7. The company has a policy of political neutrality. All personnel have legal rights and political liberties. However, they need to bear in mind that they are not perform or carry out any political activities that may cause the Group to lack of neutrality or to be damaged.
8. Do not ignore when encountering corrupt involving a group of companies. It is a duty to notify the supervisor or responsible person knows, and to cooperate in the investigation of various facts.
9. The case of exposed to the corruption which may involve to Lee Pattana Group. Complaints can be made through the Company's channels:
 - a. The Company website at www.leepattana.com
 - b. E-mail the Company at acct@leepattana.com



Operational of Anti-corruption

1. Notify all staff for acknowledgment.
 - 1.1. Published via E-mail within the Company.
 - 1.2. Publish rules and regulations on the bulletin board of each department.
 - 1.3. Publish both inside and outside the company website. www.leepattana.com
 - 1.4. Published in the annual disclosure report, form 56-1 and Annual Report.
2. Encourage and support all members to counter all forms of corruption. Provide for the satisfied internal controls to prevent corruption or bribery in all form.
3. To be fair and protect the personnel of the company or any others who gives clues or evidence of fraud, corruption involving of Lee Pattana Group. Including denied employees.
4. The corrupt persons will be considered disciplinary action in accordance with the regulations governing the administration of personnel employment, and may be punished by law.
5. Review the guidelines and regularly to update to be complied with the changing law and current circumstances.

Controlling System and Risk Management

The Company ascribes importance to internal-control procedures to protect against any liability that may occur to it as a whole. A written policy and practical guidelines have been laid out, and the staffs are also trained to ensure that they understand and are able to perform their duties correctly. To ensure maximum efficiency and transparency, the staffs are also provided with the Policy Manual for Approval and Signature Authority that have been approved by the Board of Director and code of conduct that outline punishments for conduct violations.

The Company monitors its performance against set targets on a monthly basis. In the event performance deviates significantly from set targets, measures are taken to address the problem immediately. Importance is placed upon development of Company communications and information systems, in order to ensure that Company data are accurate, timely, and sufficient to support decision making by management and the Board of Directors. In particular, the data-management system and documents supporting the preparation of financial statements are classified by category in accordance with accounting line items or accounting standards. The review of documents from various departments can be systemically carried out by the internal auditor for purposes of evaluating internal controls at any time.

The Audit Committee has mandated a review of effectiveness and efficiency, with an emphasis on review of internal-control procedures. Operations that do not comply with relevant laws and regulations must be reported to the responsible executive. Any material changes to or recommendations for procedures are proposed directly to the CEO for consideration. The Audit Committee may also propose recommendations or any weaknesses in internal-control procedures to the Board of Directors, so that further action can be taken.

The Board of Directors views that the Company's internal-control procedures are sufficient and suitable for its operations, protecting Company assets and those of subsidiaries from liability due to abuse by persons in authority or management for unlawful gain. The Company also ascribes importance to the recommendations and opinions of the auditor in regard to the development of internal-control procedures, the monitoring of performance to ensure maximum efficiency, and transparency in all operations conducted by management and staff at all levels throughout the organization.



Connected Transactions

1. Value of connected Transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated		The Company Only		Transfer pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	99	175	Comparable market price
Interest income	-	-	9	7	7.13 - 7.38% per annum
Dividend income	-	-	76	95	
Purchase of goods	-	-	306	209	Comparable market price
Rental expenses	-	-	1	1	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	14	15	7	7	Contract price

The balances of the accounts as at 31 December 2017 and 2016 between the Company and its subsidiary company are as follows:

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2017	2016	2017	2016
<u>Trade accounts and notes receivable</u>				
Subsidiary Company	-	-	24,435	5,989
<u>Short-term loan to subsidiary</u>				
Subsidiary Company	-	-	150,500	218,000
<u>Trade accounts payable</u>				
Subsidiary Company	-	-	22,138	14,894

2. Reasons for and necessity of connected transactions are as follows:

- 1) All connected transactions involve the purchase and sale of animal feed products and raw ingredients. Company policy stipulates that transaction prices are fixed in accordance with market prices, normal business practices, and as with sales to external parties. These connected transactions result from the fact that subsidiary operations are similar to those of the Company (involving the production of animal feed). As such, a feed mill may urgently require a certain type of raw ingredient, due to insufficient production, or a feed mill may acquire raw ingredients at lower cost (for example, the Saraburi feed mill is located close to corn supplies, while the Phetchaburi feed mill is located near fishmeal sources). All connected transactions in this capacity are the result of strategic planning to maximize performance and attain the highest profits for the Company.
- 2) The Company's policy on interest rates for connected loans is based on banks' MOR rate. Connected loans are carried out only when working capital is urgently required on a temporary basis. The borrowing company must pay back the loan to the lending company as soon as an external lending source is found.
- 3) The Company and its subsidiaries have signed a lease with Alliance Company, Ltd. Rental the entire 28th floor of the Wall Street Tower Building, serving as headquarters since January 1987. Due to business expansion and the rapid increase in the number of Company employees, additional floor space was rented from Wall Street Tower Company, Ltd., and Alliance Company, Ltd. The space includes all of the 1st floor and parts of the 20th and 29th floors from March 2002, February 1995, and July 1999, respectively.

Major shareholders conducting connected transactions with persons having mutual interests with the Company are as follows:

Alliance Co., Ltd. Core business: Asset leasing.

(Paid-up registered capital of Baht 233 million as of 31 December 2017)

Shareholders' Name	No. of Shares Held	%
1. Mr. Visith Leelasithorn	57,200	24.55
2. Mr. Nipon Leelasithorn	57,200	24.55
3. Mr. Preecha Leelasithorn	57,200	24.55
4. Others (3 persons)	61,400	26.35
Total 6 persons	233,000	100.00



Wall Street Tower Co., Ltd. Core business: Sales and leasing of property.
(Paid-up registered capital of Baht 60 million as of 31 December 2017)

Shareholders' Name	No. of Shares Held	%
1. Alliance Co., Ltd.	144,000	24.00
2. Mr.Preecha Leelasithorn	138,000	23.00
3. Mr.Visith Leelasithorn	135,000	22.50
4. Mr.Nipon Leelasithorn	128,000	21.33
5. Others (7 persons)	55,000	9.17
Total 11 persons	600,000	100.00

A review of connected transactions between the Company and its subsidiaries with persons having mutual interests, as detailed above, has been conducted. As such, the independent directors and Audit Committee members regard product purchases and sales, loan interest rates, and existing property rental rates (including related amenities) as regular business transactions and in accordance with market prices.

As per Note 28.3 of the financial statements, As at 31 December 2017, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 9.0 million (2016: Baht 9.0 million) (the Company only: Baht 5 million (2016: Baht 5 million)) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the ordinary course of their businesses.

The Company and its subsidiaries have been granted various types of credit facility, by several financial institutions of which Baht 1,179 million (2016: Baht 1,700 million) (The Company Only: Baht 1,059 million (2016: Baht 1,375 million)) has not been utilized. Most of the facilities have been cross-guaranteed by the Company and its subsidiaries.

Intercompany transactions are trading, leading and rental. These are normal transaction under commercial term which are not different to the third party's term. In the past, intercompany transactions, as the case maybe have been approved by board of directors, audit committee and shareholder. The stakeholders have no right to vote on such transactions.

3. Policies for or the outlook of intercompany transactions.

Intercompany transactions are likely to continue in the future, such as the leasing of office space of persons with conflicts of interest or with any interest under normal terms and conditions, and at fair, reasonable, and examinable prices, comparable with those offered to a third party. Terms and conditions shall be presented for consideration by the Audit Committee. The Company may appoint the Audit Committee or an independent expert to consider and comment on the appropriateness of the price of a transaction.

In the event of a transaction with a person with a conflict of interest or with any interest, the Company shall assign the Audit Committee to comment on the price, rate of return, necessity, and propriety of the transaction, provided that a director with a conflict of interest is not allowed to vote in that particular meeting.

4. Investor protection measures.

In the event of a transaction with a person with a conflict of interest or with any interest, the Company shall assign the Audit Committee to comment on the price, rate of return, necessity, and propriety of the transaction, in order to ensure fairness and a reasonable price. In the event the Audit Committee does not possess expertise in a given issue, the Company shall assign an independent expert or auditor to provide comments for decision-making by the Board of Directors or shareholders, as the case may be. The Board of Directors shall comply with laws governing securities and the stock market and rules, notifications, instructions, or prescriptions of the Stock Exchange of Thailand, as well as regulations governing the disclosure of information of intercompany transactions and acquisitions or the disposal of assets of the Company or its subsidiaries. The Company shall also disclose intercompany transactions on notes to the audited financial statements.

1) Previous measures or procedures on approval for intercompany transactions.

Intercompany transactions involve product sales/purchases, credit extensions, and leasing of office space and facilities, which are not different from normal trading transactions at normal market rates. Conditions do not differ from transactions entered into with a third party. Normally, intercompany transactions are approved by an executive or authorized officer within his/her scope of authority and duties.

2) Policies for or the outlook of intercompany transactions.

Intercompany transactions are likely to continue in the future, such as the leasing of office space of persons with conflicts of interest or with any interest under normal terms and conditions, and at fair, reasonable, and examinable prices, comparable with those offered to a third party. Terms and conditions shall be presented for consideration by the Audit Committee. The Company may appoint the Audit Committee or an independent expert to consider and comment on the appropriateness of the price of a transaction.

In the event of a transaction with a person with a conflict of interest or with any interest, the Company shall assign the Audit Committee to comment on the price, rate of return, necessity, and propriety of the transaction, provided that a director with a conflict of interest is not allowed to vote in that particular meeting.

3) Investor protection measures

For inter-company transactions will be occurred with a person who may have a conflict of interest in the future. The Company has a policy for the Audit Committee to give opinions on the price, compensation rate and reasonable of the transaction to ensure that the transactions are fair and reasonable. In case of expertise is demanded, the Company will arrange independent expertise or independent auditor to comment on such transaction. To use for the decision of, the Board of Directors or shareholders, as the case may be. The Board of Directors shall comply with the laws and regulation of SEC. Include compliance with the disclosure requirements of connected transactions, and the acquisition or disposition of assets of the Company or its subsidiaries. In addition, the Company will disclose related transactions in the notes to reviewed financial statements which were audited by the independent auditor.



Financial Highlights (Consolidated Financial Statement)

Particulars / Years	2017	2016	2015
Statement of comprehensive income (Million Baht)			
Sales	3,326	3,389	3,461
Total Revenues	3,368	3,479	3,506
Gross Profit	413	438	351
Profit before share of loss from investment in associated company, finance cost and income tax expense	227	297	151
Net Profit	196	254	150
Statement of financial position (Million Baht)			
Total Assets	2,989	2,996	2,827
Total Liabilities	322	292	289
Total Shareholders' Equity	2,667	2,704	2,539
Financial ratios / Year (%)			
Gross Profit Margin	12.40	12.92	10.14
Net Profit Margin	5.83	7.30	4.27
Return on Equity	7.32	9.69	5.88
Return on Assets	6.57	8.72	5.23
Earnings per share (Baht)			
Earnings Per Share	0.21	0.27	0.16
Book Value Per Share	2.86	2.90	2.73
Cash Dividend Per Share	0.19	0.24	0.12

Management Discussion and Analysis

Operational Results and the Financial Status of Lee Feed Mill Public Company Limited and its Subsidiaries for the year 2017 and 2016 are summarized below:

1. Operational Results

1.1 Revenues

The Company's sales income of the year 2017 and 2016 was Baht 3,326 million and Baht 3,389 million, respectively. The Company's main income was the sale of animal feed of 99.13 percent and the remaining 0.87% is Income from animal breeding and crop farming.

For the year 2017, animal feed products sales compose with land animal feed sales at 40 percent and 60 percent for aquatic animal feed sales.

In the year 2017, the Company's sales income was decreased by 2% as a result of the 2% decrease in animal feed price. Although, quantity of animal feed was made a slight increase from last year. Other income from interest income and dividend income for the year 2017 and 2016 was Baht 22 million and Baht 25 million, respectively. And other income from the sale of materials and fixed assets and others amounted to approximately Baht 21 million and Baht 27 million, respectively, there was a loss from investments in marketable securities which was represented in the administrative expenses of Baht 3 million, but there was gain on short term investment amount of Baht 38 million for the year 2017.

1.2 Cost of sales

In the year 2017 and 2016, cost of sold amounted of Baht 2,913 million and Baht 2,951 million, respectively, representing 87.60 percent and 87.08 percent of sales income, respectively. Decreased in cost of sold is in the same line as sales income.

1.3 Selling and Administrative Expenses

In the year 2017 and 2016, selling expenses of Baht 70 million and Baht 73 million, respectively. Decreased by Baht 3 million, represent 2.11 percent and 2.15 percent of sales income, mainly came from decrease in allowances for doubtful deb and controlling of expenditure policy. Administrative expenses amount of Baht 158 million in both years.

Finance cost amount of Baht 2 million in both 2017 and 2016. The Company has credit facility with the financial institutions which can be use promptly in case of the Company needs to invest or lack of liquidity.



1.4 Income tax revenues (Expenses)

Income tax expenses, amount of Baht 28 million, was decreased from the previous year by Baht 10 million, is the same line as the Company's profit.

1.5 Net Profit

The consolidated financial statement shown net profit for the period ended 31 December 2017 amount of Baht 196 million. Decrease by Baht 58 million or 22.83 percent from Baht 254 million in the previous year. The net profit margin of the year 2017 and 2016 was 5.83 percent and 7.30 percent, respectively. The main reason of decrease came from decrease in dividend income and gain on short term investment. However, the gross profit from animal feed business did not change from the previous year.

1.6 Other comprehensive income

Other comprehensive income decreased by Baht 17 million from the previous year due to the actuarial loss - net of income tax amount of Baht 8 million in 2017. However, in 2016, the Company had gain on revaluation of land - net of income tax. 9 million.

1.7 Returns to shareholders

Return to shareholder ratio for the years 2017 was decreased 2.37 percent from the previous year, from 9.69 percent to be 7.32 percent. Return on assets was decreased from 8.72% in the year 2016 to be 6.57%. In the year 2017, came from the decrease in net profit.

2. Financial Position

Assets

As at 31 December 2017 and 2016, The Company has total assets of Baht 2,989 million and Baht 2,996 million, respectively. The portion of current assets to non-current assets is approximately 70: 30 for the both years.

The principal current assets as at 31 December 2017 and 2016 were cash and cash equivalents, inventories, Trade and other receivables and current investments which was approximately 73 percent of total assets for the both years.

Inventories

As at 31 December 2017 and 2016, net of inventory from any allowance amount of Baht 683 million and Baht 704 million, respectively, or approximately 23 percent of total assets both years, the inventory days ratio has increased from 84 days to 88 days. Most of the Company's raw materials are feed ingredients, including corn, soybean meal and fish meal. The Company store the raw materials to prevent the fluctuate on pricing and raw material shortage. There is no problem of deterioration or spoilage. The raw materials have been dried and can be stored for a long time.

Trade and Notes Receivable

As at 31 December 2017 and 2016, trade and other receivables amount of Baht 213 million and Baht 203 million, respectively, or 7 percent of total assets and the collection period is approximately 23 Days for the both years. The Company has always focused on cash sales policy. However, there are some credited customers with a good payment history and give the company collateral.

The policy of allowance for doubtful debt, the Company consider recording allowance for doubtful accounts based on the customer's financial position, collateral, repayment history. Receivable with overdue debt over 3 months will be provisioned after deducting collateral value. Base on the Company history, these customers still gradually pay back the company. The Company is confident that the Company has adequate allowance for doubtful accounts.

Current Investments

As at 31 December 2017 and 2016, the Company has current investments amounts of Baht 1,260 million and Baht 1,233 million, respectively. Current investments compose with fixed deposit, mutual fund and investments in marketable securities. The objective of Investment in short-term investments, the Company aims to manage its financial liquidity. There is no maximum limit to investment in current investment. It is determined by the excess liquidity at each point of time. However, the Company wills principal focus on risk and appropriated return such as investing in government bone, state enterprises bone and securities listed in the stock exchange of Thailand. All investments must be approved by the Board of Directors and / or the Executive Board.

Fixed Assets

The Company's fixed assets mainly compose with land, building and machinery. As at 31 December 2017 and 2016, fixed assets before accumulated depreciation were Baht 2,164 million and Baht 2,133 million, respectively. Net increase amount of Baht 31 million came from the Company procure machinery, office equipment and vehicle amount of Baht 50 million and dispose amount of Baht 19 million during the year 2017. Net book value as at 31 December 2017 and 2016 were Baht 691 million and Baht 711 million, respectively.

3. Sources of Funding

3.1 Liabilities

As at 31 December 2017 and 2016, the Company's total liabilities stated amount of Baht 322 million and Baht 292 million, respectively. The ratio of total liabilities to total assets total liabilities ratio were 10.79 and 9.75 percent, respectively. Mostly current liabilities are trade account payables from the raw material procurement under the normal term.



Provision for long-term employee benefits is reserved for employee compensation. As at 31 December 2017 and 2016, provision for long-term employee benefits were Baht 76 million and Baht 56 million, respectively.

The Company and its subsidiaries have no guarantee someone else, or contingent liabilities, or any commitment to invest in the project, or have any other obligations that may affect the financial position or results of operations of the Company and its subsidiaries, except for the cross guarantee of the liabilities which the parent Company and its subsidiaries use the credit facility jointly. As at 31 December 2017 and 2016, the Company and its subsidiaries have been granted various types of credit facility, by several financial institutions of which Baht 1,179 million and Baht 1,700 million, respectively. The said guarantee obligation had no impact on the financial position and results of operations of the Company and its subsidiaries due to a contractual commitment to the loan which is the normal trading practices of the Company and its subsidiaries. Currently, most of credit facility has not been exercised due to the Company and its subsidiaries also have good financial liquidity. The said credit facility does not need to use the mortgage assets as collateral.

3.2 Shareholders' Equity

As at 31 December 2017, the shareholders' equity stated amount of Baht 2,667 million, unappropriated retained earnings of approximately Baht 665 million. Board of Director Meeting No. 2/2018 held on 13th March 2018 approved to pay dividend for the year 2017 at Baht 0.19 per share, total of Baht 175,214, 247.69 million. The said dividend will be paid on 18th May 2018, which is paid from the operating result for the period from 1 January 2017 to 31 December 2017. The dividend payment is 93 percent of the separated financial statement's net profit (92 percent of the consolidated financial statement)

3.3 Appropriateness of the Capital Structure

As at 31 December 2017, debt to equity ratio is 0.12 times, which is considered a low ratio if compare to other companies in the same industry. The Company mobilized investment fund from its operations. The company does not have the necessary source of financing from financial institutions due to the company conducting business with an emphasis on cash sales and margin levels at the appropriate level. The company can pay a dividend to shareholders of from working capital. Therefore, it is considered that the company's capital structure is a suitable capital structure and financial stability. Moreover, in case of the Company need working capital in the future, the company still has the remaining of credit line from financial institutions adequately.

As at 31 December 2017, the registered capital of the company amount of Baht 929,070,000 shares, and, and paid-up capital amount of Baht 922,180,251.

4. Liquidity Conditions

4.1 Cash Flow from Operations

Year 2017 and 2016, the Company has cash flow-in from operations activities amount of Baht 271 million and Baht 209 million, respectively, increase from prior year amount of Baht 62 million. The Company continues to sustain the policy of giving credit to the strong customer, which has 23 days average collection period and keep sufficient quantity of stock for production. However, the Company considerate changes of the important raw materials price and product demand in the market as the principal. Cash Cycle was 88 days. The Company has no long outstanding payable.

4.2 Cash Flow from Investment Activities

During the year 2017, the Company paid for investment activities amount of Baht 47 million. The Company invested in fixed deposit and short-term investments - net amount of Baht 30 million, procured machinery and other assets for operation amount of Baht 50 million. However, the Company received interest income and dividend from other investment amount of Baht 22 million and received cash from assets dispose amount of Baht 12 million.

4.3 Cash Flow from Financial Activities

In year 2017, the Company had cash flow-out from financial activities amount of Baht 224 million. Increase from previous year amount of Baht 108 million mainly came from the Company paid dividend during year 2017 more than year 2016.

4.4 Liquidity Ratio

In year 2017 and 2016, the ratios of current assets to current liabilities were 10.80 and 11.35 times, respectively.

Currently, the Company has no significant factor or event which may affect the Company's position or operation in the future.



Independent Auditor's Report

To the Shareholders of Lee Feed Mill Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Lee Feed Mill Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lee Feed Mill Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lee Feed Mill Public Company Limited and its subsidiaries and of Lee Feed Mill Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significant in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of sales revenue

Sales revenue is highly significant to the financial statements and a key indicator of business performance in which management and financial statements' users are interested. Because the increases or decreases in revenue, trade discounts and special discounts directly affect the Group's performance, I draw a special consideration on the amount and the timing of revenue recognition of the Group.

I have examined the revenue recognition of the Group by

- Assessed and tested the effectiveness of the Group's internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Expanded a scope of examination related to the timing of revenue recognition, e.g. examination of sales cutoff.
- Examined, on a sampling basis, supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Examined, on sampling basis, supporting documents for trade discounts and special discounts, whether it was in compliance with the Group's policy.
- Reviewed credit notes that the Company issued after the period-end.
- Performed analytical procedures on disaggregated data to detect possible irregularities in sale, trade discount and special discount transactions throughout the period, particularly for accounting entries made through journal vouchers.

Allowance for doubtful debt

In presenting the value of accounts receivable at period-end, which is significant to the financial statements, the Group have to estimate the amount of allowance for doubtful debt required for receivables that are not expected to be collectible, which is presented as a deduction from accounts receivable, as described in Note 9. Estimating the allowance for doubtful accounts requires management to exercise judgement, taking into consideration collection history, the results of aging analysis and analysis of debtors' ability to make payment. The estimation of allowance for doubtful debt thus directly affects both the doubtful debt expense recorded in profit and loss and the balance of accounts receivable presented at period-end.

I assessed and tested the internal controls of the Group relevant to the determination of allowance for doubtful debt by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I gained an understanding of the basis applied in determining the allowance for doubtful debt and reviewed the consistency of the application of that basis examined. I reviewed the preparation of the accounts receivable aging report and tested the calculation of allowance for doubtful debt in accordance with these policies. In addition, I reviewed the allowance set aside for specific trade receivables.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.



When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

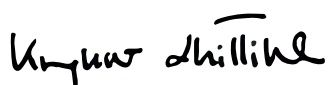
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 27 February 2018



Statement of financial position

Lee Feed Mill Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	41,533,926	42,542,145	26,617,212	27,811,771
Current investments - fixed deposits		968,012,521	1,027,213,044	968,012,521	1,027,213,044
Current investments - marketable securities	8	291,834,740	206,112,959	291,834,740	206,112,959
Trade and other receivables	9	213,416,814	203,223,912	143,268,901	126,656,907
Short-term loans to related parties	6	-	-	150,500,000	218,000,000
Inventories	10	682,687,372	703,786,993	318,070,370	266,218,023
Current biological assets	11	3,440,758	6,757,401	3,440,758	6,757,401
Other current assets		9,862,988	7,403,044	4,537,717	3,937,765
Total current assets		2,210,789,119	2,197,039,498	1,906,282,219	1,882,707,870
Non-current assets					
Investment in associated company	12	9,183,951	9,272,211	9,272,211	9,272,211
Investments in subsidiaries	13	-	-	194,999,800	194,999,800
Other long-term investments	14	18,430,417	16,500,017	18,430,417	16,500,017
Investment properties	15	14,003,993	14,003,993	13,754,587	13,754,587
Property, plant and equipment	16	691,433,562	711,427,374	297,914,330	322,185,417
Non-current biological assets	11	28,643,135	29,604,321	28,643,135	29,604,321
Other non-current assets		16,728,816	17,685,277	14,093,471	15,672,463
Total non-current assets		778,423,874	798,493,193	577,107,951	601,988,816
Total assets		2,989,212,993	2,995,532,691	2,483,390,170	2,484,696,686

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Lee Feed Mill Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	185,330,799	168,798,072	114,234,575	83,285,056
Income tax payable		16,002,463	21,918,236	6,767,969	6,238,702
Other current liabilities		3,453,681	2,868,104	2,835,931	2,850,354
Total current liabilities		204,786,943	193,584,412	123,838,475	92,374,112
Non-current liabilities					
Deferred tax liabilities	22	41,743,132	42,377,193	13,690,482	18,626,026
Provision for long-term employee benefits	18	75,944,056	55,717,653	37,117,336	26,409,527
Total non-current liabilities		117,687,188	98,094,846	50,807,818	45,035,553
Total liabilities		322,474,131	291,679,258	174,646,293	137,409,665
Shareholders' equity					
Share capital					
Registered					
929,070,000 ordinary shares of Baht 1 each		929,070,000	929,070,000	929,070,000	929,070,000
Issued and fully paid					
922,180,251 ordinary shares of Baht 1 each		922,180,251	922,180,251	922,180,251	922,180,251
Share premium		681,345,392	681,345,392	681,345,392	681,345,392
Retained earnings					
Appropriated - statutory reserve	19	143,625,000	142,500,000	122,500,000	122,500,000
Unappropriated		665,321,989	699,741,347	499,946,051	533,491,861
Other components of shareholders' equity	20	225,783,376	230,780,710	82,772,183	87,769,517
Equity attributable to owners of the Company		2,638,256,008	2,676,547,700	2,308,743,877	2,347,287,021
Non-controlling interests of the subsidiaries		28,482,854	27,305,733	-	-
Total shareholders' equity		2,666,738,862	2,703,853,433	2,308,743,877	2,347,287,021
Total liabilities and shareholders' equity		2,989,212,993	2,995,532,691	2,483,390,170	2,484,696,686

The accompanying notes are an integral part of the financial statements.



Statement of comprehensive income

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		3,325,914,373	3,389,462,980	1,629,254,744	1,589,356,117
Other income					
Interest income		14,841,252	16,653,672	23,487,077	23,482,876
Dividend income		6,753,000	8,113,900	82,753,000	103,113,900
Others		20,593,154	64,721,516	10,820,912	54,880,974
Total revenues		3,368,101,779	3,478,952,068	1,746,315,733	1,770,833,867
Expenses					
Cost of sales		2,913,341,955	2,951,492,515	1,419,270,047	1,392,059,267
Selling expenses		70,048,461	72,789,451	39,864,112	41,714,723
Administrative expenses		158,157,087	157,532,107	91,341,008	92,241,762
Total expenses		3,141,547,503	3,181,814,073	1,550,475,167	1,526,015,752
Profit before share of loss from Investment in associated company, finance cost and income tax expenses		226,554,276	297,137,995	195,840,566	244,818,115
Share of loss from investment in associated company	12	(88,259)	(2,069,213)	-	-
Profit before finance cost and Income tax expenses		226,466,017	295,068,782	195,840,566	244,818,115
Finance cost		(1,618,883)	(2,034,381)	(770,271)	(975,515)
Profit before income tax expenses		224,847,134	293,034,401	195,070,295	243,842,600
Income tax expenses	22	(28,362,555)	(39,085,576)	(7,413,675)	(10,086,586)
Profit for the year		196,484,579	253,948,825	187,656,620	233,756,014

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income (continued)

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	18	(10,232,771)	-	(5,983,565)	-
Changes in revaluation of assets		-	11,558,817	-	(5,097,952)
Less: Income tax effect	22	1,956,902	(2,311,763)	1,107,061	1,019,590
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(8,275,869)	9,247,054	(4,876,504)	(4,078,362)
Other comprehensive income for the year		(8,275,869)	9,247,054	(4,876,504)	(4,078,362)
Total comprehensive income for the year		188,208,710	263,195,879	182,780,116	229,677,652
Profit attributable to:					
Equity holders of the Company		191,137,468	248,144,721	187,656,620	233,756,014
Non-controlling interests of the subsidiaries		5,347,111	5,804,104		
		196,484,579	253,948,825		
Total comprehensive income attributable to:					
Equity holders of the Company		183,031,568	256,729,383	182,780,116	229,677,652
Non-controlling interests of the subsidiaries		5,177,142	6,466,496		
		188,208,710	263,195,879		
Earnings per share	24				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.21	0.27	0.20	0.25

The accompanying notes are an integral part of the financial statements.



Cash flow statement

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	224,847,134	293,034,401	195,070,295	243,842,600
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised (gain) loss on current investments				
- marketable securities	16,979,017	(5,866,250)	16,979,017	(5,866,250)
Gain on sales of current investments - marketable securities	(14,126,453)	(32,000,387)	(14,126,453)	(32,000,387)
Loss (gain) arising from change in fair value of biological assets	2,718,469	(1,914,309)	2,718,469	(1,914,309)
Depreciation	61,458,284	77,155,668	29,748,685	34,183,051
Bad debts	96,772	403,694	81,076	165,475
Allowance for doubtful accounts	1,009,430	1,322,980	497,975	2,319,994
Reversal of provision for sales discounts	(179,255)	-	-	-
Reduction of inventories to net realisable value (reversal)	(1,699,040)	2,254,489	(1,045,696)	693,887
Share of loss from investment in associated company	88,259	2,069,213	-	-
Gain on sales of property and equipment	(3,210,066)	(9,960,022)	(926,462)	(6,458,107)
Allowance for impairment loss on investment in associated company	-	-	-	1,852,789
Decrease in fair value of investment property	-	67,500	-	67,500
Provision for long-term employee benefits	12,268,732	7,526,467	5,959,543	3,343,445
Unrealised gain on exchange	-	(79,229)	-	(29,993)
Dividend received from investment in subsidiary	-	-	(76,000,000)	(95,000,000)
Dividend received from other long-term investments	(6,753,000)	(8,113,900)	(6,753,000)	(8,113,900)
Interest income	(14,841,252)	(16,653,672)	(23,487,077)	(23,482,876)
Interest expenses	16,695	94,615	11,308	198,811
Profit from operating activities before changes in operating assets and liabilities	278,673,726	309,341,258	128,727,680	113,801,730
Operating assets (increase) decrease				
Trade and other receivables	(11,735,682)	(2,678,658)	1,261,004	(6,023,112)
Inventories	22,798,661	(50,940,903)	(50,806,651)	(5,961,023)
Current biological assets	1,950,988	(2,996,342)	1,950,988	(2,996,342)
Other current assets	(2,264,222)	4,291,055	(599,952)	1,660,399
Other non-current biological assets	(391,628)	4,195,306	(391,628)	4,195,304
Other non-current assets	956,461	(724,447)	1,578,993	(1,269,101)

The accompanying notes are an integral part of the financial statements.

Cash flow statement (continued)

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating liabilities increase (decrease)				
Trade and other payables	16,532,727	(20,221,628)	30,949,519	(14,189,118)
Other current liabilities	(453,353)	(466,357)	(53,353)	(444,103)
Cash flows from operating activities	306,067,678	239,799,284	112,616,600	88,774,634
Cash paid for long-term employee benefits	(2,275,100)	(4,494,399)	(1,235,300)	(2,279,700)
Cash paid for interest expenses	(16,695)	(94,615)	(11,308)	(198,811)
Cash paid for corporate income tax	(33,151,208)	(25,964,392)	(10,712,891)	(8,486,682)
Net cash flows from operating activities	270,624,675	209,245,878	100,657,101	77,809,441
Cash flows from investing activities				
Decrease (increase) in current investments - fixed deposits	59,200,523	(11,074,815)	59,200,523	(11,074,815)
Increase in current investments - marketable securities	(88,574,345)	(88,171,538)	(88,574,345)	(88,171,538)
Cash receipt from decrease in share capital - associated company	-	33,375,000	-	33,375,000
Increase in short-term loans to subsidiaries	-	-	(435,000,000)	(477,000,000)
Cash received from repayment of short-term loans to subsidiaries	-	-	502,500,000	471,000,000
Acquisition of equipment	(50,241,730)	(48,152,977)	(13,390,460)	(21,079,726)
Proceeds from sales of property and equipment	11,987,324	11,135,098	8,839,324	7,358,042
Cash paid for other long-term investment	(1,930,400)	-	(1,930,400)	-
Dividend received from investment in subsidiary	-	-	57,000,000	95,000,000
Dividend received from other long-term investments	6,753,000	6,343,900	6,753,000	6,343,900
Interest income	15,457,085	20,483,999	24,035,028	29,039,761
Net cash flows from (used in) investing activities	(47,348,543)	(76,061,333)	119,432,670	44,790,624
Cash flows from financing activities				
Decrease in bank overdrafts	-	(483,418)	-	(483,418)
Cash receipt from short-term loans from subsidiary	-	-	-	52,000,000
Repayment of short-term loans from subsidiary	-	-	-	(52,000,000)
Dividend paid	(221,284,330)	(110,647,895)	(221,284,330)	(110,647,895)
Dividend of the subsidiary paid to non-controlling interest	(3,000,021)	(5,000,000)	-	-
Net cash flows used in financing activities	(224,284,351)	(116,131,313)	(221,284,330)	(111,131,313)
Net increase (decrease) in cash and cash equivalents	(1,008,219)	17,053,232	(1,194,559)	11,468,752
Cash and cash equivalents at beginning of year	42,542,145	25,488,913	27,811,771	16,343,019
Cash and cash equivalents at end of year	41,533,926	42,542,145	26,617,212	27,811,771

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements									
	Equity attributable to owners of the Company						Equity attributable to non-controlling interests of the subsidiaries		
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of equity			Total equity attributable to shareholders of the Company	
			Appropriated – Statutory reserve	Unappropriated	Other comprehensive income	Revaluation surplus on land			
Balance as at 1 January 2016	922,180,251	681,345,392	142,500,000	562,258,256		222,196,049	2,530,479,948	25,839,236	2,556,319,184
Profit for the year	-	-	-	248,144,721		-	248,144,721	5,804,104	253,948,825
Other comprehensive income for the year	-	-	-	-		8,584,661	8,584,661	662,393	9,247,054
Total comprehensive income for the year	-	-	-	248,144,721		8,584,661	256,729,382	6,466,497	263,195,879
Dividend paid (Note 27)	-	-	-	(110,661,630)		-	(110,661,630)	-	(110,661,630)
Dividend of subsidiary paid to non-controlling interest	-	-	-	-		-	-	(5,000,000)	(5,000,000)
Balance as at 31 December 2016	922,180,251	681,345,392	142,500,000	699,741,347		230,780,710	2,676,547,700	27,305,733	2,703,853,433
Balance as at 1 January 2017	922,180,251	681,345,392	142,500,000	699,741,347		230,780,710	2,676,547,700	27,305,733	2,703,853,433
Profit for the year	-	-	-	191,137,468		-	191,137,468	5,347,111	196,484,579
Other comprehensive income for the year	-	-	-	(8,105,900)		-	(8,105,900)	(169,969)	(8,275,869)
Total comprehensive income for the year	-	-	-	183,031,568		-	183,031,568	5,177,142	188,208,710
Transfer revaluation surplus on land to retained earnings (Note 16)	-	-	-	4,997,334		(4,997,334)	-	-	-
Dividend paid (Note 27)	-	-	-	(221,323,260)		-	(221,323,260)	-	(221,323,260)
Dividend of subsidiary paid to non-controlling interest	-	-	-	-		-	-	(4,000,021)	(4,000,021)
Retained earnings transferred to statutory reserve	-	-	1,125,000	(1,125,000)		-	-	-	-
Balance as at 31 December 2017	922,180,251	681,345,392	143,625,000	665,321,989		225,783,376	2,638,256,008	28,482,854	2,666,738,862

The accompanying notes are an integral part of the financial statements.



Statement of changes in shareholders' equity (continued)

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of equity	
			Appropriated – Statutory reserve	Unappropriated	Other comprehensive income	Total shareholders' equity
Balance as at 1 January 2016	922,180,251	681,345,392	122,500,000	410,397,477	91,847,879	2,228,270,999
Profit for the year	-	-	-	233,756,014	-	233,756,014
Other comprehensive income for the year	-	-	-	-	(4,078,362)	(4,078,362)
Total comprehensive income for the year	-	-	-	233,756,014	(4,078,362)	229,677,652
Dividend paid (Note 27)	-	-	-	(110,661,630)	-	(110,661,630)
Balance as at 31 December 2016	922,180,251	681,345,392	122,500,000	533,491,861	87,769,517	2,347,287,021
Balance as at 1 January 2017	922,180,251	681,345,392	122,500,000	533,491,861	87,769,517	2,347,287,021
Profit for the year	-	-	-	187,656,620	-	187,656,620
Other comprehensive income for the year	-	-	-	(4,876,504)	-	(4,876,504)
Total comprehensive income for the year	-	-	-	182,780,116	-	182,780,116
Transfer revaluation surplus on land to retained earnings (Note 16)	-	-	-	4,997,334	(4,997,334)	-
Dividend paid (Note 27)	-	-	-	(221,323,260)	-	(221,323,260)
Balance as at 31 December 2017	922,180,251	681,345,392	122,500,000	499,946,051	82,772,183	2,308,743,877

The accompanying notes are an integral part of the financial statements.



Notes to consolidated financial statements

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2017

1. General information

Lee Feed Mill Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in (1) the manufacturer and distribution of animal feed (2) crop drying, silo business and the distribution of raw materials for animal feed manufacture (3) experimental farming and (4) crop farming. The Company's registered address is 33/137 Surawong Road, Suriyawong, Bangrak, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lee Feed Mill Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			(%)	(%)
Lee Pattana Feed Mill Co., Ltd.	Producing and distributing animal feed, and distribution of raw materials for animal feed manufacture	Thailand	95	95
Lee Pattana Agro Silo Co., Ltd. (99.99% held by Lee Pattana Feed Mill Co., Ltd.)	Crop drying, Silo business and distribution of raw materials for animal feed	Thailand	95	95
Bodhi Ngarm Sea Farm Co., Ltd.	Rental farming	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associated company under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements except for the following new accounting standard.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.



(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of average cost, and net realisable value. The cost of inventories is measured using the standard method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, packing materials, spare parts and factory supplies and raw materials used in farming are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Agriculture

The Company's biological asset is breeder pigs, piglets, aquatic animals and trees which were measured at their fair value less costs to sell.

The fair value of breeder pigs is determined based on discounted cash flows. Piglets, aquatic animals and trees are determined based on fair value less estimated selling costs. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the Company shall measure it at its fair value less costs to sell.

4.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method. The Company performs impairment reviews in respect of the investment whenever there is an indication that it may be impaired.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.



In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and their fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company and its subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on land". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on land" in respect of the same assets.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and constructions	10 - 20 years
Machinery and equipment	5 - 15 years
Furniture and office equipment	5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of operations of the Company and its subsidiaries.

4.10 Long-term leases

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.



4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using that functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries, and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards and unutilized leave.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognise restructuring - related costs.

4.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.



Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Biological assets

The Company measured its biological assets at their fair value less costs to sell. The fair values of breeder pigs is calculated using the discounted cash flows method. Piglets, aquatic animals and trees are determined based on fair value less estimated selling costs. The valuation involves certain assumptions and estimates such as pubertal age of breeding pigs and reproductive rate of piglets.

Impairment of investments

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” required judgment of the management.

Investment property

The Company and its subsidiaries present investment property at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment property using the market approach. The key assumptions used in estimating the fair value are described in Note 15 to the financial statements.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates as described in Note 16 to the financial statements.



In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	99	175	Comparable market price
Interest income	-	-	9	7	7.13% - 7.38% per annum
Dividend income	-	-	76	95	
Purchase of goods	-	-	306	209	Comparable market price
Rental expenses	-	-	1	1	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	14	15	7	7	Contract price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and its subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade and other receivables - related parties</u> <u>(Note 9)</u>				
Subsidiaries	-	-	24,435	5,989
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	150,500	218,000
<u>Trade and other payables - related parties</u> <u>(Note 17)</u>				
Subsidiaries	-	-	22,138	14,894

Short-term loans to related parties

As at 31 December 2017 and 2016, the balance of short-term loans between the Company and its subsidiaries and the movements are as follows:

(Unit: Thousand Baht)

		Separate financial statements			
Loans to related parties	Related by	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Lee Pattana Feed Mill Co., Ltd.	Subsidiary	216,000	435,000	(502,000)	149,000
Bodhi Ngarm Sea Farm Co., Ltd.	Subsidiary	2,000	-	(500)	1,500
Total		218,000	435,000	(502,500)	150,500



Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	14,613	15,733	8,876	9,773
Post-employment benefits	928	438	446	174
Total	15,541	16,171	9,322	9,947

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 28.3 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	939	919	656	634
Bank deposits	40,595	41,623	25,961	27,178
Total	41,534	42,542	26,617	27,812

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.10 and 1.00 percent per annum (2016: between 0.10 and 0.75 percent per annum).

8. Current investments – marketable securities

As at 31 December 2017 and 2016, the balances of marketable securities are as follows:

(Unit: Thousand Baht)

Consolidated and Separate financial statements			
2017		2016	
Trading securities			
Equity securities	92,036		67,544
Open-end money market funds	216,778		150,296
Less: Unrealised loss on change in values of current investments	(16,979)		(11,727)
Total trading securities – net	291,835		206,113

During the year, the movements of marketable securities are as follows:

(Unit: Thousand Baht)

Consolidated and Separate financial statements			
Equity securities		Open-end money market funds	
2017	2016	2017	2016
Net book value at beginning of year	55,070	151,043	8,603
Purchases	226,323	708,371	709,000
Disposals	(201,831)	(641,889)	(567,270)
Change in fair value of current investments	(5,333)	81	710
Net book value at end of year	74,229	217,606	151,043



9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	-	-	2,136	1,669
Past due up to 3 months	-	-	2,327	3,086
Total trade receivable - related parties	-	-	4,463	4,755
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	148,214	136,083	65,242	68,565
Past due				
Up to 3 months	44,750	49,300	32,995	32,147
3 - 6 months	1,435	4,975	1,374	4,975
6 - 12 months	2,754	10,444	2,338	10,270
Over 12 months	37,337	19,022	33,305	17,169
Total	234,490	219,824	135,254	133,126
Less: Allowance for doubtful debts	(23,615)	(22,606)	(18,962)	(18,464)
Total trade receivables - unrelated parties, net	210,875	197,218	116,292	114,662
Total trade receivables - net	210,875	197,218	120,755	119,417
<u>Other receivables</u>				
Advances - related party	-	-	19	348
Dividend receivable - related party	-	-	19,000	-
Interest receivable - related parties	-	-	953	886
Interest receivable	2,012	2,628	2,012	2,628
Other receivables	530	3,378	530	3,378
Total other receivables	2,542	6,006	22,514	7,240
Total trade and other receivables - net	213,417	203,224	143,269	126,657

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net
	2017	2016	2017	2016	2017
Finished goods	118,150	131,370	-	-	118,150
Work in process	939	1,217	-	-	939
Raw materials	397,400	394,624	-	-	397,400
Packing materials	37,583	39,842	(1,638)	(3,337)	35,945
Spare parts and factory supplies	65,587	61,311	-	-	65,587
Raw materials in transit	64,021	77,704	-	-	64,021
Raw materials used in farming	645	1,056	-	-	645
Total	684,325	707,124	(1,638)	(3,337)	682,687

(Unit: Thousand Baht)

Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net
	2017	2016	2017	2016	2017
Finished goods	59,800	51,211	-	-	59,800
Work in process	344	1,217	-	-	344
Raw materials	174,388	130,080	-	-	174,388
Packing materials	17,863	21,015	(59)	(1,105)	17,804
Spare parts and factory supplies	32,299	32,600	-	-	32,299
Raw materials in transit	32,790	30,144	-	-	32,790
Raw materials used in farming	645	1,056	-	-	645
Total	318,129	267,323	(59)	(1,105)	318,070

During the current year, the Company and its subsidiaries reversed the write - down of cost of inventories by Baht 2 million (The Company only: Baht 1 million), and reduced the amount of inventories recognised as expenses during the year. (2016: The Company reduced cost of inventories by Baht 2 million (The Company only: Baht 0.7 million), to reflect the net realisable value. This was included in cost of sales).



11. Biological assets

(Unit: Thousand Baht)

Consolidated and Separate financial statements		
	2017	2016
Current biological assets	3,441	6,757
Non-current biological assets	28,643	29,604
Total biological assets	32,084	36,361

Biological assets comprise piglets, swine and breeders, aquatic animals and trees. The Company classified the biological assets that have production cycle shorter than 1 year as current biological assets and classified the biological assets that have production cycle longer than 1 year as non-current biological assets.

Movements in the biological assets account during the years ended 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

Consolidated and Separate financial statements		
	2017	2016
Net book value at beginning of year	36,361	13,797
Cumulative effect of change in accounting policy for agriculture activities	-	21,850
Increase due to purchase/raise	25,607	22,015
Decrease due to sales/harvest	(27,166)	(23,215)
Gain (loss) arising from changes in fair value of biological assets for the year	(2,718)	1,914
Net book value at end of year	32,084	36,361

12. Investment in associated company

12.1 Details of associated company:

(Unit: Million Baht)

Company	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method – net	
			2017	2016	2017	2016	2017	2016
			(%)	(%)				
Pattana Agro Futures Company Limited	A Futures Broker of Agricultural Trading ¹⁾	Thailand	44.5	44.5	11	11	9	9

(Unit: Million Baht)

Company	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method – net	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
Pattana Agro Futures Company Limited	A Futures Broker of Agricultural Trading ¹⁾	Thailand	44.5	44.5	11	11	2	2	9	9

1) Pattana Agro Futures Company Limited ceased its business as futures broker for agricultural trading since 26 May 2016.



12.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of loss from investment in associated company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Million Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of loss from investment in associated company during the year		Dividend received during the year	
	2017	2016	2017	2016
Pattana Agro Futures Company Limited	(0.01)	(2)	-	-

12.3 Summarised financial information about material associated company

Financial information of the associated company is summarised below:

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Gain (loss) for the year ended 31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Pattana Agro Futures Company Limited	25	25	21	21	0.12	0.25	0.30	1	0.12	(4)

13. Investment in subsidiaries

Details of investment in subsidiaries as presented in separate financial statements are as follows:

(Unit: Million Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				
Lee Pattana Feed Mill Co., Ltd.	200	200	95	95	190	190	76	95
Bodhi Ngarm Sea Farm Co., Ltd.	5	5	100	100	5	5	-	-
Total investment in subsidiaries					195	195	76	95

14. Other long-term investments

(Unit: Thousand Baht)

Company' s name	Consolidated and separate financial statements					
	Shareholding percentage		Value of investments		Dividend received during the year	
	2017	2016	2017	2016	2017	2016
	(%)	(%)				
M.N. Inter Holding Co., Ltd.	4.12	3.64	16,780	14,850	5,940	4,578
Wall Street Tullett Liberty Ltd.	9.00	9.00	945	945	-	251
Others			705	705	813	3,285
Total other long-term investments			18,430	16,500	6,753	8,114

15. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	14,004	14,071	13,755	13,822
Loss on fair value adjustment	-	(67)	-	(67)
Net book value at end of year	14,004	14,004	13,755	13,755

The investment properties are a land awaiting for sales. The fair value of the investment properties has been determined based on valuations performed by an accredited independent valuer, using the market approach.

Key assumptions used in the valuation are summarised below:

	Consolidated and Separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	45,000 - 133,333	Increase in fair value



16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements						
Revaluation basis	Cost basis					
Land and land improvements	Buildings and buildings improvements	Machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installations and constructions	Total

Cost / Revalued amount:

As at 1 January 2016	385,411	508,039	898,862	155,643	159,697	635	2,108,287
Additions	-	40	5,919	4,178	20,004	18,012	48,153
Disposals	-	-	-	(107)	(35,067)	-	(35,174)
Transfers	-	1,409	10,636	-	-	(12,045)	-
Revaluations	11,559	-	-	-	-	-	11,559
As at 31 December 2016	396,970	509,488	915,417	159,714	144,634	6,602	2,132,825
Additions	-	-	8,609	14,380	7,790	19,464	50,243
Disposals	(7,829)	-	-	(1,350)	(9,029)	-	(18,208)
Transfers	-	5,588	12,830	47	-	(18,465)	-
As at 31 December 2017	389,141	515,076	936,856	172,791	143,395	7,601	2,164,860

Accumulated depreciation:

As at 1 January 2016	-	362,743	769,980	139,234	106,284	-	1,378,241
Depreciation for the year	-	16,583	33,135	5,658	21,780	-	77,156
Depreciation on disposals	-	-	-	(107)	(33,892)	-	(33,999)
As at 31 December 2016	-	379,326	803,115	144,785	94,172	-	1,421,398
Depreciation for the year	-	12,939	22,666	6,903	18,950	-	61,458
Depreciation on disposals	-	-	-	(1,350)	(8,080)	-	(9,430)
As at 31 December 2017	-	392,265	825,781	150,338	105,042	-	1,473,426

Net book value:

As at 31 December 2016	396,970	130,162	112,302	14,929	50,462	6,602	711,427
As at 31 December 2017	389,141	122,811	111,075	22,453	38,353	7,601	691,434

Depreciation for the year

2016 (Baht 55 million included in manufacturing cost, and the balance in selling and administrative expenses)	77,156
2017 (Baht 41 million included in manufacturing cost, and the balance in selling and administrative expenses)	61,458

(Unit: Thousand Baht)

Separate financial statements						
Revaluation basis	Cost basis					
Land and land improvements	Buildings and buildings improvements	Machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installations and constructions	Total

Cost / Revalued amount:

As at 1 January 2016	185,645	310,062	438,119	100,208	93,109	767	1,127,910
Additions	-	40	470	1,794	13,531	5,245	21,080
Disposals	-	-	-	(108)	(24,965)	-	(25,073)
Transfers	-	1,289	-	-	-	(1,289)	-
Revaluations	(5,098)	-	-	-	-	-	(5,098)
As at 31 December 2016	180,547	311,391	438,589	101,894	81,675	4,723	1,118,819
Additions	-	-	1,919	5,471	2,219	3,782	13,391
Disposals	(7,829)	-	-	(818)	(2,220)	-	(10,867)
Transfers	-	5,293	2,746	-	-	(8,039)	-
As at 31 December 2017	172,718	316,684	443,254	106,547	81,674	466	1,121,343

Accumulated depreciation:

As at 1 January 2016	-	235,639	395,750	88,020	67,214	-	786,623
Depreciation for the year	-	10,062	8,938	3,925	11,258	-	34,183
Depreciation on disposals	-	-	-	(108)	(24,064)	-	(24,172)
As at 31 December 2016	-	245,701	404,688	91,837	54,408	-	796,634
Depreciation for the year	-	6,434	8,781	4,422	10,112	-	29,749
Depreciation on disposals	-	-	-	(818)	(2,136)	-	(2,954)
As at 31 December 2017	-	252,135	413,469	95,441	62,384	-	823,429

Net book value:

As at 31 December 2016	180,547	65,690	33,901	10,057	27,267	4,723	322,185
As at 31 December 2017	172,718	64,549	29,785	11,106	19,290	466	297,914

Depreciation for the year

2016 (Baht 21 million included in manufacturing cost, and the balance in selling and administrative expenses)	34,183
2017 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses)	29,749



During 2016, the Company and its subsidiaries arranged for an independent professional valuer to appraise the value of their land using the market approach.

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	125 - 6,000	125 - 1,800	Increase in fair value

Had the land been carried in the financial statements on a historical cost basis, their net book values as of 31 December 2017 and 2016 would have been as follows:

(Unit: Thousand Baht)

As at	Consolidated financial statements	Separate financial statements
31 December 2017	97,512	69,253
31 December 2016	99,094	70,835

As at 31 December 2017, certain plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,160 million (2016: Baht 1,116 million) (The Company only: Baht 672 million, 2016: Baht 647 million).

In 2017, the Company received cash from the expropriation of partial land used for farming amounting to Baht 7.8 million. The Company derecognised those land and land improvements and transferred revaluation surplus on land to retained earnings amounting to Baht 5.0 million (net of income tax of Baht 1.2 million).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - related parties	-	-	22,138	14,894
Trade payables	142,244	127,445	70,931	46,823
Other accounts payable	3,356	1,469	710	834
Accrued expenses	39,731	39,884	20,456	20,734
Total trade and other payables	185,331	168,798	114,235	83,285

18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire and other long - term employee benefits were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provision for long-term post employee benefits at beginning of year	55,718	52,686	26,410	25,346
Included in profit or loss:				
Current service cost	6,685	5,313	3,108	2,279
Interest cost	1,260	2,213	602	1,064
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Financial assumptions changes	4,960	-	2,585	-
Demographic assumptions changes	16,859	-	8,695	-
Experience adjustments	(11,586)	-	(5,297)	-
Benefits paid during the year	(2,275)	(4,494)	(1,235)	(2,279)
Provision for long-term post employee benefits at end of year	71,621	55,718	34,868	26,410
Provision for other long-term employee benefits at beginning of year				
Included in profit or loss:				
Past service costs	4,323	-	2,249	-
Provision for other long-term employee benefits at end of year	4,323	-	2,249	-
Provision for long-term employee benefits at end of year	75,944	55,718	37,117	26,410



Line items in profit or loss under which long-term employee benefit expenses are recognised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of sales	4,589	3,963	2,217	1,725
Selling and administrative expenses	7,679	3,563	3,742	1,618
Total expenses recognised in profit or loss	12,268	7,526	5,959	3,343

The Company and its subsidiaries expect to pay Baht 1.5 million of long-term employee benefits during the next year (Separate financial statements: Baht 1.4 million) (2016: Baht 3 million, Separate financial statements: Baht 1.4 million).

As at 31 December 2017, the weighted average durations of the liabilities for long-term employee benefit are 12 years (Separate financial statements: 12 years) (2016: 19 years, Separate financial statements: 19 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.72	4.20	2.72	4.20
Salary increase rate	2.00 - 5.00	4.30 - 5.20	2.00 - 5.00	4.30 - 5.20
Turnover rate	0.00 - 27.00	1.50 - 35.00	0.00 - 27.00	1.50 - 35.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

As at 31 December 2017				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(70)	83	(34)	41
Salary increase rate	83	(70)	41	(34)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	(74)	78	(36)	38
Turnover rate				

(Unit: Million Baht)

As at 31 December 2016				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3)	4	(1)	2
Salary increase rate	4	(3)	2	(1)
Turnover rate	(3)	4	(2)	2

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Other components of shareholders' equity

Other components of shareholders' equity comprise the revaluation surplus on land. This revaluation surplus on land can neither be offset against deficit nor used for dividend payment.



21. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salary, wages and other employee benefits	317	316	162	159
Depreciation	63	78	31	35
Rental expenses	14	14	8	8
Raw materials and consumables used	2,040	2,185	1,159	1,259
Purchases of finished goods	-	-	9	5
Changes in inventories of finished goods and work in process	13	16	(8)	10

22. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	26,257	35,592	10,478	11,108
Adjustment in respect of income tax of previous year	783	(320)	764	(320)
Deferred tax:				
Relating to origination and reversal of temporary differences	1,323	3,814	(3,828)	(701)
Tax expenses reported in the statement of comprehensive income	28,363	39,086	7,414	10,087

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to gain (loss) on change in revalue of assets	-	2,312	-	(1,020)
Deferred tax relating to actuarial loss	(1,957)	-	(1,107)	-
	(1,957)	2,312	(1,107)	(1,020)

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	224,847	293,034	195,070	243,843
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	44,969	58,607	39,014	48,769
Adjustment in respect of income tax of previous year	783	-	764	-
Effects of:				
Promotional privileges (Note 23)	(15,643)	(16,544)	(15,643)	(16,544)
Income exempt for tax purpose	(1,351)	(2,168)	(16,551)	(21,168)
Non-deductible expenses	256	745	123	743
Additional expense deductions allowed	(663)	(630)	(229)	(199)
Recognised of deferred tax asset of previous year	-	(1,161)	-	(1,161)
Others	12	237	(46)	(353)
Total	(17,389)	(19,521)	(32,364)	(38,682)
Tax expenses reported in the statement of comprehensive income	28,363	39,086	7,414	10,087

The operating revenues of the Company and its subsidiaries for the years ended 31 December 2017 and 2016 are below shown divided according to BOI promoted and non-BOI promoted operations.

(Unit: Thousand Baht)

Consolidated financial statements						
2017			2016			
BOI promoted operations	Non-BOI promoted operations	Total	BOI promoted operations	Non-BOI promoted operations	Total	
Sales						
Domestic sales	879,176	3,023,940	3,903,116	789,858	3,077,119	3,866,977
Export sales	37,657	45,284	82,941	61,956	57,932	119,888
Interest income	-	33,828	33,828	-	33,079	33,079
Other income	1,230	125,552	126,782	333	168,136	168,469
Total revenues	918,063	3,228,604	4,146,667	852,147	3,336,266	4,188,413
Less: Eliminated transactions		(778,565)				(709,461)
Total		3,368,102				3,478,952

(Unit: Thousand Baht)

Separate financial statements						
2017			2016			
BOI promoted operations	Non-BOI promoted operations	Total	BOI promoted operations	Non-BOI promoted operations	Total	
Sales						
Domestic sales	879,176	712,421	1,591,597	789,858	737,542	1,527,400
Export sales	37,657	-	37,657	61,956	-	61,956
Interest income	-	23,487	23,487	-	23,483	23,483
Other income	1,230	92,345	93,575	333	157,662	157,995
Total revenues	918,063	828,253	1,746,316	852,147	918,687	1,770,834



24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issued during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit for the year (Thousand Baht)	191,137	248,145	187,657	233,756
Weighted average number of ordinary shares (Thousand shares)	922,180	922,180	922,180	922,180
Earnings per share (Baht/share)	0.21	0.27	0.20	0.25

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors.

The Company and its subsidiaries' business operations involve four principal segments: (1) the manufacture and distribution of animal feed (2) crop drying, silo business and the distribution of raw materials for animal feed manufacture (3) experimental farming and (4) crop farming. These operations are mainly carried on in Thailand. Substantially all sales, operating profits and assets are related to the manufacture and distribution of animal feed business. Therefore, the one main reportable operating segment of the Company and its subsidiaries is manufacture and distribution of animal feed.

Geographic Information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2017	2016
Revenue from external customers		
Thailand	3,243	3,269
Republic of the Union of Myanmar	34	62
Federation of Malaysia	4	-
Lao People's Democratic Republic	45	58
Total	3,326	3,389

Major customers

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

26. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rates of 3 to 5 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2017, the Company and its subsidiaries contributed Baht 7 million (2016: Baht 7 million) to the fund (Separate financial statements: Baht 4 million, 2016: Baht 4 million).

27. Dividends

(Unit: Thousand Baht)

Dividends	Approved by	Dividends from BOI promoted activities	Dividends from non-BOI promoted activities	Total dividends	Dividend per share
(Baht)					
Final dividends for 2015	Annual General Meeting of the shareholders on 29 April 2016	55,331	55,331	110,662	0.12
Total dividend paid in 2016		55,331	55,331	110,662	0.12
Final dividends for 2016	Annual General Meeting of the shareholders on 28 April 2017	82,996	138,327	221,323	0.24
Total dividend paid in 2017		82,996	138,327	221,323	0.24



28. Commitments and contingent liabilities

28.1 Raw material purchase commitments

As at 31 December 2017, the Company had outstanding commitments of approximately USD 3.5 million in respect of the purchase of raw materials (2016: USD 0.4 million).

28.2 Operating lease commitments

The Company and its subsidiaries had entered into lease agreements in respect of the leases of office building spaces.

Future minimum rentals payable under these leases were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable				
In up to 1 year	13	13	6	6
In over 1 and up to 3 years	6	11	3	5

28.3 Guarantees

As at 31 December 2017, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 9 million (2016: Baht 9 million) (Separate financial statements: Baht 5 million (2016: Baht 5 million)) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the ordinary course of their businesses.

The Company and its subsidiaries have been granted various types of credit facilities, by several financial institutions of which Baht 1,179 million (2016: Baht 1,700 million) (Separate financial statements: Baht 1,059 million (2016: Baht 1,375 million)) has not been utilised. Most of the facilities have been cross-guaranteed by the Company and its subsidiaries.

29. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	74	-	-	74
Open-end money market funds	-	218	-	218
Investment properties	-	14	-	14
Lands	-	389	-	389
Biological assets	-	-	32	32

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	55	-	-	55
Open-end money market funds	-	151	-	151
Investment properties	-	14	-	14
Lands	-	397	-	397
Biological assets	-	-	36	36



(Unit: Million Baht)

Separate financial statements			
As at 31 December 2017			
Level 1	Level 2	Level 3	Total

Assets measured at fair value

Held for trade investments

Equity instruments	74	-	-	74
Open-end money market funds	-	218	-	218
Investment properties	-	14	-	14
Lands	-	173	-	173
Biological assets	-	-	32	32

(Unit: Million Baht)

Separate financial statements			
As at 31 December 2016			
Level 1	Level 2	Level 3	Total

Assets measured at fair value

Held for trade investments

Equity instruments	55	-	-	55
Open-end money market funds	-	151	-	151
Investment properties	-	14	-	14
Lands	-	181	-	181
Biological assets	-	-	36	36

30. Financial instruments

30.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans, investments, bank overdraft and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, current investments, short-term loan and bank overdraft with interest. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2017					
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
Within 1 year	1-5 years				

(% p.a.)

Financial Assets

Cash and cash equivalents	1	-	26	15	42	0.10 - 1.00
Current investments - fixed deposits	952	-	16	-	968	1.00 - 1.70
Current investments - marketable securities	-	-	-	292	292	-
Trade and other receivables	-	-	-	213	213	-
	953	-	42	520	1,515	

Financial liabilities

Trade and other payables	-	-	-	185	185	-
	-	-	-	185	185	

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2016					
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
Within 1 year	1-5 years				

(% p.a.)

Financial Assets

Cash and cash equivalents	1	-	30	12	43	0.10 - 0.75
Current investments - fixed deposits	632	380	15	-	1,027	1.35 - 3.00
Current investments - marketable securities	-	-	-	206	206	-
Trade and other receivables	-	-	-	203	203	-
	633	380	45	421	1,479	

Financial liabilities

Trade and other payables	-	-	-	169	169	-
	-	-	-	169	169	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2017					
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
Within 1 year	1-5 years				

(% p.a.)

Financial Assets

Cash and cash equivalents	1	-	19	7	27	0.10 - 1.00
Current investments - fixed deposits	952	-	16	-	968	1.00 - 1.70
Current investments - marketable securities	-	-	-	292	292	-
Trade and other receivables	-	-	-	143	143	-
Short-term loans to related parties	151	-	-	-	151	7.13 - 7.38
	1,104	-	35	442	1,581	

Financial liabilities

Trade and other payables	-	-	-	114	114	-
	-	-	-	114	114	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2016					
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
Within 1 year	1-5 years				

(% p.a.)

Financial Assets

Cash and cash equivalents	1	-	20	7	28	0.10 - 0.75
Current investments - fixed deposits	632	380	15	-	1,027	1.35 - 3.00
Current investments - marketable securities	-	-	-	206	206	-
Trade and other receivables	-	-	-	127	127	-
Short-term loans to related parties	218	-	-	-	218	7.38
	851	380	35	340	1,606	

Financial liabilities

Trade and other payables	-	-	-	83	83	-
	-	-	-	83	83	



Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from purchase of goods that are denominated in foreign currencies. The Company and its subsidiaries may seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2017 and 2016, the Company and its subsidiaries had no financial instruments in foreign currencies.

30.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

31. Capital management

The primary objective of the capital management of the Company and its subsidiaries is to ensure that they have appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.12:1 (2016: 0.11:1) and the Company's was 0.08:1 (2016: 0.06:1).

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.

“Aiming to attain the international standards, and promoting public and environmental awareness.”





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