



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



รายงานประจำปี 2563
ANNUAL REPORT
2020

**Quality and standard
development to achieve
sustainability**



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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



Mrs.Supaporn Chongvilaiwan

Director and Asst.Managing
Director



Mr.Somsak Tiensriyuka

Director and Secretary of
the Board of Directors



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.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

The outbreak of coronavirus 2019 (COVID-19) during the first half of 2020 in Thailand contributed to the Thai government declaring COVID-19 state of emergency and announcing temporary closures of many venues and places potential for mass gatherings. Definitely, these measures have had tremendous impacts on the economy and the society. The animal feed manufacturing and distribution industries have similarly been affected to a certain extent; however, we could manage to align our business operation with the new normal practices. We have innovated both of our two manufacturing plants with automation and robotization systems employed to enhance production efficiency. As the deployment is almost complete, the company wishes that these automated solutions will preferably reduce the overall production costs.

Social responsibility is at the heart of our business and has all along been adhered to by our personnel. During the previous year, while budgets of several business segments were cut, we indeed placed importance to CSR activities, with aims to battle against the COVID-19 pandemic. We took part in supporting frontline healthcare professionals and workers, ranging from cash donations and food support through provision of PPE suits, protective coverall, and dental gowns, which were certified by Thailand Textile Institute and Food and Drug Administration, for the benefit of medical workforce in remoted hospitals.

In operating animal feed manufacturing and distribution business throughout 2020, Lee Pattana Group has earned total revenues of Baht 2,888 million, a Baht 210 million increase from last year, with a net profit of Baht 189 million, accounting for an earning per share of Baht 0.20. According to the statement of financial position as of 31 December 2020, the company has a total asset of Baht 3,143 million, a total debt of Baht 412 million, and a shareholders' equity of Baht 2,731 million. In this regard, the Board of Directors resolved to propose to the shareholders' meeting to approve the dividend payment of 2020 at Baht 0.18 per share.

On behalf of the Board of Directors, the management, and employees, I would like to express my gratitude to all shareholders, partners, customers, and stakeholders for their support to, suggestions for, and trust in our operation. We are highly confident that, as we operate the business with corporate and good governance, prioritize the benefit of the society and the environment, value safety, occupational safety standards, work environment, and employees' welfare by monitoring their working conditions, and ensure anti-corruption compliance, public and national interest, the company will prosper and thrive upon the company's vision to attain the leading position in the animal feed industry and establish stable and sustainable growth with all partners.



(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,

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

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

During the year 2020, the Audit Committee held 4 meetings, the Audit Committee has conducted the major activities under the scope of duties and responsibilities assigned by the Board of Directors. In the year 2020, the Audit Committee has considered and reviewed important matters which can be summarized as follows.

1. To consider financial statement accuracy, sufficiency, suitability, the Audit Committee reviewed the Company's quarterly and annual financial statements with the management and certified public accountants to acknowledge and discuss the opinions of the certified public accountant and issues found from reviews. The Audit Committee inquired with the certified public accountants regarding financial statement accuracy, sufficiency and suitability of the methods for recording accounts and the scope of information disclosure completely and sufficiently, including modifications to significant accounting transactions and estimates with effects on financial statements, in order to ensure that financial statement preparations are consistent with specifications of the law and ensure that accounting standards based on generally certified accounting principles are reliable and up-to-date. The Audit Committee's opinions are consistent with the certified public accountant in that the aforementioned financial statement was accurately prepared in terms of significant contents in compliance with financial report standards.
2. To consider Internal Control System Sufficiency, the Audit Committee has considered the internal control system sufficiency by considering significant test results from internal auditor without any conflict or against law and government regulations, as well as giving opinion and suggestion in any issues to increase internal control system efficiency and pass to management team to consider and process accordingly.
3. To consider selection, nominating and proposing remuneration for the certified public accountant for the year 2021, the Audit Committee consider to select Mr.Supachai Phanyawattano and / or Mr.Natthawut Santipet and / or Mr.Vatcharin Pasaraponggun from EY Office Limited to be certified public accountants of the Company and subsidiaries by considering qualifications and independence under SEC criteria, including past performance. In addition, the Audit Committee considered suitable remuneration for presentation to be Board of directors to propose the issue for approval from the annual general meeting of shareholders.



4. To consider reviewing compliance with the law and government sector regulations, the Audit Committee has reviewed compliance with the law and government sector regulations. The Audit Committee reviewed the Company's compliance with the laws governing securities and exchanges, the Stock Exchange of Thailand specifications and laws related to the Company's business. The Audit Committee noticed no significant issues regarding non-compliance with the laws governing securities and exchange, the Stock Exchange of Thailand specifications and the related laws.
5. To consider approval the reports that must be disclosed to the institute, the Audit Committee has taken under consideration and approved the reports that must be disclosed such as the Annual Report and the Annual Information Disclosure Form also informations that related to duties and responsibilities of the Audit Committee such as to give approve the connected transaction happened for the year 2020, related party transaction disclosures and the annual Audit Committee report for the year 2020.

In term of performance of duties and responsibilities specified by the Company's corporate governance policy, The Audit Committee has performed his duties carefully, independently and transparently in addition to rendering creative opinions and recommendations to equitably benefit stakeholders. The Audit Committee hereby renders the opinion that the Company's financial information report is accurate, reliable and consistent with generally accepted accounting standards with sufficient internal control systems and efficiency. It does not show any problem or error in the internal system whatsoever in the report, moreover, the company follows the regulation, laws and governance specification with accuracy, reason and suitability for relevant performance and business transactions with related parties for the year 2020, morality and reasonable of the particulars to protect the benefit of the company and stakeholders equally.

On behalf of the Audit Committee

Assoc.Prof.Dr.Somjai Phagaphasvivat

Chairman of the Audit Committee

24 February 2021

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 396,000 tons of animal feed per annum, with actual production at approximately 45 percent of capacity, and has established the subsidiary company, namely Lee Pattana Agro Silo Co., Ltd. with a registered and paid up capital of 150 million baht, while the silo's capacity is 38,500 tons for storage of plant seed throughout the year. The company has invested in Bodhi Ngarm Sea Farms Co., Ltd. in 2012. The objective is the experimental farming for the aquaculture business to support the research and development of aquatic animal feed on the high quality and standards to be sustainable.

The Company obtained from the Department of Livestock a Certificate of Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point (HACCP) in the category of animal-feed manufacturing, in order to ensure hygienic products. Our factories received ISO 9001: 2015 certification for the entire system. This reflects our effective selection of raw materials, production processes, quality inspections, and health management, as well as our international-standard product quality and our responsibility to society, since good animal feed means quality and safe food for consumers. The Company has its strong concerns and awareness of environmental protection and its impacts (such as wastewater, dust, and air pollution) on the communities and the society, ISO 50001 : 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., had been changed status form an associated company to a subsidiary on 18 June 2020 held by 99.50%. It also changed its name to P A F (2020) Co., Ltd" and operates its business as a distributing pet feed.



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 (2018 – 2020)

Revenue from Sales	Producer	2018		2019		2020	
		Million Baht	%	Million Baht	%	Million Baht	%
Complete animal feed	Company and subsidiary	2,933	99.42	2,602	99.12	2,814	99.23
Livestock / crop farming	Company	17	0.58	23	0.88	22	0.77
Total		2,950	100.00	2,625	100.00	2,836	100.00

Remarks: Revenues from sales of complete animal feeds for the year 2020 came from land and aquatic animal feeds at the rate of 55 percent and 45 percent, respectively

2. Market and Competition

2.1 Customers, Targeted Customers, and Distribution Channels

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



2.2 Competition Strategy

More than 38 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 54 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 20.34 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 2020 and 2021

Table: A Comparison of Animal Feed Consumption Volumes in Thailand (2020 and 2021)


Type of Animal Feed	Animal Feed Consumption					
	2020		2021		Increase (Decrease)	
	Volume (tons)	%	Volume (tons)	%	Volume (tons)	%
Broiler chicken feed	7,306,353	35.92	7,123,974	34.42	(182,379)	(2.50)
Parent chicken stock	916,272	4.51	907,200	4.38	(9,072)	(0.99)
Layer chicken (small)	794,187	3.91	605,284	2.92	(188,903)	(23.79)
Layer chicken (egg)	2,270,615	11.16	2,086,909	10.08	(183,706)	(8.09)
Parent layer-chicken stock	22,400	0.11	17,072	0.08	(5,328)	(23.79)
Swine	5,300,100	26.06	6,095,115	29.45	795,015	15.00
Swine breeder	930,000	4.57	1,073,220	5.20	143,220	15.40
Duck feed	348,566	1.71	331,968	1.60	(16,598)	(4.76)
Duck breeder	25,131	0.12	23,934	0.12	(1,197)	(4.76)
Layer duck	344,925	1.70	328,500	1.59	(16,425)	(4.76)
Cattle	1,044,413	5.13	1,065,301	5.15	20,888	2.00
Shrimp	496,000	2.44	496,000	2.40	-	-
Fish	541,059	2.66	540,000	2.61	(1,059)	(0.20)
Total	20,340,021	100.00	20,694,477	100.00	354,456	1.74

(Source: The Thai Feed Mill Association)

In 2020, the agricultural economy contracted by 3.3% compared to 2019 with a shrinkage of the fishery sector at 2.6% and an expansion of the livestock sector at 2.7%.

For 2021's positive factors, it is expected that rainfall amounts of 2021 will be higher, with a longer rainy season than that of 2020, which was relatively short of water. It will be conducive to animal domestication and aquaculture, with good animal welfare and less diseases being unleashed, resulting in greater performance of livestock and fishery production. As the Thai government has enforced an improved water management policy, damage related to water scarcity becomes less. Moreover, government-supported projects, including Smart Farmer, Yong Smart Farmer, and Big Data, have contributed to reduced production cost.

Owing to effective COVID-19 preventive measures enforced in Thailand, it has heightened people's confidence towards the measures and marketable goods, especially food products which may have advantages from the outset, to an extent that export opportunities can be enhanced. Furthermore, stimulus packages provided by the government, such as Strong Together, "Travel Together," "Half-Half Project," help drive national economy, inducing recovery of consumption to a certain level.



For negative factors of 2021, the epidemic of COVID-19 struck travels and tourism of global population, leading to a dramatic drop of the global economy. Thailand is a country of which the major revenue came from tourism and exports of agricultural and fishery goods, thus being directly affected with slumping domestic consumption. In addition to economic slowdowns, people's purchasing power is less, and unemployment problems become intense, making livestock and fishery prices lower than expected. There are also several livestock infectious diseases, e.g., African Swine Fever (ASF) in domestic pigs, disease challenges in shrimp, Foot & Mouth Disease (FMD) in terrestrial animals, etc. Additionally, there are disease spread in forage, such as Cassava Mosaic Disease, Fall Armyworm Disease, which may cause damage to an extent that their prices could shift to be higher.

As COVID-19 affects international shipping services, it is found that, at present, cross-country delivery costs are exceedingly higher, affecting several imported raw materials and raising costs of livestock production.

The overall shrimp culture globally in 2020 was at 3.32 million tons (forecast), subsiding by approximately 3% as many countries, including Thailand, China, Vietnam, India, for example, have lower production outputs due to shrimp farming challenges, plagues, and world's economic slowdowns which dropped the consumption rate; all of which were substantially due to the spread of COVID-19.

In 2020, even though farmers are better at preventing damage (improved production efficiency), Thailand's total shrimp production stood at 270,000 tons, a decrease of 7% from 2019 as a consequence of COVID-19, among which 36% was from the lower southern region, 32% from the upper southern region, 21% from the eastern region, and 11% from the central region. For the impact of COVID-19 on consumption and confidence towards shrimp products (based on the shrimp market COVID-19 outbreak), domestic shrimp consumption and trading has stalled for a certain period of time. Moreover, the deadly disease did affect exports of shrimp products as cargo flights were shut down; airlines have cut their international flights; costs of exports increase, reducing competition among exporters; and prices are not motivating farmers enough to enhance their production capacity.

In 2021, Thailand's shrimp production and exports will jump by 15% based on its production volume, which is expected to be at 310,000 tons, or an increase of 15% compared to the shrimp production in 2020. The shrimp pricing trend of 2021 is potentially positive in line with the rising market demands. Still, there are negative factors, as a result of the COVID-19 pandemic, that will affect national economic recovery and transports, especially in the export sector, which is facing excessively higher costs. Additionally, another key factor that has an impact on the market competition is the exchange rate. Regardless of the appreciation of Thai baht at 11%, currencies of other countries have depreciated; for example, Indian rupee at -14%, Vietnam dong at -2%, and Indonesian rupiah at -4%. This is another concern that also exerts influence on exported goods, such as shrimp.

In terms of Tilapia fish, its total domestic production in 2020 was approximately 206,000 tons, 3.7% decreasing from 2019, of which the production volume was approximately 213,900 tons. Reasons for the drop include fluctuating weather, lower average water level, and drought in certain areas. Moreover, as there was a strict control exercised by the government sector over cage fish farming in public water resources, farmers in several areas need to reduce their farm size, or permanently withdraw the cage from the site, resulting in less fish production volumes. Further, fish breeding stock this year are likely to be less healthy for reproduction. In commercial fish farming, the volume of fingerlings dropped,



causing a decrease in fish flesh, yet prices were improved compared to the previous year. However, the prices were actually not improved to a satisfying level as there were adverse effects persisting from the outbreak of COVID-19 which partially decreased the consumption rate, with lower numbers of events held (Tilapia fish menu is popular in Thailand). It is expected that, in 2021, the production volumes of Tilapia fish will be enhanced. This is because the Thai Meteorological Department informed that rainfall amounts in 2021 will increase and the fish production will then be improved. Also, the easing of COVID-19-related measures, including effective disease preventive approaches and vaccination, will increasingly have influences on confidence of consumers and the tourism sector.

For livestock, in 2021, it is expected that the industry will expand by 1.0 - 2.0% in comparison to 2020 as the farmers have magnified the domestication to fulfill both domestic and international market demands that tend to increase. More large- and middle-scale farms emerge with stricter and concise controlled farms standards, thereby mitigating chances of loss. The private and public sectors have collaborated to consistently and intently surveil and monitor diseases, placing more priority on development and standardization of domestication system and farm management.

Thailand in 2020 could produce 20.45 million swine, a 0.16% decrease from 2019 due to the spreading of African Swine Fever (ASF) in domestic pigs. Plague preventive measures have been strictly enforced to both private and public sectors over the transports of pigs, making it impossible to add more breeding stock to many of the farms. There were no new pigs introduced, but existing pigs were instead circulated within the farms. This is the reason why the total numbers of breeding stock are maintained, thus retaining the numbers of piglets. However, this indeed leads to higher production efficiency and survival rate of the swine, bringing about enhanced production process due to the breeding stock. On the other hand, damage can also occur in some farms when an epidemic is taking place; and the swine population are required to be eliminated, slightly bringing down the total volume of swine (the term 'epidemic' in this case is not common in Thailand, as we have a proactive measure in place, which can suppress the spread of disease; therefore, infectious cases were detected in only a few areas in border provinces). For 2021, it is expected that the volume of swine production will rise to 20.50 million, a moderate increase from 20.45 million in 2020, accounting for 0.24%, as the prices of live swine have motivated farmers to heighten their production capacity with good farm management and effective prevention of plagues. All of the aforementioned factors help enhance efficiency of swine domestication, thus boosting the production volume. Moreover, thanks to the highly practical preventive measures against ASF, the volume of white pigs tends to be stabilized or increasing. On top of that, there were also reports of the spread of ASF in neighboring countries, namely Myanmar, Laos, Cambodia, Vietnam, inducing swine product shortage in this part of the region and pushing up the prices. This situation has indeed provided Thailand with opportunities to expand its swine market to other countries, especially China; and the prices of swine in the country will confidently stay high.

For eggs in 2020, 439,168 parent stock (PS) were imported, accounting for 99.8% of the target set at 440,000. The current number of caged poultry is 51 million with 49 million productive breeding stock and 42 million eggs per day (as of 31 Jan 2021), which slightly increased compared to last year. However, egg prices in 2020 dropped, based on the prices of 2019. Farmers have well managed chicken domestication and farm management to ensure targeted production output, with a proper weather and sufficient amount of water supplied to the farm. Nevertheless, the COVID-19 outbreak, together with egg export issues, did affect the level of domestic consumption, resulting in oversupply at the end of the year and dropping prices of eggs. It is expected that, in 2021, the amount to be produced will be close to that of the previous year, as the Egg Board has employed quantity control measures for grandparent stock (GP) and parent stock (PS).

Import quotas have been monitored and limited to approximately 440,000 PS, equivalent to those of 2020, in order to maintain the stability of egg prices. In this regard, an additional egg strategy was drafted for layer poultry development and management to ensure impartiality, for both producers and consumers, strengthening competitiveness and consolidation of the farmers actively promoted by the public sector. Moreover, the government is in the process of negotiation with partner countries like Singapore and Hongkong to identify further export potential of eggs to mitigate oversupply issues in the future.

For broilers, the production volume in 2020 was 1.727 billion, which was similar to that of 2019 (1.753 billion). The production volume of 2021 is expected to be equal to that of 2020 as a control policy was enforced to govern chick transports and quantity. Also, Thailand's poultry exports to China this year need to be considered as China is currently importing more chicken products from the US due to lower prices and its high demands on certain chicken parts. Accordingly, if there is no monetary value generated by poultry processing, Thailand will enjoy no advantages from the additional process and could not compete against the US.

For Thailand's raw milk production, in 2020, there were 635,868 dairy cows, decreasing by 8% from 691,349 in 2019 due to a direct impact from the spread of COVID-19. Dairy consumption dropped as schools had been temporarily closed for a prolonged period time, resulting in oversupply and low prices of raw milk. Sales volumes were close to zero, or limited by quota. The farmers faced losses, thus reducing their production capacity and numbers of milking cows by removing those with unsatisfactory performance. This removal led to a drop in the numbers of dairy cattle. In 2021, it is expected that the numbers of dairy cows and raw milk production potentially go up, as current dairy farming adheres to required standards and better practices. Removal of old dairy cows with poor performance from the farm, together with government's policy which focuses on raw milk development to meet the standards and safety requirements, will definitely enlarge the overall production. Moreover, if COVID-19 infected situations are eventually minimized, the numbers of dairy cows will be expected to moderately increase to 648,500 by 2021.

Growth rate of gross domestic product of agriculture sector

Unit : Percent

Sector	2020	2021 (Forecast)
Agriculture sector	-3.3	1.3 - 2.3
Plants	-4.7	1.9 - 2.9
Livestock	2.7	1.0 - 2.0
Fishery	-2.6	0.1 - 1.1
Agriculture service	-3.6	0.2 - 1.2
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 Acquisition of Raw Materials for Animal Feed Manufacturing

The overall global economy of 2020 was tremendously affected by the outbreak of COVID-19. According to the global GDP index that shrank to -3.5% in 2020 (IMF), it resulted in general contraction of consumption and commodity markets. Moreover, the lockdown measure in prevention of the outbreak of the disease caused fierce decrease of demands in the petroleum business. The United States of America and the OPEC countries therefore announced to reduce production capacity to maintain stability of oil prices throughout the globe. Concurrently, the announcement of interest rate cuts to support the national economy made by the U.S. Central Bank and the 2020 United States Presidential Election have resulted in depreciation of US Dollar from the end of the second quarter of 2020 while gold prices in the global market historically soared high as investors wished to diversify their investment portfolios.

The U.S. Trade Policy of 2020 still aimed at bilateral negotiations to mitigate the trade deficit against major partner countries rather than capitalizing free trade agreements, bringing about the second revocation of GSP tariff privileges in 2020. This cut affected the export sector, accounting for 0.5% of the total value of exports in 2020. One reason was that Thailand did not allow the imports of pork and offal due to its concerns on the use of red meat accelerators in pork meat imported from the US. Nevertheless, policy trends after the inauguration of President Joe Biden do focus on recovering international trade relationships, giving more investment opportunities to the Asia region. Consequently, the United States may rejoin the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) after declaring to withdraw from TPP in 2017.

The overall 2020's price situation of primary raw materials has improved, especially in the category of those imported, such as soybean, soybean meal, wheat, particularly in the fourth quarter in which the commodity prices noticeably rose by over 20% compared to the first quarter of the same year. This was due to China's accelerated purchase of several raw materials to increase domestic stock inventories upon the recovery of the swine industry, after deadly outbreak of African Swine Fever (ASF) since the end of 2018. Moreover, compliance with the "Phase One" Trade Deal between China and the US has improved commodity prices globally. Prices of domestic raw materials, especially maize, were getting higher due to the increasing prices of their substitutes even though maize yield of Thailand was actually at its rise in 2020. In terms of animal-based protein, such as fish meal, the export volume increased over 41% in comparison to 2019, reducing domestic goods volume, and the prices therefore jumped up.

The prices of imported primary raw materials in 2021 possibly continue to rise as China tends to consistently acquire more raw materials in pursuit of China's Food Security, alongside the lack of containers for inter cargo delivery and new maritime shipping routes which increased freight rates at least until the second quarter of 2021. In addition, trade relationships between China and the US has been in tension as the US still considers China its strategic economic competitor and is taking steps to impose trade restrictions against goods imported from China. Therefore, the direction of trade deals between the two should be closely observed in the second phase (Phase 2). For the price situation of primary raw materials in Thailand in 2021, it is expected to align with the price trends of imported products. In any case, the progressive development of COVID-19 vaccines will potentially be the key to unlock global economic recovery and lead to the easing of lockdowns in many countries. The company will actively take into account other potential economic factors in order to stay abreast of the shifting market conditions and will meticulously explore and seek new alternatives to conventional raw materials for animal feed manufacturing to ensure the optimal quality and cost efficiency.

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 2020 the major shareholder of the Leelasithorn family is the Company's major shareholder, holding 480,000,000 shares or 52.05 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
Web Site	: www.leepattana.com
Type of Business	: Complete animal feed production and distribution, animal farming
Authorized Shares Capital	: Common shares 929,070,000 shares, Baht 1 par value
Paid-up Shares Capital	: Common shares 922,180,251 shares, Baht 1 par value
Paid-up Amount Capital	: 922,180,251 Baht

Shareholding Exceeding 10 Percent of Juristic Persons

Lee Pattana Feed Mill Company Limited

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

Lee Pattana Agro Silo Company Limited

Head Office Location	: 33/137 Surawong Road, Bangrak, Bangkok 10500
Silo Plant Location	: 33/1 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 (99.99% held by Lee Pattana Feed Mill Co., Ltd.)



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

P A F (2020) Company Limited (Formerly known as "Pattana Agro Futrue Co., Ltd.")

Head Office Location	: 33/137 Surawong Road, Bangrak, Bangkok 10500
Type of Business	: Pet food distribution
Percents of Holding	: 99.50% 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, Mr.Supachai Phanyawattano Certified Public Accountant Registration (Thailand) Number 3930
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 2020

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, 2020)

Shareholders' Name	No. of Shares Held	%
1. Mr.Nipon Leelasithorn	226,000,000	24.51
2. Mr.Preecha Leelasithorn	150,500,000	16.32
3. Alliance Co., Ltd.	71,000,000	7.70
4. Mr.Chaicharn Lhupaiboon	33,500,000	3.63
5. Wall Street Tower Co., Ltd.	32,500,000	3.52
6. UOB KAY HIAN PRIVATE LIMITED	23,538,329	2.55
7. Lee Kong Jin Holdings Co., Ltd.	18,940,090	2.05
8. Mr.Somsak Amornrattanachaikul	16,569,600	1.80
9. Mrs.Krongporn Turiyakorn	16,002,887	1.74
10. Mrs.Anchalee Chamsai	7,500,043	0.81
11. Others (3,264 persons)	326,129,302	35.37
Total 3,274 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 50.05%, including of No. 1 - 3 and 5 The representative of the Leelasithorn family is Mr.Nipon Leelasithorn.

As of 31 December 2020, the latest date of Share Registration Book closure, the Company's NVDR represents 1.98 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.2/2021 held on 10th March 2021. Approval to pay dividends for the year 2020, at Baht 0.18 per share, which equivalent to 92 percent of net profit of the year 2020 according to the separate financial statement (representing a payout ratio 89 percent of the Consolidated financial statement) payment on 21th May 2021. Dividends payment for the year 2019 and 2018 were Baht 0.12 per share and Baht 0.08 per share, representing a payment ratio of 78 percent and 93 percent of net profit of the separated, (representing a payout ratio of 74 percent and 90 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



Mr. Visith Leelasithorn

Chairman of the Board of Directors

- Date of first appointment : 16 August 1983
- Latest date of appointment : 31 July 2020

Education

- Secondary School

No. of securities increased / (decreased) during 2020

-

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 - 2020	: Chairman Pattana Agro Futures Co., Ltd.



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 2020

4,000,000 Shares

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 P A F (2020) Co., Ltd. (Formerly known as "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)
 - : Vice President / Kai-Sitthi Charity Foundation
 - : Vice President / The Tio Chew Association of Thailand
 - : Directors / Poh Teck Tung Foundation
 - : Member of Huachiew Chalermprakiet University Council



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 2020

-

Experience

- | | |
|----------------|--|
| 1989 - 2019 | : Executive Director / Deputy Managing Director
Lee Feed Mill Pcl. and Subsidiaries |
| 2004 - 2019 | : Executive Director
Lee Pattana Agro Silo Co., Ltd. |
| 2019 - Present | : Director
Lee Feed Mill Pcl. and Subsidiaries |

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Mrs. Supaporn Chongvilaiwan

Asst. Managing Director

- Date of first appointment : 16 May 1997
- Latest date of appointment : 31 July 2020

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 2020

-

Experience

1997 - Present	: Director / Asst. Managing Director Lee Feed Mill Pcl. and Subsidiaries
2004 - Present	: Executive Director P A F (2020) Co., Ltd. (Formerly known as "Pattana Agro Futures Co., Ltd.")
2004 - Present	: Director / Asst. Managing Director Lee Pattana Agro Silo Co., Ltd.

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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 2020

-



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.
2015 - Present	: Independent Director, Supalai Pcl.
2009 - 2019	: Member of the Audit Committee, Thanachart Bank Pcl.
2007 - 2016	: 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.



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 2020

-

Experience

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.
2015 - Present	: Member of the Recruitment and Compensation Committee Lee Feed Mill Pcl.
1990 - Present	: Managing Director Leather Mine Co., Ltd.



Mr. Busarin Vanaswas

Member of the Audit Committee / Independent Director

- Date of first appointment : 29 November 1999
- Latest date of appointment : 31 July 2020

Education

- MBA Pepperdine University, USA

Training Course

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

No. of securities increased / (decreased) during 2020

-

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.
2018 - 2020	: President The Pharmaceutical Industry Club
2020 - Present	: President The Federation of Thai Industries (FTI)
Present	: Director Thai Pharmaceutical Manufacturers Association



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Pol.Lt.Gen.Adisorn Nonsee

Independent Director / Chairman of the Recruitment and compensation Committee

- 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 2020

-

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 Lee Feed Mill Pcl.
2015 - Present	: Chairman of the Recruitment and Compensation Committee Lee Feed Mill Pcl.



Mr.Somsak Tiensriyuka

Director / Secretary of the Audit and Executive Committee / Accounting Director /
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 2020

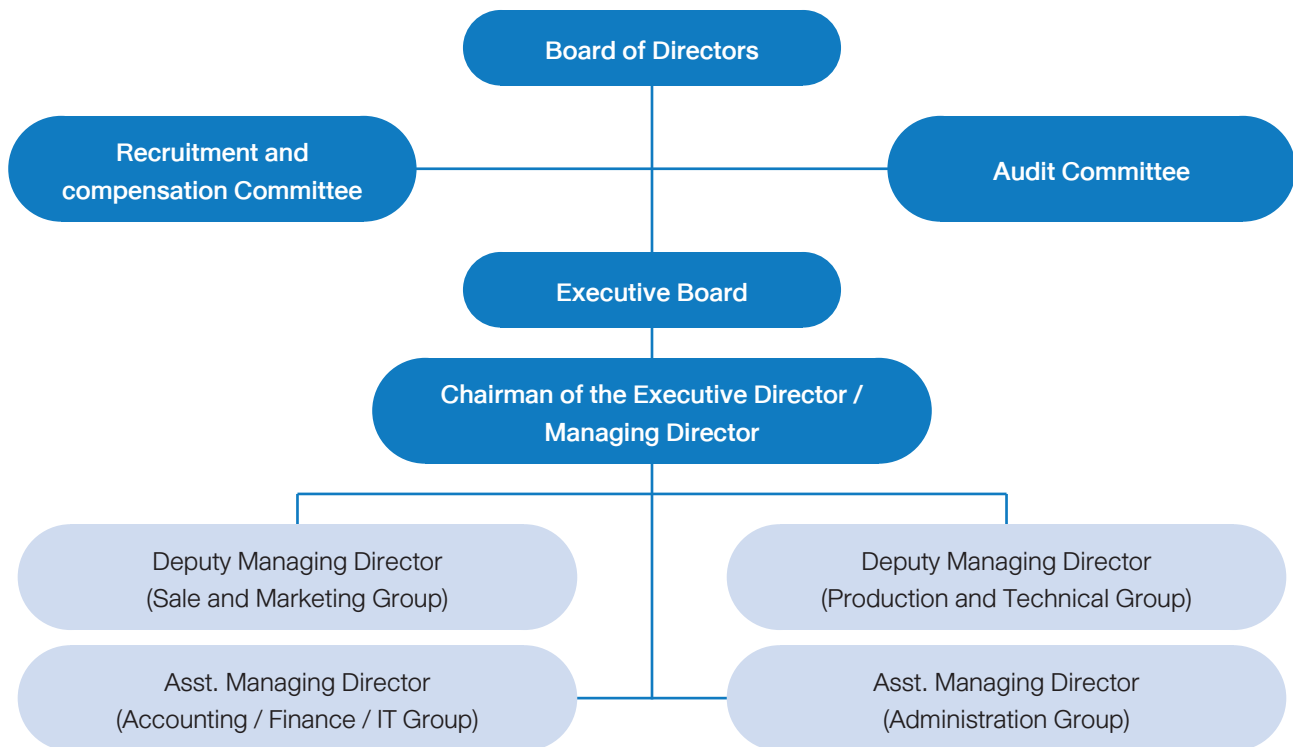
-

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 being nor having 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 being nor having 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 being nor having 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 being nor having 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 from 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 honesty as well as has had to perform the duty in accordance with laws, objectives, regulations of the Company, resolutions of the Board of Directors as well as resolutions of the Company's shareholders. Duties of the Company's Secretary as being stipulated by laws, are as 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 2018, 2019 and 2020 totaling 1,135,000 Baht per year at the same rate as follows :



Name	Position	Amount (Baht)		
		2018	2019	2020
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	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 Audit Committee / Independent Director	95,000	95,000	95,000
7. Mrs.Sununta Subhapholsiri	Member of the Audit 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 14.93 million baht, 15.83 million baht and 12.86 million baht for 2018 - 2020 respectively.
- The allowance of meeting for the four the Audit Committee for Year 2018 - 2020 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)		
		2018	2019	2020
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 2020, 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 2020, the Board met four times for its regular meetings and an additional three times for special meetings, totaling seven meetings in all, with the participation of each director as follows:

Name	Meeting of the Board of Directors					
	General		Extraordinary		Total	
	2019	2020	2019	2020	2019	2020
1. Mr. Visith Leelasithorn	4/4	4/4	1/1	3/3	5/5	7/7
2. Mr. Nipon Leelasithorn	4/4	4/4	1/1	3/3	5/5	7/7
3. Mr. Karoon Chanmingporn	3/4	4/4	1/1	3/3	4/5	7/7
4. Mrs. Supaporn Chongvilaiwan	4/4	4/4	1/1	3/3	5/5	7/7
5. Assoc. Prof. Dr. Somjai Phagaphasvivat	4/4	4/4	1/1	3/3	5/5	7/7
6. Mrs. Sununta Subhapholsiri	4/4	4/4	1/1	3/3	5/5	7/7
7. Mr. Busarin Vanaswas	4/4	4/4	1/1	3/3	5/5	7/7
8. Pol. Lt. Gen. Adisorn Nonsee	4/4	4/4	1/1	3/3	5/5	7/7
9. Mr. Somsak Tiensriyuka	4/4	4/4	1/1	3/3	5/5	7/7



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 2020 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 02-632-7300 (extension 301 or 318), visiting the Company website at <http://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 |

Ms.Kewalee Ruangrotekae 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 and 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.Adisor 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 Recruitment and Compensation Committee is 2 years and directly report to the Board of Directors.

Responsibilities and authorities of the Recruitment and Compensation Committee

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 2018 to 2020 to EY Office Limited as follow:

Detail	Company Payment	Name of Audit	Year 2018	Year 2019	Year 2020
1	Lee Feed Mill Public Company Limited	Ms.Krongkaew Limkittikul	1,390,000	1,440,000	-
		Mr.Supachai Phanyawattano	-	-	1,440,000
2	Lee Pattana Feed Mill Company Limited	Ms.Krongkaew Limkittikul	540,000	560,000	-
		Mr.Supachai Phanyawattano	-	-	560,000
3	Lee Pattana Agro Silo Company Limited	Ms.Krongkaew Limkittikul	150,000	150,000	-
		Mr.Supachai Phanyawattano	-	-	150,000
4	Bodhi Ngarm Sea Farm Company Limited	Ms.Krongkaew Limkittikul	80,000	80,000	-
		Mr.Supachai Phanyawattano	-	-	80,000
5	P A F (2020) Company Limited	Ms.Krongkaew Limkittikul	120,000	120,000	-
		Mr.Supachai Phanyawattano	-	-	120,000
Total of Audit Fee			2,280,000	2,350,000	2,350,000

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 2018 to 2020 as shown in the following details.

- Lee Feed Mill Public Company Limited in amount of 150,000 Baht for the year 2018. The Company does not pay any fees other than the audit fees for the year 2019 and 2020.
- 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. 1/2021 dated on 24th February 2021, 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.

Protection of Stakeholder Rights

In addition to valuing the rights of shareholders as outlined in the Corporate Governance, the company also attaches importance to the rights of employees, customers, partners, and government agencies, concurrent with social and community development. As the company believes that a pleasant society will eventually lead to sustainable enhancement, it actively promotes activities that contribute to the society and communities to tailor a quality and positive ecosystem, ensuring better livelihood of people and sustainable growth of the company.

Employees

The company underpins personnel development by encouraging all employees to consistently enhance their skills and knowledge systemically in order to provide themselves professional opportunities and career growth, as well as boosting potential for their own benefit. Besides, the company also promotes financial disciplines to make sure that all employees enjoy good quality of life and better financial stability. The company has registered in a program titled “Promotion of Savings and Personal Financial Management” with the Stock Exchange of Thailand (Happy Money Program), encouraging employees to cultivate financial knowledge and expertise and be able to make extra incomes and start their own savings and investment.

The company provides viable and fair compensation for all employees with welfare arrangements in addition to those required by laws such as provident fund, group health insurance, group accident insurance, reimbursement for medical expenses, annual health checkup, financial support in case of death of an employee or family member, etc. Moreover, the company emphasizes hygiene and a supportive work environment in workplace for the reason of safety to life and property of the employees.

Customers

The company emphasizes quality animal feeds, aligning its business practices to integrity and impartiality principles. It discloses all information and updates related to products and services in a complete and accurate manner without distorting any fact, retain customers’ confidential information and use none of them without prior permission. These all are to establish trust and optimal satisfaction of all customers.

The company has consistently conducted research on and developed products, controlling quality in every single manufacturing process to ensure that products listed in its portfolio have acceptable quality based on specified standards. Cutting-edge machinery has been leveraged, resulting in high-performance production with resources optimized and less costs.

The company has been certified of its management practices with ISO 9001:2015, ISO 14001:2015, ISO 50001:2018 by the Management System Certification Institute (MASCI) and meets the standards of GMP and HACCP prescribed by the Department of Livestock Development, which help strengthen consumers’ confidence towards products and services.



Partners

The company values transparency in maintaining good relationships with all partners. It determined clear partner selection criteria by considering quality standards, competitive prices, and after sales services. Moreover, it has never been involved in any corruption or bribery when working with the partners.

Government Agencies

The company established well collaborations with government agencies, such as the Department of Livestock Development, Department of Fisheries, Thai Feed Mill Association, Federation of Livestock and Aquaculture, Ministry of Commerce, and Federation of Thai Industries, to ensure synchronized operations and sustainable growth of all parties.

Social Responsibilities



Corporate Social Responsibility (CSR)

In 2020, the company has allocated over 1.5 million of its budgets in aiding and preventing the spread of coronavirus 2019 (COVID-19). The company has distributed 2,500 reusable PPE suits valued more than 1,100,000 baht to hospitals, foundations, and volunteer groups. Apart from combating against COVID-19, the suits also extensively help reduce the numbers of waste generated by single-use PPE.



In order to support and assist hospitals and government agencies in filtering COVID-19 infected persons and express appreciation to medical personnel who have been working vigorously during the outbreak of the disease, the company has donated a monetary contribution of 100,000 baht, 39 thermal detectors, and provided food support for medical personnel, as well as purchasing processed foods from its customers adversely hit by the COVID-19 pandemic, at an approximate value of 200,000 baht, and giving to Poh Tek Tung Foundation for further food preparation and distribution to those affected.





In addition, the company also donated 300,000 baht consecutively for four years to “The Compassion of The Princess Mother’s Projects”. These projects were initiated based on the Princess Mother’s awareness of hardships endured by people who live in the rural areas and highlands with 3 key objectives as follows:

1. Maintain health stations for the underprivileged in highlands and improve knowledge centers for Thai hill tribe children.
2. Short-term vocational training for vulnerable hill tribes.
3. Organize a project called “Recognized Public Officer,” giving awards to university students who receive scholarships from The Compassion of The Princess Mother’s Projects, as well as public health volunteers.



The projects aim to highlight that people living in remote areas can also enjoy comparable public health services; Thai hill tribe children have access to proper education; and underprivileged hill tribes have undergone vocational training to earn money for their own living. These all will ultimately and sustainably contribute to individual community development

The total budget dedicated to social contributions in 2020 was 1,846,533 baht, as briefly detailed below.

1. Donation of PPE suits	1,136,340 baht
350 suits for 8 northern border hospitals	
130 suits for 3 hospital in Chiang Mai and Mae Hong Son	
244 suits for 4 hospitals in Nan	
550 suits for 3 hospital in Phetchaburi	
330 suits for 8 hospital in Saraburi and subdistrict administrative organizations	
200 suits for Ao Leuk Hospital, Krabi	
300 suits for 5 hospitals in Narathiwat and boarder guards	
80 suits for Pattani Hospital	
2. Cash donation for Saraburi Hospital	100,000 baht
3. 39 thermal detectors for hospitals in Petchburi and Saraburi	81,374 baht
4. Fresh processed food for Poh Tek Tung Foundation	199,104 baht
5. Food support for medical personnel at Chulalongkorn Hospital	29,715 baht
6. The Compassion of The Princess Mother’s Projects	300,000 baht
Total	1,846,533 baht



In this regard, the company also motivated and encouraged its employees to contribute their time to the public. Apart from blood donation at the Thai Red Cross Society, donations of items and company's dog foods, employees also gave a cash donation of 80,000 baht and 2,000 face shields in prevention of COVID-19 to hospitals in Petchburi, Saraburi, Chiang Rai, Yala, Phuket, Pattani, Nakhon Si Thammarat, Taksin Hospital, foundations such as Poh Tek Tung, Thien-Fah, Baan Nokkamin, Rachawadee, Bang Khae Nursing Home, and Thailand Association of the Blind, as well as distributing foods and necessary items to Priest Hospital and medical personnel of Chulalongkorn University.





Education

The company has financially supported schools that lack financial resources to afford sports equipment, granted scholarships for underprivileged children in rural areas, employed teachers to cover highly important subjects that still lack personnel, built and maintained school buildings, all of which have been carried out for already 10 years. This is because the company has been aware of how important the education is for the youths, with aims to promote quality growth, proper skills and capabilities for potential development. It is a way to establish a strong foundation for the youths as a key driver in enhancing the Thai society and the nation in the future.



Knowledge Sharing

The company offers internship opportunities for students from different universities and institutions to cultivate practical knowledge and skills. Moreover, it has welcomed many companies and agencies to observe its production process, administrative system, and corporate activities, and also served as a guest speaker to share its best practices and practicality with people outside the organization.



The company is participating in a project that promotes and develops quality of life of the Thai handicapped, ensuring that they can perform agricultural tasks and do some animal domestication. This project objected to enhance quality of life for the sustenance of themselves, without being dependent on their family or the society, which can be considered an establishment of truly long-term social stability.





Social Relations

The company harmonizes its existence with the society and communities in the close proximity. It assigned teams to make field visits to the vicinity and surrounding communities of its plant locations to collect opinions, complaints, or suggestions regarding the environment, and leverage them for further improvement to ensure co-existence with contentment and supportive spirits.



The company cultivated volunteering spirits in employees. Petchburi Plant has collaborated with Huai Tha Chang Subdistrict Administrative Organization, Khao Yoi District, Petchburi Province, to organize a royal initiative inspired volunteer activity "Do Good from Heart," making field visits to different areas within Huai Tha Chang Subdistrict to develop and improve the sites.



The company also sponsored surrounding communities in holding religious and traditional events, such as Kathin Festival, Children's Day, Thai-Chinese local traditions, in order to enhance quality of life for people in the community, establish a pleasant society, and carry on the traditions.



Security and Safety

The company has paid high attention on security and safety. It fosters its employees with personal and group safety awareness by launching many projects, e.g., "Safe Driving," "Safety and Green Energy Week," "Ideal Emergency Responses and Fire Drill," and "5S in Workplace" to deeply root responsiveness and positive mindset.



Environment

The company formulated environmental policies in correspondence with international standard ISO 40001:2015 by developing an ozone system to minimize industrial odors, as well as using microbial odor treatment for wastewater management to mitigate potential environmental impacts caused by the manufacturing process.

To heighten awareness in optimizing resources and energy, the company has encouraged its employees to leverage resources in an effective manner; for example, using both sides of paper, turning off air-conditioning and electricity during lunch breaks or long breaks, making business trips with carpooling, as well as using gasohol, which is a clean energy compared to general benzene, to reduce pollution and smoke 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 financial statements		Separate financial statements		Transfer pricing policy
	2020	2019	2020	2019	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	105	135	Comparable with market price
Interest income	-	-	8	2	5.88% to 6.88% per annum
Dividend income	-	-	29	-	Announced rate
Purchase of goods	-	-	57	82	Comparable with market price
Rental expenses	-	-	1	1	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	15	14	7	7	Contract price
Acquisition of investment in subsidiary	1	-	1	-	Agreed price
<u>Transactions with management</u>					
Acquisition of investment in subsidiary	2	-	2	-	Agreed price

As at 31 December 2020 and 2019, the balances of the accounts between the Group and those related companies were as follows:

(Unit: Thousand Baht)

Trade and other receivables – related parties (Note 9)

Subsidiary

Short-term loans to related parties

Subsidiaries

Trade and other payables – related parties (Note 18)

Subsidiaries

Lease liabilities – related parties

Subsidiary

Related companies (related by common shareholders)

Total lease liabilities – related parties

Consolidated financial statements		Separate financial statements	
2020	2019	2020	2019
-	-	4,590	5,293
-	-	279,000	122,000
-	-	4,688	4,329
-	-	1,109	-
36,002	-	15,386	-
36,002	-	16,495	-

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 2020)

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 2020)

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 30.3 of the financial statements, As at 31 December 2020, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 9.5 million (2019: Baht 10 million) (the Company only: Baht 5 million (2019: Baht 5 million)) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the ordinary course of their businesses.

The Company and its subsidiaries have been granted various types of credit facility, by several financial institutions of which Baht 1,026 million (2019: Baht 935 million) (The Company Only: Baht 771 million (2019: Baht 714 million)) has not been utilized. Most of the facilities have been cross-guaranteed by the Company and its subsidiaries.



Intercompany transactions are trading, lending 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) 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 2018 - 2020

Assets	2018		2019		2020	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Assets						
Current assets						
Cash and cash equivalents	60,903	2.10	32,326	1.08	29,894	0.95
Current investments						
Marketable securities	112,586	3.89	347,841	11.66	-	-
Fixed deposits	1,105,393	38.20	948,065	31.79	-	-
Trade and other receivables	182,229	6.30	193,347	6.48	232,229	7.39
Inventories	637,144	22.02	640,269	21.47	738,224	23.49
Current biological assets	9,295	0.32	6,943	0.23	6,220	0.20
Other current financial assets	-	-	-	-	1,181,681	37.60
Other current assets	6,368	0.22	5,384	0.18	5,614	0.18
Total current assets	2,113,918	73.05	2,174,175	72.91	2,193,862	69.81
Non-current assets						
Other non-current financial assets	-	-	-	-	33,024	1.05
Investment in associated company	9,251	0.32	9,295	0.31	-	-
Other long-term investments	18,430	0.64	18,430	0.62	-	-
Investment properties	14,004	0.48	14,004	0.47	14,004	0.45
Property, plant and equipment	686,049	23.70	711,640	23.86	822,526	26.17
Right-of-use assets	-	-	-	-	35,511	1.13
Intangible assets	10,948	0.38	10,191	0.34	15,575	0.50
Non-current biological assets	36,933	1.28	39,843	1.34	20,961	0.67
Deferred tax assets	312	0.01	420	0.01	2,384	0.08
Other non-current assets	3,974	0.14	4,173	0.14	4,975	0.16
Total non-current assets	779,902	26.95	807,996	27.09	948,960	30.19
Total assets	2,893,820	100.00	2,982,171	100.00	3,142,822	100.00

Lee Feed Mill Public Company Limited and its subsidiaries

Statement of financial position as at 31 December 2018 - 2020

Liabilities and shareholders' equity	2018		2019		2020	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Liabilities						
Current liabilities						
Trade and other payables	184,041	6.36	155,165	5.20	203,159	6.46
Current portion of lease liabilities	-	-	-	-	13,354	0.42
Income tax payable	9,653	0.33	28,280	0.95	28,874	0.92
Other current liabilities	3,402	0.12	1,448	0.05	2,030	0.06
Total current liabilities	197,096	6.81	184,893	6.20	247,417	7.87
Non-current liabilities						
Lease liabilities, net of current portion	-	-	-	-	23,241	0.74
Deferred tax liabilities	38,344	1.33	31,010	1.04	25,792	0.82
Provision for long-term employee benefits	80,246	2.77	101,877	3.41	110,355	3.51
Other non-current liabilities	3,999	0.14	6,722	0.23	4,739	0.15
Total non-current liabilities	122,589	4.24	139,609	4.68	164,127	5.22
Total liabilities	319,685	11.05	324,502	10.88	411,544	13.09
Shareholders' equity						
Share capital - Issued and fully paid	922,180	31.87	922,180	30.91	922,180	29.34
Share premium	681,345	23.54	681,345	22.85	681,345	21.68
Other components of shareholders' equity	225,784	7.80	225,783	7.57	225,783	7.18
Retained earnings						
Appropriated - statutory reserve	144,375	4.99	144,375	4.84	122,500	3.90
Unappropriated	571,209	19.74	654,177	21.95	748,759	23.83
Non-controlling interests of the subsidiaries	29,242	1.01	29,809	1.00	30,709	0.98
Total shareholders' equity	2,574,135	88.95	2,657,669	89.12	2,731,277	86.91
Total liabilities and shareholders' equity	2,893,820	100.00	2,982,171	100.00	3,142,822	100.00



Lee Feed Mill Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018 - 2020

Items	2018		2019		2020	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Operating Results						
Sales	2,950,346	98.51	2,625,181	98.04	2,836,262	98.21
Other income						
Interest income	14,993	0.50	19,322	0.71	14,197	0.49
Dividend income	6,943	0.23	21,351	0.80	21,651	0.75
Gain on equity instrument at fair value through profit or loss	-	-	-	-	4,699	0.16
Others	13,769	0.46	11,934	0.45	11,282	0.39
Total other income	35,705	1.20	52,607	1.96	51,829	1.79
Total revenues	2,986,051	100.00	2,677,788	100.00	2,888,090	100.00
Expenses						
Cost of sales	2,640,380	88.42	2,270,124	84.78	2,437,051	84.38
Selling expenses	69,694	2.33	62,574	2.34	57,886	2.00
Administrative expenses	146,317	4.90	155,817	5.82	141,377	4.90
Allowance for expected credit losses - doubtful debts	1,844	0.06	1,609	0.06	4,063	0.14
Loss on financial assets at fair value to profit or loss	38,007	1.27	9,824	0.37	7,806	0.27
Loss (gain) arising from changes in fair value of biological assets	(9,325)	(0.31)	(4,026)	(0.15)	7,481	0.26
Total expenses	2,886,917	96.68	2,495,922	93.21	2,655,664	91.95
Operating Profit	99,133	3.31	181,866	6.79	232,427	8.05
Share of profit from investment in associated company	67	0.00	44	0.00	2	0.00
Finance cost	(1,636)	(0.05)	(1,210)	(0.05)	(3,588)	(0.12)
Income tax expenses	(13,454)	(0.45)	(30,637)	(1.14)	(39,507)	(1.37)
Profit for the year	84,110	2.81	150,063	5.60	189,334	6.56

Lee Feed Mill Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018 – 2020

Items	2018		2019		2020	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Actuarial gain	-	-	8,586	0.32	-	-
Income tax effect	-	-	(1,717)	(0.06)	-	-
Other comprehensive income for the year	84,110	2.81	156,932	5.86	189,334	6.56
<u>Profit attributable to:</u>						
Equity holders of the Company	81,851	2.73	149,704	5.59	187,052	6.48
Non-controlling interests of the subsidiaries	2,259	0.08	359	0.01	2,282	0.08
Total profit for the year	84,110	2.81	150,063	5.60	189,334	6.56
<u>Comprehensive income attributable to:</u>						
Equity holders of the Company	81,851	2.73	156,365	5.84	187,052	6.48
Non-controlling interests of the subsidiaries	2,259	0.08	567	0.02	2,282	0.08
Total comprehensive income for the year	84,110	2.81	156,932	5.86	189,334	6.56
Basic earnings per share / Profit attributable to equity holders of the Company	0.09		0.16		0.20	



Significant Financial Ratios reflecting on financial position

			2018	2019	2020
1. Liquidity Ratio					
Current Ratio	times		10.73	11.76	8.87
Quick Ratio	times		7.41	8.23	5.84
Cash Ratio	times		1.10	0.89	0.68
Account Receivable Turnover	times		14.77	13.98	13.33
Average Collection Period	days		25	26	27
Inventory Turnover	times		4.00	3.55	3.54
Holding Period	days		91	103	103
Account Payable Turnover	times		14.29	13.38	13.60
Payment Period	days		26	27	27
Cash Conversion Cycle	days		90	102	104
2. Profitability Ratio					
Gross Profit Margin Ratio	%		10.52	13.53	14.08
Operating Profit Margin Ratio	%		3.44	5.30	6.64
Other Income Ratio	%		1.20	1.96	1.79
Operating Cash Flow	%		216.96	121.66	78.17
Net Profit margin	%		2.81	5.60	6.56
Return on Equity (ROE)	%		3.21	5.74	7.03
3. Efficiency Ratio					
Return on Assets (ROA)	%		2.86	5.11	6.18
Return on Capital (ROC)	%		21.36	29.32	33.27
Asset Turnover	times		1.02	0.91	0.94

		2018	2019	2020
4. Financial Policy Ratio				
Debt to Equity Ratio	times	0.12	0.12	0.15
Interest Coverage Ratio	times	148.08	157.10	53.90
Debt Service Coverage Ratio (Cash Basis)	times	1.10	0.86	0.98
Dividend Payout Ratio	%	90	74	89
5. Financial Data Per Share				
Net Book Value per Share	Baht/Share	2.76	2.85	2.93
Earnings per Share	Baht/Share	0.09	0.16	0.20
Cash Dividend per Share	Baht/Share	0.08	0.12	0.18
6. Growth Rate				
Total Assets	%	(3.39)	3.05	5.39
Total Liabilities	%	(2.71)	1.51	26.82
Total Revenues	%	(11.29)	(11.02)	8.04
Total Operating Expenses	%	(3.33)	0.99	(7.58)
Net Profit	%	(57.19)	78.41	26.17



Management Discussion and Analysis

Operational Results and the Financial Status of Lee Feed Mill Public Company Limited and its Subsidiaries for the year 2019 and 2020 are summarized below:

1. Operational Results

1.1 Revenues

The Company's sales of the year 2020 and 2019 were Baht 2,836 million and Baht 2,625 million, respectively. The Company's main revenue was the sales of animal feed of 99.23 percent while the remaining 0.77 percent is income from animal breeding and crop farming.

For the year 2020, animal feed products sales portion composes of 40 percent for land feed sales and 60 percent for aquatic feed sales.

In the year 2020, the Company's sales increased by 8% compared with last year. Other income from interest income and dividend income for the year 2020 and 2019 was Baht 36 million and Baht 41 million, respectively. Moreover, other income from the sale of by-products, fixed assets and others approximately amounted to Baht 11 million and Baht 12 million, respectively. Gain on equity instrument at fair value through profit or loss was approximately Baht 5 million in 2020. There was also a loss on financial assets at fair value to profit or loss amounting to Baht 8 million and Baht 10 million for the year 2020 and 2019, respectively.

1.2 Cost of sales

In the year 2020 and 2019, cost of sales amounted of Baht 2,437 million and Baht 2,270 million, respectively, representing 85.93 percent and 86.47 percent of sales, respectively. The increasing in cost of sales amounting to Baht 167 million was in the same line as increasing in sales.

1.3 Selling and Administrative Expenses

In the year 2020 and 2019, selling expenses of Baht 58 million and Baht 63 million, respectively, representing 2.00 percent and 2.34 percent of total revenues. Selling expenses dropped Baht 5 million. Administrative expenses were Baht 141 million and 156 million in 2020 and 2019, respectively. Administrative expenses decreased by Baht 15 million mainly due to changing of the Labor Protection Act in 2019. The Company recognized as expenses in profit and loss of the previous year.

The Company had allowance for expected credit losses - doubtful debts amounted of Baht 4 million and Baht 2 million for the year 2020 and 2019, respectively. It increased by Baht 2 million because the Company has adopted the TFRS9 Financial instruments for fiscal years beginning on or after 1 January 2020.

The Company had loss arising from changes in fair value of biological assets for the year of 2020 amounted of Baht 7million while the same period of the previous year had gain of Baht 4 million. This was due to revaluation of biological assets.

The Company had finance costs approximately Baht 4 million and Baht 1 million in 2020 and 2019, respectively. It increased by Baht 3 million compared with the same period of the previous year because the Company has adopted the TFRS16 Leases for fiscal years beginning on or after 1 January 2020. However, 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 40 million, increased by Baht 9 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 2020 was Baht 189 million and increased by Baht 39 million or 26.17 percent compared to the prior year net profit of Baht 150 million. The net profit margin of the year 2020 and 2019 were 6.56 percent and 5.60 percent, respectively. The Company had higher performance mainly due to the fact that gross profit of feed business rose by Baht 45 million. This was because revenue from aquatic feeds, which had higher gross profit than land feed, dropped by Baht 8 million from the previous year. Meanwhile, revenue from land feed increased by Baht 182 million from the previous year. In addition, the efficiency improvement of production cost management had affected cost of sales reduction together with declining in administrative expenses about Baht 15 million.

1.6 Other comprehensive income

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

1.7 Return on Investment rate of shareholders

Return on investment rate of shareholders for the years 2020 was increased by 1.29 percent, from 5.74 percent to be 7.03 percent. Return on assets increased from 5.11% in the year 2019 to be 6.18% in the year 2020, mainly due to the increase in net profit.

2. Financial Position

Assets

As at 31 December 2020 and 2019, The Company have total assets of Baht 3,143 million and Baht 2,982 million, respectively. The portion of current assets to non-current assets is approximately 70 : 30 and 73 : 27 for the year 2020 and 2019, respectively.

The principal current assets as at 31 December 2020 and 2019, which was approximately 70 and 73 percent of total assets for the year 2020 and 2019, respectively, were cash and cash equivalents, inventories, trade and other receivables and other current financial assets.



Inventories

As at 31 December 2020 and 2019, inventories net of allowance for diminution value amounted of Baht 738 million and Baht 640 million, respectively, or approximately 23 percent and 21 percent of total assets for the year 2020 and 2019, respectively. The inventory turnover ratio were 103 days for both years. 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 2020 and 2019, trade and other receivables amounted of Baht 232 million and Baht 193 million, or 7 percent and 6 percent of total assets, respectively. The collection periods also were approximately 27 and 26 days in 2020 and 2019, 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 expected credit losses - doubtful debts, the Company calculated provision rates based on days past due for groupings of various customers with similar credit risks. The Group classifies customer segments by customer type and customer rating. Allowance for expected credit losses - doubtful debts 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.

Other current financial assets / Current Investments

As at 31 December 2020 and 2019, the Company had current investments amounting of Baht 1,182 million and Baht 1,296 million, respectively. The balance as at 31 December 2019 were presented as current investment which were reclassified to other current financial assets. Other current financial assets composed of fixed deposits, mutual fund, investments in marketable securities and derivative corporate bonds. 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 2020 and 2019, fixed assets before deducting accumulated depreciation were Baht 2,347 million and Baht 2,200 million, respectively. Net increase amounting of Baht 147 million caused by procurement machinery, office equipment and vehicle totaling of Baht 162 million and disposal totaling of Baht 14 million during the year 2020. Net book value as at 31 December 2020 and 2019 were Baht 823 million and Baht 712 million, respectively.

3. Sources of Funding

3.1 Liabilities

As at 31 December 2020 and 2019, the Company's total liabilities stated amounting of Baht 412 million and Baht 325 million, respectively. The ratio of total liabilities to total assets were 13.09 and 10.88 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 2020 and 2019, provision for long-term employee benefits were Baht 110 million and Baht 102 million, respectively, which increased by Baht 8 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 2020 and 2019, the Company and its subsidiaries have been granted various types of credit facilities by several financial institutions of which Baht 1,026 million and Baht 935 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 2020, the shareholders' equity stated amounting of Baht 2,731 million, unappropriated retained earnings of approximately Baht 749 million. Board of Director Meeting No. 2/2021 held on 10th March 2021 approved to pay dividend for the year 2020 at Baht 0.18 per share, total of Baht 166 million. The dividend will be paid on 21st May 2021, which is paid from the operating result for the period from 1 January 2020 to 31 December 2020. The dividend payment is 92 percent of the separated financial statement's net profit (89 percent of the consolidated financial statement)

3.3 Appropriateness of the Capital Structure

As at 31 December 2020, debt to equity ratio is 0.15 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 of from working capital. Therefore, it is considered that the company's capital structure is a suitable capital structure and financial stability. Moreover, in case of the Company need working capital in the future, the company still have the remaining of credit line from financial institutions adequately.



As at 31 December 2020, the registered capital of the company amounts of Baht 929,070,000 shares, and, and paid-up capital amount of Baht 922,180,251.

4. Liquidity Conditions

4.1 Cash Flow from Operations Activities

The Company have cash inflow from operations activities amount of Baht 147 million and Baht 169 million in 2020 and 2019, respectively, which decreased by Baht 22 million. The Company continuously maintain the policy of giving credit to customers concisely, which had an average collection period of 27 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 103 days and the Company had no long outstanding receivables and payables.

4.2 Cash Flow from Investment Activities

During the year 2020, the Company paid for investment activities amount of Baht 23 million. The Company procured machinery and intangible assets for operation amounting of Baht 169 million and invested in other non-current financial assets and a subsidiary company amounting of Baht 10 million and 1 million, respectively. However, the Company received from other current financial assets amounting of Baht 116 million. The Company also received interest income and dividend from other non-current financial assets amount of Baht 38 million and received cash from disposal assets amount of Baht 2 million.

4.3 Cash Flow from Financial Activities

In year 2020, the Company had cash outflow from financial activities amounting of Baht 127 million and increased by Baht 52 million. This was mainly because dividend paid in 2020 was more than prior year and cash paid under lease agreements.

4.4 Liquidity Ratio

In year 2020 and 2019, the ratios of current assets to current liabilities were 8.87 and 11.76 times, respectively, which decreased from last year. This was mainly because trade and other payables increased by 31 percent.

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 2020, 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 2020, 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 matter and how audit procedures respond for each matter are described below.



Revenue recognition

The amount of revenue from sales of goods is highly significant. In addition, the Group has variety of sales conditions. Recording of revenue recognition and presentation in the financial statements in accordance with the Thai Financial Reporting Standards are important as they directly affect the operating results which are interested by the users of the financial statements.

I assessed and tested the effectiveness of the Group's internal controls relating to the revenue cycle, examining supporting documents on a sampling basis for actual sale transactions occurring during the year, expanding the scope of audit near the end of the reporting period and testing sale transactions with respect to the accuracy and timing of revenue recognition. I also examined credit notes issued by the Group after the period end and performed analytical procedures on disaggregated data, including reconciliation of sales to cash receipts, to detect possible irregularities in sale transactions throughout the period, particularly accounting entries made through journal vouchers.

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.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 24 February 2021

Statement of financial position

Lee Feed Mill Public Company Limited and its subsidiaries

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	29,894,498	32,325,824	14,995,279	21,966,636
Current investments	3, 12				
- Fixed deposits and certificates of deposits with maturity date due more than 3 months		-	948,065,203	-	948,065,203
- Marketable securities		-	347,841,296	-	347,841,296
Trade and other receivables	9	232,228,626	193,347,083	142,733,904	148,439,817
Short-term loans to related party	7	-	-	279,000,000	122,000,000
Inventories	10	738,224,316	640,269,086	279,306,496	278,302,776
Current biological assets	11	6,219,772	6,942,901	6,219,772	6,942,901
Other current financial assets	3, 12	1,181,680,592	-	1,162,680,592	-
Other current assets		5,613,862	5,383,838	3,174,463	3,238,572
Total current assets		2,193,861,666	2,174,175,231	1,888,110,506	1,876,797,201
Non-current assets					
Other non-current financial assets	3, 13	33,023,912	-	33,023,912	-
Investment in associated company		-	9,294,731	-	9,272,211
Investments in subsidiaries	14	-	-	215,784,556	194,999,800
Other long-term investments	3, 13	-	18,430,400	-	18,430,400
Investment properties	15	14,003,993	14,003,993	13,754,587	13,754,587
Property, plant and equipment	16	822,525,836	711,639,704	350,136,033	297,549,632
Right-of-use assets	3, 19	35,511,384	-	16,577,704	-
Intangible assets	17	15,575,109	10,190,808	10,087,239	9,771,729
Non-current biological assets	11	20,961,491	39,843,207	20,961,491	39,843,207
Deferred tax assets	25	2,383,705	420,072	1,928,737	-
Other non-current assets		4,974,507	4,172,884	2,569,798	2,143,909
Total non-current assets		948,959,937	807,995,799	664,824,057	585,765,475
Total assets		3,142,821,603	2,982,171,030	2,552,934,563	2,462,562,676

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 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	18	203,159,382	155,164,872	103,176,684	92,175,070
Current portion of lease liabilities	3, 19	13,354,135	-	7,802,930	-
Income tax payable		28,874,086	28,279,649	22,983,878	24,769,979
Other current liabilities		2,029,837	1,447,574	1,083,061	1,395,728
Total current liabilities		247,417,440	184,892,095	135,046,553	118,340,777
Non-current liabilities					
Lease liabilities, net of current portion	3, 19	23,240,918	-	9,285,804	-
Deferred tax liabilities	25	25,792,092	31,009,954	-	3,939,834
Provision for long-term employee benefits	20	110,354,735	101,877,381	55,397,667	51,316,790
Other non-current liabilities		4,739,119	6,722,155	3,334,107	4,317,143
Total non-current liabilities		164,126,864	139,609,490	68,017,578	59,573,767
Total liabilities		411,544,304	324,501,585	203,064,131	177,914,544
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	21	122,500,000	144,375,000	122,500,000	122,500,000
Unappropriated		748,759,374	654,176,234	541,072,606	475,850,306
Other components of shareholders' equity	22	225,783,376	225,783,376	82,772,183	82,772,183
Equity attributable to owners of the Company		2,700,568,393	2,627,860,253	2,349,870,432	2,284,648,132
Non-controlling interests of the subsidiaries		30,708,906	29,809,192	-	-
Total shareholders' equity		2,731,277,299	2,657,669,445	2,349,870,432	2,284,648,132
Total liabilities and shareholders' equity		3,142,821,603	2,982,171,030	2,552,934,563	2,462,562,676

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit or loss:				
Revenues				
Sales	2,836,261,860	2,625,180,958	1,432,289,522	1,563,215,757
Other income				
Interest income	14,196,817	19,321,563	22,113,043	21,249,906
Dividend income	21,650,700	21,351,400	50,150,700	21,351,400
Gain on equity instrument at fair value through profit or loss	4,698,512	-	4,698,512	-
Others	11,282,494	11,933,851	5,078,677	9,024,619
Total revenues	2,888,090,383	2,677,787,772	1,514,330,454	1,614,841,682
Expenses				
Cost of sales	2,437,050,886	2,270,124,444	1,167,425,331	1,310,544,613
Selling expenses	57,885,957	62,574,208	35,267,089	38,058,172
Administrative expenses	141,377,017	155,816,652	78,970,017	86,917,340
Allowance for expected credit losses - doubtful debts	4,062,807	1,609,361	4,795,462	576,607
Loss on financial assets at fair value to profit or loss	7,806,422	9,823,855	7,806,422	9,823,855
Loss (gain) arising from changes in fair value of biological assets	7,480,743	(4,026,461)	7,480,743	(4,026,461)
Total expenses	2,655,663,832	2,495,922,059	1,301,745,064	1,441,894,126
Operating profit	232,426,551	181,865,713	212,585,390	172,947,556
Share of profit from investment in associated company	1,900	43,833	-	-
Finance cost	(3,587,635)	(1,210,056)	(1,716,725)	(1,061,956)
Profit before income tax	228,840,816	180,699,490	210,868,665	171,885,600
Income tax expenses	(39,506,586)	(30,636,723)	(31,055,774)	(29,455,186)
Profit for the year	189,334,230	150,062,767	179,812,891	142,430,414

Note

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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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain	20	-	8,586,535	-	3,377,330
Less: Income tax effect	25	-	(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		189,334,230	156,931,995	179,812,891	145,132,278
Profit attributable to:					
Equity holders of the Company		187,051,958	149,703,641	179,812,891	142,430,414
Non-controlling interests of the subsidiaries		2,282,272	359,126		
		189,334,230	150,062,767		
Total comprehensive income attributable to:					
Equity holders of the Company		187,051,958	156,364,501	179,812,891	145,132,278
Non-controlling interests of the subsidiaries		2,282,272	567,494		
		189,334,230	156,931,995		
Earnings per share	26				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.20	0.16	0.19	0.15

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 2020

(Unit: Baht)

	Consolidated financial statements						
	Equity attributable to owners of the Company						Equity attributable to non-controlling interests of the subsidiaries
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of equity	Total equity attributable to shareholders of the Company	
			Appropriated – Statutory reserve	Unappropriated			
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	2,574,134,854
Profit for the year	-	-	-	149,703,641	-	149,703,641	150,062,767
Other comprehensive income for the year	-	-	-	6,660,860	-	6,660,860	6,869,228
Total comprehensive income for the year	-	-	-	156,364,501	-	156,364,501	156,931,995
Dividend paid (Note 29)	-	-	-	(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	2,657,669,445

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



Statement of changes in shareholders' equity (continued)



(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
		Appropriated - Statutory reserve	Unappropriated			
922,180,251	681,345,392	144,375,000	654,176,234	225,783,376	2,627,860,253	29,809,192
-	-	-	(4,125,012)	-	(4,125,012)	12,988
922,180,251	681,345,392	144,375,000	650,051,222	225,783,376	2,623,735,241	29,822,180
-	-	-	187,051,958	-	187,051,958	2,282,272
-	-	-	187,051,958	-	187,051,958	2,282,272
-	-	-	(110,218,806)	-	(110,218,806)	-
-	-	-	-	-	-	(1,500,003)
-	-	-	-	-	-	-
-	-	-	-	-	-	104,457
-	-	(21,875,000)	21,875,000	-	-	-
922,180,251	681,345,392	122,500,000	748,759,374	225,783,376	2,700,568,393	30,708,906
						2,731,277,299

Balance as at 1 January 2020

- as previously reported

Cumulative effects of the initial adoption of new financial reporting standards (Note 4)

Balance as at 1 January 2020 - as restated

Profit for the year

Total comprehensive income for the year

Dividend paid (Note 29)

Dividend of subsidiaries paid to non-controlling interest

Increase in non-controlling interest of the subsidiary from acquisition of investment in subsidiary (Notes 14)

Reverse retained earnings transferred to statutory reserve of subsidiaries

Balance as at 31 December 2020

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 2020

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of equity	
			Appropriated - Statutory reserve	Unappropriated	Other comprehensive income Revaluation surplus on land	
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 29)	-	-	-	(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.



Statement of changes in shareholders' equity (continued)

Lee Feed Mill Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(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 2020						
- as previously reported	922,180,251	681,345,392	122,500,000	475,850,306	82,772,183	2,284,648,132
Cumulative effects of the initial adoption of new financial reporting standards (Note 4)	-	-	-	(4,371,785)	-	(4,371,785)
Balance as at 1 January 2020 - as restated	922,180,251	681,345,392	122,500,000	471,478,521	82,772,183	2,280,276,347
Profit for the year	-	-	-	179,812,891	-	179,812,891
Total comprehensive income for the year	-	-	-	179,812,891	-	179,812,891
Dividend paid (Note 29)	-	-	-	(110,218,806)	-	(110,218,806)
Balance as at 31 December 2020	922,180,251	681,345,392	122,500,000	541,072,606	82,772,183	2,349,870,432

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	228,840,816	180,699,490	210,868,665	171,885,600
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on other current financial assets	(1,625,876)	10,745,819	(1,625,876)	10,745,819
Loss (gain) on sales of other current financial assets	9,723,263	(921,965)	9,723,263	(921,965)
Gain on sales other non-current financial assets	(290,965)	-	(290,965)	-
Unrealised gain on equity instrument at fair value through profit or loss	(4,698,512)	-	(4,698,512)	-
Allowance for expected credit losses/doubtful debts	4,062,809	1,609,361	4,795,462	576,607
Reversal of provision for sales discounts	-	(3,322,166)	-	(257,434)
Reduction of inventories to net realisable value (reversal)	138,767	(96,480)	55,347	1,280
Loss (gain) arising from change in fair value of biological assets	7,480,743	(4,026,461)	7,480,743	(4,026,461)
Share of profit from investment in associated company	(1,900)	(43,833)	-	-
Reversal impairment of investment in associated company	-	-	(24,420)	-
Gain on bargain purchase of subsidiary	(2,093)	-	-	-
Depreciation and amortisation	65,901,280	54,838,041	32,016,084	24,311,922
Gain on sales of equipment	(1,994,913)	(4,785,566)	(861,877)	(2,974,300)
Provision for long-term employee benefits	10,604,221	33,992,030	5,498,878	15,949,820
Dividend received from marketable securities and other long-term investments	-	(21,351,400)	-	(21,351,400)
Dividend received from financial assets	(21,650,700)	-	(21,650,700)	-
Dividend received from investment in subsidiary	-	-	(28,500,000)	-
Unrealised gain on exchange rate	(260,266)	-	(59,175)	-
Interest income	(14,256,849)	(19,321,563)	(22,113,043)	(21,249,906)
Interest expenses	2,534,811	3,188	1,225,370	478,562
Profit from operating activities before changes in operating assets and liabilities	284,504,636	228,018,495	191,839,244	173,168,144
Operating assets (increase) decrease				
Trade and other receivables	(48,775,083)	(9,078,383)	(6,081,956)	(4,314,899)
Inventories	(98,093,997)	(3,028,870)	(1,059,067)	78,953,624
Current biological assets	(141,846)	3,270,318	(141,846)	3,270,318
Other current assets	(226,900)	713,483	64,108	1,533,408
Non-current biological assets	12,265,948	197,666	12,265,948	197,666
Other non-current assets	(801,624)	558,993	(425,889)	550,148

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Operating liabilities increase (decrease)				
Trade and other payables	48,204,359	(28,876,068)	11,060,789	(12,574,118)
Other current liabilities	560,392	(618,559)	(334,539)	(1,604,783)
Other non-current liabilities	(1,983,036)	2,723,352	(983,037)	318,340
Cash flows from operating activities	195,512,849	193,880,427	206,203,755	239,497,848
Cash paid for long-term employee benefits	(2,126,867)	(3,774,596)	(1,418,000)	(1,204,347)
Cash paid for interest expenses	(7,805)	(3,188)	(4,453)	(478,562)
Cash paid for corporate income tax	(46,093,643)	(20,898,037)	(38,710,445)	(17,869,174)
Net cash flows from operating activities	147,284,534	169,204,606	166,070,857	219,945,765
Cash flows from investing activities				
Current investments				
- Decrease in fixed deposit and certificates of deposits	-	157,327,529	-	157,327,529
- Increase in marketable securities	-	(245,078,906)	-	(245,078,906)
Increase in other current financial assets	116,336,772	-	125,128,520	-
Increase in other non-current financial assets	(9,604,035)	-	(9,604,035)	-
Cash paid for investment in subsidiary	(814,027)	-	(11,488,125)	-
Increase in short-term loans to subsidiary	-	-	(476,888,848)	(232,000,000)
Cash received from repayment of short-term loans to subsidiary	-	-	319,888,848	141,000,000
Acquisition of equipment and intangible assets	(169,072,035)	(81,865,978)	(77,426,411)	(25,281,141)
Proceeds from sales of equipment	2,403,535	6,222,900	1,164,183	3,606,800
Dividend received from other long-term investments	-	21,351,400	-	21,351,400
Dividend income from financial assets	21,650,700	-	21,650,700	-
Dividend received from subsidiary	-	-	28,500,000	-
Interest income	16,031,802	18,995,005	24,733,665	20,081,345
Net cash flows used in investing activities	(23,067,288)	(123,048,050)	(54,341,503)	(158,992,973)
Cash flows from financing activities				
Short-term loans from related party	-	-	-	97,000,000
Cash paid to repayment of short-term loans from related party	-	-	-	(97,000,000)
Dividend paid	(110,196,934)	(74,733,298)	(110,196,934)	(73,383,973)
Dividend of the subsidiaries paid to non-controlling interest	(1,500,004)	-	-	-
Cash paid under lease agreements	(14,951,634)	-	(8,503,777)	-
Net cash flows used in financing activities	(126,648,572)	(74,733,298)	(118,700,711)	(73,383,973)
Net increase (decrease) in cash and cash equivalents	(2,431,326)	(28,576,742)	(6,971,357)	(12,431,181)
Cash and cash equivalents at beginning of year	32,325,824	60,902,566	21,966,636	34,397,817
Cash and cash equivalents at end of year	29,894,498	32,325,824	14,995,279	21,966,636

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 2020

1. General information

Lee Feed Mill Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholder is Leelasithorn family. The Group 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, 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") (Collectively as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020 (%)	2019 (%)
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
P A F (2020) Co., Ltd. (Formerly known as "Pattana Agro Future Co., Ltd.")	Distributing pet feed	Thailand	100	45



- b) The Group 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 Group 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 Group 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 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards are 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:

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.

The adoption of these standards does not have any significant impact on the Group's financial statements resulted from the following items.

- Recognition of credit losses
- Recognition of derivatives - the Group measured at their fair values.
- The Company measures investments in equity instruments of a non-listed company and classifies as financial assets at fair value, through profit or loss.
- The Group changes the presentation of its financial assets and liabilities in the financial statements.

Cumulative effects of the initial adoption of this new financial reporting standard are detailed in Note 4.1 to the consolidated financial statements.

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 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance.

Cumulative effects of the initial adoption of this new financial reporting standard are detailed in Note 4.2 to the consolidated financial statements.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group has assessed the impact of these new standards and found that they would not have any significant impact on the Group's financial statements in the year when they are adopted.



4. Cumulative effects of the initial adoption of new financial reporting standards

As described in Note 3 a) to the consolidated financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effects of the initial adoption of the new financial reporting standards are recognised as an adjustment to retained earnings as at 1 January 2020 without restatement of the comparative information.

4.1 Financial Instruments

As at 1 January 2020, financial assets and liabilities were classified and measured in accordance with TFRS 9 by amortised cost, except the equity instruments and derivatives are measured at fair value through profit or loss.

The impact on the beginning balance of retained earnings as at 1 January 2020 from the initial adoption of financial reporting standards related to financial instruments is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Retained earnings – unappropriated		
Recognition of an allowance for expected credit losses – doubtful debts (net of income tax)	(4,112)	(4,372)

4.2 Leases

The Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately prior to the date of initial the adoption of TFRS 16.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	2,414	1,934
Add: Option to extend lease term	53,462	24,762
Add (less): Others	(892)	206
Less: Deferred interest expenses	(5,964)	(2,531)
Increase in lease liabilities due to TFRS 16 adoption	49,020	24,371
Lease liabilities as at 1 January 2020	49,020	24,371
Comprise of:		
Current lease liabilities	12,651	7,391
Non-current lease liabilities	36,369	16,980
Total	49,020	24,371

Right-of-use assets in accordance with TFRS 16 initial adoption as at 1 January 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Land and buildings	49,020	24,371

5. Significant accounting policies

5.1 Revenue and expense 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 calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset net of the allowance for expected credit loss (if any).

Dividends

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



Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

5.2 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.

5.3 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 or net realisable value and are charged to production costs whenever consumed.

5.4 Agriculture

The Group's biological assets are breeder pigs, piglets, laying ducks, aquatic animals, teak and eucalyptus which are 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, teak and eucalyptus are determined based on fair value less estimated selling costs. Gains or losses on changes in fair value of biological asset are recognised in profit or loss.

5.5 Investments

Investment in associated company is accounted for in the consolidated financial statements using the equity method.

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.

5.6 Investment properties

Investment properties (land awaiting sales) are measured initially at cost, including transaction costs. Subsequent to the initial recognition, land is stated at fair value. Any gain or loss arising from changes in the value of land is recognised in profit or loss when incurred.

On disposal of land, 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.

5.7 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 is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair value. Revaluation is 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 land carrying amount is increased as a result of a revaluation of the Group's land, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in 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 land carrying amount is decreased as a result of a revaluation of the Group's land, 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.

5.8 Intangible assets - computer software

Computer software is initially recognised at cost. Following the initial recognition, computer software is carried at cost less any accumulated amortisation and allowance for loss on impairment of assets (if any).

Computer software is amortised on a systematic basis over the economic useful lives of 5 - 10 years and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.



No amortization is provided on computer software under installation.

5.9 Leases

The Group as a lessee

Accounting policies adopted as from 1 January 2020

The Group recognises right-of-use assets and lease liabilities for all leases at the date the underlying asset is available for use (the commencement date of the lease), except for a lease that has a lease term less than or equal to 12 months or a lease of low-value assets, the Group recognises as expenses on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any allowance for impairment losses, and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made on or prior to the commencement date of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of lease term or their estimated useful lives if ownership of the leased asset is transferred to the Group at the end of the lease term.

Land and building	2 - 6 years
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Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change of the lease.

Accounting policies adopted prior to 1 January 2020

Leases of property and plant which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of land and buildings 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.

5.10 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 company, 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 the Group's operations.

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

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.

5.12 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of its plant and equipment, right-of-use assets and computer software 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 land 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.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.



5.13 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.

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.

5.14 Provisions

Provisions are recognised when the Group has 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.

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

At each reporting date, the 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.

5.16 Financial Instruments

Accounting policies adopted as from 1 January 2020

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") (however, the Group does not have FVOCI) and fair value through profit or loss ("FVTPL"). The classification of financial assets at the initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.



Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows. The cash flows are solely payments of principal and interest on the principal amount outstanding complied with the period specified in the contract.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net change in fair value is recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group does not irrevocable elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

The Group's financial liabilities are initial recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost, except for derivative liabilities. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial Instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have been expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred neither all the risks and rewards of the asset but has transferred control over it.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group recognises an allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Accounting policies adopted prior to 1 January 2020

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.

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 interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

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 the 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.

5.17 Derivatives

The Group uses derivatives, such as currency forward contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets or financial liabilities by considering the fair value of the derivatives.

Derivatives are presented as non-current assets or liabilities and current assets or liabilities by considering the remaining maturity with more than or less than 12 months respectively.

5.18 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.

6. 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:

Leases

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

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 professional appraiser using the market approach for land. The valuation involves certain assumptions and estimates as described in Note 16 to the consolidated financial statements.



In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and to 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.

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.

7. 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
	2020	2019	2020	2019	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	105	135	Comparable with market price
Interest income	-	-	8	2	5.88% to 6.88% per annum
Dividend income	-	-	29	-	Announced rate
Purchase of goods	-	-	57	82	Comparable with market price
Rental expenses	-	-	1	1	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	15	14	7	7	Contract price
Acquisition of investment in subsidiary	1	-	1	-	Agreed price
<u>Transactions with management</u>					
Acquisition of investment in subsidiary	2	-	2	-	Agreed price

As at 31 December 2020 and 2019, the balances of the accounts between the Group and those related companies were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Trade and other receivables – related parties (Note 9)</u>				
Subsidiaries	-	-	4,590	5,293
<u>Short-term loans to related parties</u>				
Subsidiary	-	-	279,000	122,000
<u>Trade and other payables – related parties (Note 18)</u>				
Subsidiaries	-	-	4,688	4,329
<u>Lease liabilities – related parties</u>				
Subsidiary	-	-	1,109	-
Related companies (related by common shareholders)	36,002	-	15,386	-
Total lease liabilities – related parties	36,002	-	16,495	-

Short-term loans to related party

(Unit: Thousand Baht)

	Related by	Separate financial statements			
		Balance as at 31 December 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2020
Lee Pattana Feed Mill Co., Ltd.	Subsidiary	122,000	476,889	(319,889)	279,000



Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	11,775	13,421	6,243	7,882
Post-employment benefits	1,087	2,412	466	1,020
Total	12,862	15,833	6,709	8,902

Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 30.3 to the consolidated financial statements.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	1,114	898	640	618
Bank deposits	28,780	31,428	14,355	21,349
Total	29,894	32,326	14,995	21,967

As at 31 December 2020, bank deposits in saving accounts carried interest rates between 0.05 to 0.40 percent per annum (2019: between 0.2 to 0.5 percent per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	-	-	3,952	466
Past due up to 3 months	-	-	-	3,957
Total trade receivable - related parties	-	-	3,952	4,423
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	136,845	98,380	63,685	60,001
Past due				
Up to 3 months	62,714	61,520	44,156	51,344
3 - 6 months	6,963	5,850	6,199	5,810
6 - 12 months	7,106	10,277	6,228	9,996
Over 12 months	51,707	41,146	44,705	31,895
Total	265,335	217,173	164,973	159,046
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	(35,244)	(27,068)	(28,306)	(19,139)
Total trade receivables - unrelated parties, net	230,091	190,105	136,667	139,907
Total trade receivables - net	230,091	190,105	140,619	144,330
<u>Other receivables</u>				
Other receivable - unrelated parties	673	2	82	-
Other receivable - related parties	-	-	547	3
Interest receivable - financial institutions	1,465	3,240	1,395	3,240
Interest receivable - related parties	-	-	91	867
Total other receivables	2,138	3,242	2,115	4,110
Total trade and other receivables - net	232,229	193,347	142,734	148,440



Set out below is the movements in the allowance for expected credit losses of trade receivables.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	31,180	23,511
Provision for expected credit losses	4,505	4,923
Amount written off	(441)	(128)
As at 31 December 2020	35,244	28,306

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	101,098	111,978	(1,898)	(1,362)	99,200	110,616
Work in process	154	1,688	-	-	154	1,688
Raw materials	458,082	380,696	-	-	458,082	380,696
Packing materials	36,648	33,154	(1,295)	(1,692)	35,353	31,462
Spare parts and factory supplies	70,898	77,502	-	-	70,898	77,502
Spare parts and factory supplies in transit	4,109	1,326	-	-	4,109	1,326
Raw materials in transit	69,094	35,798	-	-	69,094	35,798
Raw materials used in farming	1,334	1,181	-	-	1,334	1,181
Total	741,417	643,323	(3,193)	(3,054)	738,224	640,269

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories – net	
	2020	2019	2020	2019	2020	2019
Finished goods	57,830	60,513	(87)	(199)	57,743	60,314
Work in process	154	513	-	-	154	513
Raw materials	139,026	140,391	-	-	139,026	140,391
Packing materials	14,660	15,753	(224)	(57)	14,436	15,696
Spare parts and factory supplies	36,959	40,901	-	-	36,959	40,901
Spare parts and factory supplies in transit	3,137	850	-	-	3,137	850
Raw materials in transit	26,517	18,457	-	-	26,517	18,457
Raw materials used in farming	1,334	1,181	-	-	1,334	1,181
Total	279,617	278,559	(311)	(256)	279,306	278,303

During the current year, the Group reduced cost of inventories by Baht 0.82 million (2019: Baht 0.55 million) (the Company only: Baht 0.17 million and 2019: Baht 0.06 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 0.68 million (2019: Baht 0.65 million) (the Company only: Baht 0.11 million and 2019: Baht 0.05 million), and reduced the amount of inventories recognised as expenses during the year.

11. Biological assets

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2020	2019
Current biological assets	6,220	6,943
Non-current biological assets	20,961	39,843
Total biological assets	27,181	46,786

Biological assets comprise breeder pigs, piglets, laying ducks, aquatic animals, teak and eucalyptus. The Company classifies 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 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2020	2019
Net book value at beginning of year	46,786	46,228
Increase due to purchase/raise	31,785	34,614
Decrease due to sales/harvest	(43,909)	(38,082)
Gain arising from changes in fair value of biological assets for the year	(7,481)	4,026
Net book value at end of year	27,181	46,786

12. Other current financial assets / Current investment

(Unit: Thousand Baht)

	31 December 2020		31 December 2019*
	Consolidated financial statements	Separate financial statements	Consolidated/ Separate financial statements
<u>Debt instruments at amortised cost</u>			
Fixed deposits and certificate of deposits	494,594	475,594	948,065
Government bonds	499,476	499,476	202,684
Total	994,070	975,070	1,150,749
<u>Financial assets at fair value through profit or loss</u>			
Equity instruments of listed companies	41,309	41,309	58,343
Unit trusts in mutual funds	126,262	126,262	86,814
Derivative corporate bonds	20,040	20,040	-
Total	187,611	187,611	145,157
Total other current financial assets - net	1,181,681	1,162,681	1,295,906

During the year, the movements of financial assets at fair value through profit or loss are as follows:

(Unit: Thousand Baht)

	31 December 2020			
	Consolidated / Separate financial statements			
	Equity instruments of listed companies	Unit trusts in mutual funds	Derivative corporate bonds	Total
Net book value as at 1 January 2020	58,343	86,814	-	145,157
Purchases during the year	20,030	949,000	20,000	989,030
Disposals during the year	(28,479)	(910,000)	-	(938,479)
Gain (loss) on sales during the year	(10,009)	286	-	(9,723)
Gain (loss) on fair value adjustments	1,424	162	40	1,626
Net book value as at 31 December 2020	41,309	126,262	20,040	187,611

(Unit: Thousand Baht)

	31 December 2019*		
	Consolidated / Separate financial statements		
	Equity instruments of listed companies	Unit trusts in mutual funds	Total
Net book value as at 1 January 2019	59,541	53,045	112,586
Purchases during the year	46,021	767,950	813,971
Disposals during the year	(35,559)	(736,018)	(771,577)
Gain (loss) on sales during the year	(1,018)	1,940	922
Loss on fair value adjustments	(10,642)	(103)	(10,745)
Net book value as at 31 December 2019	58,343	86,814	145,157

* The balance as at 31 December 2019 were presented as current investment for fixed deposit and certificates of deposits with maturity date due more than 3 months and marketable securities, which were reclassified to other current financial assets as described in Note 3 to the consolidated financial statements.



13. Other non-current financial assets / other long-term investments

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	31 December 2020	31 December 2019*
<u>Debt instruments at amortised cost</u>		
Held-to-maturity private debt securities	10,000	-
<u>Equity instrument at fair value through profit or loss</u>		
Non-listed equity instruments		
M.N. Inter Holding Co., Ltd.	16,780	16,780
Wall Street Tullett Liberty Ltd.	945	945
Other	600	705
Gain on fair value adjustment	4,699	-
Total equity instrument at fair value through profit or loss	23,024	18,430
Total other non-current financial asset	33,024	18,430

* The balance as at 31 December 2019 were presented as other long-term investments, which were reclassified to other non-current financial assets as described in Note 3 to the consolidated financial statements.

14. Investments in subsidiaries

14.1 Details of Investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Million Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2020	2019	2020 (%)	2019 (%)	2020	2019	2020	2019
Lee Pattana Feed Mill Co., Ltd.	200	200	95	95	190	190	29	-
Lee Pattana Agro Silo Co., Ltd.	150	150	100	100	150	150	4	-
Bodhi Ngarm Sea Farm Co., Ltd.	5	5	100	100	5	5	-	-
P A F (2020) Co., Ltd. (Formerly known as "Pattana Agro Future Co., Ltd.")	25	-	100	-	21	-	-	-
Total					366	345	33	-

14.2 Change in status of investment from associate to subsidiary

On 14 May 2020, the Board of Directors of the Company approved the acquisition of 1,375,000 shares, or a total of approximately Baht 11.49 million, of Pattana Agro Future Company Limited ("PAF"). Following the share acquisition, the Company held approximately 99.5% of the total issued and paid up shares of PAF resulted in status change from an associated company to a subsidiary.

On 18 June 2020, the Company received 1,375,000 ordinary shares of PAF and made full payment for these shares.

In June 2020, the Company measured fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The value of the assets and liabilities of PAF at the acquisition date are as summarised below:



(Unit: Thousand Baht)

	Fair value	Carrying value
Cash and cash equivalents	10,674	10,674
Other current financial assets	10,208	10,208
Other current assets	59	59
Other current liabilities	(50)	(50)
Total identifiable net assets	20,891	20,891
Fair value of non-controlling interests	(104)	
Net assets of the subsidiary	20,787	
Fair value of interest prior to the acquisition date	9,297	
Cash paid for purchase of investment in subsidiary	11,488	
Less: Net assets of the subsidiary	(20,787)	
Gain on bargain purchase subsidiary	(2)	
Cash paid for purchase of investment in subsidiary	11,488	
Less: Cash and cash equivalents of the subsidiary	(10,674)	
Net cash paid for purchase of investment in subsidiary	814	

On 1 July 2020, the Extraordinary General's meeting held on of PAF passed a resolution to change its name to "P A F (2020) Co., Ltd". On 27 October 2020, PAF register the change of its name with the Ministry of Commerce.

15. Investment properties

The investment properties are a land awaiting for sales. During 2016, the fair value of the investment properties has been determined based on valuations performed by independent professional appraiser, using the market approach.

The Group's management believes that the current valuation does not significantly different from the previous one.

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 2019	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
Additions	7,235	-	5,274	4,227	6,060	141,179	163,975
Disposals	-	-	(9,069)	(123)	(5,294)	-	(14,486)
Transfers	-	-	-	963	-	(2,671)	(1,708)
As at 31 December 2020	396,376	523,057	904,275	183,277	139,997	200,412	2,347,394

Accumulated depreciation:

As at 1 January 2019	-	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
Depreciation for the year	-	12,879	17,230	6,662	14,201	-	50,972
Depreciation on disposals	-	-	(9,069)	(123)	(4,885)	-	(14,077)
As at 31 December 2020	-	430,652	813,488	169,541	111,187	-	1,524,868

Net book value:

As at 31 December 2019	389,141	105,284	102,743	15,208	37,360	61,904	711,640
As at 31 December 2020	396,376	92,405	90,787	13,736	28,810	200,412	822,526

Depreciation for the year

2019 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses)	54,838
2020 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses)	50,972



(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 2019	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
Additions	-	-	1,801	2,178	1,588	70,179	75,746
Disposals	-	-	-	(88)	(3,881)	-	(3,969)
Transfer	-	-	-	482	-	(482)	-
As at 31 December 2020	172,718	319,048	402,032	112,866	82,051	83,694	1,172,409

Accumulated depreciation:

As at 1 January 2019	-	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
Depreciation for the year	-	6,312	4,512	3,193	8,840	-	22,857
Depreciation on disposals	-	-	-	(88)	(3,578)	-	(3,666)
As at 31 December 2020	-	271,203	379,330	105,860	65,880	-	822,273

Net book value:

As at 31 December 2019	172,718	54,157	25,413	7,539	23,726	13,997	297,550
As at 31 December 2020	172,718	47,845	22,702	7,006	16,171	83,694	350,136

Depreciation for the year

2019 (Baht 13 million included in manufacturing cost, and the balance in selling and administrative expenses)	24,312
2020 (Baht 13 million included in manufacturing cost, and the balance in selling and administrative expenses)	22,857

In 2016, the Group arranged for an independent professional appraiser to appraise the value of their land using the market approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as spaces, location, environment, and highest best use. The most significant input into this valuation approach is price per Rai and size of land.

The asset revaluation surplus net of applicable deferred income tax is credited to other components of shareholder's equity.

Had the land been carried in the financial statements on a historical cost basis, their net book values as of 31 December 2020 and 2019 would have been as follows:

(Unit: Thousand Baht)

As at	Consolidated financial statements	Separate financial statements
31 December 2020	104,747	69,253
31 December 2019	97,512	69,253

As at 31 December 2020, certain plant and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,229 million (2019: Baht 1,222 million) (the Company only: Baht 697 million (2019: Baht 691 million)).

17. Intangible asset

The net book value of intangible assets as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Computer software under installations	Total	Computer software	Computer software under installations	Total
As at 31 December 2020						
Cost	15,553	840	16,393	15,001	840	15,841
Less: Accumulated amortisation	(6,202)	-	(6,202)	(6,069)	-	(6,069)
Net book value	9,351	840	10,191	8,932	840	9,772
As at 31 December 2019						
Cost	15,553	7,645	23,232	15,001	2,521	17,522
Less: Accumulated amortisation	(7,623)	-	(7,657)	(7,435)	-	(7,435)
Net book value	7,930	7,645	15,575	7,566	2,521	10,087



A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	10,191	10,949	9,772	10,475
Acquisition of computer software	5,097	840	1,681	840
Transfer from assets under installations	1,708	-	-	-
Amortisation	(1,421)	(1,598)	(1,366)	(1,543)
Net book value at end of year	15,575	10,191	10,087	9,772

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade payables - unrelated parties	145,796	110,247	72,651	62,780
Trade payables - related parties	-	-	4,688	4,329
Other accounts payable	18,256	10,552	6,968	6,937
Accrued expenses	39,107	34,366	18,870	18,129
Total trade and other payables	203,159	155,165	103,177	92,175

19. Leases

The Group as a lessee

The Group has lease contracts for various items of property and plant used in its operations. Leases generally have lease terms between 2 - 6 years.

a) Right-of-use assets

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
1 January 2020	49,020	24,371
Depreciation for the year	(13,509)	(7,793)
31 December 2020	35,511	16,578

b) Lease liabilities

(Unit: Thousand Baht)

	31 December 2020	
	Consolidated financial statements	Separate financial statements
Lease payments	40,032	18,399
Less: Deferred interest expenses	(3,437)	(1,310)
Total	36,595	17,089
Less: Portion due within one year	(13,354)	(7,803)
Lease liabilities - net of current portion	23,241	9,286

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	13,509	7,794
Interest expense on lease liabilities	2,527	1,221

d) Other

The Group has total cash outflows for leases for the year ended 31 December 2020 of Baht 15 million (the Company only: Baht 9 million).



20. 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 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Provision for long-term post employee benefits at beginning of year	101,521	75,373	51,124	37,413
Included in profit or loss:				
Current service cost	8,923	10,203	4,619	4,758
Past service cost	-	25,567	-	12,196
Interest cost	1,557	2,699	815	1,318
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	(2,127)	(3,734)	(1,418)	(1,184)
Provision for long-term post employee benefits at end of year	109,874	101,521	55,140	51,124
Provision for other long-term employee benefits at end of year	481	356	258	193
Provision for long-term employee benefits at end of year	110,355	101,877	55,398	51,317

The Group expects to pay Baht 11 million of long-term employee benefits during the next year (the Company only: Baht 4 million) (2019: Baht 5 million, the Company only: Baht 2 million).

As at 31 December 2020, the weighted average durations of the liabilities for long-term employee benefit are 10 years (the Company only: 11 years) (2019: 10 years, the Company only: 11 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate	1.50 - 1.61	1.50 - 1.61	1.61	1.61
Salary increase rate	1.50 - 3.00	1.50 - 3.00	1.50 - 3.00	1.50 - 3.00
Turnover rate	1.00 - 35.00	1.00 - 35.00	1.00 - 35.00	1.00 - 35.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefits obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Increase 1 %	Decrease 1 %	Increase 1 %	Decrease 1 %
Discount rate	(7)	8	(4)	4
Salary increase rate	11	(9)	6	(5)
	Increase 10 %	Decrease 10 %	Increase 10 %	Decrease 10 %
Turnover rate	(2)	2	(1)	1

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1 %	Decrease 1 %	Increase 1 %	Decrease 1 %
Discount rate	(7)	8	(4)	4
Salary increase rate	9	(8)	5	(5)
	Increase 10 %	Decrease 10 %	Increase 10 %	Decrease 10 %
Turnover rate	(2)	2	(1)	1



21. 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.

22. 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.

23. Finance income

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2020	2019	2020	2019
Interest income on debt instruments measured at amortised cost	14,197	19,322	22,113	21,250
Interest received from debt instruments measured at fair value to profit or loss	40	-	40	-
Total	16,573	19,322	22,153	21,250

24. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Salary, wages and other employee benefits	303	317	152	165
Depreciation	64	56	31	26
Rental expenses	-	14	-	9
Raw materials and consumables used	2,030	1,855	925	1,399
Purchases of finished goods	-	-	39	29
Changes in inventories of finished goods and work in process	(13)	9	(3)	5

25. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	46,686	39,443	36,924	34,789
Withholding tax write-off of previous year	2	271	-	-
Adjustment in respect of income tax of previous year	-	82	-	68
Deferred tax:				
Relating to origination and reversal of temporary differences	(7,181)	(9,159)	(5,868)	(5,402)
Tax expenses reported in profit and loss	39,507	30,637	31,056	29,455

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
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	
	2020	2019	2020	2019
Accounting profit before tax	228,841	180,699	210,869	171,886
Applicable tax rate	15%, 20%	15%, 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	45,819	36,158	42,174	34,377
Withholding tax write-off of previous year	2	271	-	-
Adjustment in respect of income tax of previous year	-	82	-	68
Temporary deference in previous year which were recognised as deferred tax assets during the year	(1,754)	(1,692)	(1,253)	(1,049)
Effect of:				
Exemption of income	(4,242)	(4,195)	(9,941)	(4,195)
Non-deductible expenses	486	764	486	553
Additional expense deduction allowed	(819)	(724)	(410)	(299)
Other	15	(27)	-	-
Total	(4,560)	(4,182)	(9,865)	(3,941)
Tax expenses reported in profit and loss	39,507	30,637	31,056	29,455

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	
	2020	2019	2020	2019
Deferred tax assets (liabilities)				
Unrealised loss on change in values of financial assets	11,511	11,828	(317)	2,149
Allowance for expected credit losses (2019: Allowance for doubtful debt)	4,305	1,791	2,514	1,791
Allowance for diminution in value of inventories	639	611	28	(19)
Unrealised fair value gain on derivative corporate bond	(8)	-	(8)	-
Unrealised fair value gain on non-listed equity instruments	(940)	-	(940)	-
Revaluation surplus on investment properties	10	10	-	-
Right-of-use assets	(7,363)	-	(7,363)	-
Provision for long-term employee benefits	22,071	20,375	1,696	4,325
Fair value of for biological assets	(2,887)	(6,879)	3,992	(805)
Revaluation surplus on land	(58,326)	(58,326)	-	-
Lease liabilities	7,580	-	7,580	-
Deferred tax relating to origination and reversal of temporary differences			7,182	7,441
Deferred tax assets - net	(23,408)	(30,590)		
Presented as follows:				
Deferred tax assets	2,384	420		
Deferred tax liabilities	(25,792)	(31,010)		
Total	(23,408)	(30,590)		



(Unit: Thousand Baht)

	Separate financial statements			
	Statements of financial position		Statements of comprehensive income	
	As at 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Deferred tax assets (liabilities)				
Unrealised loss on change in values of financial assets	11,511	11,828	(317)	2,149
Allowance for expected credit losses (2019: Allowance for doubtful debt)	3,692	1,109	2,583	1,109
Allowance for diminution in value of inventories	62	51	11	-
Unrealised fair value gain on non-listed equity instruments	(940)	-	(940)	-
Unrealised fair value gain on derivative corporate bond	(8)	-	(8)	-
Allowance for impairment loss on investment in associated company	-	371	(371)	-
Revaluation surplus on investment properties	10	10	-	-
Right-of-use assets	(3,316)	-	(3,316)	-
Provision for long-term employee benefits	11,080	10,263	817	2,273
Fair value of for biological assets	(2,887)	(6,879)	3,992	(805)
Revaluation surplus on land	(20,693)	(20,693)	-	-
Lease liabilities	3,418	-	3,418	-
Deferred tax relating to origination and reversal of temporary differences			5,869	4,726
Deferred tax assets - net	1,929	(3,940)		

26. 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	
	2020	2019	2020	2019
Profit for the year (Thousand Baht)	187,052	149,704	179,813	142,430
Weighted average number of ordinary shares (Thousand shares)	922,180	922,180	922,180	922,180
Earnings per share (Baht/share)	0.20	0.16	0.19	0.15

27. 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. Sales, operating profits and assets are related to the manufacture and distribution of animal feed business. Therefore, the reportable single 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: Thousand Baht)

	2020	2019
Revenue from external customers		
Thailand	2,809,575	2,601,279
Lao People's Democratic Republic	21,110	15,730
Others	5,577	8,172
Total	2,836,262	2,625,181



Major customers

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

28. 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 2020, the Group contributed Baht 7 million (2019: Baht 7 million) to the fund (the Company only: Baht 4 million (2019: Baht 4 million)).

29. 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 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
Interim dividends for 2019	Board of Director Meeting of the Company on 7 April 2020	-	110.2	110.2	0.12
Total dividend paid in 2020		-	110.2	110.2	0.12

30. Commitments and contingent liabilities

As at 31 December 2020 and 2019 the Group had commitments as follows.

30.1 Capital commitments

	Consolidated financial statement		Separate financial statements	
	2020	2019	2020	2019
Thousand Baht	23,884	17,133	13,397	5,463
Thousand USD	214	913	114	899

30.2 Raw material purchase commitments

	Consolidated financial statement		Separate financial statements	
	2020	2019	2020	2019
Thousand USD	1,465	2,869	1,106	1,772
Thousand Euro	-	556	-	196

30.3 Guarantees

As at 31 December 2020 and 2019, the Group had outstanding bank guarantees issued by banks on behalf of the Group in respect of certain performance bonds as required in the ordinary course of their businesses.

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2020	2019	2020	2019
Bank guarantees to guarantee utilities	9,441	9,327	5,004	4,890
Other	60	646	60	-
Total	9,501	9,973	5,064	4,890

The Group has been granted various types of credit facilities, by several financial institutions of which Baht 1,026 million (2019: Baht 935 million) (the Company only: Baht 771 million (2019: Baht 714 million)) has not been utilised. Most of the facilities have been cross-guaranteed by the Group.



31. Fair value hierarchy

As at 31 December 2020 and 2019, 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 2020			
Level 1	Level 2	Level 3	Total

Assets measured at fair value

Financial assets measured at fair value through profit or loss

Equity instruments of listed companies	41	-	-	41
Unit trusts in mutual funds	-	126	-	126
Derivative corporate bonds	-	-	20	20
Non-listed equity instruments	-	-	23	23
Investment properties	-	14	-	14
Lands	-	396	-	396
Biological assets	-	-	24	24

(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
Investment properties	-	14	-	14
Lands	-	389	-	389
Biological assets	-	-	47	47

(Unit: Million Baht)

Separate financial statements			
As at 31 December 2020			
Level 1	Level 2	Level 3	Total

Assets measured at fair value

Financial assets measured at fair value through profit or loss

Equity instruments of listed companies	41	-	-	41
Unit trusts in mutual funds	-	126	-	126
Derivative corporate bonds	-	-	20	20
Non-listed equity instruments	-	-	23	23
Investment properties	-	14	-	14
Lands	-	173	-	173
Biological assets	-	-	24	24

(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
Investment properties	-	14	-	14
Lands	-	173	-	173
Biological assets	-	-	47	47

32. Financial instruments

32.1 Derivatives not designated as hedging instruments

The Group uses forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 2 to 4 months.



32.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, 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 are described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans and deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivable

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by collateral. In addition, the Group does not have high concentrations of credit risk since it has a large number of customers.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar credit risks. The Group classifies customer segments by customer type and customer rating.

Financial instrument and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis and also being updated throughout the year subject to the approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk company foreign currency risk and interest risk.

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from purchase of goods that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year for hedge the foreign currency risk arising on the import of raw materials.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its loans. Most of the Group's financial assets and liabilities bear floating interest rate or fixed interest rate which are closed to the market rate. Therefore, the Groups' s interest risks are low.

Liquidity risk

The Group has assessed its liquidity risk as low. Since the Group can access to a sufficient variety of sources of funding.

32.3 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.

The methods and assumptions used by the Grouping estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, trade and other receivable, and trade and other payable the carrying amounts in the statement of financial position approximate their fair value.
- b) The fair value of debt securities approximates to market price, measured at amortised cost or by using the yield curve announced by the Thai Bond Market Association.
- c) The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

During the current year, there were no transfers within the fair value hierarchy.

33. 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 2020, the Group's debt-to-equity ratio was 0.15:1 (2019: 0.12:1) and the Company's was 0.09:1 (2019: 0.08:1).

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.

“ Quality and standard development to achieve sustainability ”





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