



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



รายงานประจำปี 2561

ANNUAL REPORT 2018



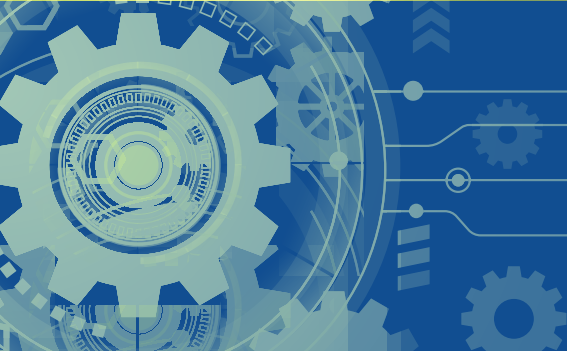


“
Aiming to attain the
international standards,
and promoting public
and environmental
awareness.
”



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

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





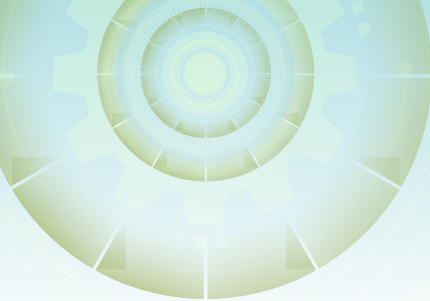
Message from the Chairman

To Shareholders,

The changes that have occurred in the new technological society have rapidly caused the development of concepts and innovations, especially knowledge base of global communications network via highly efficient tools. Therefore; there is no limit to access the data sources. Management of all processes needs to be accompanied by the careful and close monitoring of situations which can change all the time.

The demand of every business which is not different are growth and stability. Under the currently highly competitive circumstance in the animal feed production business of which the resources start to be limited, society began to see the impact of environmental damage. In such situation, Company's executives must follow, place importance and try to maintain the stability of the company status by investing in new technology refresh, and reducing every risk factor that cannot be controlled as well as confirming the policy of producing high-quality animal feed because this's what society seeks for. The quality of products and services at the international standard which the company has been certified both ISO, GMP and HACCP The company's products can be tracked back (Traceability) to every stage of production with the linkage data in the production process. Including following the business policy that attaches to corporate social responsibility (Corporate Social Responsibility: CSR) and anti-corruption which has been consistently and continuously carried out.



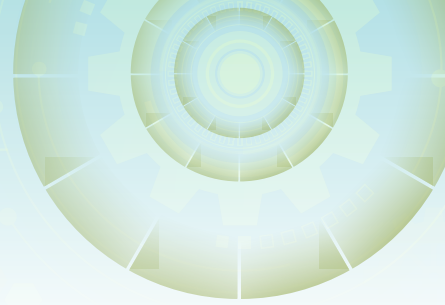


Regarding the company's performance in accordance with the consolidated financial statements for the year ended December 31, 2018, total revenue was 2,995 million baht and net profit was 84 million baht or equivalent to 0.09 baht per share. Board of Directors resolved to propose to the shareholders' meeting to approve the annual dividend payment for 2018 at the rate of 0.08 baht per share.

On behalf of the Board and the executive of the company, I would like to thank you to all shareholders and stakeholders who have always supported the operation of the company. I believe that business operations in accordance with the management principles under good governance will be able to develop and lead the company to achieve sustainable success.

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 2018, 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 the financial statements and financial reports for the year 2017 and the 1st, 2nd and 3rd quarter of the year 2018, 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 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.
3. Review the Company's operation that comply with regulation and principles announced by Securities & Exchange Commission, Thailand, and also relevant business regulation.
4. Review the transactions and disclosure of the related parties which may have potential conflict of interests during the year 2018, considering the necessity of transaction, appropriated pricing by compare with the third parties price or market price and also comply with Securities & Exchange Commission, Thailand's principles.
5. Review independent, performance and opinion of independent auditor. Consider to propose independent auditor and audit fee for the year 2019 to Board of Director for approval from the Annual General Meeting for the year 2019. Audit committee consider that Ms.Krongkaew Limkittikul, Certified Public Accountant (Thailand) No.5874 and / 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 2019. 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

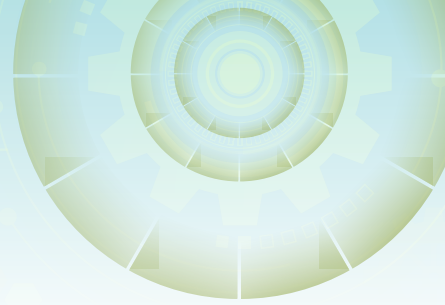
6. Two time meeting with independent auditor without the Board of Director of the Company to allow the auditor to report events or information of the Company and exchange comments independently.

From the review as mentioned above, audit committee's opinion, the Company had arranged and maintained appropriate internal controlling system which provides the reasonable assurance that the financial statement can be reliable and has been prepared and present fairly, in all material respects, in accordance with general accepted accounting principles. The transactions that may lead to conflicts of interest are reasonable which the normal business or normal business supported transaction. The transactions comply with the trade condition as it has been complied with the third parties according to the approved principles from Securities & Exchange Commission, Thailand, and also disclosed the said transactions in the interim and annual financial statements properly. There is no significant incompliance or violate with laws.

On behalf of audit committee

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

27 February 2019



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 35 percent of capacity, and has established the subsidiary company, namely Lee Pattana Agro Silo Co.,Ltd. with a registered and paid up capital of 150 million baht, while the silo's capacity is 38,500 tons for storage of plant seed throughout the year. The company has invested in Bodhi Ngarm 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: 2015 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 ISO14001 : 2015 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.
- 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 held by 44.50%, 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 (2016 – 2018)

Revenue from Sales	Producer	2016		2017		2018	
		Million Baht	%	Million Baht	%	Million Baht	%
Complete animal feed	Company and subsidiary	3,362	99.20	3,297	99.13	2,933	99.42
Livestock / crop farming	Company	27	0.80	29	0.87	17	0.58
Total		3,326	100.00	3,326	100.00	2,950	100.00

Remarks: Revenues from sales of complete animal feeds for the year 2018 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 animal 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 36 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 19.92 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 2018 and 2019

Table: A Comparison of Animal Feed Consumption Volumes in Thailand (2018 and 2019)

Type of Animal Feed	Animal Feed Consumption					
	2018		2019		Increase (Decrease)	
	Volume (tons)	%	Volume (tons)	%	Volume (tons)	%
Broiler chicken feed	6,535,797	32.80	7,234,013	35.85	698,216	10.68
Parent chicken stock	939,456	4.72	1,002,456	4.97	63,000	6.71
Layer chicken (small)	921,801	4.63	780,968	3.87	(140,833)	(15.28)
Layer chicken (egg)	2,377,747	11.94	2,086,406	10.34	(291,341)	(12.25)
Parent layer-chicken stock	26,800	0.13	24,120	0.12	(2,680)	(10.00)
Swine	5,659,200	28.40	5,548,500	27.50	(110,700)	(1.96)
Swine breeder	993,240	4.99	973,710	4.82	(19,530)	(1.97)
Duck feed	323,652	1.62	323,652	1.60	-	-
Duck breeder	23,360	0.12	23,360	0.11	-	-
Layer duck	273,750	1.37	273,750	1.36	-	-
Cattle	875,453	4.39	901,716	4.47	26,263	3.00
Shrimp	464,000	2.33	496,000	2.46	32,000	6.90
Fish	510,000	2.56	510,000	2.53	-	-
Total	19,924,256	100.00	20,178,651	100.00	254,395	1.28

(Source: The Thai Feed Mill Association)



The agricultural economics in 2018 expanded by 4.6%, when compared to 2017 with livestock and fishery expanding 1.9 and -1.0, respectively.

For positive factors, the Ministry of Agriculture and Cooperatives focused on revolutionizing the agricultural sector by placing primary importance on marketing principles before production, while at the same time also utilizing technology, and innovation by means of various significant policies. The water quantity and weather factors were also supportive of the agricultural production, causing most crops to grow well, conducive of higher yield. In addition, the price-guarantee policy for maize as animal feeds and cassavas, together with the release of rice in stock, causing the agribusiness to have a good operating result.

For negative factors, the price guarantee policy for maize as animal feeds and cassavas together with the measure to limit the import of wheat from overseas caused the prices of raw materials for animal feeds which were mainly from industrial crops and their byproducts to increase from those of 2017. This in turn caused animal feeds to have higher costs when compared to those of the previous year. Even though in the year 2018, there were fewer impacts from natural factors compared to the previous year, prices of livestock, e.g., chicken, swine, beef cattle, were lower because during the past year, better raising methods caused the supply of livestock to be higher than the demand for consumption. Hence, the livestock price was down. This was compounded with the fact that livestock prices in the neighbouring countries were also low, causing livestock from Thailand to not be exported. This further caused the number of livestock raised within the country to be higher than the demand for consumption.

Total world's production of shrimps in 2018 was 3.2 million tons, a 5% increase because there were many countries with increasing production, e.g., Ecuador which produced 870 thousand tons or an increase of 7%, Vietnam which produced 410 thousand tons or an increase of 16%, and Indonesia which produced 275 thousand tons or an increase of 6%. However, in this connection, India produced 560 thousand tons of shrimps, a decrease of 7%. This caused oversupply of shrimps in the market which in turn negatively impacted shrimp price in Thailand, causing the price to be stagnant and unable to move upwards even if the domestic supply of shrimps was low. This was because if cold storage companies bought Thai shrimps at the prices a lot higher than that of the world market, they would not be able to compete.

In 2018, the total shrimp production of Thailand was at 290 thousand tons, a 3% decrease from the year 2017, as a result of weather fluctuations, EMS Disease, and White Spot Disease which was found in many areas. These were also further compounded with White Feces Syndrome which tended to occur more frequently toward the end of the year, and the definite cause of which could not yet be determined. However, it was hypothesized that the occurrence of such a disease was related to the quantity of soybean meal used in shrimp feed formulas and the quantity of toxins from fungi which were contaminated in shrimp feeds. In addition, the low shrimp price early on at the beginning of the year was another factor that caused the farmers to reduce the quantity and density of shrimps raised, and this was probably the main factor that caused the overall production of shrimps in the country to decrease.



In 2019, it was projected that Thailand would have the production of 310 - 320 thousand tons, an increase of 10% and it was estimated that 200 thousand tons could be exported, increasing from the exported production of 180 thousand tons in 2018. The main export market of Thailand remained the United States with the export quantity of 30 thousand tons, Japan with the export quantity of 20 thousand tons, and China with the export quantity of 14 thousand tons. In this connection, China is a very interesting market. If the trade war is not violent, and Chinese economy expands more than 5%, it was projected that Thailand could export more shrimps next year. As for the domestic market, it still continued to expand to 29 - 30 thousand tons, a 10% increase.

In the case where shrimp price is to plunge, it is still viable to push for exporting to Malaysia and Vietnam. In this connection, as the transportation and air transport system in Thailand are better than those of many countries, Thailand has a higher capacity to produce high quality shrimps which is one of Thailand's strong points. However, the factors that have negative impacts on the situation of shrimps in 2019 are for instance, higher labor cost to process shrimps when compared to the competitors; the baht is stronger against the currencies of most other shrimp producing countries; there are a few areas for shrimp farms because the government does not support shrimp farming and recalls a lot of land used for shrimp farming, and Thailand also has had more problems with epidemics than other countries.


For tilapias, the domestic production of tilapias in 2018 was 211,368 tons, an increase from 2017 in which the production was 185,900 tons, or a 13.70% increase. This was because of the overall good weather, few numbers of floods, and a fairly short period of cold weather. In addition, the water quantity was sufficient for year round farming and there were no incidents of epidemics found in a large area due to the high quantity of water. The world production of tilapias was 6.68 million tons, an increase of 4.40% from the year 2017, of which 5.89 million tons were from farming and 0.79 million tons were from catching of wild tilapias. In this connection, the majority of the production was from Asian countries which produced as many as 4.29 million tons, or 64.20% of the world's tilapia production. It was projected that in 2019, the production of tilapias would increase to 212,700 tons because the government sector supports tilapia farming via big farming in which there needs to be cooperation of farmers in order to receive supports from the government. However, in the cases of farming in floating cages in public waterways, farmers can no longer expand the areas in which farming is done due to the regulations set by the Department of Fisheries regarding the quantity of farming allowed in each type of water sources.

In 2018, livestock expanded by 1.90% when compared to the year 2017 due to an increase in the production of all livestock products, i.e., meat chickens, egg-laying chickens, swine, dairy cows and beef cattle. This was because in the past 5 years, nearly all items of livestock products had undergone many challenges and pressures, may it be, prices, epidemics, product standards and natural disasters, causing farmers to adapt their raising and management methods which in turn caused the overall raising standards to be higher. Epidemics are strictly and continuously monitored and controlled and in 2018, the weather overall was good and conducive of better animal growth and higher production, when compared to the previous years.



Total world's production of swine in 2018 was approximately 112.96 million, an increase of 1.73% from the year 2017 in which the production of swine amounted to 111.04 million. This was because of the fact that countries that were swine producers increased their production, e.g., China, the EU and Russia. For Thailand, in 2018, the production yielded 19.88 million swine, an increase from 2017 by 3.27% because the medium and large producers had good farm management and efficient disease controls. In this connection, the fact that there were also more breeder boars and sows on farms and that the survival rate of pigs was higher, caused the production to increase as well. As a result, at the end of 2017, there occurred a surplus of swine in the market and the price went down so much that groups of swine growers across the country had convened and reached a resolution to reduce the numbers of breeder sows by 10% in order to decrease the number of swine in the system. This caused the price of swine to gradually increase and the improvement became evident toward the end of the year. Due to the measure of reducing the numbers of breeder sows, the quality of breeder sows and fattened piglets in 2019 was higher as the breeder sows which might have produced low quality piglets had already been removed from the system. In 2019, the production is projected to yield 19.99 million swine, an increase of 0.55% due to the expansion in line with population growth in the country, farm management, higher efficiency in disease management and control by growers which in turn, improved the efficiency of swine growing. However, there are still factors which need to be monitored closely, i.e., the outbreak of African Swine Fever of which there have been no records of outbreak in Thailand. However, there have already been reports of losses in China and outbreaks spreading in Vietnam. This disease causes high fever and sudden death in swine and spreads in large areas. Vaccinations are not effective and the virus is highly resilient in the environment. Therefore, all sectors need to rely on close monitoring and disease control, and stringent control of animal transportation.

In 2018, the production yielded 14,355.17 million eggs, an increase of 2.26% from 2017 in which the production yielded 14,037.23 million eggs. This was due to the efficient raising methods and farm management, suitable weather-not too hot, and sufficient water for farms. It is projected that in 2019, the production would yield 14,698.18 million eggs, an increase of 2.39% from the year 2018. The average sales price of eggs in 2018 was slightly higher from the year 2017 because there was a measure to reduce the quantity of eggs available in the system and to keep the stability of sales price of eggs in the country. This was further helped by the fact that the governmental and private sectors launched campaigns to support consumption of eggs by promoting the benefits of eggs and the suitable quantity recommended for consumption of all sexes and ages. There was also a campaign to establish understanding among consumers, debunking the traditional belief that consumption of eggs had adverse impacts on health. These positive factors caused consumption of eggs to increase. As for the factor to monitor in 2019, it remains fluctuation of weather conditions which could change suddenly and have a direct impact on the chickens' immune systems, causing them to be more susceptible to contracting diseases. This requires good farm management. Another factor to remain under close monitoring is the quantity of water reserve in the country which has been reported to be lower in 2019 than it had been in the previous years in many water sources. Therefore, meticulous planning for water management by growers and the governmental sectors is required.



In 2018, the production yielded 1,570.45 million meat chickens or 2.32 million tons, an increase of 0.63% from the year 2017 in which the production yielded 1,560.62 meat chickens or 2.21 million tons. In this connection, the increase rate slowed down because the domestic consumption slowed down and the prices of other types of livestock were not high, causing the competition of the meat prices. It has been projected that in 2019, the production would yield 1,606.38 million meat chickens, an increase of 2.29% from the year 2018 due to an expansion in line with the number of population which increases and the fact that both domestic and international consumption has a tendency to increase. In addition, chicken meat is also necessary for consumption and this year pork price has a tendency to remain high as the quantity of swine in the system is low. The consumers may then opt for chicken as a substitute for pork in consumption. In terms of export, the European Union and Japan allowed Thailand to export frozen chicken again as Thai product has a good image for both quality and price, and Thailand is in a strategic location closer to Japan than the competitors like the United States and Brazil. Thai labor is also skilled and capable of producing neat work, causing them to be able to better cater for the requirements of customers, when compared to that of the competitors. This is coupled with the fact that China had problem with food safety, causing Japan to increase the import of processed chicken from Thailand instead.

From 2013 - 2018, dairy cows had seen an increase of 2.82% per year. In the year 2018, there were 660,155 dairy cows, an increase of 2.31% from the year 2017 in which there were 645,261 dairy cows and the number of milking cows from 2013-2018 increased by 1.52% per year. In 2018, there were 276,321 milking cows, an increase of 3.13% from the year 2017 in which there were 267,932 milking cows. Raw milk production from 2013-2018, increased by 1.62% per year with the yield of 1,233,483 tons, an increase of 3.55% from the year 2017 in which the production yielded was 1,191,143 tons. This was because there were new calves born during the year and the number of milking cows on average increased from the number of heifers which replaced them. In addition, the price of raw milk was good as pricing was set in accordance with the quality of milk, causing dairy farmers to develop the raising method to be of high efficiency. Suitable feed management and stringent disease control also further helped make milk yield higher and the overall quality of raw milk to be better as well.

In 2019, it has been projected that the number of dairy cows and the quantity of raw milk production would be higher due to the organic expansion of cow herds, coupled with the fact that the Department of Livestock Development has a policy to improve quality of cow milk by focusing on enhancing the production efficiency, implementing technology in production, and reducing cost of production. In this connection, a focus was placed on the feed management in dairy cows farming which in the long run would improve the quantity and quality of raw milk. In 2019, it has been projected that the number of dairy cows would be 670,950, an increase of 1.64% from the year 2017 and there would be 281,621 milking cows, an increase of 1.92% from the year 2018.



As for the production of raw milk in 2019, it has been projected that the production would yield 1,332,180 tons, an increase of 8.00% from 2018 in which raw milk production yielded 244,483 tons because of an increase in the demand for ready-to-drink milk from the milk consumption of commercial milk market. However, for school milk market which is the primary market, the demand declines while the milk consumption of commercial market increases. The price of raw milk in 2019 is projected to increase from that of 2018 because the overall quality of raw milk is better owing to the government policy.

In 2018, the production of beef cattle yielded 0.999 million cows, an increase of 1.94% from the year 2017 in which the production yielded 0.98 million cows because the production was not sufficient to satisfy the demand for consumption and there were also demands from the neighboring countries as well. In addition, there were projects to support the raising of beef cattle in order to increase the quantity of beef cattle, causing farmers to raise beef cattle more. In 2019, it has been projected that the production would yield 1.018 million cows, an increase of 1.90% from 2018 because the governmental sector has a project to promote the raising of beef cattle so that farmers would turn to raise beef cattle more, and the consumption of beef in the form of barbeque and grill has a tendency to increase.

Growth rate of gross domestic product of agriculture sector

Unit : Percent

Sector	2018	2019
Agriculture sector	4.6	2.5 - 3.5
Plants	5.4	2.7 - 3.7
Livestock	1.9	1.3 - 2.3
Fishery	-1.0	1.0 - 2.0
Agriculture service	4.0	2.0 - 3.0
Forestry	2.0	1.2 - 2.2

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

2.6 Providing crucial raw materials for feed mill production

The procurement of raw materials of companies under Lee Feed Mill Group has followed quality policies which were in line with international standards, including ISO9001:2015, ISO: 14001, ISO: 50001, and GMP and HACCP. This is in order to ensure that the raw materials for the feed production are of high quality and continuously answer to the various needs of the customers.



It could be seen that the world economy in 2019 has a tendency to remain in the same level as that of 2018 because there were many countries that have been affected by the trade war between China and the United States which has continued since mid 2018. In this connection, the United States announced a tax barrier for goods imported from China with the total value of more than 500 billion dollars because the United States has had a trade deficit of more than 300 billion dollars with China. China also imports fewer goods from the United States of which the clearest impact was on soybeans because China was among the biggest consumers of soybeans in the world and it imported 35 - 40% of all its imported soybeans from the United States. As for the world's food price index, it has also decreased because of the lower prices of main agricultural products, e.g., meats, sugar, dairy products, and vegetable oil.

The prices of key raw material in 2018 increased by 6 - 7% from 2017, due to policies of the governmental sectors, especially for grains. Such measures were for instance, a measure to control the import of wheat which required for a purchase of Thai maize, in the proportion of 3 parts to every 1 part of imported wheat, and a measure which guaranteed price of maize at no lower than 8 baht/kilogram at the front of processing plants in Bangkok area. As for rice products, prices also increased as well, from the decrease in the quantity of rice production entering the market as farmers turned to grow other types of crops. However, the plant protein group, e.g., soybeans and soybean meal experienced lower prices due to the production quantity which increased and the impact of trade war. As for the animal protein group, e.g., powdered fish, the prices increased owing to the demand of a big purchaser like China.

For 2019, it has been projected that prices of key raw materials overall would decrease with the main factors coming from soybean product group which weakened due to continuation of the trade war between China and the United States and the fact that China has announced a policy to increase the production of soybeans within the country in order to reduce the import of soybeans by 7 million tons and to reduce the use of soybean meal by 3.5 million tons in the production of animal feeds. As for maize and cassavas, there is a possibility of weakened prices from an increase in the production quantity. Thai baht has continued to be stronger against American dollar since the end of 2018, affecting the export of powdered fish of which the supply was higher than the demand for consumption within the country. However, it was good for the import of raw materials from overseas countries which accounted for 50% of raw materials used in the animal feed production. In this connection, the Company has continued to closely monitor the situation in order to adjust itself in line with the changes in the market conditions, and source alternative raw materials suitable for the production of animal feeds in order to be able to produce high quality feeds at a suitable production cost.



Risk Considerations

Risk considerations that may affect the business include:

Risk from Fluctuations in Raw Material Prices

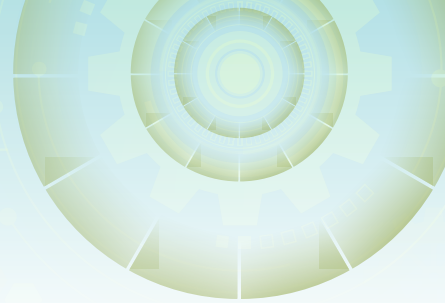
The Company's main raw materials are maize, soybean meal, fish meal, rice bran, and broken rice, the prices of which fluctuate greatly, and they account for 80 percent of total raw materials. Raw-material prices change in accordance with demand and production volume in each period and season. The price 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 50 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. 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 2018, 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 Kluary 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
Web Site	: 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 Moo 7, 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

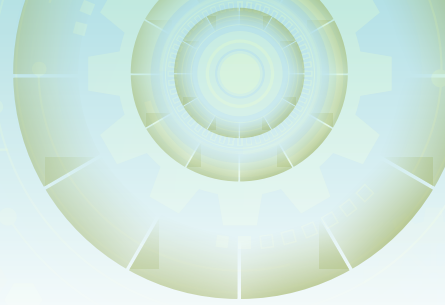
Head Office Location	: 33/19 Surawong Road, Bangrak, Bangkok 10500
Type of Business	: The Agricultural Futures Trading Broker (Ceased operation)
Percents of Holding	: 44.50% of authorized shares capital and paid-up share Capital Baht 25 million Common shares 2.5 million shares, Baht 10 par value

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, Phrakonong, Bangkok 10110 Tel. 0-2391-6488 Fax 0-2391-1751
Financial advisor	: None
Management advisor	: None

2. Other Information

: 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.2/2019 held on 13th March 2019. Approval to pay dividends for the year 2018, at Baht 0.08 per share, which equivalent to 93 percent of net profit of the year 2018 according to the separate financial statement (representing a payout ratio 90 percent of the Consolidated financial statement) payment on 17th May 2019. Dividends payment for the year 2017 and 2016 were Baht 0.19 per share and Baht 0.24 per share, representing a payment ratio of 93 percent and 95 percent of net profit of the separated, (representing a payout ratio of 92 percent and 87 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.Adisor 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	: 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 2018	: -
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 Leelasithom
Position in the Company	: 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 2018	: -
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.
1985 - Present	: Director Asia Fiber Pcl.
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.
2003 - Present	: Chairman Wall Street Tullett Prebon Securities Co., Ltd.
1996 - Present	: Chairman Wall Street Tullett Prebon Co., Ltd.

Social activities : Director / The compassion of The Princess Mother's Projects
 : Honor President / Young Thai Entrepreneurs Association (YTEA)
 : Consultant for the new generation of businessmen /
 Thai-Chinese Chamber of Commerce (YTCC)
 : General Secretary / Kai-Sitthi Charity Foundation
 : Vice President / The Tio Chew Association of Thailand
 : Directors / Poh Teck Tung Foundation
 : Member of Huachiew Chalermprakiet University Council

Name : **Mr.Karoon Chanmingporn**
 Position in the Company : Executive Director / Deputy Managing Director
 Date of first appointment : 14 December 1989
 Latest date of appointment : 27 April 2018
 Education : Department of Animal Husbandry National Chung
 Hsing University (Taiwan)
 No. of securities increased /
 (Decreased) during 2018 : -
 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 2018	: -
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	: 27 April 2018
Education	: Doctorado de Estado, Facultad de Ciencia Politica, Universidad Complutense de Madrid, Spain 1982 : Diplome d'Etudes Superieures (Economic Integration), Universite de Nancy, France 1975 : Licenciatura, Facultad de Ciencia Politica y Economica, Universidad Complutense de Madrid, Spain 1973 : Bachelor of Arts, Chulalongkorn University 1966
Training Coursed	: Directors Accreditation Program by Thai Institute of Directors Association (IOD)
No. of securities increased/ (Decreased) during 2018	: -

Experience

1996 - 2013	: Member of the Audit Committee, Amarin Printing & Publishing Pcl.
1996 - Present	: Independent Director, Amarin Printing & Publishing Pcl.
2013 - Present	: Chairman of the Audit Committee, Amarin Printing & Publishing Pcl.
2006 - 2013	: Chairman of the Audit Committee, SEAFECO Pcl.
2006 - Present	: Independent Director, SEAFECO Pcl.
2013 - Present	: Chairman, SEAFECO Pcl.
1991 - Present	: Independent Director and Chairman of the Audit Committee, Lee Feed Mill Pcl.
2007 - Present	: Director and Chairman of the Audit Committee, The Krungthep Thanakom Co., Ltd.
2010 - 2011	: Independent Director and Member of the Audit Committee, Siam City Bank Pcl.
2009 - Present	: Independent Director and Audit Committee Thanachart Bank.
2015 - Present	: Director, Supalai Pcl.

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 : 27 April 2018

Education : Bachelor degree (Business Administration) at Pine Mauor College, U.S.A.

Training Coursed : Directors Accreditation Program (DAP) and Audit Committee Program by Thai Institute of Directors Association (IOD)

No. of securities increased / (Decreased) during 2018 : -



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 Pepperdine University, U.S.A.

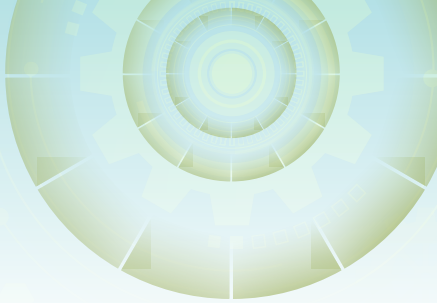
Training Course : Directors Accreditation Program (DAP) and Audit Committee Program by
Thai Institute of Directors Association (IOD)

No. of securities increased / : -

(Decreased) during 2018

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)

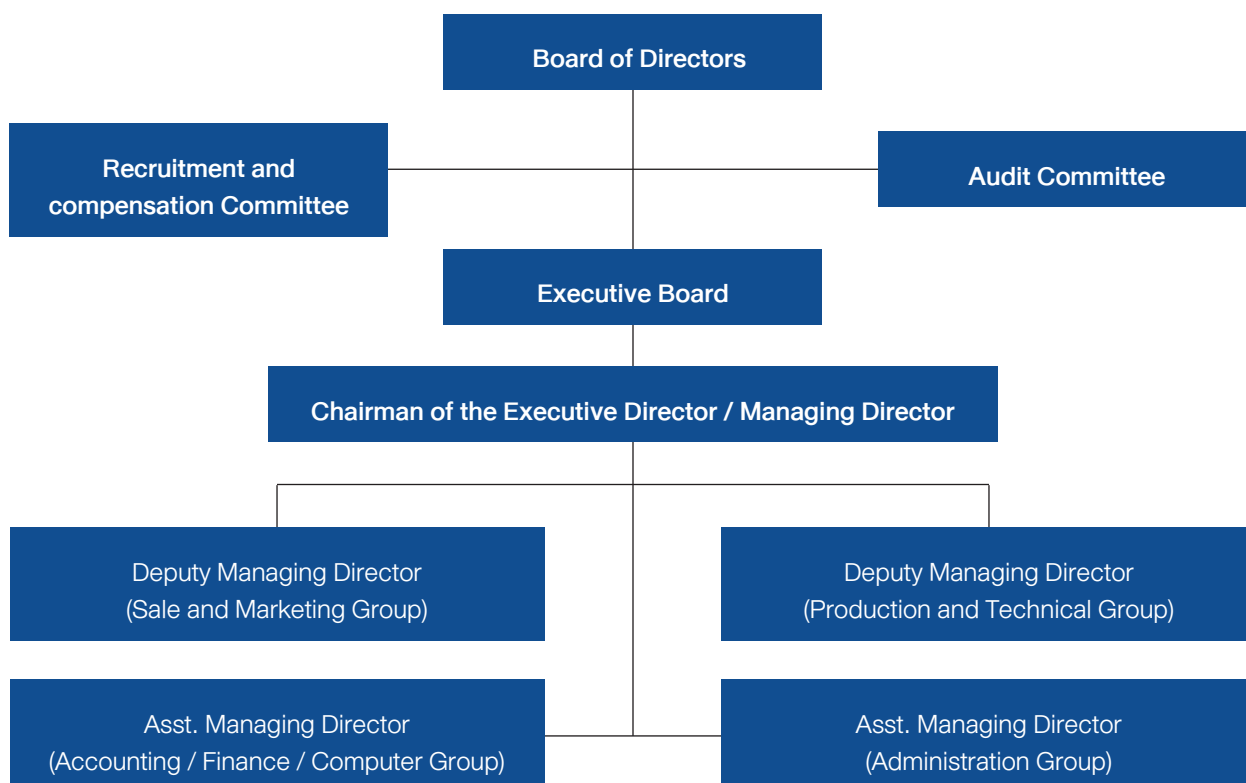


Name	: Pol.Lt.Gen.Adisorn Nonsee
Position in the Company	: Independent Director / Chairman of the Recruitment and compensation Committee
Date of first appointment	: 12 March 2010
Latest date of appointment	: 29 April 2016
Education	: Public administration / Royal Police cadet Academy
No. of securities increased / (Decreased) during 2018	: -
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 Courseed	: Directors Accreditation Program (DAP) by Thai Institute of Directors Association (IOD) : Advanced Audit Committee Program (AACP) by Thai Institute of Directors Association (IOD)
No. of securities increased / (Decreased) during 2018	: -
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 2016 totaling 1,110,000 Baht per year, in 2017 totaling 1,145,000 Baht per year and 1,135,000 Baht per year for the year 2018 as follows :

Name	Position	Amount (Baht)		
		2016	2017	2018
1. Mr.Visith Leelasithorn	Chairman of the Board of Directors	345,000	345,000	345,000
2. Mr.Nipon Leelasithorn	Chairman of Executive Director / Managing Director	135,000	135,000	125,000
3. Mr.Karoon Chanmingporn	Deputy Managing Director / Executive Director	90,000	95,000	95,000
4. Mrs.Supaporn Chongvilaiwan	Asst. Managing Director	90,000	95,000	95,000
5. Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Audit Committee / Independent Director	90,000	95,000	95,000
6. Mr.Busarin Vanaswas	Member of the Audi Committee / Independent Director	90,000	95,000	95,000
7. Mrs.Sununta Subhapholsiri	Member of the Audi Committee / Independent Director	90,000	95,000	95,000
8. Pol.Lt.Gen.Adisorn Nonsee	Independent Director	90,000	95,000	95,000
9. Mr.Somsak Tiensriyuka	Director / Committee and Secretary	90,000	95,000	95,000
Total		1,110,000	1,145,000	1,135,000

- 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 15.37 million baht, 14.91 million and 14.31 million baht for 2016 - 2018 respectively.
- The allowance of meeting for the four the Audit Committee for Year 2016 amounts Baht 212,000, 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. For Year 2017 - 2018, the meeting allowance for the Chairman of the Audit Committee has received Baht 30,000 per quarter, each the Audit Committees have received Baht 12,000 per quarter and the Independent director Baht 11,000 per quarter.

Name	Position	Amount (Baht)		
		2016	2017	2018
1. Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Audit Committee / Independent Director	100,000	120,000	120,000
2. Mr.Busarin Vanaswas	Member of the Audi Committee / Independent Director	40,000	48,000	48,000
3. Mrs.Sununta Subhapholsiri	Member of the Audi Committee / Independent Director	40,000	48,000	48,000
4. Pol.Lt.Gen.Adisorn Nonsee	Independent Director	32,000	44,000	44,000
Total		212,000	260,000	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

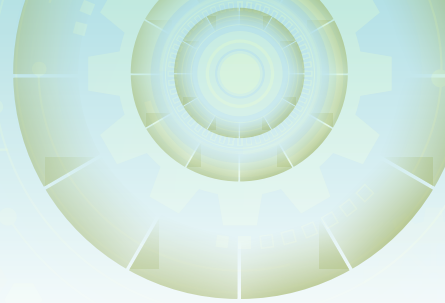
At the annual Shareholders' Meeting for 2018, seven directors attended. The Chairman of the Meeting gave shareholders equal opportunity in regard to reviewing Company performance, raising queries, and voicing their views. Queries raised and important views were noted in the minutes.

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

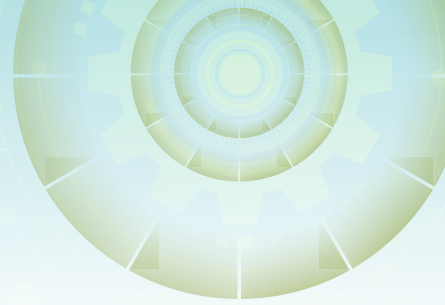
The Board of Directors meets regularly every quarter, with additional meetings held as necessary. The meeting agenda is clearly specified in advance, and consideration of Company performance is regularly included. The corporate secretary's department sends a meeting invitation letter, the agenda, and related documents seven days prior to the meeting, in order to allow directors sufficient time to review all information. During 2018, 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	
	2017	2018	2017	2018	2017	2018
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	3/4	4/4	1/1	1/1	4/5	5/5
5. Assoc. Prof. Dr. Somjai Phagaphasvivat	4/4	4/4	1/1	1/1	5/5	5/5
6. Mrs. Sununta Subhapholsiri	4/4	4/4	1/1	1/1	5/5	5/5
7. Mr. Busarin Vanaswas	3/4	4/4	1/1	1/1	4/5	5/5
8. Pol. Lt. Gen. Adisorn Nonsee	4/4	4/4	1/1	1/1	5/5	5/5
9. Mr. Somsak Tiensriyuka	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 2018 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.Somsak Tiensriyuka 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.

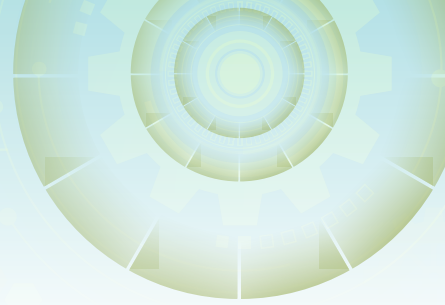
Authority and duty of Audit Committee:

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 be lead to conflict of interest so as to ensure reasonableness of such translations and maximum benefit of the company.
7. To prepare a report an 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 2016 to 2018 to EY Office Limited as follow :

Detail	Company Payment	Name of Audit	Year 2016	Year 2017	Year 2018
1	Lee Feed Mill Public Company Limited	Ms.Krongkaew Limkittikul	1,140,000	1,390,000	1,390,000
2	Lee Pattana Feed Mill Company Limited	Ms.Krongkaew Limkittikul	440,000	540,000	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	80,000	80,000
Total of Audit Fee			1,780,000	2,160,000	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 2016 to 2018 as shown in the following details.
- Lee Feed Mill Public Company Limited in amount of 100,000 Baht for the year 2016 and amount of 150,000 Baht for the year 2017-2018.
- 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 adheres to good corporate governance in conducting its business by placing importance on treating all stakeholders with fairness, being aware of its responsibilities towards the society and environment, and supporting the enhancement of personnel's capacity and good quality of life in order for the Company to grow stably and sustainably.

1. For Personnel

The Company supports and promotes employees so that they have a workplace environment that is good and safe. It is also determined to take care of its employees so that they receive compensation and welfare that are appropriate and fair. It also encourages employees to develop their skills and knowledge for the purpose of self-development and enhancement of their work capacity. In addition, the Company also encourages employees to establish a good financial discipline and good habit of saving by participating in a project promoting saving and personal finance planning, organized by the Stock Exchange of Thailand (Financial Happiness Project) and it has continued its participation since 2013. This caused the employees to be better equipped with more enhanced financial knowledge and skills, and to start saving and invest for better financial position and for personal financial stability which would allow them to have a good life quality sustainably.



Practical knowledge course



Social Security Fund Benefits Program



Supervisor skills training course



Chemical Control Course



Chemical Control Course



Financial Happiness Project



2. For Customers and Trade Partners

The Company places importance on producing high quality animal feeds at fair prices in order to create values and satisfaction for customers, and on maintaining good relationships with trade partners. It also values collaboration with other business associations, e.g., Thai Feed Mill Association, Federation of Livestock and Aquaculture, Thai Chamber of Commerce, and the Federation of Thai Industries with the purpose of nurturing sustainable growth of all parties.



The Company ceaselessly conducts researches and develops products by controlling and assessing quality in all production processes in order to ensure that the Company's products are of high quality in line with the set standards. In this connection, the Company has also invested in and developed various systems by implementing new equipments and techniques in order to ensure that its production is efficient and of high standards, and can reduce costs and resource consumption.



The Company has been certified for its management standards with ISO 9001, ISO 14001, ISO 50001 from International Organization for Standardization (ISO), and also received GMP and HACCP from the Department of Livestock Development, for the purpose of creating confidence in its products and services.



3. For Youth Education and Public Health

The Company is aware of and places importance on youths' education by supporting scholarships to underprivileged youths in remote areas. It also supports budgets for schools which lack financial resources so that they can purchase educational equipments, and employ teachers for the required fields of study. The Company also continuously builds and restores establishments for education every year with the intention to support Thai youths so that they can grow to be quality citizens who possess sufficient knowledge and skills to develop their capacities and potentials, consequently able to become a leading force to further develop Thai society and the country in the future.



In this connection, 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 in remote areas and highlands, under a 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 students living in remote areas in the total amount of baht 300,000 per year continuously for 5 years from 2018 to 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, and who are bound to be more passionate and can relate more with their hometowns which would eventually lead to sustainable development of these communities.

The Company's financial supports for youth education and public health granted in 2018 were as follows:

3.1 Baan Hoiy Hin Khaw School	budget	172,200	baht
3.2 Wat Don Gai Teai School	budget	100,000	baht
3.3 Baan Lin Chang School	budget	40,000	baht
3.4 Sub-district Primary Care Hospital	budget	50,000	baht
3.5 Wat Nern Pho School	budget	173,700	baht
3.6 Wat Burigaram School	budget	266,000	baht
3.7 Baan Khok Yao School	budget	115,650	baht
3.8 The Compassion of the Princess Mother's Project	budget	300,000	baht
Total budget		1,217,550	baht



Support teaching and learning materials for Ban Hoiy Hin Khaw School, Saraburi Province



Support teaching and learning materials for Wat Don Gai Teai School, Phetchaburi Province



Supporting scholarships for underprivileged children through The Compassion of the Princess Mother's Project



Hiring teachers and supporting teaching materials for Wat Nern Pho School, Chantaburi Province



Contribute to building renovation Huai Tha Chang Health Promotion Hospital, Phetchaburi Province



4. Activities for Societal Supports

The Company supports its employees to engage in public service activities, in order to share societal opportunities to those in need. In 2018, the Company's employees together donated money and dog food to Home for Handicapped Animal Foundation and Animal Control in Petchburi Province. In addition, they also participated in donating blood to the Thai Red Cross Society with the Company's supplying the venue for blood donation every year, 3 times a year.



Employees donate money and dog food to the Baan Songkraj Foundation for Disabled Animals, Nonthaburi Province



Donate dog food to animal quarantine stations, Phetchaburi Province



Petchaburi Factory donated blood to the Thai Red Cross Society



Head office donated blood to the Thai Red Cross Society

5. For Dissemination of Knowledge to the Society

The Company supports knowledge dissemination to inside and outside communities by allowing students from educational institutions to be trained within various sections of the Company in order to enhance their skills and knowledge, and it also allows organizations, i.e., Thailand Productivity Institute, Medical Education Centre, Provincial Industry Office and 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. This is in order that the Company can help create learning and capacity among individual working in these organizations so that they may adapt to changes which may occur anytime. In this relation, the Company also disseminates knowledge to outside communities by sending its employees to other organizations as speakers.



The company received the award to create Thai society.





National Productivity Institute, together with the faculty Participants of the study visit at the Phetchaburi factory



Medical Education Center Attended a study visit at Saraburi Plant



Supporting the project to promote and improve the quality of life of Thai disabled people



Training for members of the Chiang Mai Dairy Cooperative

Moreover, the Company also supports scholarships for vocational study to underprivileged students in remote areas and participates in a project to enhance and develop the quality of life of the physically handicapped in Thailand so that they can engage in horticulture and animal husbandry, in order to improve the quality of life of the physically handicapped in Thailand so that they are able to earn incomes for themselves, and do not become a burden for their families and the society which is a way to sustainably create societal strength in the long run.

In this connection on December 18, 2018, the Company was awarded "Building a Good Society Award" by Ministry of Social Development and Human Security due to its continued support for individuals with disabilities so that they have income-generating jobs.



6. For Community Relations

The Company places importance on harmonious coexistence with the society and surrounding communities by holding activities on important religious days and culturally important days of the communities around the locations of its production plants, i.e., 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. Moreover, the Company also has activities wherein dedicated teams would go to meet with residents of areas surrounding its production plants in order to gather suggestions, take complaints, or recommendations related to the environment so that it can improve and rectify the problems in order that the communities and the Company can coexist harmoniously.



Community Relations Team Saraburi Factory



Petchburi factory, area to explore Environment and community Huai Tha Chang Sub-district, Phetchaburi Province



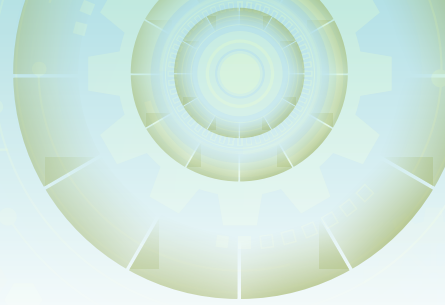
Petchaburi plant doing mangrove planting activities Labor Day



Saraburi Factory supports Children's Day activities



Petchburi factory attended the opening of the tourist attraction in the area of Thung Po Thung, Huai Tha Chang



7. For Safety and Environment

The Company sees the significance of safety and good environment by instilling in its personnel, the conscience and awareness toward personal and public safety, safeguarding the environment, and consuming resources and energy sparingly. In this connection, the Company organizes many projects, i.e., “Safe Driving Project”, “Project Safety, Energy, and Environment Week”, “Responding to Crisis and Fire Evacuation Drill”, and “5 S’s in Workplace Project” to ingrain good habits and consciences in its employees.

The Company has a policy to take care of the environment, and to be mindful of its adverse impact on the environment by developing ozone generating system for removal of odor from production processes, and employing microorganisms in water treatment, in order to reduce the negative impacts of its production processes on the environment.



Saraburi Factory Fire Fighting Training



Basic life support training (CPR)



Head office practicing fire evacuation



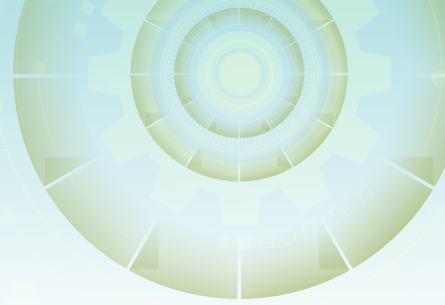
Phetchaburi factory, training for fire fighting



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
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	121	99	Comparable market price
Interest income	-	-	4	9	7.13 - 7.38% per annum
Dividend income	-	-	29	76	
Purchase of goods	-	-	274	306	Comparable market price
Rental expenses	-	-	1	1	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	14	14	7	7	Contract price

The balances of the accounts as at 31 December 2018 and 2017 between the Company and its subsidiary company are as follows:

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2018	2017	2018	2017
<u>Trade accounts and notes receivable</u>				
Subsidiary Company	-	-	3,836	24,435
<u>Short-term loan to subsidiary</u>				
Subsidiary Company	-	-	31,000	150,500
<u>Trade accounts payable</u>				
Subsidiary Company	-	-	5,756	22,138



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 2018)

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 2018)

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 28.4 of the financial statements, As at 31 December 2018, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 9.0 million (2017: Baht 9.0 million) (the Company only: Baht 5 million (2017: 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 1,017 million (2017: Baht 1,179 million) (The Company Only: Baht 788 million (2017: Baht 1,059 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	2018	2017	2016
Statement of comprehensive income (Million Baht)			
Sales	2,950	3,326	3,389
Total Revenues	2,995	3,360	3,479
Gross Profit	310	420	438
Profit before share of loss from investment in associated company, finance cost and income tax expense	99	227	297
Net Profit	84	196	254
Statement of financial position (Million Baht)			
Total Assets	2,894	2,995	2,996
Total Liabilities	320	329	292
Total Shareholders' Equity	2,574	2,667	2,704
Financial ratios / Year (%)			
Gross Profit Margin	10.52	12.64	12.92
Net Profit Margin	2.81	5.85	7.30
Return on Equity	3.21	7.32	9.69
Return on Assets	2.86	6.56	8.72
Earnings per share (Baht)			
Earnings Per Share	0.09	0.21	0.27
Book Value Per Share	2.76	2.86	2.90
Cash Dividend Per Share	0.08	0.19	0.24



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 2018 are summarized below:

1. Operational Results

1.1 Revenues

The Company's sales income of the year 2018 and 2017 was Baht 2,950 million and Baht 3,326 million, respectively. The Company's main income was the sale of animal feed of 99.43 percent and the remaining 0.57% is Income from animal breeding and crop farming.

For the year 2018, animal feed products sales compose with land animal feed sales at 40 percent and 60 percent for aquatic animal feed sales.

In the year 2018, the Company's sales income was decreased by 12%. Other income from interest income and dividend income for the year 2018 and 2017 was Baht 22 million and Baht 22 million, respectively. And other income from the sale of materials and fixed assets and others amounted to approximately Baht 22 million and Baht 13 million, respectively, there was a loss from investments in marketable securities amount Baht 38 million and Baht 3 million for the year 2018 and 2017, respectively.

1.2 Cost of sales

In the year 2018 and 2017, cost of sold amounted of Baht 2,640 million and Baht 2,905 million, respectively, representing 89.50 percent and 87.35 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 2018 and 2017, selling expenses of Baht 71 million and Baht 70 million, respectively. Decreased by Baht 1 million, represent 2.41 percent and 2.11 percent of sales income. Administrative expenses amount of Baht 146 million and 155 million for the year 2018 and 2017 respectively.

Finance cost amount of Baht 2 million in both 2018 and 2017. 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 13 million, was decreased from the previous year by Baht 15 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 2018 amount of Baht 84 million. Decrease by Baht 112 million or 57.15 percent from Baht 196 million in the previous year. The net profit margin of the year 2018 and 2017 was 2.81 percent and 5.85 percent, respectively. The main reason of decrease came from the gross profit of feed business was lower than the previous year which decreased by amount of Baht 102 million due to mainly came from the lower revenue of feed sales and higher cost of raw material. Including the loss on investments in marketable securities, representing a total loss increase amount of Baht 35 million compare to the same period of last year. It is transaction of unrealized loss on investments are stated of fair value or market price by the end of accounting period. (as at December 31, 2018)

1.6 Other comprehensive income

Other comprehensive income for the previous year, due to the actuarial loss-net of income tax amount of Baht 8 million, but this year there is no transaction of comprehensive income.

1.7 Returns to shareholders

Return to shareholder ratio for the years 2018 was decreased 4.11 percent from the previous year, from 7.32 percent to be 3.21 percent. Return on assets was decreased from 6.56% in the year 2017 to be 2.86%. In the year 2018, came from the decrease in net profit.

2. Financial Position

Assets

As at 31 December 2018 and 2017, The Company has total assets of Baht 2,894 million and Baht 2,995 million, respectively. The portion of current assets to non-current assets is approximately 75 : 25 for the both years.

The principal current assets as at 31 December 2018 and 2017 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 2018 and 2017, net of inventory from any allowance amount of Baht 637 million and Baht 683 million, respectively, or approximately 23 percent of total assets both years, the inventory days ratio has increased from 87 days to 91 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 2018 and 2017, trade and other receivables amount of Baht 182 million and Baht 217 million, respectively, or 6 and 7 percent of total assets and the collection period is approximately 25 and 23 Days. 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.

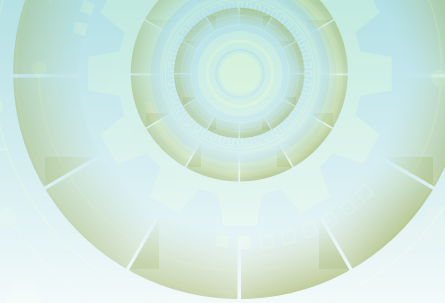
The policy of allowance for doubtful debt, the Company consider recording allowance for doubtful accounts based on the customer's financial position, collateral, repayment history. Receivable with overdue debt over 3 months will be provisioned after deducting collateral value. Base on the Company history, 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 2018 and 2017, the Company has current investments amounts of Baht 1,218 million and Baht 1,260 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 2018 and 2017, fixed assets before accumulated depreciation were Baht 2,136 million and Baht 2,164 million, respectively. Net decrease amount of Baht 28 million came from the Company procure machinery, office equipment and vehicle amount of Baht 59 million and dispose amount of Baht 87 million during the year 2018. Net book value as at 31 December 2018 and 2017 were Baht 686 million and Baht 691 million, respectively.



3. Sources of Funding

3.1 Liabilities

As at 31 December 2018 and 2017, the Company's total liabilities stated amount of Baht 320 million and Baht 329 million, respectively. The ratio of total liabilities to total assets total liabilities ratio were 11.05 and 10.97 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 2018 and 2017, provision for long-term employee benefits were Baht 80 million and Baht 76 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 1,017 million and Baht 1,179 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 2018, the shareholders' equity stated amount of Baht 2,574 million, unappropriated retained earnings of approximately Baht 571 million. Board of Director Meeting No. 2/2019 held on 13th March 2019 approved to pay dividend for the year 2018 at Baht 0.08 per share, total of Baht 73,774,420.08 million. The said dividend will be paid on 17th May 2019, which is paid from the operating result for the period from 1 January 2018 to 31 December 2018. The dividend payment is 93 percent of the separated financial statement's net profit (90 percent of the consolidated financial statement)

3.3 Appropriateness of the Capital Structure

As at 31 December 2018, 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 2018, 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 2018 and 2017, the Company has cash flow-in from operations activities amount of Baht 220 million and Baht 271 million, respectively, decrease from prior year amount of Baht 51 million. The Company continues to sustain the policy of giving credit to the strong customer, which has 25 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 90 days. The Company has no long outstanding payable.

4.2 Cash Flow from Investment Activities

During the year 2018, the Company paid for investment activities amount of Baht 24 million. The Company invested in fixed deposit and short-term investments - net amount of Baht 4 million, procured machinery and other assets for operation amount of Baht 58 million. However, the Company received interest income and dividend from other investment amount of Baht 21 million and received cash from assets dispose amount of Baht 9 million.

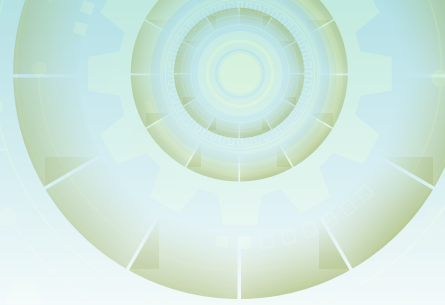
4.3 Cash Flow from Financial Activities

In year 2018, the Company had cash flow-out from financial activities amount of Baht 176 million. decrease from previous year amount of Baht 48 million mainly came from the Company paid dividend during year 2018 less than year 2017.

4.4 Liquidity Ratio

In year 2018 and 2017, the ratios of current assets to current liabilities were 10.73 and 10.81 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 2018, 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 2018, 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.

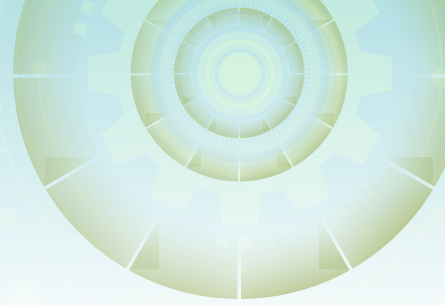
Allowance for doubtful debt

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

Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 27 February 2019

Statement of financial position

Lee Feed Mill Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	60,902,566	41,533,926	34,397,817	26,617,212
Current investments - fixed deposits		1,105,392,732	968,012,521	1,105,392,732	968,012,521
Current investments - marketable securities	8	112,586,244	291,834,740	112,586,244	291,834,740
Trade and other receivables	9	182,229,337	217,395,517	143,275,530	147,247,604
Short-term loans to related parties	6	-	-	31,000,000	150,500,000
Inventories	10	637,143,736	682,687,372	357,257,680	318,070,370
Current biological assets	11	9,295,066	3,440,758	9,295,066	3,440,758
Other current assets		6,368,410	9,862,988	4,771,980	4,537,717
Total current assets		2,113,918,091	2,214,767,822	1,797,977,049	1,910,260,922
Non-current assets					
Investment in associated company	12	9,250,898	9,183,951	9,272,211	9,272,211
Investments in subsidiaries	13	-	-	194,999,800	194,999,800
Other long-term investments	14	18,430,417	18,430,417	18,430,417	18,430,417
Investment properties	15	14,003,993	14,003,993	13,754,587	13,754,587
Property, plant and equipment	16	686,049,101	691,433,562	297,212,913	297,914,330
Non-current biological assets	11	36,932,565	28,643,135	36,932,565	28,643,135
Deferred tax assets	22	312,368	2,148,505	-	-
Other non-current assets		14,922,668	16,728,816	12,465,769	14,093,471
Total non-current assets		779,902,010	780,572,379	583,068,262	577,107,951
Total assets		2,893,820,101	2,995,340,201	2,381,045,311	2,487,368,873

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 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	184,040,940	185,330,799	104,749,188	114,234,575
Income tax payable		9,653,206	16,002,463	7,781,474	6,767,969
Other current liabilities		3,402,027	3,453,681	2,987,080	2,835,931
Total current liabilities		197,096,173	204,786,943	115,517,742	123,838,475
Non-current liabilities					
Deferred tax liabilities	22	38,343,789	43,891,637	8,666,861	13,690,482
Provision for long-term employee benefits	18	80,246,482	75,944,056	39,948,647	37,117,336
Other non-current liabilities		3,998,803	3,978,703	3,998,803	3,978,703
Total non-current liabilities		122,589,074	123,814,396	52,614,311	54,786,521
Total liabilities		319,685,247	328,601,339	168,132,053	178,624,996
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	144,375,000	143,625,000	122,500,000	122,500,000
Unappropriated		571,209,137	665,321,989	404,115,432	499,946,051
Other components of shareholders' equity	20	225,783,376	225,783,376	82,772,183	82,772,183
Equity attributable to owners of the Company		2,544,893,156	2,638,256,008	2,212,913,258	2,308,743,877
Non-controlling interests of the subsidiaries		29,241,698	28,482,854	-	-
Total shareholders' equity		2,574,134,854	2,666,738,862	2,212,913,258	2,308,743,877
Total liabilities and shareholders' equity		2,893,820,101	2,995,340,201	2,381,045,311	2,487,368,873

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		2,950,345,572	3,325,914,373	1,644,777,598	1,629,254,744
Other income					
Interest income		14,992,621	14,841,252	19,412,815	23,487,077
Dividend income		6,943,320	6,753,000	35,443,320	82,753,000
Others		22,596,629	12,750,768	17,396,167	8,718,243
Total revenues		2,994,878,142	3,360,259,393	1,717,029,900	1,744,213,064
Expenses					
Cost of sales		2,639,882,185	2,905,499,569	1,470,717,133	1,417,167,378
Selling and distribution expenses		71,538,392	70,048,461	40,880,132	39,864,112
Administrative expenses		146,317,366	155,304,523	83,102,174	88,488,444
Loss on investments in marketable securities		38,007,094	2,852,564	38,007,094	2,852,564
Total expenses		2,895,745,037	3,133,705,117	1,632,706,533	1,548,372,498
Profit before share of loss from investment in associated company, finance cost and income tax expenses		99,133,105	226,554,276	84,323,367	195,840,566
Share of income (loss) from investment in associated company	12	66,946	(88,259)	-	-
Profit before finance cost and income tax expenses		99,200,051	226,466,017	84,323,367	195,840,566
Finance cost		(1,635,686)	(1,618,883)	(913,463)	(770,271)
Profit before income tax expenses		97,564,365	224,847,134	83,409,904	195,070,295
Income tax expenses	22	(13,454,111)	(28,362,555)	(4,026,275)	(7,413,675)
Profit for the year		84,110,254	196,484,579	79,383,629	187,656,620

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
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)
Less: Income tax effect	22	-	1,956,902	-	1,107,061
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(8,275,869)	-	(4,876,504)
Other comprehensive income for the year		-	(8,275,869)	-	(4,876,504)
Total comprehensive income for the year		84,110,254	188,208,710	79,383,629	182,780,116
Profit attributable to:					
Equity holders of the Company		81,851,396	191,137,468	79,383,629	187,656,620
Non-controlling interests of the subsidiaries		2,258,858	5,347,111		
		84,110,254	196,484,579		
Total comprehensive income attributable to:					
Equity holders of the Company		81,851,396	183,031,568	79,383,629	182,780,116
Non-controlling interests of the subsidiaries		2,258,858	5,177,142		
		84,110,254	188,208,710		
Earnings per share	24				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.09	0.21	0.09	0.20

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 2018

(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 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
Balance as at 1 January 2018	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
Profit for the year	-	-	-	81,851,396	-	81,851,396	2,258,858	84,110,254
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	81,851,396	-	81,851,396	2,258,858	84,110,254
Dividend paid (Note 27)	-	-	-	(175,214,248)	-	(175,214,248)	-	(175,214,248)
Dividend of subsidiary paid to non-controlling interest	-	-	-	-	-	-	(1,500,014)	(1,500,014)
Retained earnings transferred to statutory reserve	-	-	750,000	(750,000)	-	-	-	-
Balance as at 31 December 2018	922,180,251	681,345,392	144,375,000	571,209,137	225,783,376	2,544,893,156	29,241,698	2,574,134,854

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 2018

(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 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
Balance as at 1 January 2018	922,180,251	681,345,392	122,500,000	499,946,051	82,772,183	2,308,743,877
Profit for the year	-	-	-	79,383,629	-	79,383,629
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	79,383,629	-	79,383,629
Dividend paid (Note 27)	-	-	-	(175,214,248)	-	(175,214,248)
Balance as at 31 December 2018	922,180,251	681,345,392	122,500,000	404,115,432	82,772,183	2,212,913,258



Cash flow statement

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	97,564,365	224,847,134	83,409,904	195,070,295
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on current investments -				
marketable securities	48,395,525	16,979,017	48,395,525	16,979,017
Gain on sales of current investments -				
marketable securities	(10,388,431)	(14,126,453)	(10,388,431)	(14,126,453)
Loss (gain) arising from change in fair value of				
biological assets	(9,325,326)	2,718,469	(9,325,326)	2,718,469
Depreciation	62,998,712	61,458,284	30,149,587	29,748,685
Bad debts	86,497	96,772	73,695	81,076
Allowance for doubtful accounts (reversal)	1,844,377	1,009,430	(399,584)	497,975
Reversal of provision for sales discounts	(3,890,088)	(179,255)	-	-
Reduction of inventories to net realisable value (reversal)	1,511,593	(1,699,040)	195,613	(1,045,696)
Share of loss (gain) from investment in associated company	(66,947)	88,259	-	-
Gain on sales of property and equipment	(8,356,134)	(3,210,066)	(4,302,101)	(926,462)
Provision for long-term employee benefits	9,407,987	12,268,732	4,741,821	5,959,543
Dividend received from investment in subsidiary	-	-	(28,500,000)	(76,000,000)
Dividend received from other long-term investments	(6,943,320)	(6,753,000)	(6,943,320)	(6,753,000)
Interest income	(14,992,622)	(14,841,252)	(19,412,815)	(23,487,077)
Interest expenses	6,135	16,695	39,183	11,308
Profit from operating activities before changes in operating assets and liabilities	167,852,323	278,673,726	87,733,751	128,727,680
Operating assets (increase) decrease				
Trade and other receivables	38,026,256	(11,755,543)	4,270,916	1,241,143
Inventories	44,032,043	22,798,661	(39,382,923)	(50,806,651)
Current biological assets	(5,356,806)	1,950,988	(5,356,806)	1,950,988
Other current assets	2,111,029	(2,264,222)	(234,263)	(599,952)
Other non-current biological assets	538,394	(391,628)	538,394	(391,628)
Other non-current assets	1,806,148	956,461	1,627,702	1,578,993

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2561	2560	2561	2560
Operating liabilities increase (decrease)				
Trade and other payables	(1,289,859)	16,532,727	(9,485,387)	30,949,519
Other current liabilities	(422,869)	(453,353)	129,259	(53,353)
Other non-current liabilities	20,100	19,861	20,100	19,861
Cash flows from operating activities	247,316,759	306,067,678	39,860,743	112,616,600
Cash paid for long-term employee benefits	(5,105,561)	(2,275,100)	(1,910,510)	(1,235,300)
Cash paid for interest expenses	(6,135)	(16,695)	(39,183)	(11,308)
Cash paid for corporate income tax	(22,131,529)	(33,151,208)	(8,036,391)	(10,712,891)
Net cash flows from operating activities	220,073,534	270,624,675	29,874,659	100,657,101
Cash flows from investing activities				
Decrease (increase) in current investments - fixed deposits	(137,380,211)	59,200,523	(137,380,211)	59,200,523
Decrease (increase) in current investments - marketable securities	141,241,402	(88,574,345)	141,241,402	(88,574,345)
Increase in short-term loans to subsidiaries	-	-	(295,000,000)	(435,000,000)
Cash received from repayment of short-term loans to subsidiaries	-	-	414,500,000	502,500,000
Acquisition of equipment	(58,513,118)	(50,241,730)	(30,078,069)	(13,390,460)
Proceeds from sales of property and equipment	9,255,000	11,987,324	4,932,000	8,839,324
Cash paid for other long-term investment	-	(1,930,400)	-	(1,930,400)
Dividend received from investment in subsidiary	-	-	28,500,000	57,000,000
Dividend received from other long-term investments	6,943,320	6,753,000	6,943,320	6,753,000
Interest income	14,091,760	15,457,085	19,439,862	24,035,028
Net cash flows from (used in) investing activities	(24,361,847)	(47,348,543)	153,098,304	119,432,670
Cash flows from financing activities				
Cash receipt from short-term loans from subsidiary	-	-	10,000,000	-
Cash paid for short-term loans from subsidiary	-	-	(10,000,000)	-
Dividend paid	(175,192,358)	(221,284,330)	(175,192,358)	(221,284,330)
Dividend of the subsidiary paid to non-controlling interest	(1,150,689)	(3,000,021)	-	-
Net cash flows used in financing activities	(176,343,047)	(224,284,351)	(175,192,358)	(221,284,330)
Net increase (decrease) in cash and cash equivalents	19,368,640	(1,008,219)	7,780,605	(1,194,559)
Cash and cash equivalents at beginning of year	41,533,926	42,542,145	26,617,212	27,811,771
Cash and cash equivalents at end of year	60,902,566	41,533,926	34,397,817	26,617,212

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 2018

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	
			2018 (%)	2017 (%)
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 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of the revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments



These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 land improvement 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.

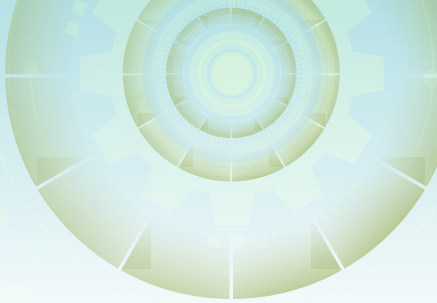
Post-employment benefits and other long-term employee benefits

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 and its subsidiaries provides other long-term employee benefit plan, namely long service awards and unutilized leave.



The obligation under the defined benefit plan and other long-term employee benefit plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans 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.

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.

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
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	121	99	Comparable market price
Interest income	-	-	4	9	7.13% - 7.38% per annum
Dividend income	-	-	29	76	
Purchase of goods	-	-	274	306	Comparable market price
Rental expenses	-	-	1	1	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	14	14	7	7	Contract price

As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017
<u>Trade and other receivables – related parties</u> (Note 9)				
Subsidiaries	-	-	3,836	24,435
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	31,000	150,500
<u>Trade and other payables – related parties</u> (Note 17)				
Subsidiaries	-	-	5,756	22,138

Short-term loans to related parties and loan from related party

As at 31 December 2018 and 2017, the balance of short-term loans between the Company and its subsidiaries and the movements are as follows:

(Unit: Thousand Baht)

		Separate financial statements			
Related by		Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
<u>Loans to related parties</u>					
Lee Pattana Feed Mill Co., Ltd.	Subsidiary	149,000	295,000	(413,000)	31,000
Bodhi Ngarm Sea Farm Co., Ltd	Subsidiary	1,500	-	(1,500)	-
Total		150,500	295,000	(414,500)	31,000
<u>Loans from related party</u>					
Lee Pattana Feed Mill Co., Ltd.	Subsidiary	-	10,000	(10,000)	-



Directors and management's benefits

During the years ended 31 December 2018 and 2017, 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	
	2018	2017	2018	2017
Short-term employee benefits	13,981	14,613	8,567	8,876
Post-employment benefits	953	928	464	446
Total	14,934	15,541	9,031	9,322

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 28.4.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	883	939	592	656
Bank deposits	60,020	40,595	33,806	25,961
Total	60,903	41,534	34,398	26,617

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.1 and 0.5 percent per annum (2017: between 0.10 and 1.00 percent per annum).

8. Current investments – marketable securities

As at 31 December 2018 and 2017, the balances of marketable securities are as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2018	2017
<u>Trading securities</u>		
Equity securities	108,099	92,036
Open-end money market funds	52,883	216,778
Less: Unrealised loss on change in values of current investments	(48,396)	(16,979)
Total trading securities – net	112,586	291,835

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	
	2018	2017	2018	2017
Net book value at beginning of year	74,229	55,070	217,606	151,043
Purchases	64,239	226,323	527,000	708,371
Disposals	(48,176)	(201,831)	(690,895)	(641,889)
Change in fair value of current investments	(30,751)	(5,333)	(666)	81
Net book value at end of year	59,541	74,229	53,045	217,606



9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	-	-	1,513	2,136
Past due up to 3 months	-	-	2,291	2,327
Total trade receivable - related parties	-	-	3,804	4,463
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	117,514	152,193	78,945	69,221
Past due				
Up to 3 months	35,636	44,750	31,282	32,995
3 - 6 months	9,502	1,435	8,690	1,374
6 - 12 months	3,902	2,754	3,017	2,338
Over 12 months	36,626	37,337	31,560	33,305
Total	203,180	238,469	153,494	139,233
Less: Allowance for doubtful debts	(25,459)	(23,615)	(18,562)	(18,962)
Total trade receivables - unrelated parties, net	177,721	214,854	134,932	120,271
Total trade receivables - net	177,721	214,854	138,736	124,734
<u>Other receivables</u>				
Advances - related party	-	-	7	19
Dividend receivable - related party	-	-	-	19,000
Interest receivable - related parties	-	-	25	953
Interest receivable	2,913	2,012	2,913	2,012
Other receivables	1,595	530	1,595	530
Total other receivables	4,508	2,542	4,540	22,514
Total trade and other receivables - net	182,229	217,396	143,276	147,248

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net
	2018	2017	2018	2017	2018 2017
Finished goods	104,045	118,150	(866)	-	103,179 118,150
Work in process	711	939	-	-	711 939
Raw materials	402,392	397,400	-	-	402,392 397,400
Packing materials	36,890	37,583	(2,284)	(1,638)	34,606 35,945
Spare parts and factory supplies	72,067	65,587	-	-	72,067 65,587
Spare parts and factory supplies in transit	4,688	-	-	-	4,688 -
Raw materials in transit	18,619	64,021	-	-	18,619 64,021
Raw materials used in farming	882	645	-	-	882 645
Total	640,294	684,325	(3,150)	(1,638)	637,144 682,687

(Unit: Thousand Baht)

Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net
	2018	2017	2018	2017	2018 2017
Finished goods	54,996	59,800	(255)	-	54,741 59,800
Work in process	693	344	-	-	693 344
Raw materials	235,263	174,388	-	-	235,263 174,388
Packing materials	17,732	17,863	-	(59)	17,732 17,804
Spare parts and factory supplies	33,684	32,299	-	-	33,684 32,299
Spare parts and factory supplies in transit	4,688	-	-	-	4,688 -
Raw materials in transit	9,575	32,790	-	-	9,575 32,790
Raw materials used in farming	882	645	-	-	882 645
Total	357,513	318,129	(255)	(59)	357,258 318,070



During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 2 million (The Company only: Baht 0.2 million), to reflect the net realizable value. This was included in cost of sales. (2017: 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 expense during year).

11. Biological assets

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2018	2017
Current biological assets	9,295	3,441
Non-current biological assets	36,933	28,643
Total biological assets	46,228	32,084

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 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2018	2017
Net book value at beginning of year	32,084	36,361
Increase due to purchase/raise	25,977	25,607
Decrease due to sales/harvest	(21,158)	(27,166)
Gain (loss) arising from changes in fair value of biological assets for the year	9,325	(2,718)
Net book value at end of year	46,228	32,084

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	
			2018 (%)	2017 (%)	2018	2017	2018	2017
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	
			2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017
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 gain (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 gain (loss) from investment in associated company during the year		Dividend received during the year	
	2018	2017	2018	2017
Pattana Agro Futures Company Limited	0.07	(0.09)	-	-

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 for the year ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Pattana Agro Futures Company Limited	25	25	21	21	0.12	0.12	0.30	0.30	0.15	0.12

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	
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
Lee Pattana Feed Mill Co., Ltd.	200	200	95	95	190	190	29	76
Bodhi Ngarm Sea Farm Co., Ltd.	5	5	100	100	5	5	-	-
Total					195	195	29	76

13.1 Subsidiaries indirectly owned by the Company

Lee Pattana Agro Silo Co., Ltd. ("a subsidiary") (Held by Lee Pattana Feed Mill Co., Ltd.)

(Unit: Million Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
Lee Pattana Agro Silo Co., Ltd.	150	150	100	100	150	150	15	23



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	
	2018	2017	2018	2017	2018	2017
	(%)	(%)				
M.N. Inter Holding Co., Ltd.	4.12	4.12	16,780	16,780	5,034	5,940
Wall Street Tullett Liberty Ltd.	9.00	9.00	945	945	-	-
Others			705	705	-	-
Total			18,430	18,430	5,034	5,940

15. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	14,004	14,004	13,755	13,755
Loss on fair value adjustment	-	-	-	-
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 2017	396,970	509,488	915,417	159,714	144,633	6,602	2,132,824
Additions	-	-	8,609	14,380	7,789	19,464	50,242
Disposals	(7,829)	-	-	(1,349)	(9,028)	-	(18,206)
Transfers	-	5,588	12,830	47	-	(18,465)	-
As at 31 December 2017	389,141	515,076	936,856	172,792	143,394	7,601	2,164,860
Additions	-	-	9,074	2,857	32,601	13,981	58,513
Disposals	-	-	(59,779)	(937)	(26,187)	-	(86,903)
Transfers	-	(1,033)	2,992	-	-	(1,959)	-
As at 31 December 2018	389,141	514,043	889,143	174,712	149,808	19,623	2,136,470

Accumulated depreciation:

As at 1 January 2017	-	379,326	803,115	144,785	94,171	-	1,421,397
Depreciation for the year	-	12,939	22,662	6,907	18,950	-	61,458
Depreciation on disposals	-	-	-	(1,349)	(8,080)	-	(9,429)
As at 31 December 2017	-	392,265	825,777	150,343	105,041	-	1,473,426
Depreciation for the year	-	12,682	22,610	7,880	19,827	-	62,999
Depreciation on disposals	-	-	(59,777)	(938)	(25,289)	-	(86,004)
As at 31 December 2018	-	404,947	788,610	157,285	99,579	-	1,450,421

Net book value:

As at 31 December 2017	389,141	122,811	111,079	22,449	38,353	7,601	691,434
As at 31 December 2018	389,141	109,096	100,533	17,427	50,229	19,623	686,049

Depreciation for the year

2017 (Baht 41 million included in manufacturing cost, and the balance in selling and administrative expenses)	61,458
2018 (Baht 41 million included in manufacturing cost, and the balance in selling and administrative expenses)	62,999



(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 2017	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
Additions	-	-	2,710	1,333	24,125	1,910	30,078
Disposals	-	-	(50,905)	(314)	(13,579)	-	(64,798)
As at 31 December 2018	172,718	316,684	395,059	107,566	92,220	2,376	1,086,623

Accumulated depreciation:

As at 1 January 2017	-	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
Depreciation for the year	-	6,441	7,936	4,605	11,167	-	30,149
Depreciation on disposals	-	-	(50,905)	(314)	(12,949)	-	(64,168)
As at 31 December 2018	-	258,576	370,500	99,732	60,602	-	789,410

Net book value:

As at 31 December 2017	172,718	64,549	29,785	11,106	19,290	466	297,914
As at 31 December 2018	172,718	58,108	24,559	7,834	31,618	2,376	297,213

Depreciation for the year

2017 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses)	29,749
2018 (Baht 17 million included in manufacturing cost, and the balance in selling and administrative expenses)	30,150

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 2018 and 2017 would have been as follows:

(Unit: Thousand Baht)

As at	Consolidated financial statements	Separate financial statements
31 December 2018	97,512	69,253
31 December 2017	97,512	69,253

As at 31 December 2018, 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 1,149 million (2017: Baht 1,160 million) (The Company only: Baht 671 million, 2017: Baht 672 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	
	2018	2017	2018	2017
Trade payables – related parties	-	-	5,756	22,138
Trade payables – unrelated parties	149,254	142,244	81,261	70,931
Other accounts payable	1,583	3,356	-	710
Accrued expenses	33,204	39,731	17,732	20,456
Total trade and other payables	184,041	185,331	104,749	114,235



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	
	2018	2017	2018	2017
Provision for long-term post employee benefits at beginning of year	71,621	55,718	34,868	26,410
Included in profit or loss:				
Current service cost	6,915	6,685	3,511	3,108
Interest cost	1,943	1,260	944	602
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	(5,106)	(2,275)	(1,910)	(1,235)
Provision for long-term post employee benefits at end of year	75,373	71,621	37,413	34,868
Provision for other long-term employee benefits at beginning of year	4,323	-	2,249	-
Included in profit or loss:				
Past service costs	-	4,323	-	2,249
Current service cost	433	-	226	-
Interest cost	117	-	61	-
Provision for other long-term employee benefits at end of year	4,873	4,323	2,536	2,249
Provision for long-term employee benefits at end of year	80,246	75,944	39,949	37,117

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	
	2018	2017	2018	2017
Cost of sales	5,153	4,589	2,588	2,217
Selling and administrative expenses	4,255	7,679	2,154	3,742
Total expenses recognised in profit or loss	9,408	12,268	4,742	5,959

The Company and its subsidiaries expect to pay Baht 5.5 million of long-term employee benefits during the next year (Separate financial statements: Baht 1.7 million) (2017: Baht 1.5 million, Separate financial statements: Baht 1.4 million).

As at 31 December 2018, the weighted average durations of the liabilities for long-term employee benefit are 12 years (Separate financial statements: 12 years) (2017: 12 years, Separate financial statements: 12 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated and separate financial statements	
	2018	2017
Discount rate	2.72	2.72
Salary increase rate	2.00 - 5.00	2.00 - 5.00
Turnover rate	0.00 - 27.00	0.00 - 27.00



The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

As at 31 December 2018				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(73)	85	(35)	42
Salary increase rate	87	(72)	42	(34)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	(77)	81	(37)	39

(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

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 day's compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 25.6 million (The Company only: Baht 12.2 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in profit and loss of the period in which the law is effective.

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	
	2018	2017	2018	2017
Salary, wages and other employee benefits	304	317	159	162
Depreciation	63	61	30	30
Rental expenses	14	14	8	8
Raw materials and consumables used	2,065	2,040	1,731	1,602
Purchases of finished goods	-	-	36	9
Changes in inventories of finished goods and work in process	15	13	4	(8)



22. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	15,776	26,257	9,052	10,478
Adjustment in respect of income tax of previous year	6	783	(2)	764
Withholding tax write-off of previous year	1,384	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,712)	1,323	(5,024)	(3,828)
Tax expenses reported in the statement of comprehensive income	13,454	28,363	4,026	7,414

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to actuarial loss	-	(1,957)	-	(1,107)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	97,564	224,847	83,410	195,070
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	19,513	44,969	16,682	39,014
Adjustment in respect of income tax of previous year	6	783	(2)	764
Withholding tax write-off of previous year	1,384	-	-	-
Effects of:				
Promotional privileges (Note 23)	(5,559)	(15,643)	(5,559)	(15,643)
Income exempt for tax purpose	(1,389)	(1,351)	(7,089)	(16,551)
Non-deductible expenses	426	256	347	123
Additional expense deductions allowed	(803)	(663)	(311)	(229)
Effect on elimination of inter company transaction	(52)	-	-	-
Others	(72)	12	(42)	(64)
Total	(7,449)	(17,389)	(12,654)	(32,364)
Tax expenses reported in the statement of comprehensive income	13,454	28,363	4,026	7,414



The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Statements of financial position		Statements of comprehensive income	
	As at 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Deferred tax assets (liabilities)				
Unrealised loss on change in values of current investments	9,679	3,396	6,283	1,051
Allowance for diminution in value of inventories	630	328	302	(340)
Revaluation surplus on investment properties	10	10	-	-
Provision for long-term employee benefits	16,050	15,189	861	4,205
Unused tax loss	-	1,869	(1,869)	(6,075)
Fair value of for biological assets	(6,074)	(4,209)	(1,865)	544
Revaluation surplus on land	(58,326)	(58,326)	-	1,249
Deferred tax relating to origination and reversal of temporary differences			3,712	634
Deferred tax assets - net	(38,031)	(41,743)		
Presented as follows:				
Deferred tax assets	312	2,149		
Deferred tax liabilities	(38,343)	(43,892)		
Total	(38,031)	(41,743)		

(Unit: Million Baht)

	Separate financial statements			
	Statements of financial position		Statements of comprehensive income	
	As at 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Deferred tax assets (liabilities)				
Unrealised loss on change in values of current investments	9,679	3,396	6,283	1,051
Allowance for diminution in value of inventories	51	12	39	(209)
Allowance for impairment loss on investment in associated company	371	371	-	-
Revaluation surplus on investment properties	10	10	-	-
Provision for long-term employee benefits	7,990	7,423	567	2,300
Fair value of for biological assets	(6,074)	(4,209)	(1,865)	544
Revaluation surplus on land	(20,693)	(20,693)	-	1,249
Deferred tax relating to origination and reversal of temporary differences			5,024	4,935
Deferred tax assets - net	(8,666)	(13,690)		

23. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of animal feeds and feed mix, pursuant to the investment promotion certificate No. 1217(4)/2549 issued on 27 February 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (3 July 2010).



The operating revenues of the Company and its subsidiaries for the years ended 31 December 2018 and 2017 are below shown divided according to BOI promoted and non-BOI promoted operations.

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	BOI promoted operations	Non-BOI promoted operations	Total	BOI promoted operations	Non-BOI promoted operations	Total
Sales						
Domestic sales	430,678	2,959,460	3,390,138	879,176	3,023,940	3,903,116
Export sales	20,250	43,037	63,287	37,657	45,284	82,941
Interest income	-	30,865	30,865	-	33,828	33,828
Other income	-	75,060	75,060	-	118,939	118,939
Total revenues	450,928	3,108,422	3,559,350	916,833	3,221,991	4,138,824
Less: Eliminated transactions			(564,472)			(778,565)
Total			2,994,878			3,360,259

(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	BOI promoted operations	Non-BOI promoted operations	Total	BOI promoted operations	Non-BOI promoted operations	Total
Sales						
Domestic sales	430,678	1,185,922	1,616,600	879,176	712,421	1,591,597
Export sales	20,250	7,928	28,178	37,657	-	37,657
Interest income	-	19,413	19,413	-	23,487	23,487
Other income	-	52,839	52,839	-	91,472	91,472
Total revenues	450,928	1,266,102	1,717,030	916,833	827,380	1,744,213

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	
	2018	2017	2018	2017
Profit for the year (Thousand Baht)	81,851	191,137	79,384	187,657
Weighted average number of ordinary shares (Thousand shares)	922,180	922,180	922,180	922,180
Earnings per share (Baht/share)	0.09	0.21	0.09	0.20

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)	
	2018	2017
Revenue from external customers		
Thailand	2,887	3,243
Lao People's Democratic Republic	33	45
Republic of the Union of Myanmar	18	34
Federation of Malaysia	11	4
The Socialist Republic of Vietnam	1	-
Total	2,950	3,326



Major customers

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

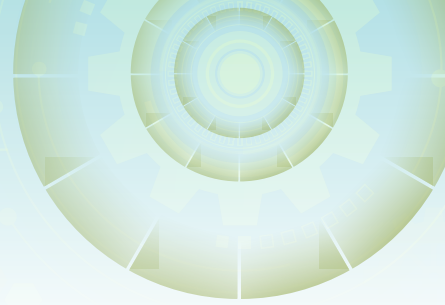
26. Provident fund

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 2018, the Company and its subsidiaries contributed Baht 7 million (2017: Baht 7 million) to the fund (Separate financial statements: Baht 4 million, 2017: 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 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
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	73,774	101,440	175,214	0.19
Total dividend paid in 2018		73,774	101,440	175,214	0.19



28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments of approximately USD 0.2 million (The Company only: USD 0.1 million), relating to the acquisition of machinery and equipment (2017: nil).

28.2 Raw material purchase commitments

As at 31 December 2018, the Company and its subsidiaries had outstanding commitments of approximately USD 1.9 Million (2017: USD 3.5 million) (The Company only: USD 0.9 million (2017: USD 1.1 million)), in respect of the purchase of raw materials.

28.3 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	
	2018	2017	2018	2017
Payable				
In up to 1 year	6	13	3	6
In over 1 and up to 3 years	-	6	-	3

28.4 Guarantees

As at 31 December 2018, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 9 million (2017: Baht 9 million) (Separate financial statements: Baht 5 million (2017: 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 1,017 million (2017: Baht 1,179 million) (Separate financial statements: Baht 788 million (2017: Baht 1,059 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 2018 and 2017, 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 2018			
Level 1	Level 2	Level 3	Total

Assets measured at fair value

Held for trade investments

Equity instruments	60	-	-	60
Open-end money market funds	-	53	-	53
Investment properties	-	14	-	14
Lands	-	389	-	389
Biological assets	-	-	46	46

(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)

Separate financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	60	-	-	60
Open-end money market funds	-	53	-	53
Investment properties	-	14	-	14
Lands	-	173	-	173
Biological assets	-	-	46	46

(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



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 2018					
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	-	52	8	61	0.10 - 0.50
Current investments - fixed deposits	1,094	-	11	-	1,105	1.15 - 1.90
Current investments - marketable securities	-	-	-	113	113	-
Trade and other receivables	-	-	-	182	182	-
	1,095	-	63	303	1,461	

Financial liabilities

Trade and other payables	-	-	-	184	184	-
	-	-	-	184	184	

(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	-	-	-	217	217	-
	953	-	42	524	1,519	

Financial liabilities

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



(Unit: Million Baht)

Separate financial statements					
As at 31 December 2018					
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	-	29	4	34	0.10 - 0.50
Current investments - fixed deposits	1,094	-	11	-	1,105	1.15 - 1.90
Current investments - marketable securities	-	-	-	113	113	-
Trade and other receivables	-	-	-	143	143	-
Short-term loans to related parties	31	-	-	-	31	7.13
	1,126	-	40	260	1,426	

Financial liabilities

Trade and other payables	-	-	-	105	105	-
	-	-	-	105	105	

(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	-	-	-	147	147	-
Short-term loans to related parties	151	-	-	-	151	7.13 - 7.38
	1,104	-	35	446	1,585	

Financial liabilities

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

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 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 2018, foreign exchange contracts outstanding are summarised below.

Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.6	32.32 – 32.53	February – April 2019

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 2018, the Group's debt-to-equity ratio was 0.12:1 (2017: 0.12:1) and the Company's was 0.08:1 (2017: 0.08:1).

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.

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

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