



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



รายงานประจำปี 2562

ANNUAL REPORT 2019



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มุ่งมั่นพัฒนา คุณภาพ และมาตรฐานสู่ความยั่งยืน

**SUSTAINABLE
ORGANIZATION
DEVELOPMENT**

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The Board of Directors of Lee Feed Mill Public Company Limited



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



Assoc.Prof.Dr.Somjai Phagaphasvivat

Independent Director and
Chairman of the Audit Committee



Pol.Lt.Gen.Adisorn Nonsee

Independent Director and
Chairman of the Reruitment and
Compensation Committee



Mrs. Supaporn Chongvilaiwan

Director and Asst. Managing
Director



Mr. Somsak Tiensriyuka

Director and Secretary of
the Board of Directors



Mrs. Sununta Subhapholsiri

Independent Director and
Member of the Audit Committee



Mr. Busarin Vanaswas

Independent Director and
Member of the Audit Committee

Message from the Chairman

Dear Shareholders,

Amid rapid changes in all dimensions that are currently taking place globally, adverse eco-social impacts, e.g. US-China trade war, threats to public hygiene, disruptive technology, an ongoing pandemic of novel coronavirus (COVID-19) so forth, which are devastating disasters to humanity throughout the globe, have become the results. During these situations, the company is preferably required to operate our business in a careful manner by shifting our roles to align with the current situations, employing our wit and establishing collaborations with all parties and stakeholders. Furthermore, with supports subsidized by the public sector (BOI), the company has also invested in new technology to enhance machinery performance and development of personnel communication system within the organization. This step taken led to the sustainable competitive capacity which corresponds to our missions and vision that say, "We are a leading feed manufacturer with readiness to thrive alongside our trade partners."

For the operational performance of 2019, the total revenue was achieved at 2,678 million baht with a net profit of 150 million baht, equivalent to 0.16 baht of earnings per share. On 31 December 2019, the total asset of the company was 2,982 million baht while the total debt was 324 million baht, and shareholders' equity was 2,658 million baht. The company's Board of Directors have passed a resolution to propose for an approval from the upcoming meeting of shareholders for the distribution of the 2019's dividends at 0.12 baht per share.

Finally, on behalf of the Board of Directors, management team, and all employees, I would like to express my gratitude to all shareholders, partners, customers, and stakeholders who have been actively supporting our business operations. In this regard, the company shall adhere to good governance principles in operating our business, with responsibilities towards the society and the environment. We are ready to thrive by co-creating values with all groups of stakeholders in order to drive the business to achieve consistent growth and sustainability, as well as invariably contributing benefits to the society and the country from the profits obtained.



(Mr. Visith Leelasithorn)
Chairman





Vision

We are a leading feed manufacturer with readiness to thrive alongside our trade partners.

Mission

- Conduct research and development to devise new quality products
- Enhance manufacturing process with deployment of innovation
- Create, consolidate, and expand customer bases
- Respond to customers' requirements and reach their maximum satisfaction



Core Value

Be passionate for knowledge, aim at achieving success, and amiably live together in the society.



Report of the Audit Committee

To Shareholders,

At the Board of Company has resolved to nominate the Board of Audit Committee which comprise three independent non-executives directors, namely Assoc.Prof.Dr.Somjai Phagaphasvivat as Chairman of the Board of Audit Committee, Mrs.Sununta Subhapholsiri and Mr.Busarin Vanaswas as Audit Committee to perform the duties assigned from the Board of Company which is according to the provision of The Stock Exchange of Thailand.

During the year 2019, the Board of Audit Committee conducted 4 meetings by inviting Auditors and Management Team. The significant tasks could be summarized as follows:

1. Reviewed the Financial Statements quarterly and Annual Financial Statements of 2019 and adequately listen the clear explanations and report from the Management and Auditor in related subjects, therefore, the Audit Committee were of a same opinion with the External Auditors that said quarterly and annual financial statements were correct in essence in conformity with the generally accepted accounting principles.
2. Reviewed the disclosure of connected and related information between the company, subsidiary companies and related companies and it was of opinion that such related information were adequately and correctly disclosed.
3. Reviewed the compliance with the laws and regulation of Securities and Stock Exchange and related laws with the company business and not found any point in the matter of not acting in accordance with the law of Securities of Stock Exchange and related laws with the company business.
4. 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. The Audit Committee provided some suggestions to improve the efficiency of internal operational systems.
5. Considered to propose the Board of Company for asking approval to appoint Auditor and audit fee for annual 2020 by proposing Auditor of EY office Limited who is independence and approved by the office of SEC.



6. Review of the Company's compliance with the SET's Principles of good corporate governance. The Company's adherence to these principles was commendable, and the Company disclosed all relevant matters in its annual report. It seeks, moreover, to establish within the organization a process of continuous development in corporate governance.
7. Ongoing monitoring of and consultation with management concerning general matters of management that could affect the Company. If any matter is found to significantly affect the Company's financial status or operational results, the Audit Committee is to make a report to the Board of Directors and promptly rectification.

In summary, the Audit Committee has fulfilled the responsibilities in compliance with the Audit Committee Charter that were approved by the Board of Directors and the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee is of the opinion that the Company has a proper financial reporting system to disclose its financial and operational information sufficiently, correctly and consistently. The Board of Director has the ultimate responsibility for an effective internal control and the adequacy of risk management system for ensuring compliance with laws and regulations and disclosure of related party transactions with transparency under the good corporate governance principles.

On behalf of audit committee

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

27 February 2020

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 30 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 anagement, 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 : 2018 - 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 (2017 - 2019)

Revenue from Sales	Producer	2017		2018		2019	
		Million Baht	%	Million Baht	%	Million Baht	%
Complete animal feed	Company and subsidiary	3,297	99.13	2,933	99.42	2,602	99.12
Livestock / crop farming	Company	29	0.87	17	0.58	23	0.88
Total		3,326	100.00	2,950	100.00	2,625	100.00

Remarks: Revenues from sales of complete animal feeds for the year 2019 came from land and aquatic animal feeds at the rate of 48 percent and 52 percent, respectively

2. Market and Competition

2.1 Customers, Targeted Customers, and Distribution Channels

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



2.2 Competition Strategy

More than 37 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 20.18 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 (2019 and 2020)

Type of Animal Feed	Animal Feed Consumption					
	2019		2020		Increase (Decrease)	
	Volume (tons)	%	Volume (tons)	%	Volume (tons)	%
Broiler chicken feed	7,234,013	35.85	7,306,353	35.92	72,340	1.00
Parent chicken stock	1,002,456	4.97	916,272	4.51	(86,184)	(8.60)
Layer chicken (small)	780,968	3.87	794,187	3.91	13,219	1.69
Layer chicken (egg)	2,086,406	10.34	2,270,615	11.16	184,209	8.83
Parent layer-chicken stock	24,120	0.12	22,400	0.11	(1,720)	(7.13)
Swine	5,548,500	27.50	5,300,100	26.06	(248,400)	(4.48)
Swine breeder	973,710	4.82	930,000	4.57	(43,710)	(4.49)
Duck feed	323,652	1.60	348,566	1.71	24,914	7.70
Duck breeder	23,360	0.11	25,131	0.12	1,771	7.58
Layer duck	273,750	1.36	344,925	1.70	71,175	26.00
Cattle	901,716	4.47	1,044,413	5.13	142,697	15.83
Shrimp	496,000	2.46	496,000	2.44	-	-
Fish	510,000	2.53	541,059	2.66	31,059	6.09
Total	20,178,651	100.00	20,340,021	100.00	161,370	0.80

(Source: The Thai Feed Mill Association)

Agricultural economic conditions in 2019 has grown by 0.5 percent comparing to of the year 2018, in which the livestock and fishery sectors has grown by 0.8 and -1.3 percent respectively.

It is expected that there will be the positive factors in 2020, for livestock farmers are cooperating in raising animals in a more standardized production system, which makes animal production more efficient. There is a production planning systematically allowing for better forecasting and marketing planning as well. Besides, the public and private sectors cooperate continuously and effectively control the epidemic.



For the negative factors of 2020, since the first half of 2020, there has been the problem of extremely hot and drought earlier than of last year and the amount of water is less than in the year 2019, affecting the growth and cultivation of crops used as livestock food such as rice and corn. Moreover, there may also be an outbreak of pests, such as in the year 2019, the outbreak of corn worms in some areas. With these factors, they will affect the production of rice and corn produce, and also affecting the cost of production in the livestock and fishery sector as well.

And because of the global economy downturn, especially the economies of key trading countries such as China, which will slow down the consumption. In addition, the outbreak of Corona virus originating in China has caused paranoia and alertness in many countries for disease control and prevention, and causing the travel reduction of the world population, especially Chinese tourists, results in a decrease in overall domestic consumption.

The world's total shrimp production in 2019 is 3.4 million tons, increase by 5%. because many countries have increased production, such as Vietnam, India, countries in central America and south America, especially India, which has produced more than 600,000 tons of shrimp, despite the problems of raising and epidemics. While the global economy downturn causing consumption to decrease, especially low-cost shrimp producer such as India, affecting the price of shrimp around the world causing the decline of world shrimp price, accompany with the shrimp export countries such as India and Vietnam, which have a weak currency depreciation gaining a competitive advantage over Thailand. With these factors, the competitiveness of Thai shrimp in the world market has decreased.

In 2019, the total shrimp production in Thailand has been at 2.9 hundred thousand tons equivalent to 2018, with 33% being the products from the lower southern region, 30% from the eastern region, 25% from the upper southern region and 12% from the central region. The unmeet-target production was due to inclement weather and epidemic problems; although farmers can better prevent the damage (the increasing productivity). But the production has been lower than planned. In addition, shrimp prices have not been enough to motivate farmers to increase the production. Besides, the appreciation of the baht at the end of the year has been a negative factor preventing an increase of shrimp production.

In 2020, there is an expectation that Thailand will produce 3.5 hundred thousand tons, increased by 20%, which the proportion of production in each region of Thailand has been close to the year 2019. During in the past 2 years, shrimp farming has been affected by epidemics and inclement weather; however, farmers have improved adaptation and farming methods in combination with more efficient management and farming systems, resulting in reducing losses and increasing productivity. Regarding the global situation, the trade war has been better and much clearer direction, which the direction of Thai shrimp production for the next year might focus on quality, not the quantity--concentration on producing good quality shrimp with no residue and be traceable with a highlight on large-scale shrimp production and conducting business ethically.



Tilapia: The total production of tilapia in the country in 2019 was 208,635 tons, decreased from 211,368 tons in 2018, representing a 1.3 percent decrease. Due to inclement weather causing the reduction in average water; some areas suffer from drought so there has been the stricter government control in raising fish cages in public water sources, farmers in many areas have to reduce the amount of farming or stop raising in such source of water, therefore, the amount of fish produced is reduced. It is expected that by 2020 the production of tilapia will increase slightly at around 209,400 tons because of the rising of fish price at the end of the year 2019 causing an incentive for farmers to raise more fish in the existing pond. Moreover, farmers have improved the farming methods to reduce the loss from epidemics by feeding the larvae longer before releasing to the pond, improving the efficiency of fish meat production. There may be negative factors that need to be monitored: the drought problem in 2020 which will affect the production of offspring and the meat of the fish.

Livestock: In 2020, there has been expected that there will be an expansion of 2.3 - 3.3 percent compared to the year 2019. Owing to the fact that the farmers have expanded the farming to support the growing demand in both domestic and international market. There has been an ongoing cooperation and vigilance from both public and private sector in the continuous and serious surveillance and control of epidemics, focusing on the improvement of farming systems and farm management to meet the related standards

The world's pork production in 2019 was approximately 105 million tons, reduced from 112.96 million tons of 2018 by 7.05%. Since the major producing countries such as China, the Philippines and Vietnam face the problems and losses from African Swine Fever (ASF). In 2019, there was a 20.55 million swine in Thailand, increased by 4.69 percent from the year 2018 due to the increase in average swine price in 2019 over 2018, and resulting in medium and large producers to have a better farm management and an effective control and disease prevention. Although, there are strict defensive measures for epidemics in Thailand, together with a strict control of pig movement, resulting in the increase of pig breeders on the farm is not equal to the previous year. Anyway, there is a higher production efficiency as evidence from the increased survival rate of pigs leading to increased production. It is predicted that the pig production in 2020 will be 19.63 million units, decreased by 4.48 percent due to the African swine fever epidemic control measures. (Currently, there is no report of the outbreak in Thailand) The African swine fever epidemic preventive measures have affected the pig movement and rising in breeders, reducing the volume of fattening pig. Unfortunately, the outbreak of ASF in China and neighboring countries of Thailand such as Myanmar, Laos, Cambodia, and Vietnam, caused the lack of swine in this region and increasing the market price, making an opportunity for Thailand to expand the pork market to new potential markets, especially in China.

Chicken Egg: In 2019, Thailand produced 14,742 million eggs, increased by 2.7 percent from 14,355 million eggs of the year 2018. The price of eggs for the year 2019 had slightly increased from the year 2018, owing to the efficient farming and farm management of farmers, increasing the productivity. The weather was quite good, not too hot, causing enough water for the farm. It is expected that the production in 2020 will produce as same quantities as the year 2019 because Egg Board has measures to control the amount of grandparents and breeders (GP, PS) by controlling the importing quota of laying hens at 440,000, equal to the year 2019 in order to stabilize the eggs prices. The strategy of laying hens has been drafted in order to improve and manage chicken eggs to be fair for both producers and consumers, strengthen the competitiveness, and promote the integration of farmers by the government. In addition, the government has negotiated with trading partner countries in order to seek new opportunities to export chicken eggs for supporting the oversupply of chicken eggs in the near future such as Singapore and Hong Kong etc.

Broiler: In 2019, there were 1,753.70 million units produced, increased by 6.79 percent from the 1,642.16 million units produced in 2018. The production yield increased due to the confidence in the quality and standards of the Thai chicken production system and also the success in effective epidemic control. It is predicted that by 2020, Thailand will produce 1,771.24 million units, increased by 1% from 2019 due to the increase in population volume and increase consumption demand for both domestic and international market. In addition, the General Administration of Customs of People's Republic of China (GACC) has announced the 9 additional names and registration of certified Thai poultry and frozen chicken by-products and processing factories from originally 7 certified factories in the year 2018, totaling 16 factories, expected that there might be able to generate revenue 12,000 million baht per year into the country.

The production from 2015 to 2019 of Thailand: the total number of dairy cows in Thailand has increased by 3.39 percent per year. In the year 2019, there were 691,349 units, increasing from 676,415 units of 2018, 2.21 percent, and the number of dairy cows tends to increase by 3.06 percent per year. In the year 2019, there were 305,676 dairy cows, an increase from 297,757 units of 2018, 2.66 percent. While raw milk production during 2015 to 2019 has been likely to increase 2.23 percent per year, in the year 2019, the outputs were 1,295,348 tons, increased by 3.23 percent from 1,254,767 tons of 2018. Since new calves have increased in the year and the numbers of dairy cows have increased from the replacement of virgin cows. In addition, the government has a policy to improve the quality of cow milk, focus on increasing production efficiency, especially food that is used to raise dairy cows, resulting in increased amount of raw milk and better quality. In addition, the current farmers have expanded to medium and large farms; therefore, dairy farming has been improved systematically, farm management in accordance with good farm standards and effective farming practices. Dairy cows with fewer yields and poor health are being retired from the farm to reduce the cost of feeding them. The negative



factor was still a disease in cattle such as foot and mouth disease, of which the outbreak occurs occasionally that may negatively affect the production output. However, Thai farmers are familiar with this disease to a certain extent, coupled with good disease prevention standards from both the private and government sectors, so these can successfully reduce the loss. Another problem is the global economic slowdown which also causes the Thai economy to slow down and may affect the consumption of cow's milk.

By 2020, dairy cows and raw milk production are likely to increase because of the increased number of dairy cows from a young female cows that are mature and in the appropriate age for milking. Moreover, there have been systematic farms with good related standards and farm management, together with screening out senior cows of which can produce low yield for retirement and the supporting government's policy focusing on improving the quality of raw milk to meet standards, including safety. The price of raw milk in 2020 also tends to increase from 2019 because farmers have improved the quality of raw milk, according to the motivation to get a higher price. However, the manufacturing cost will increase, owing to the implementation of government policies that focus on raising farm standards and improving the quality of raw milk causing farm management more efficiently by adjusting the layout of premises, to increase production output and improve the quality of raw milk. By doing this, the cost of milk production might increase.

Growth rate of gross domestic product of agriculture sector

Unit : Percent

Sector	2019	2020
Agriculture sector	0.5	2.0 – 3.0
Plants	0.7	2.1 – 3.1
Livestock	0.8	2.3 – 3.3
Fishery	-1.3	1.5 – 2.5
Agriculture service	2.7	2.5 – 3.5
Forestry	2.0	1.2 – 2.2

Source: 1. Document : Agricultural Development Policy and Planning Division, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives
2. Document : Fisheries Development Policy and Strategy Division, Department of Fisheries

2.6 Providing crucial raw materials for feed mill production

The affiliated companies of Lee Pattana Group regularly commit to procure quality raw materials for using in animal feed production by implementing the international standard system policies, including total quality management system (ISO 9001: 2015), environmental management system (ISO 14001: 2015), energy management system (ISO 50001: 2018), GMP and HACCP standards to meet customer needs.

The world economy in 2019 showed that the economy slowed down from the trade war between the United States and China beginning in mid-2018, it has continuously affected the commodity market. The result of series of trade negotiations is ambiguous from both parties and has just signed an agreement on the "first phase" on January 15, 2020, causing the global economy to slow down in 2019, for China's economic growth dropped from 6.6% to 6.0%, the United States reduced from 2.9% to 2.3%, the EU from 1.9% to 1.2%, and Thailand from 4.1% to 2.5%. In addition, there were other significant situations such as decision to leave the European Union of Britain (BREXIT) and the Middle East conflict between the United States and Iran. From the uncertainty factor mentioned above causing the central banks around the world to relax their monetary policies by lowering interest rates to stimulate the economy.

In general, the prices of main raw materials in the year 2019 have decreased among imported raw materials such as soy beans and soybean meal. The prices dropped as a result of continuous effects of the trade war between the United States and China, accompany with the appreciation of the baht continuously about 4% in 2018, the average baht is 32.30 baht / US dollar and an average of 31.00 baht / US dollar in 2019. For the domestic raw materials groups such as corn, prices decreased due to the production of maize after harvesting rice and products from neighboring countries continuously enter the market. The animal protein group, such as fishmeal, also decreased in price due to the slowdown in demand from large buyers like China which caused by the outbreak of African swine fever.

Price situation of the main raw materials in 2020, the group of imported raw materials such as soybean seeds and soybean meal, the prices trend will decrease from the outbreak of a pandemic Covid-19 virus (Corona virus 2019). These factors affect the overall global economy due to the consumer demand slowdown. In addition, the signing of trade agreements in the "first phase" between the United States and China is not clear about the practice complying with the agreement. For domestic raw materials groups such as corn and rice products, the trend of the prices rises due to the severe and long-lasting drought affecting new-season cultivation. Agricultural products are damaged. While livestock has an effect of African Swine Fever (ASF) in many countries all around the world causing Thailand to have more opportunities to export meat products. As for other factors, the Company continuously monitor the situations to adjust to be in line with the changing market conditions, including the selection of new raw materials for animal feed production in order to obtain good quality food at a competitive 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 2019, the major shareholder of the Leelasithorn family is the Company's major shareholder, holding 465,650,000 shares or 50.49 percent of the Company's paid-up registered capital. As such, Leelasithorn family also controls voting at each Shareholders' Meeting, whether in regard to the appointment or removal of directors or voting on shareholders' resolutions requiring a majority of shareholders' votes except the matters that need to be approved by 3 in 4 of the shareholders who attends the Meeting. Thus, the minority shareholders do not have the power to check and balance the vote of the majority shareholders. The minority of shareholders may therefore face a risk of not possessing sufficient votes to review and query the management of the Company. To be as the balance of power for management, the company appointed 4 persons as independent directors of 9 directors. In addition, the Company has formulated and committed to following its corporate governance policy in compliance with the law, business ethics consideration are responsible for their duties and results of their actions to all stakeholders of the Company.





Company Information

1. Company Information

Lee Feed Mill Public Company Limited

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

Shareholding Exceeding 10 Percent of Juristic Persons

Lee Pattana Feed Mill Company Limited

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

Lee Pattana Agro Silo Company Limited

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

Bodhi Ngarm Sea Fram Company Limited

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

Pattana Agro Futures Company Limited

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

Other References Persons

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

2. Other Information

: None



Major Shareholders

1. The Company's Securities comprise:

Ordinary Shares

Registered and paid-up capital as of 31 December 2019

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

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

2. Shareholders

Name of the first 10 major shareholders of the Company

(As of the share register closing date at December 31, 2019)

Shareholders' Name	No. of Shares Held	%
1. Mr.Nipon Leelasithorn	222,000,000	24.07
2. Mr.Preecha Leelasithorn	126,650,000	13.73
3. Alliance Co., Ltd.	82,000,000	8.89
4. Wall Street Tower Co., Ltd.	35,000,000	3.80
5. Mr.Chaicharn Lhupaiboon	31,800,000	3.45
6. UOB KAY HIAN PRIVATE LIMITED	20,838,329	2.26
7. Lee Kong Jin Holdings Co., Ltd.	18,665,790	2.02
8. Mr.Somsak Amornrattanachaikul	16,569,600	1.80
9. Mrs.Krongporn Turiyakorn	16,002,887	1.74
10. Mr.Punnapong Chuwaswattapat	7,700,000	0.83
11. Others (3,337 persons)	344,953,645	37.41
Total 3,531 persons	922,180,251	100.00

Remark; The Leelasithorn family is the major shareholder of the Lee Feed Mill Public Company Limited with total holding of 50.49%, including of No.1 - 4 The representative of the Leelasithorn family is Mr.Nipon Leelasithorn.

As of 31 December 2019, the latest date of Share Registration Book closure, the Company's NVDR represents 2.25 percent of paid-up capital, or Baht 922,180,251 (par value of 1 Baht). Investors may obtain information on NVDR from www.set.or.th.

3. Other securities of the Company

None

Dividend Payment Policy

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

According to resolutions of the Board of Directors' Meeting No.2/2020 held on 13th March 2020. Approval to pay dividends for the year 2019, at Baht 0.12 per share, which equivalent to 78 percent of net profit of the year 2019 according to the separate financial statement (representing a payout ratio 74 percent of the Consolidated financial statement) payment on 19th May 2020. Dividends payment for the year 2018 and 2017 were Baht 0.08 per share and Baht 0.19 per share, representing a payment ratio of 93 percent and 93 percent of net profit of the separated, (representing a payout ratio of 90 percent and 92 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	Director
4. Mrs.Supaporn Chongvilaiwan	Director / Asst. Managing Director
5. Assoc.Prof.Dr.Somjai Phagaphasvivat	Independent Director / Chairman of the Audit Committee
6. Mr.Busarin Vanaswas	Independent Director / Member of the Audit Committee
7. Mrs.Sununta Subhapholsiri	Independent Director / Member of the Audit Committee
8. Pol.Lt.Gen.Adisorn Nonsee	Independent Director and Chairman of the Recruitment and Compensation Committee
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

1

Mr. Visith Leelasithorn

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 2019

-

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.



2

Mr.Nipon Leelasithorn

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 : 30 April 2019

Education

- Master of Management at Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Degree, The National Defence College of Thailand (NDC)

Training Coursed

- Directors Certification Program by Thai Institute of Directors Association (IOD)

No. of securities increased / (Decreased) during 2019

-

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
: Directors / Member of Huachiew Chalermprakiet University Council

3

Mr. Karoon Chanmingporn

Director

- Date of first appointment : 14 December 1989
- Latest date of appointment : 27 April 2018
- Date of resignation : 1 September 2019

Education

- Department of Animal Husbandry National Chung Hsing University (Taiwan)

No. of securities increased / (Decreased) during 2019

160,800 Shares

Experience

1989 - Present : Executive Director / Deputy Managing Director
Lee Feed Mill Pcl. and Subsidiaries
2004 - Present : Executive Director
Lee Pattana Agro Silo Co., Ltd.



4

Mrs. Supaporn Chongvilaiwan

Director / 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 2019

-

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.

5

Assoc. Prof. Dr. Somjai Phagaphasvivat

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 2019

-

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, SEAFCO Pcl.
2006 – Present	: Independent Director, SEAFCO Pcl.
2013 – Present	: Chairman, SEAFCO 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.

6

Mrs.Sununta Subhapholsiri

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 2019

-



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.

7

Mr. Busarin Vanaswas

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 Coursed

- Directors Accreditation Program (DAP) and Audit Committee Program by Thai Institute of Directors Association (IOD)

No. of securities increased / (Decreased) during 2019

-

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
Present	: President / The Pharmaceutical Industry Club : Director / The Federation of Thai Industries (FTI)

- Date of first appointment : 12 March 2010
- Latest date of appointment : 30 April 2019

Education

- Public administration / Royal Police cadet Academy

No. of securities increased / (Decreased) during 2019

-

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.



9

Mr.Somsak Tiensriyuka

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 : 30 April 2019

Education

- MBA, Kasetsart University

Training Coursed

- Directors Accreditation Program (DAP) by Thai Institute of Directors Association (IOD)
- Advanced Audit Committee Program (AACP) by Thai Institute of Directors Association (IOD)

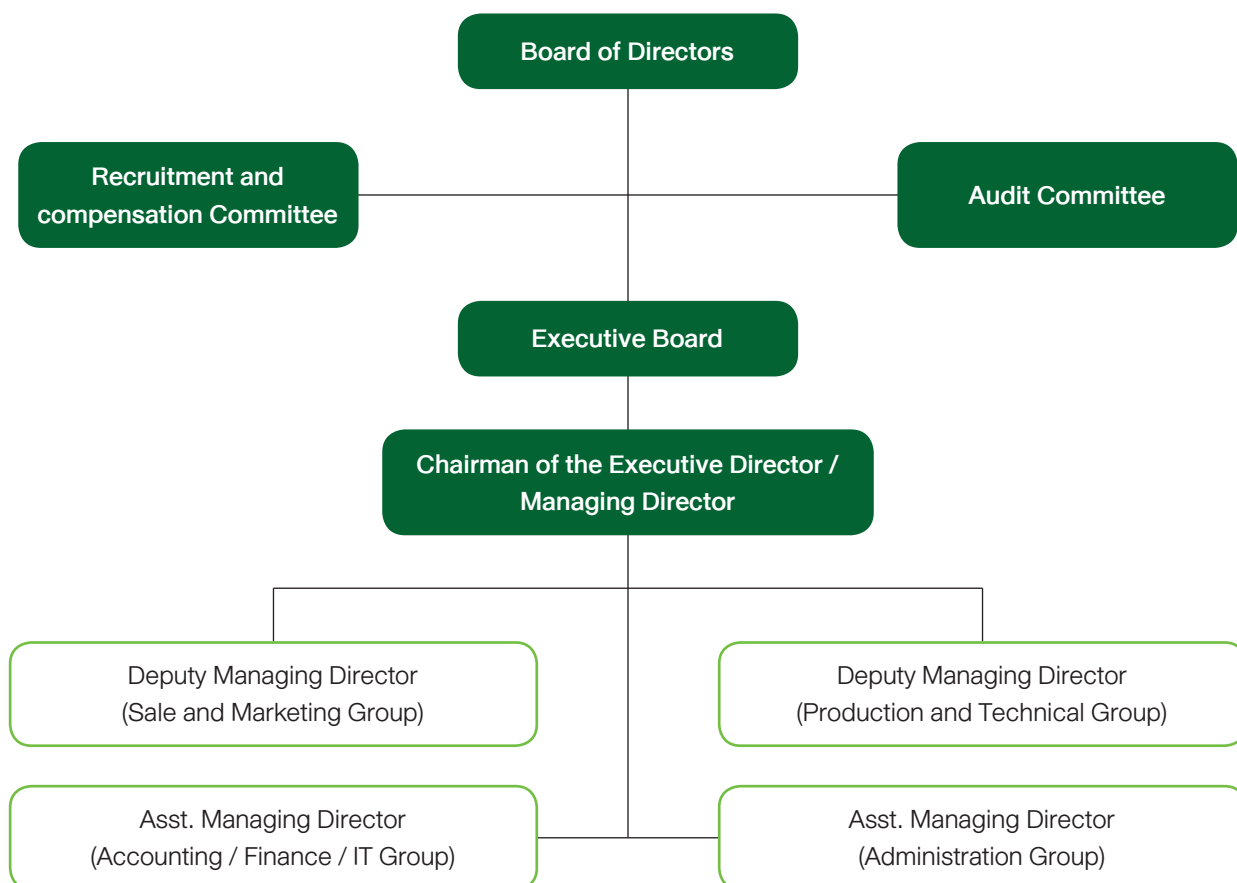
No. of securities increased / (Decreased) during 2019

-

Experience

2000 - Present	: Secretary of the Audit Committee / Secretary of the Executive Committee Lee Feed Mill Pcl. and Subsidiaries
1984 - Present	: Accounting Director Lee Feed Mill Pcl. and Subsidiaries
2015 - Present	: Director / Secretary of the Recruitment and compensation Committee 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 2019 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. Mrs.Supaporn Chongwilaiwan | Executive Director |
| 3. Mr.Somsak Tiensriyuka | Secretary of the Executive Director |

*Mr.Karoon Chanmingporn, Director, Executive Director and Deputy Managing Director had resigned from the Company but still holds the position of Director of the Company, effective on 1 September 2019.

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

For the purpose of approving transactions that may have any conflicts of interest or any conflicts of interest with its parent company, subsidiaries or affiliates, the Executive Directors' Committee must propose to the Board of Directors' meeting in order to consider and approve the transactions.

In addition, any transactions relating to business transactions with related parties or the acquisition or disposition of assets of the company or subsidiaries, depending on cases, must be approved by the Shareholders' meeting and / or any other practices as stipulated by the rules and procedures as specified in the announcement in order to according with the regulations of the Stock Exchange of Thailand, in such matters.

Managements

- | | |
|-------------------------------|--|
| 1. Mr.Nipon Leelasithorn | Managing Director (Production and Technical Groups) |
| 2. Mrs.Supaporn Chongvilaiwon | Asst. Managing Director (Accounting / Finance / IT Groups) |
| 3. Mr.Somsak Tiensriyuka | Director and Accounting Director |



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 Director 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 honest 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 follow:

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 2017 totaling 1,145,000 Baht per year, in 2018 totaling 1,135,000 Baht per year and 1,135,000 Baht per year for the year 2019 as follows:

Name	Position	Amount (Baht)		
		2017	2018	2019
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	125,000	125,000
3. Mr.Karoon Chanmingporn	Director	95,000	95,000	95,000
4. Mrs.Supaporn Chongvilaiwan	Director / Asst. Managing Director	95,000	95,000	95,000
5. Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Audit Committee / Independent Director	95,000	95,000	95,000
6. Mr.Busarin Vanaswas	Member of the Audi Committee / Independent Director	95,000	95,000	95,000
7. Mrs.Sununta Subhapholsiri	Member of the Audi Committee / Independent Director	95,000	95,000	95,000
8. Pol.Lt.Gen.Adisorn Nonsee	Independent Director	95,000	95,000	95,000
9. Mr.Somsak Tiensriyuka	Director / Committee and Secretary	95,000	95,000	95,000
Total		1,145,000	1,135,000	1,135,000



- The directors and five executive directors receive compensation for their management of the Company in the form of salaries, bonuses social security and provident fund. This amounted to 14.91 million baht, 14.93 million and 15.83 million baht for 2017 - 2019 respectively.
- The allowance of meeting for the four the Audit Committee for Year 2017 - 2019 amounts Baht 260,000, 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)		
		2017	2018	2019
1. Assoc.Prof.Dr.Somjai Phagaphasvivat	Chairman of the Audit Committee / Independent Director	120,000	120,000	120,000
2. Mr.Busarin Vanaswas	Member of the Audit Committee / Independent Director	48,000	48,000	48,000
3. Mrs.Sununta Subhapholsiri	Member of the Audit Committee / Independent Director	48,000	48,000	48,000
4. Pol.Lt.Gen.Adisorn Nonsee	Independent Director	44,000	44,000	44,000
Total		260,000	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 2019, eight 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 3 persons
- Directors not from management 2 persons
- 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 2019, 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	
	2018	2019	2018	2019	2018	2019
1. Mr.Visith Leelasithorn	4/4	4/4	1/1	1/1	5/5	5/5
2. Mr.Nipon Leelasithorn	4/4	4/4	1/1	1/1	5/5	5/5
3. Mr.Karoon Chanmingporn	3/4	3/4	1/1	1/1	4/5	4/5
4. Mrs.Supaporn Chongvilaiwan	4/4	4/4	1/1	1/1	5/5	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	4/4	4/4	1/1	1/1	5/5	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 2019 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 318), 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

The Company realizes and emphasizes on management systems with efficient, transparent and auditable to assure to all relevant organizations. This results in sustainable growth business under the implementation of guidelines for good corporate governance. Therefore, the Company has appointed the 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 Recruitment and Compensation Committee |
| 2. Mrs.Sunanta Subhaphosiri | Member of the Recruitment and Compensation Committee |
| 3. Mr.Nipon Leelasithorn | Member of the Recruitment and Compensation 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.

The 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 2017 to 2019 to EY Office

Limited as follow:

Detail	Company Payment	Name of Audit	Year 2017	Year 2018	Year 2019
1	Lee Feed Mill Public Company Limited	Ms.Krongkaew Limkittikul	1,390,000	1,390,000	1,440,000
2	Lee Pattana Feed Mill Company Limited	Ms.Krongkaew Limkittikul	540,000	540,000	560,000
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	80,000	80,000	80,000
Total of Audit Fee			2,160,000	2,160,000	2,230,000

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 2017 to 2019 as shown in the following details.

- Lee Feed Mill Public Company Limited in amount of 150,000 Baht for the year 2017 - 2019. The Company does not pay any fees other than the audit fees for the year 2019
- 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.

Compliance Good Corporate Governance Guidelines

The Board of Directors considered and reviewed to apply the Corporate Governance Code for listed company, as issued by the Stock Exchange of Thailand, with its business operation. Besides, The Company annually reviewed at least once a year. According to the Board of Director's Meeting no. 1/2020 dated on 27th February 2020, the company considered certain matters that could not apply for or have not adopted principles and record in the minutes of the meeting.

The Company has complied with the Code of best practices by annually its self-assessment. The Company also revised and reviewed the business ethics, the corporate governance policy, the anti-bribery and corruption policy and guidelines for performing duties of directors, executives and employees in order to comply management with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand and other related laws.



Corporate Social Responsibility Activities

The Board of Directors has recognized the importance of management under good corporate governance, setting policies and guidelines for operations based on accountability, transparency, and auditability. It also focuses on treating every stakeholder with care and fairness.

The Escort of stakeholders' right

In addition to taking care of shareholders' rights as stipulated in the corporate governance policy, the Board of Directors also gives importance to the care of the rights of employees, customers, business partners, government agencies as well as supporting various activities of communities to create a quality society, including environmental preservation in order that the Company will grow steadily and sustainably

Employees

The Company treat all employees equally, handling and looking after employees to receive appropriate and fair compensation. There are various welfare arrangements, not less than the compulsory by law such as setting provident fund, arranging for group health care insurance and group accident insurance, reimbursement for medical expenses in excess of group insurance, annual health checkup, and other fringe benefits, such as money support in case of death of employee, father, mother, children, or legally eligible spouse; financial support in case of a marriage; money support in case of ordination; etc. In addition, the Company arrange a convenient and hygiene workplace for the reason of safety to life and belongings of the employees as well.

The Company pay attention to personnel development by encouraging employees to gain knowledge and skills continuously and systematically in order to create opportunities and career advancement, including increasing the potential for employees themselves.

The Company joined the project to promote saving and personal money management with the Stock Exchange of Thailand (Financial happiness creation Project). By implanting financial discipline and encouraging employees to gain new knowledge and skill, the employees might be able to manage their revenues and design and invest properly to have good quality of life and financial stability.

Customers

The Company pay attention to the production of good quality animal feed and uphold the business conditions with customers with honesty and fairness. There is a disclosure of information about products and services correctly, completely, and without distortion. The Company also keep customers' confidential and also do not misuse the information. This is to create trust and satisfaction to the customers. The Company continuously research and develop products by controlling the quality in every production process to ensure that the company's products are of good quality according to the specified standards.

In the year 2019, the Company invested in installing new machinery and developing production systems resulting in higher production efficiency, cost reduction and using of resources efficiently.

The Company have been certified ISO 9001, ISO 14001, ISO 50001 management standards from the ISO Certification Institute and accredited GMP and HACCP standards from the Department of Livestock Development. All these certifications might guarantee the quality of product and ensure in our products and services.

Trading Partner

The Company adhere to transparency in order to maintain good relations with trading partners. There are clear criteria for selecting partners by considering qualities that are standard, reasonable prices, including the ability to provide after-sales services and not requesting or receiving any benefits incorrectly from business partners.

Government agencies

The Company cooperate with various organizations such as Thai Feed Mill Association (TFMA), Federation of Livestock and Aquaculture, Board of Trade of Thailand, and The Federation of Thai Industries to enable the operations of all parties to grow sustainably together.

Corporate social and environmental responsibilities

Youth education

The Company recognize the importance of education for youth. Over the past 10 years, the Company have supported funds for schools that lack of funds to procure educational equipment, providing scholarships to underprivileged children in the remote areas, hiring teachers in shortage areas, including constructing and repairing the school continuously. This is to encourage Thai youth to grow up with quality, having knowledge and abilities, and developing their potentials. This will strengthen the solid foundation and being an important force in the development of Thai society and the country in the future.

The Company participated in the project as according to the wishes of Her Royal Highness Princess Maha Chakri Sirindhorn, who cares about the lives of underprivileged people in remote areas and under the "The Princess Mother's Projects". Profession (vocational certificate) and disadvantaged people living in remote areas for 10 scholarships per year 30,000 baht each, constituting total of 300,000 baht per year. The study will be to develop a progression of their own home country. This project helps remote areas to be developed by local people who have a love for their homeland, which will lead to the development of sustainable communities of their homeland.



The Company's financial supports for youth education in 2019 were as follows:

1. Baan Hoij hin Khaw School, Saraburi province	150,000	baht
2. Watkunchonwachiraram School, Phetchaburi province	200,000	baht
3. Wat Nern Pho School, Chantaburi province	181,610	baht
4. Wat Burigaram School, Saraburi province	158,000	baht
5. Baan Khok Yao School, Phetchabun province	190,170	baht
6. Baan Nong Yang School, Nakhon Si Thammarat province	94,000	baht
7. The Compassion of the Princess Mother's Project	300,000	baht
Total	1,273,780	baht





Dissemination of Knowledge to society

The Company support knowledge dissemination by allowing students from various institutions to be trained within various sections of the Company in order to enhance their skills and knowledge. The Company also allows organizations, i.e., Thailand Productivity Institute, Medical Education Center, Provincial Industry Office, and Office of the teachers Civil and Educational Personnel Commission to visit and study their facilities for learn about the production process and management system, and various activities of the Company. Moreover, the Company disseminate knowledge to outside communities by sending its employees to other organization as speakers.



The Company joined the project to enhance and develop the quality of life of physically handicapped in Thailand so that they can engage in agriculture and animal husbandry on order to heighten their quality of lives, be able to earn incomes for themselves, and do not become a burden to their families and society which is a way to strengthen the society in the long run.

On 22 November 2019, the Company donated 224,840 Baht to participants of the enhance and develop the quality of life of physically handicapped in Thailand project in Buriram province.



Activities for Societal Supports

The Company encourage their employees to participate in public service activities in order to share societal opportunities to those in need. Every year, the Company normally corporate with the Thai Red Cross to invite employees and people to participate in donating blood to the Thai Red Cross 3 times a year at the venue of head office and in the area of both plants.

The Company encourage employees to volunteer. The Phetchaburi plant has collaborated with the Huai Tha Chang Subdistrict Administrative Organization, Khao Yoi District, Phetchaburi Province to organize activities in the Royal Volunteer Spirit Project "We do good with heart" in the area to develop various locations in Huai Tha Chang Subdistrict for many times a year, such as on the irrigation canal road, including other public places so that people in the area will be convenient to utilize.

In addition, the Company support various donation programs such as donating old calendars to Foundation for the Blind in Thailand under the Royal Patronage, donating dog food to Saraburi Municipality for use in the Saraburi Municipality Dog Shelter, donating money and dog food to the stray dog care fund on Canine Island in Nonthaburi Province and donating surplus items to the Mirror Foundation etc.

On May 17, 2019, the Saraburi Plant supports 100 bags of chicken food to the marigold community chicken farmers. The project aims to increase income for small farmers of the District Agricultural Office, Saraburi Province





Community relations

The Company place importance on harmonious coexistence with the society and surrounding communities by arranging teams to meet with residents of areas surrounding the factories in order to gather suggestions, take complaints or recommendations related to the environment so that the Company can improve and rectify the problems in order that the communities and the Company can coexist harmoniously.

On religious days and culturally important days, the Company participated supporting communities around the locations of their production plants to organize activities, i.e., merit-making events, offering of robes to monks, Children's Day event, Thai-Chinese local tradition event in order to jointly develop good quality of life for people in the community, create a pleasant society, and inheriting Thailand's valuable culture.

Safety

The Company care about safety by instilling in their personnel, the conscience and awareness toward personal and public safety. In this connection, the Company organize various projects, i.e., "Safe Driving Project", "Safety Energy and Environment Week Project", "Responding to Crisis and Fire Evacuation Drill Project" and "5S in the Workplace Project" in order to create good awareness in employees.





Environment

The Company have a policy to take care of the environment in accordance with the international standard system ISO 14001 by developing the ozone system to treat the odor caused by the production processes, including the use of microbes in water treatment in order to minimize the impact from the production processes that may have an effect on the environment.



To raise awareness of using resources efficiently and economically, the Company have campaigned to use various resources efficiently, i.e., using two-sided paper, turning off the cooler and lights during the lunch break or when the rooms are vacant for a long time, using car pool for travelling on the same route, using gasohol which is cleaner energy than gasoline to reduce air pollution problems from the exhaust pipe.

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:

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
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	135	121	Comparable market price
Interest income	-	-	2	4	6.88 - 7.13% per annum
Dividend income	-	-	-	29	
Purchase of goods	-	-	82	274	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 2019 and 2018 between the Company and its subsidiary company are as follows:

(Units: Thousand Baht)

	Consolidated		The Company Only	
	2019	2018	2019	2018
<u>Trade accounts and notes receivable</u>				
Subsidiary Company	-	-	5,293	3,836
<u>Short-term loan to subsidiary</u>				
Subsidiary Company	-	-	122,000	31,000
<u>Trade accounts payable</u>				
Subsidiary Company	-	-	4,329	5,756



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 2019)

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 2019)

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 27.4 of the financial statements, As at 31 December 2019, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 10 million (2018: Baht 9.0 million) (the Company only: Baht 5 million (2018: 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 935 million (2018: Baht 1,017 million) (The Company Only: Baht 714 million (2018: Baht 788 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)

Lee Feed Mill Public Company Limited and its subsidiaries

Statement of financial position as at 31 December 2017 - 2019

Assets	2017		2018		2019	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Assets						
Financial Positions						
Current assets						
Cash and cash equivalents	41,534	1.39	60,903	2.10	32,326	1.08
Current investments						
Marketable securities	291,835	9.74	112,586	3.89	347,841	11.66
Fixed deposits	968,012	32.32	1,105,393	38.20	948,065	31.79
Total current investments	1,259,847	42.06	1,217,979	42.09	1,295,906	43.45
Trade and other receivables	217,396	7.26	182,229	6.30	193,347	6.48
Inventories	682,687	22.79	637,144	22.02	640,269	21.49
Current biological assets	3,441	0.11	9,295	0.32	6,943	0.23
Other current assets	9,863	0.33	6,368	0.22	5,384	0.18
Total current assets	2,214,768	73.94	2,113,918	73.05	2,174,175	72.91
Non-current assets						
Investment in associated company	9,184	0.30	9,251	0.32	9,295	0.31
Other long-term investments	18,430	0.62	18,430	0.64	18,430	0.62
Investment properties	14,004	0.47	14,004	0.48	14,004	0.47
Property, plant and equipment	691,434	23.08	686,049	23.70	711,640	23.86
Non-current biological assets	28,643	0.96	36,933	1.28	39,843	1.34
Deferred tax assets	2,148	0.07	312	0.01	420	0.01
Other non-current assets	16,729	0.56	14,923	0.52	14,364	0.48
Total non-current assets	780,572	26.06	779,902	26.95	807,996	27.09
Total assets	2,995,340	100.00	2,893,820	100.00	2,982,171	100.00

Lee Feed Mill Public Company Limited and its subsidiaries

Statement of financial position as at 31 December 2017 - 2019

Liabilities and shareholders' equity	2017		2018		2019	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables	185,331	6.19	184,041	6.36	155,165	5.20
Income tax payable	16,002	0.53	9,653	0.33	28,280	0.95
Other current liabilities	3,454	0.12	3,402	0.12	1,448	0.05
Total current liabilities	204,787	6.84	197,096	6.81	184,893	6.20
Non-current liabilities						
Deferred tax liabilities	43,891	1.47	38,344	1.33	31,010	1.04
Provision for long-term employee benefits	75,944	2.54	80,246	2.77	101,877	3.41
Other non-current liabilities	3,979	0.13	3,999	0.14	6,722	0.23
Total liabilities	328,601	10.98	319,685	11.05	324,502	10.88
Shareholders' equity						
Share capital – Issued and fully paid	922,180	30.79	922,180	31.87	922,180	30.91
Share premium	681,345	22.75	681,345	23.54	681,345	22.85
Other components of shareholders' equity	225,784	7.54	225,784	7.80	225,783	7.57
Retained earnings						
Appropriated – statutory reserve	143,625	4.79	144,375	4.99	144,375	4.84
Unappropriated	665,322	22.20	571,209	19.74	654,177	21.95
Non-controlling interests of the subsidiaries	28,483	0.95	29,242	1.01	29,809	1.00
Total shareholders' equity	2,666,739	89.02	2,574,135	88.95	2,657,669	89.12
Total liabilities and shareholders' equity	2,995,340	100.00	2,893,820	100.00	2,982,171	100.00



Lee Feed Mill Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017 - 2019

Items	2017		2018		2019	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenues						
Sales	3,325,914	98.98	2,950,346	98.51	2,625,181	98.04
Other income						
Interest income	14,841	0.44	14,993	0.50	19,322	0.71
Dividend income	6,753	0.20	6,943	0.23	21,351	0.80
Others	12,751	0.38	22,596	0.75	11,934	0.45
Total other income	34,345	1.02	44,532	1.49	52,607	1.96
Total revenues	3,360,259	100.00	2,994,878	100.00	2,677,788	100.00
Expenses						
Cost of sales	2,905,500	86.47	2,639,882	88.15	2,266,098	84.63
Selling expenses	70,048	2.08	71,539	2.39	64,183	2.40
Administrative expenses	155,304	4.62	146,317	4.89	155,817	5.82
Loss on investments in marketable securities	2,853	0.08	38,007	1.27	9,824	0.37
Total expenses	3,133,705	93.26	2,895,745	96.69	2,495,922	93.21
Profit before share of profit from investment in associated company, finance cost and income tax expenses	226,554	6.74	99,133	3.31	181,866	6.79
Share of profit (loss) from investment in associated company	(88)	0.00	67	0.00	44	0.00
Finance cost	(1,619)	(0.05)	(1,636)	(0.05)	(1,210)	(0.05)
Income tax expenses	(28,363)	(0.84)	(13,454)	(0.45)	(30,637)	(1.14)
Profit for the year	196,484	5.85	84,110	2.81	150,063	5.60

Lee Feed Mill Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017 - 2019

Items	2017		2018		2019	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Actuarial gain (loss)	(10,233)	(0.30)	-	-	8,586	0.32
Income tax effect	1,957	0.06	-	-	(1,717)	(0.06)
Other comprehensive income for the year	188,208	5.60	84,110	2.81	156,932	5.86
<u>Profit attributable to:</u>						
Equity holders of the Company	191,137	5.67	81,851	2.73	149,704	5.59
Non-controlling interests of the subsidiaries	5,347	0.16	2,259	0.08	359	0.01
Profit for the year	196,484	5.83	84,110	2.81	150,063	5.60
<u>Comprehensive income attributable to:</u>						
Equity holders of the Company	183,032	5.43	81,851	2.73	156,365	5.84
Non-controlling interests of the subsidiaries	5,177	0.15	2,259	0.08	567	0.02
Total comprehensive income for the year	188,209	5.58	84,110	2.81	156,932	5.86
Basic earnings per share/ Profit attributable to equity holders of the Company	0.21		0.09		0.16	



Significant Financial Ratios reflecting on financial position

			2017	2018	2019
1. Liquidity Ratio					
Current Ratio	times		10.81	10.73	11.76
Quick Ratio	times		7.42	7.41	8.23
Cash Ratio	times		1.36	1.10	0.89
Account Receivable Turnover	times		15.81	14.77	13.98
Average Collection Period	days		23	25	26
Inventory Turnover	times		4.19	4.00	3.55
Holding Period	days		87	91	103
Account Payable Turnover	times		16.41	14.29	13.36
Payment Period	days		22	26	27
Cash Conversion Cycle	days		88	90	102
2. Profitability Ratio					
Gross Profit Margin Ratio	%		12.64	10.52	13.68
Operating Profit Margin Ratio	%		5.86	3.14	5.30
Other Income Ratio	%		1.02	1.49	1.96
Operating Cash Flow	%		138.74	237.64	121.66
Net Profit margin	%		5.85	2.81	5.60
Return on Equity (ROE)	%		7.32	3.21	5.74
3. Efficiency Ratio					
Return on Assets (ROA)	%		6.56	2.86	5.11
Return on Capital (ROC)	%		36.77	21.36	29.32
Asset Turnover	times		1.12	1.02	0.91

		2017	2018	2019
4. Financial Policy Ratio				
Debt to Equity Ratio	times	0.12	0.12	0.12
Interest Coverage Ratio	times	187.66	148.08	157.10
Debt Service Coverage Ratio (Cash Basis)	times	1.00	1.10	0.86
Dividend Payout Ratio	%	89	87	74
5. Financial Data Per Share				
Net Book Value per Share	Baht/Share	2.86	2.76	2.85
Earnings per Share	Baht/Share	0.21	0.09	0.16
Cash Dividend per Share	Baht/Share	0.19	0.08	0.12
6. Growth Rate				
Total Assets	%	(0.01)	(3.39)	3.05
Total Liabilities	%	12.66	(2.71)	1.51
Total Revenues	%	(1.87)	(11.29)	(11.02)
Total Operating Expenses	%	(2.16)	(3.33)	0.98
Net Profit	%	(22.63)	(57.19)	78.41



Management Discussion and Analysis

Operational Results and the Financial Status of Lee Feed Mill Public Company Limited and its Subsidiaries for the year 2018 and 2019 are summarized below:

1. Operational Results

1.1 Revenues

The Company's sales of the year 2019 and 2018 were Baht 2,625 million and Baht 2,950 million, respectively. The Company's main revenue was the sales of animal feed of 99.12 percent while the remaining 0.88 percent is income from animal breeding and crop farming.

For the year 2019, animal feed products sales portion composes of 48 percent for land animal feed sales and 52 percent for aquatic animal feed sales.

In the year 2019, the Company's sales decreased by 12%. Other income from interest income and dividend income for the year 2019 and 2018 was Baht 41 million and Baht 22 million, respectively. Moreover, other income from the sale of by-products, fixed assets and others approximately amounted to Baht 12 million and Baht 22 million, respectively. There was also a loss from investments in marketable securities amounting to Baht 10 million and Baht 38 million for the year 2019 and 2018, respectively.

1.2 Cost of sales

In the year 2019 and 2018, cost of sales amounted of Baht 2,266 million and Baht 2,640 million, respectively, representing 86.32 percent and 89.50 percent of sales, respectively. The decreasing in cost of sales amounting to Baht 374 million was in the same line as declining sales.

1.3 Selling and Administrative Expenses

In the year 2019 and 2018, selling expenses of Baht 64 million and Baht 71 million, respectively, representing 2.39 percent and 2.38 percent of sales. Selling expenses dropped Baht 7.36 million due to declining in sales. Administrative expenses were Baht 156 million and 146 million in 2019 and 2018, respectively.

The Company had finance costs approximately Baht 1.2 million and Baht 1.6 million in 2019 and 2018, respectively. In addition, the Company have credit facility with the financial institutions which can be promptly used in case of the fact that the Company need to invest or lack of liquidity.

1.4 Income tax expenses

Income tax expenses, amounting of Baht 31 million, increased by Baht 17 million from the previous year due to rising in the Company's profit.

1.5 Net Profit

The net profit of consolidated financial statement for the period ended 31 December 2019 was Baht 150 million and increased by Baht 66 million or 78.41 percent compared to the prior year net profit of Baht 84 million. The net profit margin of the year 2019 and 2018 were 5.60 percent and 2.81 percent, respectively. The Company had higher performance mainly due to the fact that gross profit of feed business rose by Baht 69 million. This was because revenue from aquatic animal feeds, which had higher gross profit than land animal feed, increased by Baht 17 million from the previous year. Meanwhile, revenue from land animals feed significantly dropped Baht 359 million from the previous year. In addition, the efficiency improvement of production cost management had affected cost of sales reduction. In addition, the loss on investments in marketable securities decreased by Baht 28 million compared to the same period of last year. Most transactions were unrealized loss on investments which are stated of fair value or market price according to accounting standards by the end of accounting period. (as at December 31, 2019)

1.6 Other comprehensive income

The Company had other comprehensive income of Baht 6.87 million caused by the actuarial gain after deducting deferred tax expenses in the current year. However, there was no any other comprehensive income in prior year.

1.7 Return on investment rate of shareholders

Return on investment rate of shareholders for the years 2019 was increased by 2.53 percent, from 3.21 percent to be 5.74 percent. Return on assets increased from 2.86% in the year 2018 to be 5.11% in the year 2019, mainly due to the increase in net profit.

2. Financial Position

Assets

As at 31 December 2019 and 2018, The Company have total assets of Baht 2,982 million and Baht 2,894 million, respectively. The portion of current assets to non-current assets is approximately 73 : 27 for the both years.

The principal current assets as at 31 December 2019 and 2018, which was approximately 73 percent of total assets for the both years, were cash and cash equivalents, inventories, trade and other receivables and current investments.

Inventories

As at 31 December 2019 and 2018, inventories net of allowance for diminution value amounted of Baht 640 million and Baht 637 million, respectively, or approximately 22 percent of total assets both years. The inventory turnover ratio has increased from 91 days to 103 days. Most of inventories were raw materials, consist of corn, soybean meal and fish meal. The Company store raw materials in order to prevent the fluctuate on pricing and raw material shortage. There is no problem of deterioration or spoilage because these raw materials had been dried and could be stored for a long time.



Trade and Notes Receivable

As at 31 December 2019 and 2018, trade and other receivables amounted of Baht 193 million and Baht 182 million, respectively, or 6 percent of total assets for both years. The collection periods also were approximately 26 and 25 days in 2019 and 2018, respectively. The Company have always focused on cash sales policy. However, The Company give credit for customers who have good historical payments and collaterals.

The policy of allowance for doubtful debt, the Company consider recording allowance for doubtful accounts based on the customers' financial positions, collateral, and historical repayments. However, accounts receivable with an overdue over 3 months will be set up provisions after deducting collateral value. Base on the Company history, these customers still gradually pay back to the Company. Therefore, the Company are confident that the Company have adequately reserved allowance for doubtful accounts.

Current Investments

As at 31 December 2019 and 2018, the Company had current investments amounting of Baht 1,296 million and Baht 1,218 million, respectively. Current investments composed of fixed deposits, mutual fund and investments in marketable securities. The investment in short-term aims to manage its financial liquidity. There is no maximum limit to invest in current investment. It is determined by the excess liquidity at each point of time. In addition, the Company will principally focus on risks and appropriated returns such as investing in government bonds, state enterprises bonds 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 consisted of land, building and machinery. As at 31 December 2019 and 2018, fixed assets before deducting accumulated depreciation were Baht 2,200 million and Baht 2,136 million, respectively. Net increase amounting of Baht 64 million caused by procurement machinery, office equipment and vehicle totaling of Baht 82 million and disposal totaling of Baht 18 million during the year 2019. Net book value as at 31 December 2019 and 2018 were Baht 712 million and Baht 686 million, respectively.

3. Sources of Funding

3.1 Liabilities

As at 31 December 2019 and 2018, the Company's total liabilities stated amount of Baht 325 million and Baht 320 million, respectively. The ratio of total liabilities to total assets were 10.88 and 11.05 percent, respectively. Most liabilities were current liabilities which mainly were account payables from raw materials procurement under the normal credit term.

Provision for long-term employee benefits was reserved for employee compensation. As at 31 December 2019 and 2018, provision for long-term employee benefits were Baht 102 million and Baht 80 million, respectively, which increased by Baht 22 million. This was affected by changing of the Labor Protection Act.

The Company and its subsidiaries have no guarantee anyone 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 2019 and 2018, the Company and its subsidiaries have been granted various types of credit facilities by several financial institutions of which Baht 935 million and Baht 1,017 million, respectively. These guarantees 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 facilities have not been exercised since the Company and its subsidiaries have good financial liquidity. Thus, the credit facilities have not been utilized the mortgage assets as collateral.

3.2 Shareholders' Equity

As at 31 December 2019, the shareholders' equity stated amount of Baht 2,658 million, unappropriated retained earnings of approximately Baht 654 million. Board of Director Meeting No. 2/2020 held on 13th March 2020 approved to pay dividend for the year 2019 at Baht 0.12 per share, total of Baht 110,661,630.12 million. The dividend will be paid on 19th May 2020, which is paid from the operating result for the period from 1 January 2019 to 31 December 2019. The dividend payment is 78 percent of the separated financial statement's net profit (74 percent of the consolidated financial statement)

3.3 Appropriateness of the Capital Structure

As at 31 December 2019, 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 do 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 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 have the remaining of credit line from financial institutions adequately.

As at 31 December 2019, the registered capital of the company amounts of Baht 929,070,000 shares, and paid-up capital amount of Baht 922,180,251.



4. Liquidity Conditions

4.1 Cash Flow from Operations

The Company have cash inflow from operations activities amount of Baht 169 million and Baht 220 million in 2019 and 2018, respectively, which decreased by Baht 51 million. The Company continuously maintain the policy of giving credit to customers concisely, which had an average collection period of 26 days. The Company also stored sufficiently quantity of raw materials for production. In addition, the Company principally considered changes of important raw materials prices and product demands in the market. Cash Cycle was 102 days and the Company had no long outstanding payable.

4.2 Cash Flow from Investment Activities

During the year 2019, the Company paid for investment activities amount of Baht 123 million. The Company invested in fixed deposit and short-term investments - net amount of Baht 88 million for procurement machinery and other assets for operation amount of Baht 82 million. However, the Company received interest income and dividend from other investment amount of Baht 40 million and received cash from disposal assets amount of Baht 6 million.

4.3 Cash Flow from Financial Activities

In year 2019, the Company had cash outflow from financial activities amounting of Baht 75 million and decreased by Baht 102 million. This was mainly because dividend paid in 2019 was less than prior year.

4.4 Liquidity Ratio

In year 2019 and 2018, the ratios of current assets to current liabilities were 11.76 and 10.73 times, respectively, which slightly increased from last year.

4.5 Factors that may affect future operation or financial position.

Currently, the Company have 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 2019, 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 2019, 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 Group 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 has to estimate the amount of allowance for doubtful debt required for receivables that are not expected to be collectible, which is presented as a deduction from accounts receivable, as described in Note 9. Estimating the allowance for doubtful accounts requires management to exercise judgement, taking into consideration collection history, the results of aging analysis and analysis of debtors' ability to make payment. The estimation of allowance for doubtful debt thus directly affects both the doubtful debt expense recorded in profit and loss and the balance of accounts receivable presented at period-end.

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

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



Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 27 February 2020

Statement of financial position

Lee Feed Mill Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	32,325,824	60,902,566	21,966,636	34,397,817
Current investments					
- Fixed deposits and certificates of deposits with maturity date due more than 3 months		948,065,203	1,105,392,732	948,065,203	1,105,392,732
- Marketable securities	8	347,841,296	112,586,244	347,841,296	112,586,244
Trade and other receivables	9	193,347,083	182,229,337	148,439,817	143,275,530
Short-term loans to related party	6	-	-	122,000,000	31,000,000
Inventories	10	640,269,086	637,143,736	278,302,776	357,257,680
Current biological assets	11	6,942,901	9,295,066	6,942,901	9,295,066
Other current assets		5,383,838	6,368,410	3,238,572	4,771,980
Total current assets		2,174,175,231	2,113,918,091	1,876,797,201	1,797,977,049
Non-current assets					
Investment in associated company	12	9,294,731	9,250,898	9,272,211	9,272,211
Investments in subsidiaries	13	-	-	194,999,800	194,999,800
Other long-term investments	14	18,430,400	18,430,417	18,430,400	18,430,417
Investment properties	15	14,003,993	14,003,993	13,754,587	13,754,587
Property, plant and equipment	16	711,639,704	686,049,101	297,549,632	297,212,913
Non-current biological assets	11	39,843,207	36,932,565	39,843,207	36,932,565
Deferred tax assets	22	420,072	312,368	-	-
Other non-current assets		14,363,692	14,922,668	11,915,638	12,465,769
Total non-current assets		807,995,799	779,902,010	585,765,475	583,068,262
Total assets		2,982,171,030	2,893,820,101	2,462,562,676	2,381,045,311

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	155,164,872	184,040,940	92,175,070	104,749,188
Income tax payable		28,279,649	9,653,206	24,769,979	7,781,474
Other current liabilities		1,447,574	3,402,027	1,395,728	2,987,080
Total current liabilities		184,892,095	197,096,173	118,340,777	115,517,742
Non-current liabilities					
Deferred tax liabilities	22	31,009,954	38,343,789	3,939,834	8,666,861
Provision for long-term employee benefits	18	101,877,381	80,246,482	51,316,790	39,948,647
Other non-current liabilities		6,722,155	3,998,803	4,317,143	3,998,803
Total non-current liabilities		139,609,490	122,589,074	59,573,767	52,614,311
Total liabilities		324,501,585	319,685,247	177,914,544	168,132,053
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	144,375,000	122,500,000	122,500,000
Unappropriated		654,176,234	571,209,137	475,850,306	404,115,432
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		2,627,860,253	2,544,893,156	2,284,648,132	2,212,913,258
Non-controlling interests of the subsidiaries		29,809,192	29,241,698	-	-
Total shareholders' equity		2,657,669,445	2,574,134,854	2,284,648,132	2,212,913,258
Total liabilities and shareholders' equity		2,982,171,030	2,893,820,101	2,462,562,676	2,381,045,311

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		2,625,180,958	2,950,345,572	1,563,215,757	1,644,777,598
Other income					
Interest income		19,321,563	14,992,621	21,249,906	19,412,815
Dividend income		21,351,400	6,943,320	21,351,400	35,443,320
Others		11,933,851	22,596,629	9,024,619	17,396,167
Total revenues		2,677,787,772	2,994,878,142	1,614,841,682	1,717,029,900
Expenses					
Cost of sales		2,266,097,983	2,639,882,185	1,306,518,152	1,470,717,133
Selling expenses		64,183,569	71,538,392	38,634,779	40,880,132
Administrative expenses		155,816,652	146,317,366	86,917,340	83,102,174
Loss on investments in marketable securities		9,823,855	38,007,094	9,823,855	38,007,094
Total expenses		2,495,922,059	2,895,745,037	1,441,894,126	1,632,706,533
Profit before share of profit from investment in associated company, finance cost and income tax expenses		181,865,713	99,133,105	172,947,556	84,323,367
Share of profit from investment in associated company	12	43,833	66,946	-	-
Profit before finance cost and income tax expenses		181,909,546	99,200,051	172,947,556	84,323,367
Finance cost		(1,210,056)	(1,635,686)	(1,061,956)	(913,463)
Profit before income tax expenses		180,699,490	97,564,365	171,885,600	83,409,904
Income tax expenses	22	(30,636,723)	(13,454,111)	(29,455,186)	(4,026,275)
Profit for the year		150,062,767	84,110,254	142,430,414	79,383,629

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain	18	8,586,535	-	3,377,330	-
Less: Income tax effect	22	(1,717,307)	-	(675,466)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		6,869,228	-	2,701,864	-
Other comprehensive income for the year		6,869,228	-	2,701,864	-
Total comprehensive income for the year		156,931,995	84,110,254	145,132,278	79,383,629
Profit attributable to:					
Equity holders of the Company		149,703,641	81,851,396	142,430,414	79,383,629
Non-controlling interests of the subsidiaries		359,126	2,258,858		
		150,062,767	84,110,254		
Total comprehensive income attributable to:					
Equity holders of the Company		156,364,501	81,851,396	145,132,278	79,383,629
Non-controlling interests of the subsidiaries		567,494	2,258,858		
		156,931,995	84,110,254		
Earnings per share	23				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.16	0.09	0.15	0.09

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 2019

(Unit: Baht)

	Consolidated financial statements							
	Equity attributable to owners of the Company							
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Appropriated – Statutory reserve			Unappropriated	Other comprehensive income				
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
Total comprehensive income – profit for the year	-	-	-	81,851,396	-	81,851,396	2,258,858	84,110,254
Dividend paid (Note 26)	-	-	-	(175,214,248)	-	(175,214,248)	-	(175,214,248)
Dividend of subsidiaries 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
Balance as at 1 January 2019	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
Profit for the year	-	-	-	149,703,641	-	149,703,641	359,126	150,062,767
Other comprehensive income for the year	-	-	-	6,660,860	-	6,660,860	208,368	6,869,228
Total comprehensive income for the year	-	-	-	156,364,501	-	156,364,501	567,494	156,931,995
Dividend paid (Note 26)	-	-	-	(73,397,404)	-	(73,397,404)	-	(73,397,404)
Balance as at 31 December 2019	922,180,251	681,345,392	144,375,000	654,176,234	225,783,376	2,627,860,253	29,809,192	2,657,669,445

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 2019

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of equity	Total shareholders' equity
			Appropriated - Statutory reserve	Unappropriated		
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
Dividend paid (Note 26)	-	-	-	(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
Balance as at 1 January 2019	922,180,251	681,345,392	122,500,000	404,115,432	82,772,183	2,212,913,258
Profit for the year	-	-	-	142,430,414	-	142,430,414
Other comprehensive income for the year	-	-	-	2,701,864	-	2,701,864
Total comprehensive income for the year	-	-	-	145,132,278	-	145,132,278
Dividend paid (Note 26)	-	-	-	(73,397,404)	-	(73,397,404)
Balance as at 31 December 2019	922,180,251	681,345,392	122,500,000	475,850,306	82,772,183	2,284,648,132

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



Cash flow statement

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	180,699,490	97,564,365	171,885,600	83,409,904
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on current investments - marketable securities	59,141,344	48,395,525	59,141,344	48,395,525
Gain on sales of current investments - marketable securities	(49,317,490)	(10,388,431)	(49,317,490)	(10,388,431)
Gain arising from change in fair value of biological assets	(4,026,461)	(9,325,326)	(4,026,461)	(9,325,326)
Depreciation	54,838,041	62,998,712	24,311,922	30,149,587
Bad debts	-	86,497	-	73,695
Allowance for doubtful accounts (reversal)	1,609,361	1,844,377	576,607	(399,584)
Reversal of provision for sales discounts	(3,322,166)	(3,890,088)	(257,434)	-
Reduction of inventories to net realisable value (reversal)	(96,480)	1,511,593	1,280	195,613
Share of profit from investment in associated company	(43,833)	(66,947)	-	-
Gain on sales of equipment	(4,785,566)	(8,356,134)	(2,974,300)	(4,302,101)
Provision for long-term employee benefits	33,992,030	9,407,987	15,949,820	4,741,821
Dividend received from investment in subsidiary	-	-	-	(28,500,000)
Dividend received from market securities and other long-term investments	(21,351,400)	(6,943,320)	(21,351,400)	(6,943,320)
Interest income	(19,321,563)	(14,992,622)	(21,249,906)	(19,412,815)
Interest expenses	3,188	6,135	478,562	39,183
Profit from operating activities before changes in operating assets and liabilities	228,018,495	167,852,323	173,168,144	87,733,751
Operating assets (increase) decrease				
Trade and other receivables	(9,078,383)	38,026,256	(4,314,899)	4,270,916
Inventories	(3,028,870)	44,032,043	78,953,624	(39,382,923)
Current biological assets	3,270,318	(5,356,806)	3,270,318	(5,356,806)
Other current assets	713,483	2,111,029	1,533,408	(234,263)
Non-current biological assets	197,666	538,394	197,666	538,394
Other non-current assets	558,993	1,806,148	550,148	1,627,702

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Operating liabilities increase (decrease)				
Trade and other payables	(28,876,068)	(1,289,859)	(12,574,118)	(9,485,387)
Other current liabilities	(618,559)	(422,869)	(1,604,783)	129,259
Other non-current liabilities	2,723,352	20,100	318,340	20,100
Cash flows from operating activities	193,880,427	247,316,759	239,497,848	39,860,743
Cash paid for long-term employee benefits	(3,774,596)	(5,105,561)	(1,204,347)	(1,910,510)
Cash paid for interest expenses	(3,188)	(6,135)	(478,562)	(39,183)
Cash paid for corporate income tax	(20,898,037)	(22,131,529)	(17,869,174)	(8,036,391)
Net cash flows from operating activities	169,204,606	220,073,534	219,945,765	29,874,659
Cash flows from investing activities				
Decrease (increase) in current investments - fixed deposits and certificates of deposits with maturity date due more than 3 months	157,327,529	(137,380,211)	157,327,529	(137,380,211)
Decrease (increase) in current investments - marketable securities	(245,078,906)	141,241,402	(245,078,906)	141,241,402
Short-term loans to related party	-	-	(232,000,000)	(295,000,000)
Cash received from repayment of short-term loans to related party	-	-	141,000,000	414,500,000
Acquisition of equipment	(81,865,978)	(58,513,118)	(25,281,141)	(30,078,069)
Proceeds from sales of equipment	6,222,900	9,255,000	3,606,800	4,932,000
Dividend received from investment in subsidiary	-	-	-	28,500,000
Dividend received from other long-term investments	21,351,400	6,943,320	21,351,400	6,943,320
Interest income	18,995,005	14,091,760	20,081,345	19,439,862
Net cash flows from (used in) investing activities	(123,048,050)	(24,361,847)	(158,992,973)	153,098,304
Cash flows from financing activities				
Short-term loans from related party	-	-	97,000,000	10,000,000
Cash paid to repayment of short-term loans from related party	-	-	(97,000,000)	(10,000,000)
Dividend paid	(74,733,298)	(175,192,358)	(73,383,973)	(175,192,358)
Dividend of the subsidiaries paid to non-controlling interest	-	(1,150,689)	-	-
Net cash flows used in financing activities	(74,733,298)	(176,343,047)	(73,383,973)	(175,192,358)
Net increase (decrease) in cash and cash equivalents	(28,576,742)	19,368,640	(12,431,181)	7,780,605
Cash and cash equivalents at beginning of year	60,902,566	41,533,926	34,397,817	26,617,212
Cash and cash equivalents at end of year	32,325,824	60,902,566	21,966,636	34,397,817

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 2019

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	
			2019 (%)	2018 (%)
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 Group 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 Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are 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.

This standard does not have any significant impact on the Group's financial statements.

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

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A 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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - the Company is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Company elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - the Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - the Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. However, the Group is currently considering application of hedge accounting for certain derivatives.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received, excluding value added tax, of goods supplied after deducting discounts to customers.

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 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, laying ducks, 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, laying ducks, 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 debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income



- c) 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).
- d) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- e) 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 debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. 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 Group's 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 Group's 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 profit or loss.

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 Group, whether directly or indirectly, or which are under common control with the Group.

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



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 Group'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 profit or loss.

4.12 Impairment of assets

At the end of each reporting period, the Group 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 Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and contributions of the Group are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treat these severance payment obligations as a defined benefit plan. In addition, the Group 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 Group recognises restructuring-related costs.

4.14 Provisions

Provisions are recognised when the Group 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 Group recognises deferred tax liabilities for all taxable temporary differences while they recognises 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 Group reviews and reduces 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 Group records 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 Group applies 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 Group measures 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 Group determines 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 are 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 Group presents 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 Group measures 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 Group 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 Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	135	121	Comparable market price
Interest income	-	-	2	4	6.88% to 7.13% per annum
Dividend income	-	-	-	29	As announcement
Purchase of goods	-	-	82	274	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 2019 and 2018, the balances of the accounts between the Group and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade and other receivables - related parties (Note 9)				
Subsidiaries	-	-	5,293	3,836
Short-term loans to related parties				
Subsidiary	-	-	122,000	31,000
Trade and other payables - related parties (Note 17)				
Subsidiaries	-	-	4,329	5,756

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

(Unit: Thousand Baht)

Related by		Separate financial statements			
		Balance as at 31 Dec 2018	Increase during the year	Decrease during the year	Balance as at 31 Dec 2019
Loans to related party					
Lee Pattana Feed Mill Co., Ltd.	Subsidiary	31,000	232,000	(141,000)	122,000
Loans from related party					
Lee Pattana Feed Mill Co., Ltd.	Subsidiary	-	97,000	(97,000)	-



Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	13,421	13,981	7,882	8,567
Post-employment benefits	2,412	953	1,020	464
Total	15,833	14,934	8,902	9,031

Guarantee obligations with related parties

The Group have outstanding guarantee obligations with its related parties, as described in Note 27.4 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	898	883	618	592
Bank deposits	31,428	60,020	21,349	33,806
Total	32,326	60,903	21,967	34,398

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.2 and 0.5 percent per annum (2018: between 0.1 and 0.5 percent per annum).

8. Current investments – marketable securities

As at 31 December 2019 and 2018, the balances of marketable securities are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2019	2018
<u>Trading securities</u>		
Equity securities	117,543	108,099
Open-end money market funds	86,755	52,883
Less: Unrealised loss on change in values of current investments	(59,141)	(48,396)
Total trading securities – net	145,157	112,586
<u>Held-to-maturity debt securities – due within 1 year</u>		
State enterprise securities	202,684	-
Total current investments	347,841	112,586

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

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	Equity securities		Open-end money market funds	
	2019	2018	2019	2018
Net book value at beginning of year	59,541	74,229	53,045	217,606
Purchases	46,021	64,239	767,950	527,000
Disposals	(35,700)	(48,176)	(736,018)	(690,895)
Change in fair value of current investments	(11,519)	(30,751)	1,837	(666)
Net book value at end of year	58,343	59,541	86,814	53,045



9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	-	-	466	1,513
Past due up to 3 months	-	-	3,957	2,291
Total trade receivable - related parties	-	-	4,423	3,804
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	98,380	117,514	60,001	78,945
Past due				
Up to 3 months	61,520	35,636	51,344	31,282
3 - 6 months	5,850	9,502	5,810	8,690
6 - 12 months	10,277	3,902	9,996	3,017
Over 12 months	41,146	36,626	31,895	31,560
Total	217,173	203,180	159,046	153,494
Less: Allowance for doubtful debts	(27,068)	(25,459)	(19,139)	(18,562)
Total trade receivables - unrelated parties, net	190,105	177,721	139,907	134,932
Total trade receivables - net	190,105	177,721	144,330	138,736
<u>Other receivables</u>				
Advances - related party	-	-	3	7
Interest receivable - related parties	-	-	867	25
Interest receivable	3,240	2,913	3,240	2,913
Other receivables	2	1,595	-	1,595
Total other receivables	3,242	4,508	4,110	4,540
Total trade and other receivables - net	193,347	182,229	148,440	143,276

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net	
	2019	2018	2019	2018	2019	2018
Finished goods	111,978	104,045	(1,362)	(866)	110,616	103,179
Work in process	1,688	711	-	-	1,688	711
Raw materials	380,696	402,392	-	-	380,696	402,392
Packing materials	33,154	36,890	(1,692)	(2,284)	31,462	34,606
Spare parts and factory supplies	77,502	72,067	-	-	77,502	72,067
Spare parts and factory supplies in transit	1,326	4,688	-	-	1,326	4,688
Raw materials in transit	35,798	18,619	-	-	35,798	18,619
Raw materials used in farming	1,181	882	-	-	1,181	882
Total	643,323	640,294	(3,054)	(3,150)	640,269	637,144

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net	
	2019	2018	2019	2018	2019	2018
Finished goods	60,513	54,996	(199)	(255)	60,314	54,741
Work in process	513	693	-	-	513	693
Raw materials	140,391	235,263	-	-	140,391	235,263
Packing materials	15,753	17,732	(57)	-	15,696	17,732
Spare parts and factory supplies	40,901	33,684	-	-	40,901	33,684
Spare parts and factory supplies in transit	850	4,688	-	-	850	4,688
Raw materials in transit	18,457	9,575	-	-	18,457	9,575
Raw materials used in farming	1,181	882	-	-	1,181	882
Total	278,559	357,513	(256)	(255)	278,303	357,258



During the current year, the Group reduced cost of inventories by Baht 0.55 million (2018: Baht 1.51 million) (The Company only: Baht 0.06 million and 2018: Baht 0.25 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 0.65 million (The Company only: Baht 0.05 million and 2018: Baht 0.06 million), and reduced the amount of inventories recognised as expenses during the year.

11. Biological assets

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2019	2018
Current biological assets	6,943	9,295
Non-current biological assets	39,843	36,933
Total biological assets	46,786	46,228

Biological assets comprise breeder pigs, piglets, laying ducks, 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 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2019	2018
Net book value at beginning of year	46,228	32,084
Increase due to purchase / raise	34,614	25,977
Decrease due to sales / harvest	(38,082)	(21,158)
Gain arising from changes in fair value of biological assets for the year	4,026	9,325
Net book value at end of year	46,786	46,228

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	
			2019 (%)	2018 (%)	2019	2018	2019	2018
Pattana Agro Futures Co., Ltd.	Dormant	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	
			2019 (%)	2018 (%)	2019	2018	2019	2018	2019	2018
Pattana Agro Futures Co., Ltd.	Dormant	Thailand	44.5	44.5	11	11	2	2	9	9

12.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of gain 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 profit from investment in associated company during the year		Dividend received during the year	
	2019	2018	2019	2018
Pattana Agro Futures Co., Ltd.	0.04	0.07	-	-



12.3 Summarised financial information about material associated company

Financial information of the associated company is summarised below:

(Unit: Million Baht)

	Pattana Agro Futures Co., Ltd.	
	2019	2018
Paid-up capital	25	25
Total assets	21	21
Total liabilities	0.06	0.12
Total revenues	0.20	0.30
Profit for the year	0.10	0.15

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	
	2019	2018	2019 (%)	2018 (%)	2019	2018	2019	2018
Lee Pattana Feed Mill Co., Ltd.	200	200	95	95	190	190	-	29
Bodhi Ngarm Sea Farm Co., Ltd.	5	5	100	100	5	5	-	-
Total					195	195	-	29

13.1 Subsidiary 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	
	2019	2018	2019 (%)	2018 (%)	2019	2018	2019	2018
Lee Pattana Agro Silo Co., Ltd.	150	150	100	100	150	150	-	15

14. Other long-term investments

(Unit: Thousand Baht)

Company's name	Consolidated / Separate financial statements					
	Shareholding percentage		Value of investments		Dividend received during the year	
	2019 (%)	2018 (%)	2019	2018	2019	2018
M.N. Inter Holding Co., Ltd.	3.64	3.64	16,780	16,780	16,780	5,034
Wall Street Tullett Liberty Ltd.	9.00	9.00	945	945	945	-
Others			705	705	-	-
Total			18,430	18,430	17,725	5,034

15. Investment properties

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 / 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 2018	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
Additions	-	-	8,559	4,746	5,922	62,638	81,865
Disposals	-	-	(965)	(1,248)	(16,499)	(10)	(18,722)
Transfers	-	9,014	11,333	-	-	(20,347)	-
As at 31 December 2019	389,141	523,057	908,070	178,210	139,231	61,904	2,199,613

Accumulated depreciation:

As at 1 January 2018	-	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
Depreciation for the year	-	12,826	17,313	6,965	17,734	-	54,838
Depreciation on disposals	-	-	(596)	(1,248)	(15,442)	-	(17,286)
As at 31 December 2019	-	417,773	805,327	163,002	101,871	-	1,487,973

Net book value:

As at 31 December 2018	389,141	109,096	100,533	17,427	50,229	19,623	686,049
As at 31 December 2019	389,141	105,284	102,743	15,208	37,360	61,904	711,640

Depreciation for the year

2018 (Baht 41 million included in manufacturing cost, and the balance in selling and administrative expenses)	62,999
2019 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses)	54,838

(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 2018	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
Additions	-	-	5,172	3,389	2,725	13,995	25,281
Disposals	-	-	-	(661)	(10,601)	(10)	(11,272)
Transfer	-	2,364	-	-	-	(2,364)	-
As at 31 December 2019	172,718	319,048	400,231	110,294	84,344	13,997	1,100,632

Accumulated depreciation:

As at 1 January 2018	-	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
Depreciation for the year	-	6,315	4,318	3,685	9,994	-	24,312
Depreciation on disposals	-	-	-	(662)	(9,978)	-	(10,640)
As at 31 December 2019	-	264,891	374,818	102,755	60,618	-	803,082

Net book value:

As at 31 December 2018	172,718	58,108	24,559	7,834	31,618	2,376	297,213
As at 31 December 2019	172,718	54,157	25,413	7,538	23,726	13,997	297,550

Depreciation for the year

2018 (Baht 17 million included in manufacturing cost, and the balance in selling and administrative expenses)	30,150
2019 (Baht 13 million included in manufacturing cost, and the balance in selling and administrative expenses)	24,312



During 2016, the Group 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 2019 and 2018 would have been as follows:

(Unit: Thousand Baht)

As at	Consolidated financial statements	Separate financial statements
31 December 2019	97,512	69,253
31 December 2018	97,512	69,253

As at 31 December 2019, 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 1,222 million (2018: Baht 1,149 million) (The Company only: Baht 691 million (2018: Baht 671 million)).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables	120,515	149,254	69,510	81,261
Trade payables - related parties	-	-	4,329	5,756
Other accounts payable	284	1,583	207	-
Accrued expenses	34,366	33,204	18,129	17,732
Total trade and other payables	155,165	184,041	92,175	104,749

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	
	2019	2018	2019	2018
Provision for long-term post employee benefits at beginning of year	75,373	71,621	37,413	34,868
Included in profit or loss:				
Current service cost	10,203	6,915	4,758	3,511
Past service cost	25,567	-	12,196	-
Interest cost	2,699	1,943	1,318	944
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Financial assumptions changes	(8,419)	-	(4,845)	-
Demographic assumptions changes	2,030	-	1,122	-
Experience adjustments	(2,198)	-	346	-
Benefits paid during the year	(3,734)	(5,106)	(1,184)	(1,910)
Provision for long-term post employee benefits at end of year	101,521	75,373	51,124	37,413
Provision for other long-term employee benefits at end of year	356	4,873	193	2,536
Provision for long-term employee benefits at end of year	101,877	80,246	51,317	39,949

On 5 April 2019, The Labor Protection Act (No.7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 25.6 million (The Company only: Baht 12.2 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in profit and loss of the current year.



The Group expects to pay Baht 5 million of long-term employee benefits during the next year (Separate financial statements: Baht 2 million) (2018: Baht 5.5 million, Separate financial statements: Baht 1.7 million).

As at 31 December 2019, the weighted average durations of the liabilities for long-term employee benefit are 10 years (Separate financial statements: 11 years) (2018: 12 years, Separate financial statements: 12 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.50 - 1.61	2.72	1.61	2.72
Salary increase rate	1.50 - 3.00	2.00 - 5.00	1.50 - 3.00	2.00 - 5.00
Turnover rate	1.00 - 35.00	0.00 - 27.00	1.00 - 35.00	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 2019 and 2018 are summarised below:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(94)	109	(47)	55
Salary increase rate	111	(93)	56	(47)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	(99)	103	(50)	52

(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%
Turnover rate	(77)	81	(37)	39

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	
	2019	2018	2019	2018
Salary, wages and other employee benefits	317	304	165	159
Depreciation	56	63	26	30
Rental expenses	14	14	9	8
Raw materials and consumables used	1,855	2,065	1,399	1,731
Purchases of finished goods	-	-	29	36
Changes in inventories of finished goods and work in process	9	15	5	4



22. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	39,443	15,776	34,789	9,052
Withholding tax write-off of previous year	271	1,384	-	-
Adjustment in respect of income tax of previous year	82	6	68	(2)
Deferred tax:				
Relating to origination and reversal of temporary differences	(9,159)	(3,712)	(5,402)	(5,024)
Tax expenses reported in profit and loss	30,637	13,454	29,455	4,026

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial gain	1,717	-	675	-

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	180,699	97,564	171,886	83,410
Applicable tax rate	15%, 20%	15%, 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	36,158	19,513	34,377	16,682
Withholding tax write-off of previous year	271	1,384	-	-
Adjustment in respect of income tax of previous year	82	6	68	(2)
Recognised of deferred tax assets of previous years	(1,692)	-	(1,049)	-
Tax effect of income and expense that are not taxable income or not deductible in determining taxable profit	(4,182)	(7,449)	(3,941)	(12,654)
Tax expenses reported in profit and loss	30,637	13,454	29,455	4,026



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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Statements of financial position		Statements of comprehensive income	
	As at 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Deferred tax assets (liabilities)				
Unrealised loss on change in values of current investments	11,828	9,679	2,149	6,283
Allowance for doubtful debt	1,791	-	1,791	-
Allowance for diminution in value of inventories	611	630	(19)	302
Revaluation surplus on investment properties	10	10	-	-
Provision for long-term employee benefits	20,375	16,050	4,325	861
Unused tax loss	-	-	-	(1,869)
Fair value of for biological assets	(6,879)	(6,074)	(805)	(1,865)
Revaluation surplus on land	(58,326)	(58,326)	-	-
Deferred tax relating to origination and reversal of temporary differences			7,441	3,712
Deferred tax assets - net	(30,590)	(38,031)		
Presented as follows:				
Deferred tax assets	420	312		
Deferred tax liabilities	(31,010)	(38,343)		
Total	(30,590)	(38,031)		

(Unit: Thousand Baht)

	Separate financial statements			
	Statements of financial position		Statements of comprehensive income	
	As at 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Deferred tax assets (liabilities)				
Unrealised loss on change in values of current investments	11,828	9,679	2,149	6,283
Allowance for doubtful debts	1,109	-	1,109	-
Allowance for diminution in value of inventories	51	51	-	39
Allowance for impairment loss on investment in associated company	371	371	-	-
Revaluation surplus on investment properties	10	10	-	-
Provision for long-term employee benefits	10,263	7,990	2,273	567
Fair value of for biological assets	(6,879)	(6,074)	(805)	(1,865)
Revaluation surplus on land	(20,693)	(20,693)	-	-
Deferred tax relating to origination and reversal of temporary differences			4,726	5,024
Deferred tax assets - net	(3,940)	(8,666)		

23. 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	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	150,063	81,851	142,430	79,384
Weighted average number of ordinary shares (Thousand shares)	922,180	922,180	922,180	922,180
Earnings per share (Baht/share)	0.16	0.09	0.15	0.09

24. 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 Group's 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 Group is manufacture and distribution of animal feed.

Geographic Information

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

	(Unit: Million Baht)	
	2019	2018
Revenue from external customers		
Thailand	2,601	2,887
Lao People's Democratic Republic	16	33
Republic of the Union of Myanmar	-	18
Federation of Malaysia	-	11
Socialist Republic of Vietnam	2	1
Kingdom of Cambodia	6	-
Total	2,625	2,950

Major customers

The Group have no major customer with revenue of 10 percent or more of an entity's revenues.

25. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributes 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 2019, the Group contributed Baht 7 million (2018: Baht 7 million) to the fund (Separate financial statements: Baht 4 million (2018: Baht 4 million)).

26. Dividends

(Unit: Million Baht)

Dividends	Approved by	Dividends from BOI promoted activities	Dividends from non-BOI promoted activities	Total dividends	Dividend per share
(Baht)					
Dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	73.8	101.4	175.2	0.19
Total dividend paid in 2018		73.8	101.4	175.2	0.19
Dividends for 2018	Annual General Meeting of the shareholders on 30 April 2019	36.7	36.7	73.4	0.08
Total dividend paid in 2019		36.7	36.7	73.4	0.08



27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2019, the Group had capital commitments of approximately USD 0.9 million and Baht 17.1 million (2018: USD 0.2 million) (The Company only: USD 0.9 million and Baht 5.5 million), relating to the acquisition of machinery and equipment.

27.2 Raw material purchase commitments

As at 31 December 2019, the Group had outstanding commitments of approximately USD 2.9 million and Euro 0.6 million (2018: USD 1.9 million) (The Company only: USD 1.8 million and Euro 0.2 million (2018: USD 0.9 million)), in respect of the purchase of raw materials.

27.3 Operating lease commitments

The Group had entered into lease agreements in respect of the leases of office building spaces.

As at 31 December 2019, the Group had minimum lease payments within 1 year required under these non-cancellable operating lease contracts of approximately Baht 2.4 million (31 December 2018: Baht 6 million) (Separate financial statements: Baht 1.8 million (31 December 2018: Baht 3 million)).

27.4 Guarantees

As at 31 December 2019, the Group had outstanding bank guarantees of approximately Baht 10 million (2018: Baht 9 million) (Separate financial statements: Baht 5 million (2018: Baht 5 million)) issued by banks on behalf of the Group in respect of certain performance bonds as required in the ordinary course of their businesses.

The Group have been granted various types of credit facilities, by several financial institutions of which Baht 935 million (2018: Baht 1,017 million) (Separate financial statements: Baht 714 million (2018: Baht 788 million)) has not been utilised. Most of the facilities have been cross-guaranteed by the Group.

28. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	58	-	-	58
Open-end money market funds	-	87	-	87
Held-to-maturity debt securities - due within 1 year				
State enterprise securities	-	203	-	203
Investment properties	-	14	-	14
Lands	-	389	-	389
Biological assets	-	-	47	47

(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)

Separate financial statements As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	58	-	-	58
Open-end money market funds	-	87	-	87
Held-to-maturity debt securities - due within 1 year				
State enterprise securities	-	203	-	203
Investment properties	-	14	-	14
Lands	-	173	-	173
Biological assets	-	-	47	47

(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

29. Financial instruments

29.1 Financial risk management

The Group's 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 Group are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group 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 Group's 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 Group's 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 2019				
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate

(% p.a.)

Financial Assets

Cash and cash equivalents	1	20	11	32	0.2 - 0.5
Current investments					
- Fixed deposits and certificates of deposits with maturity date due more than 3 months	947	1	-	948	1.0 - 2.0
- Marketable securities	203	-	145	348	1.38 - 1.8
Trade and other receivables	-	-	193	193	-
	1,151	21	349	1,521	

Financial liabilities

Trade and other payables	-	-	155	155	-
	-	-	155	155	

(Unit: Million Baht)

Consolidated financial statements As at 31 December 2018				
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate

(% p.a.)

Financial Assets

Cash and cash equivalents	1	52	8	61	0.10 - 0.50
Current investments					
- Fixed deposits and certificates of deposits with maturity date due more than 3 months	1,094	11	-	1,105	1.15 - 1.90
- 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)

Separate financial statements As at 31 December 2019				
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate

(% p.a.)

Financial Assets

Cash and cash equivalents	1	11	10	22	0.2 - 0.5
Current investments					
- Fixed deposits and certificates of deposits with maturity date due more than 3 months	947	1	-	948	1.0 - 2.0
- Marketable securities	203	-	145	348	1.38 - 1.8
Trade and other receivables	-	-	148	148	-
Short-term loans to related parties	122	-	-	122	6.88 - 7.13
	1,273	12	303	1,588	

Financial liabilities

Trade and other payables	-	-	92	92	-
	-	-	92	92	



(Unit: Million Baht)

Separate financial statements As at 31 December 2018				
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate

(% p.a.)

Financial Assets

Cash and cash equivalents	1	29	4	34	0.10 - 0.50
Current investments					
- Fixed deposits and certificates of deposits with maturity date due more than 3 months	1,094	11	-	1,105	1.15 - 1.90
- 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	

Foreign currency risk

The Group's exposure to foreign currency risk arise mainly from purchase of goods that are denominated in foreign currencies. The Group 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

29.2 Fair value of financial instruments

Since the majority of the Group's 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.

30. Capital management

The primary objective of the capital management of the Group is to ensure that they have appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.12:1 (2018: 0.12:1) and the Company's was 0.08:1 (2018: 0.08:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.

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SUSTAINABLE ORGANIZATION DEVELOPMENT





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