

บริษัท เพอร์ซิเดนท์ เบเกอรี่ จำกัด (มหาชน)
PRESIDENT BAKERY PUBLIC COMPANY LIMITED



FOR ITS COMMITMENT TO MAKE
HIGH-QUALITY PRODUCTS,
PRESIDENT BAKERY
HAS BEEN HONORED WITH OF
‘NO.1 BRAND THAILAND’
AWARDS UNDER THE BREAD
PRODUCTS CATEGORY
FOR 2 CONSECUTIVE YEARS.



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PRESIDENT BAKERY PUBLIC COMPANY LIMITED

Awards



President Bakery has received the **“FDA Quality Award”** for the 8th consecutive years from the Office of Food and Drug Administration, Ministry of Health. The Award signifies that the Company has produced high standard quality health products, and operated its business with good corporate governance, business ethics, and social responsibility.

The company does not only do business for profit, but also for quality so that the consumers may gain the highest benefits based on 4 practices as follows :



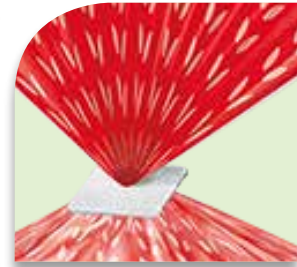
1 Using the best raw materials to guarantee the highest product quality.



2 Continuous product development which fulfills nutrition needs of Thai.



3 Developing manufacturing and management technologies for constant improvement in product quality.



4 Holding on to safety, freshness, and cleanliness of products to offer the best to consumers.

The company determines to maintain its leadership in bakery manufacturing and selling as wholesalers who have consistent standard and quality. In addition, the company is determined to develop more new products to provide more choices to consumers and expand its market. Moreover, we develop existing products to increase value and meet the needs and changing behaviors of consumers.



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PRESIDENT BAKERY PUBLIC COMPANY LIMITED

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บริษัท เพรซิเดนท์ เบเกอรี่ จำกัด (มหาชน)
PRESIDENT BAKERY PUBLIC COMPANY LIMITED

President Bakery Co., Ltd.
is the leading bakery
manufacturer and distributor,
serving consistent quality
and new products for
the varieties of customers'
choices.



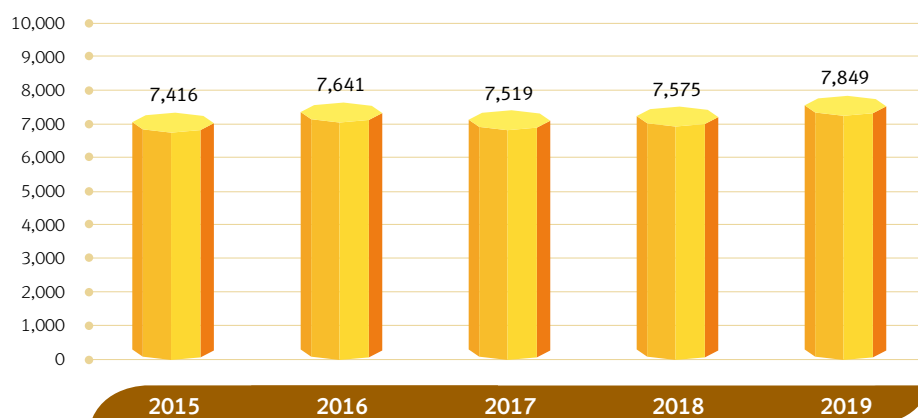
Financial Highlights

Financial Statements in which the equity method is applied

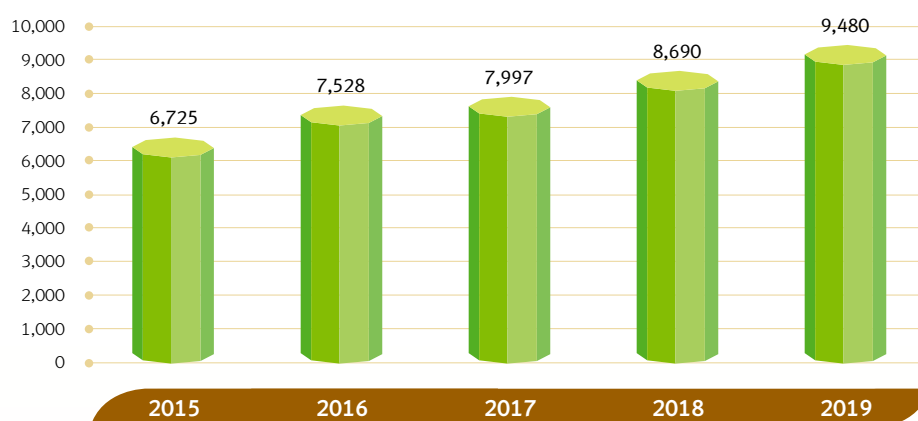
	2019	2018	2017
Finacial Status (Million Baht)			
Total Assets	9,480.09	8,690.27	7,997.32
Total Liabilities	1,110.72	1,269.13	1,289.67
Total Shareholders' Equity	8,369.37	7,421.14	6,707.65
PERFORMANCE (MILLION BAHT)			
Total Sales	7,743.97	7,495.57	7,448.96
Total Revenues	7,848.62	7,574.57	7,519.29
Cost of sales	4,143.42	4,294.41	4,348.27
Profit for the year	1,700.74	1,431.35	1,335.54
Financial Ratio			
Gross Profit Margin (%)	46.49	42.71	41.63
Net Profit Margin (%)	21.67	18.90	17.76
Return on Equity (%)	21.54	20.26	20.87
Total Assets Turnover (times)	0.86	0.91	0.97
Return on Assets (%)	53.82	45.66	41.24
STOCK DATA (BAHT)			
Par Value per Share	1.00	1.00	1.00
Book Value per Share	18.60	16.49	14.91
Basic Earnings per Share	3.78	3.18	2.97
Dividend per Share	*** ¹	1.60	1.50
Number of Share(million Shares)	450	450	450

¹ Interim dividend payment for the performance from January 1st - June 30th 2019 from the BOI Promotion at 0.81 Baht per share

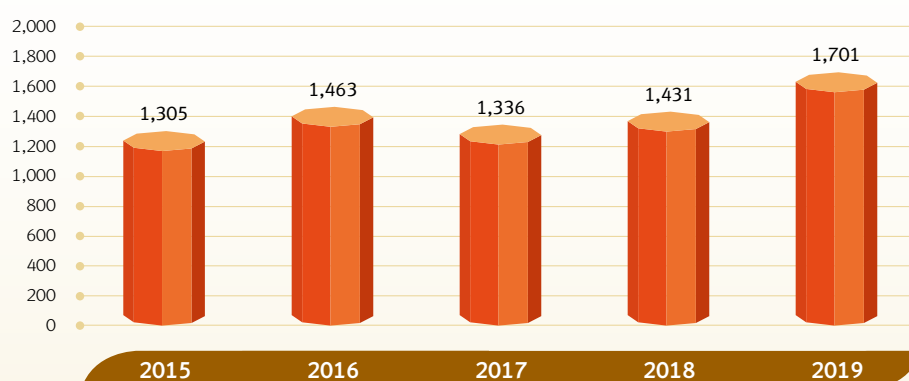
Total Revenues (Million Baht)



Total Assets (Million Baht)



Profit For The Year (Million Baht)



Message From The Board of Directors



Mr. Pipat Paniangvait
Chairman of the Board

Vision

Being the leader of bakery manufacturer and distributor to serve clean, fresh, safe, nutritional products at international quality standard together with the responsibility to the consumers, society and environment

Mission

1. Research and develop innovation of healthy products, focusing on using natural, high-quality, delicious, clean, fresh, safe and useful raw material
2. Develop modern, clean, safe production process with smart technology and good, effective controlling system to support competitiveness
3. Develop selling and delivery management with analytic and managerial information technology to provide goods and services for the consumers with timely, efficient, clean and safety manner
4. Encourage and develop potential of employees to have knowledge of changing technology, creativity and capability to accomplish growing career path
5. Establish love, unity and fairness in compliance with good corporate governance principle to support strengthening and sustainable organization

These are the things that the executive directors and employees at all levels adhere to as well as a practice to lead to success in sustainable business operations

Various situations that occurred during the past few years, in terms of economics, politics and society, have led to economic and consumer spending slowdown. However, the Company has laid out various management strategies to overcome these obstacles and increased the Company's revenue growth. Our Company has maintained effective cost control and other expenses to achieve the highest production efficiency. Therefore, in 2019, the Company gained the revenue of Baht 7,744 million, increasing by 3.3% from 2018 and gained net profit of Baht 1,702 million, increasing by 18.9% from the previous year.

The Company is looking ahead to build a stronger strategic foundation for leadership and create future business growth. For the plan for the construction of a new buildings in Lat Kra Bang Industrial Estate is already underway and the Company has purchased 2 more plots of land to construct distribution center in order to replace the original rental area, to increase distribution capacity, and to facilitate the convenience of parking. There are investment in 3 private funds. In addition, the Company has decided on a joint venture with other companies in Sahapat Group, and registered Saha Capital Tower Company Limited, which engaged in property development with investment proportion of 10% of the Company's registered capital.

In the age of AI (Artificial Intelligence), which played an increasingly essential role in everyday life, the Company has adjusted our business operations to be in line with the changing era, by using integrated operations as well as implementing modern technology to develop working systems within the organization for the agility, which could reduce duplication of work. We will use available resources to maximize efficiency in order to prepare for the transition to a digital era that has changed production procedure, consumption habits, and traditional lifestyle. The Company has sales and marketing plans which include advertising, sales promotion activities, or even online selling to be able to satisfy consumer demand and provide goods and services for the consumers with timely manner.

"Farmhouse" has never stopped to improve quality of our products and constantly offers new products to all target consumers. Our Company has always focused on quality and freshness of the products which is our unique selling point to serve customers with only good products which are good for their health. It is, without a doubt, that Farmhouse products would be rewarded with Ministry of Public Health's Healthier Choice logo in 2019.

Lastly, the Board of Directors would like to take this opportunity to appreciate the customers, shareholders, business partners, and related parties for continuous trust and support. The Company also appreciates full and complete dedication of the Executives and all staffs to strengthen our business growth in a sustainable manner.



Mr. Apichart Thammanomai
Vice Chairman of the Board and Managing Director

Board of Directors



Mr. Pipat Paniangvait
Chairman of the Board



Mr. Apichart Thammanomai
Vice Chairman of the Board
and Managing Director



Mr. Apisate Thammanomai
Vice Managing Director



Mr. Vichai Kulsomphob
Director



Dr. Pojjanee Paniangvait
Director



Mr. Pun Paniangvait
Director



Mrs. Malee Tangjaisanong
Executive Production Director



Ms. Petcharat Anantawichai
Director and Senior Management
Accounting Department and
Finance Department Manager



Miss Panida Prayottaweekij
Director and
Senior Production Manager



Prof. Dr. Teravuti Boonyasopon
Chairman of Independent Director and
Chairman of Audit Committee



Prof. Dr. Visith Chavasit
Independent Director and
Audit Committee



Dr. Yupa Soontrapa
Independent Director and
Audit Committee



Mr. Boonsak Chiempricha
Independent Director



Mrs. Aim-On Pathumarak
Independent Director and
Audit Committee

Board of Independent Director and Audit Committee



Prof. Dr. Teravuti Boonyasopon
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Chairman of Audit Committee



Prof. Dr. Visith Chavasit
Independent Director and
Audit Committee



Dr. Yupa Soontrapa
Independent Director and
Audit Committee



Mrs. Aim-On Pathumarak
Independent Director and
Audit Committee

Policies and Overview of Business Operation

President Bakery Public Company Limited was registered as company limited on October 29, 1980 and registered to transform into public company limited on July 19, 2002 with registered capital of 300 million baht and paidup capital of 300 million baht. In 2006, the Company increased its registered capital from 300 million baht into 450 million baht in accordance with the shareholders meeting no. 27 on April 25, 2006 and had registered capital increase on June 15, 2006. On April 28, 2011, the resolution of shareholders meeting no. 32 had approved to change par value of 10 baht per share to 1 baht per share, by which number of shares after the change of such par value increased from 45 million shares to 450 million shares. The Company had registered the change of par value of ordinary share with the Ministry of Commerce on May 12, 2011.

At present, the Company owns three factories, two located in Lad Krabang Industrial Estate with the total area of 18 rai and 3 ngan and the other one located in Bang Chan Industrial Estate with the total area of 12 Rai, 2 Ngan, and 57 square wah. The primary business of the Company is to manufacture bread and bakery products under our own brand to be distributed via retail shop (traditional trade) or via modern trade distribution channel. The product distribution of the Company is in the form of outright selling and will receive the unsold products in return for new delivery in order to serve fresh products. The Company has also conducted retail bakery business under our own brand to be distributed via the Company's retail shops and to serve direct purchasing order of the consumers. In addition, the Company also distributes our products upon direct order of fast food and convenience stores.

The Company business are separated into 4 lines, which are as follows :

1. Wholesale bakery business, manufacture and distribute sliced bread, hamburger bun, hotdog bun, ready to eat bread such as filled flavored bread, ready made sandwiches, cake and confectionery, all of which are distribute under "Farmhouse" trademark, Vending Machine.
2. Retail bakery business such as bakery that are distribute at Deliya by Farmhouse, Madame Marco cake, Good Morning Farmhouse (sandwich franchise), Farmhouse Moon Cake and Farmhouse.
3. Fast food and catering / restaurant business distribute hamburger and hotdog bun, sliced bread, french bread, croissant crispy bread and Pizza Dough to fast food such as Mc Donald, KFC, Pizza Hut, Burger Kings, Chester Grill, A&W, The Pizza Company, Sizzler, Dairy Queen, Mos Burger, Sata Fe', Chocolate Ville and S&P as well as fried product such as bread crumbs.
4. Export business manufacture goods to be export in the form of frozen products.

Vision and Mission

Leadership and Vision

The Board of Director participated in the approval of the Company's vision and mission in order to perform inline with the vision and mission set. The management appointed strategic working group to stipulate Company's strategy plans and prepared strategy plans for each sector, which can be use as guidelines in business operation as

well as provide systems that monitored, improve and evaluate operating performance by comparing to the plan and budget set in order to add highest value to the Company. The vision and mission are as follows:

Vision

Being the leader of bakery manufacturer and distributor to serve clean, fresh, safe, nutritional products at international quality standard together with the responsibility to the consumers, society, and environment

Mission

1. Research and develop innovation of healthy products, focusing on using natural, high-quality, delicious, clean, fresh, safe, and useful raw material
2. Develop modern, clean, safe production process with smart technology, and good, effective controlling system to support competitiveness.
3. Develop selling and delivery management with analytic and managerial information technology to provide goods and services for the consumers with timely, efficient, clean, and safety manner
4. Encourage and develop potential of employees to have knowledge of changing technology, creativity, and capability to accomplish growing career path
5. Establish love, unity, and fairness in compliance with good corporate governance principle to support strengthening and sustainable organization

Objective In Operating Business

The Company intended to be the leader in manufacturing and distribution of bread and confectionery in the form of wholesale that always hold the standard and quality, including intention to continuously promote new innovation and develop new products for the consumers to have the opportunities to consume good quality products within suitable price, as well as to expand the market into new group of consumers. This also includes developing existing products to add more value in order to meet the demand and behavior of consumers that change over time.

In addition, the Company aims to continuously accelerate penetration in operating retail bread and bakery business, as well as expand into related food business in the future.


Significant Changes and Development

Significant Development Over The Past 3 Years

Year 2017

Change in Major Shareholders

The structure of shareholding of the Company has been changing in 2017. When Saha Pathana Inter-Holding PLC. has received all business of the President Holding Co., Ltd., thus directly holding the shares by 21.58% and indirectly holding by 37.52%, Saha Pathana Inter-Holding PLC. shall perform mandatory tender offer in cooperation with Thai President Foods Public Company Limited. as prescribed by the regulation of Capital Market Supervisory Board.



In addition, Thai President Foods PLC. (TF) has amalgamated with President Rice Product PLC. (PR) and both companies have terminated their status of juristic persons and registered the new company of Thai President Foods PLC. ("TFMAMA") with the shareholding of 46.90%

Investment

The Company has installed new machines at new factory in Bang Chan Industrial Estate to be ready for operation since June 1, 2017, thus raising our production capacity. In addition, the Company purchased 5 new lands, either in Bangkok and Provincial Areas, to build new distribution center in order to replace the original rental area, to increase distribution capacity, and to prepare the resting area for the delivery vehicle of the Company in the metropolitan area.

Information and Technology

In 2017, the Company focused on technology to improve operating procedure to be automation, eliminate repetitive procedures, and to encourage precision to support business expansion as well as to provide updated information for decision making of the management. The Company developed software program in modern tablet equipment to facilitate on-site operation of sales department, to connect online information of sales agent nationwide to be analyzed with Business Analytic Software in order to help marketing department to perform effective daily selling management. In addition, the Company has changed the system of Purchase Requisition and Purchase Order to be international Software, encouraging international standard and rapid purchasing procedure, and supporting the capability to monitor past selling record in a timely basis. The Company also improved working procedure among Sales, Management Accounting, and Finance Department by starting with Sales Department to automate information to Management Accounting, and Finance Department, thus eliminating repetitive procedures, supporting timely information, reducing manpower and unnecessary printing

documents, and saving time and expenses of the Company. Moreover, the Company invested in new Server and Solid-stage storage to be able to handle higher amount of information, improve information analysis, and to be ready for New Technology Software and Equipment.

Year 2018

Change in major Shareholders


The Structure of major shareholders of the Company has changed in 2018. Thai President Foods PLC (TFMAMA) submitted the merging intention with the Company to the Securities and Exchange Commission and the Stock Exchange of Thailand on 20 Aug, 2018, hereby raising the shareholding of the Company to more-than 50% of total shares and causing the Company to be the Subsidiary of TFMAMA. Upon this proposal, TFMAMA performed tender offer to purchase the total shares of the Company, which completed on 6 Nov, 2018. As a result, TFMAMA held 51.99% of ordinary shares of the Company.

Investment

The Company purchased three lands in provincial areas to be new product distribution centers, replacing current rental areas, in order to expand our product distribution capability to be more rapid and timely, as well as to increase parking space for our delivery trucks. In addition, the Company invested in one more private fund to diversify investment portfolio of the Company.

Information Technology

In 2018, the Company installed new software to improve the entire production procedure up to back office operation, in order to raise production efficiency, reduce redundant operation, and ensure sufficient information for decision making. On this regards, the Company implemented the software of Manufacturing Resource Planning (MRP) for planning and control of raw material, finish goods, and



production. The Company shall improve the capability to estimate the demand for raw material, purchasing point, as well as able to manage inventory in a proper manner, thus reducing over-stock and storage cost and avoiding the deterioration of raw material. The Company intended to serve high quality products to be sufficient for customer's demand, maintain operating system at the international standard as well as in a correct, rapid, and accountable manner, which supported efficient production and delivery planning for our customers.

Year 2019 Investment

The Board of Directors' meeting on September 17, 2019, resolution had approved to invest in ordinary share of Saha Capital Tower Company Limited, which engaged in property development, with 2,000,000 common stocks, par value : 100 baht, totaled 200 Million Baht, or with investment proportion of 10% of the Company's registered capital.

In 2019, the Company has purchased 2 pieces of land in Bangkok and Provincial Areas, to build new distribution centers in order to replace the original rental area, to increase distribution capacity, and to prepare the sufficient resting area for the delivery vehicle of the Company. From the purchase of land to build new distribution centers, as of the end of the year 2019, the Company has 16 distribution centers on our own land and 24 rental areas. (40 in total) Moreover, the Company has 2 additional private funds to diversify investment.

Information Technology

In the year 2019, the Company focused on improving the efficiency of administration and management within the organization as a basis for Industry 4.0. The Company has procured Software E-Document to manage the Company's document in the form of E-Document and Electronic Signature/ Digital Signature, which will enable related departments to track relevant documents needed to be approved in a timely manner in order to meet the demand of customers. There was also a software update in the management of delivery vehicles to be able to manage trucks and cars of sales division more efficiently as well as gain better control over maintenance and fuel costs.

The Company recognizes the vehicle safety on the road. Therefore, accident reduction measures are implemented. It includes installing new GPS in delivery vehicles, by signing a 400-Unit GPS contract with TRUE in the first round. The GPS is modern technology, allowing the Company to be able to track drivers' behavior at all times, control the vehicle speed's limit in compliance with the specified laws, track unusual driving situations to prevent accidents that may occur which will help the Company save the use of fuel and reduce the cost of transportation.

Nature of Business

President Bakery PLC. is the subsidiary in food product group of Sahapatanapibool PLC. which was established by Dr.Thiam Chokwatana. Sahapat Group food product that is manufactured by Thai President Foods PLC. is highly successful and well accepted in the market. Their products include Mama instant noodles and Bissin biscuits, which both product use wheat flour as their main raw material in production. This creates the desire to expand the business into the bakery that used wheat flour as the main raw material. At that at time, most bakeries were small-sized family business. The products standard and quality were inconsistent. Moreover, they lacked of developments in many aspects such as products, distribution system, and proper management. The consumer's understanding towards quality bakery was little. Yet, the size of market as well as the bakery consumption was still unpopular.

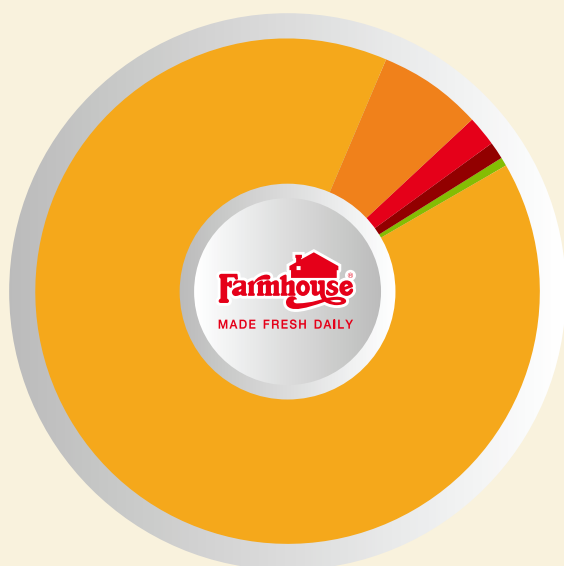
Nevertheless, at that time the government, then, aimed to encourage the manufacturing sector to substitute import, particularly in the agricultural industry. In addition, the lifestyle of Thais has changed. People from the rural

areas flocked into the city and the family size was smaller. More women joined the workforce resulting in less time for preparing family meals. Plus, international trade began to play a major role, thus more foreigners moved into the country. These factors created an opportunity for bakery product to better serve the needs of the Thai lifestyle.

Business Operation of Each Product Line

The company mainly manufacture and distributes bread and confectionery with the following lines of business :

1. Wholesale bakery business proportion of sales was 90.06% of the total revenues.
2. Retail business proportion sales was 1.71% of the total revenues.
3. Fast Food and Catering business proportion sales was 6.73% of the total revenues.
4. Export business proportion sales was 0.17% of the total revenues.



Sales Proportion by Business Types 2019

90.06%	Wholesale Bakery Business
6.73%	Fast Food & Catering
1.71%	Retail Bakery Business
1.33%	Other Income
0.17%	Export Business

Revenue Structure

Details of revenue structure during the year 2017 - 2019 are as follows :

	2019		2018		2017	
Product / Services	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
1. Wholesale Bakery Business	7,068,641.47	90.06	6,826,400.90	90.12	6,779,579.20	90.16
1.1 Sliced Bread	3,324,264.19	42.35	3,167,802.62	41.82	3,056,003.49	40.64
1.2 Burger Bun and Hot Dog Bun	56,855.35	0.72	55,339.29	0.73	52,576.30	0.70
1.3 Snack Bread	2,447,956.64	31.19	2,444,744.61	32.28	2,460,915.67	32.73
1.4 Snack Cake	1,033,087.56	13.16	889,492.67	11.74	945,263.26	12.57
1.5 Sweet Bakery and Confectionery	206,477.73	2.63	269,021.71	3.55	264,820.48	3.52
2. Retail Bakery Business	134,078.10	1.71	132,916.54	1.75	151,623.58	2.02
2.1 Deliya	30,445.95	0.39	32,715.32	0.43	47,362.81	0.63
2.2 Madame Marco	95,899.07	1.22	92,146.34	1.22	95,053.98	1.26
2.3 Good Morning Farmhouse	7,733.08	0.10	8,054.88	0.11	9,206.79	0.12
3. Fast Food & Catering	527,917.52	6.73	527,482.20	6.96	502,569.91	6.68
3.1 Fast Food & Catering	481,381.51	6.13	473,980.73	6.26	450,140.15	5.99
3.2 Fried Products	46,536.01	0.59	53,501.47	0.71	52,429.76	0.70
4. Export Business	13,335.84	0.17	8,767.08	0.12	15,188.04	0.20
Total Revenues from Core Business	7,743,972.93	98.67	7,495,566.72	98.96	7,448,960.73	99.06
5. Other Income	104,647.43	1.33	79,005.33	1.04	70,329.83	0.94
Total Revenues	7,848,620.36	100.00	7,574,572.05	100.00	7,519,290.56	100.00

Business and Production Line

Wholesale	Retail	Fast Food and Catering	Export
Sliced Bread	Deliya	Fast Food	
Burger Buns and Hotdog Buns	Madame Marco	Catering	
Snack Bread	Good Morning Farmhouse	Fried Product	
Snack Cake			
Confectionery			
Farmhouse Vending Machine			

Nature of Products and Services

1. Wholesale

This sector involves manufacturing and wholesaling of bakery products, under the trademark “Farmhouse” to various shops and via many channels. The main customers are modern and traditional retail shops, which are:

Hypermarkets, e.g. Tesco Lotus, Big C, Makro, etc.,
Department stores, e.g. Tanghuaseng, Tokyu, etc.,
Supermarkets, e.g. The Mall, Tops, Foodland, MaxValue, etc.,

Convenience stores, e.g. 7-Eleven, Tesco Lotus Express, Central FamilyMart, Lawson 108, Mini Big C, CJ Express, Super Cheap, etc.,

Gas Station convenient stores, e.g. Jiffy, PT Max Mart, etc.,

Traditional retail shops, i.e. small retail shops in schools and factories, welfare shops in official places, etc.

Wholesale Bakery Products are:

1.1 Sliced Bread

Sliced bread is the first product that is manufactured and distributed by President Bakery. From the past until now, it has generated the highest level of brand awareness for Farmhouse. This product is considered the Company’s main source of revenue, due to the nature of the product which is consumable in various ways and suitable for all ages and groups. Originally, the Company offered only plain sliced bread. Later, it had developed its product and introduced variety to its line and product proportions as follows:

(1) White Bread

White bread is in the sliced bread group with the texture of white loaf bread. The product is suitable for all ages and genders. White bread can be used at all occasions and as ingredient for several kinds of food. Goods belonging to this group are 480 grams Sliced bread, 240 grams Sliced bread, 220 grams White bread, 275 grams Royal bread, and 240 grams Hokkaido Milk Flavored bread.



Sliced Bread



Hokkaido Milk
Flavored Bread



White Bread

(2) Grain Bread

Sliced bread with variety of grains as the ingredients has higher nutrition value, which is in line with Thai's lifestyle that concerned more about health, especially consuming healthier food. The products in this group are: available for distribution consisted of 500 g. Whole wheat bread, 250 g. Whole wheat bread, and 250 g. Fine whole wheat bread, which are easier to consume and suitable for children, and also appealing to health-conscious customer group who dislikes the original whole wheat texture. Moreover, Royal whole wheat, a 285 grams soft and thick-sliced whole wheat bread and Royal 12 grains, a 285 grams rich, soft and thick-sliced

bread with 12 kinds of nutritious grains. In 2019, the Company has adjusted Royal Whole Wheat's recipes, by increasing 30% of whole wheat. Also, our Whole Wheat products, 500 g., 250 g. and Fine Whole Wheat Bread are awarded and promoted products with "Healthier Choice" nutritional logo.

1.2 Burger Bun and Hot Dog Bun

The Company distributes Burger bun with sesame seed and Hotdog roll which are products that can be used in various dishes menus such as Burgers and Hotdogs with various fillings etc.



Whole Wheat Bread



Fine Whole Wheat Bread



Royal Bread



Royal Whole Wheat



Royal 12 Grains



Hot Dog Roll



Burger Bun with Sesame Seed

1.3 Snack Bread

Snack bread is ready-to-eat bakery product packed in individual packages; just each for one serving, which is suitable with the lifestyle of urban consumers with time-driven, seeking for something fast, convenience, portable and can be consumed at anytime and anywhere. The products which come in different types, varieties of tastes and suitable for all target groups, students, pupils, working people and everyone. Products in the group are Mini loaf raisin bread, Daily Sandwich, Sweet Sandwich, Filled bun with sweet fillings and meat fillings, spread bread, Pae bread, Raisin bread, and Hotdog cream bun. In 2019, new products were launched, which are Cranberry Raisin Bread, Pizza Sausage Sandwich, Sausage Spicy Pizza Sauce Whole Wheat Sandwich, and Tuna and Boiled Egg Whole Wheat Filled Bun.

1.4 Snack Cake

The company foresees the present market gap that no snack cake with quality standard were offered and due to the company's readiness as well as being an expert in manufacturing cake by the specialist, snack cakes were then developed to be distributed. Under the snack cake products category, the company offers banana cake, 5 selections of flavours of cake rolls (namely; coffee, pandan, orange, vanilla, and Hokkaido milk), 5 selections of fillings of dorayaki (cream custard, chocolate, almond, chocolate chip, and azuki bean), 3 flavours of sandwich cakes (vanilla, coffee, pandan, and 5 flavours of donut cakes (vanilla custard, chocolate custard, Thai coconut custard, and taro). Since 2019, the Company has added the new Purple Sweet Potato Filled Donut Cake, and a new version of Banana Cake along with 2 new flavours (chocolate chips and almond) into its line.

Snack Bread





Mini Pack
Coconut Cream
Pandan Flavoured
Sliced Bread



Mini Pack Taro
Flavoured
Sliced Bread



Sliced Butter
Bread



Sliced Thai
Custard Bread



Hokkaido Milk
Flavored Cream
Spread Bread



Taro Spread
Taro Sliced
Bread



Sliced
Chocolate
Bread



Raisin Bread



Cranberry
Raisin Bread



Shredded
Chicken
Shrimp Chili
Paste Filled Bun



Mayonnaise
Shredded
-Pork
Filled Bun



Red Bean-
Lotus Seed
Filled Bun



Coconut-
Taro
Filled Bun



Coconut-
Pandan
Custard
Filled Bun



Red Bean
Black Sesame
Filled Bun



Chocolate
Custard
Filled Bun



Vanilla
Flavoured
Custard
Filled Bun



Red Bean
Filled Bun



Taro
Filled Bun



Black Bean
Filled Bun



Thai
Custard
Filled Bun



Thai Custard
Milk Filled Bun



Red Bean
Filled Bun



Taro Filled Bun



Thai Custard
Filled Bun



Chocolate
Custard
Filled Bun



Cream Custard
Filled Bun



Black Bean
Filled Bun



Mung Bean
Filled Bun



Milky Custard
Filled Bun



Butter Coconut
Bread



Butter Bread



Taro Bread



Coconut - Pandan
Flavoured Bread



Cocoa
Flavoured
Bread



Mini Loaf
Chocolate Chip
Raisin Bread



Mini Loaf
Raisin Bread



Tuna and Boiled
Egg Whole Wheat
Filled Bun



Crab Stick
Mayonnaise
Whole Wheat
Filled Bun



Hokkaido Milk
Flavour Cream
Filled Hotdog
Bread



Chocolate
flavoured cream
Filled Hotdog
Bread



Coffee
flavoured cream
Filled Hotdog
Bread



Pineapple
flavoured cream
Filled Hotdog
Bread



strawberry
flavoured cream
Filled Hotdog
Bread



Hokkaido Milk
Almond Flavour
Cream Filled
Hotdog Bread



Coffee-Almond
Flavour Cream
Filled Hotdog
Bread



Strawberry-Raisin
Flavour Cream
Filled Hotdog
Bread

Snack Cake



Donut Cake
Sweet Purple
Potato



Taro Filled
Donut cake



Chocolate
Custard Filled
Donut Cake



Vanilla Custard
Filled
Donut Cake



Thai Custard
Filled
Donut Cake



Chocolate chip
Banana Cake



Almond
Banana Cake



Banana Cake



Cake Roll Hokkaido Milk
Flavoured



Cake Roll Vanilla
Flavoured



Cake Roll Pandan
Flavoured



Cake Roll Coffee
Flavoured



Cake Roll Orange
Flavoured



Sandwich Cake
Vanilla
Flavoured Cake



Sandwich Cake
Pandan
Flavoured Cake



Sandwich Cake
Coffee
Flavoured Cake



Chocolate
Filled
Dorayaki



Creamy Almond
Filled
Dorayaki



Chocolate Chip
Cream Filled
Dorayaki



Cream Custard
Filled
Dorayaki



Azuki Bean
Filled
Dorayaki

Confectionery



Butter Toast
Raisin



Butter Toast



Mini Butter Toast



Taro
Filled Pie



Pineapple
Filled Pie



Pineapple
Fruit Pie



Strawberry
Fruit Pie



Blueberry
Fruit Pie



Butter Cookies
Hokkaido Milk



Butter Cookies
Vanilla



Butter Cookies
Chocolate



Butter Cookies
Flavoured



Mixed Fruit
Cookies
Flavoured



Raisin Cookies
Flavoured



Cookies with
Chocolate Chips

1.5 Other Bakery

Confectionery Products of the Company consists of “Mini Butter Toast” “Butter Toast”, “Raisin Butter Toast”, four-flavour cookies including “Butter Cookies”, “Mixed Fruit Cookies”, “Raisin Cookies”, “Cookies with Chocolate Chip”, 3 flavours of Butter Cookies including “Butter Cookies Vanilla”, “Butter Cookies Chocolate”, “Butter Cookies Hokkaido Milk” 3 flavours of pie including “Pineapple Pie”, “Strawberry Fruit Pie” and “Blueberry Fruit Pie”.

Pastry Products consists of Pineapple Pie, Taro Pie.

1.6 Farmhouse Vending Machine

In order to provide convenience for the customers, the Company expended new distribution channel via automatic vending machine to be installed at many places, such as offices, hospitals and factories.

2. Retail Business

Company distribute products through Company's retail shops and sale directly to customers under the Company's trademark through these outlets.

2.1 Deliya by Farmhouse

Due to the policy in expanding into bread and bakery retail business, which has the tendency to grow in the future along with the experiences and credibility in bread and bakery business, the company then decided to open Deliya by Farmhouse shop. Deliya by Farmhouse baked and distributed fresh homemade bread and bakery product, offering different kind of bread as well as offer bakery snack box that deliver throughout Bangkok and Perimeter. As of the end of the year 2019, there are 6 branches; Chitrada School, R.S. Tower Building Ratchada, Government Complex Chaeng Wattana, The Mall Ramkamhaeng, Paradise Park and The Mall Bangkok.



Farmhouse Vending Machine



Deliya



Madame Marco



Good Morning Farmhouse

2.2 Madame Marco

Homemade soft texture cake, an original European style recipes that are deliciously baked in every steps. Starting from selecting quality raw materials both from domestic and international, which are baked through clean and punctilious production process combine with made to order system is the uniqueness of Madame Marco cake. As a result, Madame Marco cakes will always be delicious and freshly bake with a taste of true European every order, along with free delivery service within Bangkok and perimeter. This allow Madame Marco to be “The European Delight”

At present, Madame Marco has 21 branches shops which are located at Siam Paragon, The Mall Ngam Wongwan, The Mall - Bang Kae, The Mall - Bangkok, Tesco Lotus Sri Nakarin, The Mall Thapra, Mega Bangna, Paradise Park, Fashion Island, The Emporium Crystal Rajapruek, The Emquartier, Future Park Rangsit, Tops Central Pinkloa, Tops Central Westgate, Tops Central Bang Na, Tops Central Rama 3, Terminal 21, Tops Central Eastville, Tops Central Ladprao, and Siam Takashi Maya.

Madame Marco cakes offer free delivery both in Bangkok and Perimeter. For more information please contact our call center at 0-2326-0200-3.

Website : www.Madamemarco.co.th
 Facebook : www.facebook.com/madamemarco.co.th
 Line id : @madamemarco
 Instagram : madamemarcothai

2.3 Good Morning Farmhouse

Good Morning Farmhouse is the channel to distribute our products to sandwich selling representatives in the business pattern predetermined by the Company. The Company aims at promoting popularity of bread consumption among general consumers and supporting general people to have career and extra income. Such selling representative will purchase the products of the Company to be the ingredients for making sandwiches according to the consumers' choice. The Company shall select the representatives located in marketable location and being ready to provide quality services, as well as support training of selling knowledge. As of the end of 2019, the Company has 38 Good Morning Farmhouse selling representatives.

3. Fast Food & Catering

This products are manufactured and distributed base on the order placed by the customers which are fast food stores such as McDonald, KFC, Pizza Hut, Chester Grill, A&W, Santafe Steak, Jeffer Steak, MosBurger (from Japan). For Minor Food Group Chain consist of Burger King, Sizzler, Diary Queen, and The Pizza Company etc, as well as restaurant businesses and coffee shops such as Chocolate Ville, and The Coffee Club, S&P, which are the well-known restaurant with the highest sales volume worldwide including Thailand

3.1 Fastfood & Catering

(1) Fastfood

Burger and Hotdog buns come in various sizes as well as with and without sesames. The Company uses full automatic manufacturing process to manufacture burger and hotdog buns with the capacity of 36,000 pieces/hr. including other products such as french bread, croissant, crispy toast bread and products that were developed to satisfy the customers. At present, the company is considered as the largest bread supplier in the country.

Additionally, frozen dough is another product that the company produces & distributes, which comes in different sizes based on the order placed by fast food stores. The Company has continuously researches and develops to continue expanding the market of such products.

(2) Catering

Apart from fast food, the Company also expanded the distribution channels into restaurants and coffee shop businesses that required bakery in their menus. Our distribution consists of existing products and newly developed products to serve each particular group of customers.

3.2 Fried Products

Product group that are use as ingredients in fried food dishes and are well-liked by Thai consumers such as bread crumbs, which are made from special recipe of freshly baked bread resulting in the standard size of crumbs. The creamywhite flakes are not too finely ground and perfectly coated the food, making the fried dish golden and appetizing, delicious, crispier and does not absorb oil. Farmhouse bread crumbs are suitable for frying both meat and vegetable.



Fast Food & Catering



Special Formula
Bread Crumbs

Bread Crumbs

4. Export Business

The Company has develop products to be distribute to Coffee Shop Chain and Pizza Shop customers in Japan, which are well-known. The Company distributes its product through domestic agent to import such products to customer in Japan.

Marketing and Competition

(1) Marketing

1.1 New Product


In 2019, the Company distributed 8 new products to provide alternatives for consumers as following,

1. Purple Sweet Potato Filled Donut Cake	: Soft non-fried donut with deliciously sweet and mouthwatering purple sweet potato filling.
2. Pizza Sausage Sandwich	: Soft texture triangle sandwich with pizza sausage and delicious spicy taste.
3. Sausage Spicy Pizza Sauce Whole Wheat Sandwich	: Soft texture whole wheat sandwich with pizza sausage and delicious spicy taste.
4. Cranberry Raisin Bread	: Square sliced bread mixed with cranberry and raisin, giving perfect sour and sweet flavour.
5. Tuna and Boiled Egg Whole Wheat Filled Bun	: Tuna and boiled egg, mixed with delicious mayonnaise filled in soft whole wheat bread for health-conscious lover.
6. Banana Cake	: Soft cake blended with Farmhouse's sweet unique recipe of bananas.
7. Chocolate Chip Banana Cake	: Soft cake blended with Farmhouse's unique recipe of bananas and chocolate chip.
8. Almond Banana Cake	: Soft cake blended with Farmhouse's unique recipe of bananas and almond.

1.2 The philosophy in providing quality product for the consumers to get the best benefits through the 4 following objectives:

1. Use the best quality raw materials.
2. Continuously develop products to meet the demands on nutritious value.

3. Continuously develop manufacturing technology and management for ongoing quality improvement.
4. Uphold safety, freshness, and hygiene as the criteria to best serve consumers.



1.3 The company, at present, is considered to be the top leader in bread and bakery markets

In both most advanced manufacturing technology in Southeast Asia and the highest manufacturing capacity in the country. Besides, the company still maintains the quality and standard of the product and is able to distribute the products nationwide on a daily basis.

The marketing factors affecting the company are caused from higher competition in pricing, sales promotions, and store expansion among modern and traditional trade stores including fast food chains. Such expansion is beneficial to the company in terms of higher sales and to the consumers in terms of better quality products with reasonable price. This can cover more and wider areas under the philosophy,

Attention is paid in every process to insure consumers that the bakery products are always fresh with high quality and consistently high standard; for example, the company maintains standard of the quality products until they are in the customers' hands with attractive packaging, clear expiry date, sealing on the pack as well as nutrition facts, ingredients, mixes to informed consumers. In distribution management, effective information technology has been used which guarantees freshness of the products.

The company has emphasized on the quality and safety of food, in compliance with the government's policies in pushing Thailand to be the world's kitchen by focusing on food safety. The Company has been certified with Good Manufacturing Practice (GMP Codex) certificate and with Hazard Analysis and Critical Control Point (HACCP Codex) certificate from the Thailand Institute of Scientific and Technological Research, and from Office of Certification Body (TISTR-OCB). In addition, the Company has established controlling and testing procedures at the operating place of suppliers, as well as distributed the knowledge of quality control and safety products to SMEs trading partners. Furthermore, the Company has

opened for our customers, no matter being Wholesale, Retail, or Fast Food business, to verify our production process in order to comply with the standard of "Global Food Safety Initiative (GFSI)", and to ensure our quality assurance in the aspect of quality and safety for consumers along the whole operating process.

The Company received the award of "Marketeer No.1 Brand Thailand 2018-2019" as the most popular bread nationwide from "Marketeer" magazine associated with the marketing research by Video Research International (Thailand) Ltd. T-Cube 2018-2019.

The Company invested more than 35 million baht to construct Chemical and Microbiology Laboratory Center in compliance with International Standard ISO/IEC 17025 and the modern Research and Development (R&D) and Laboratory Center on the 5th floor of Bang Chan factory, which have modern equipments as well as has the process of testing and analyzing in accordance with the international standard. The laboratory is spacious and is divided into separate sections, including cleanroom for testing and analyzing the microbiology to prevent the operator from contamination of the microbe test sample, fully-equipped research and development room, and international standard sensory test room to encourage product development and technology to invent new products to meet the demand of consumers of all ages and genders. Moreover, on the 5th floor there are meeting room, office zone, and reception area to welcome the visitors with full-service facilities; for the confidence in the quality control system and the assurance in the Company's quality as well as to meet the consumers demand.

Operating Results in 2019

1. The Company received FDA Quality Award on food product under the slogan of "Quality, Safety and Consideration of Society" for the 8th consecutive year as the manufacturer of health products with good operation, maintaining high production standard, and performing ethics and social responsibility in compliance with the relevant law

2. In 2019, the Company received the certificate of International Standard ISO/IEC 17025:2017 for laboratory from the Department of Medical Sciences, and increased the scope of certified Testing Capability for Rapid Test of Microbiology.

3. In 2019, the laboratory of wastewater testing of Company was certified by the Department of Industrial Works as the registered private wastewater testing lab, and was granted as Good Laboratory Practice Department of Industrial Works (GLP/DIW).

4. In 2019, Department of Sensory Quality's additional research has been developed to improve sensory quality of bread products by analyzing sensory results from expert testers, along with the results from Texture Analyzers. In addition, the Company has sent representatives, expert testers of the companies, to an observational study on sensory quality evaluation in France in order to exchange knowledge and develop relevant research and be able to serve satisfaction to the consumers.

5. In 2019, the Company has expanded the scope of control and elimination of pest to cover distribution centers nationwide in order to control and protect the quality and safety in all steps throughout the food chain.

Marketing Activities

The Company realized the importance of marketing activities not only to increase sales volume but also to attract new targeting customers as well as to widen our customer base and support sustainable bakery consuming habits. Especially, the Company has performed marketing activities to strengthen brand image, brand value, brand attitude, brand loyalty of the company.

In 2019, the Company has allocated the budget of marketing activities to communicate with the consumers in an effective manner by broadcasting new TV Commercials and dividing both television and online advertisements, including re-edit TV Commercials.

- Furthermore, the Company has consumer promotion activities and discount promotion activities every month by circulating various product categories.

- Organize a Contest of "23rd SAHA Group Fair" during June 27-30, 2019, at BITEC Exhibition Center under "Wow! All Gen Would Love It" concept. The highlight this year is an exhibition of Farmhouse's recycled bread fashion show "Farmhouse Fashion Happy Pung Pung 2019" for a prize of 100,000 baht.

- Join the exhibition at 23rd SAHA Group Fair, at BITEC Exhibition Center, where the Company set up the booth to sell the products under "Farmhouse Village" concept, which consisted of "Farmhouse", "Deliya", "Madame Marco", "Good Morning Farmhouse", and "Saboten Restaurant", during June 27-30, 2019.

We have improved packaging design. The company has attached the outstanding price tag on the package and improved the packaging design to make it more beautiful, modern and eye-catching for the products in order to have modern and interesting appearance.

The Company encourages everyone to take care of their health by exercise. Therefore, the Company has been distributed its products at various walk-run rally and riding bike activities, such as 14th Queen Sirikit Naval Hospital's Walk-Run Charity, Ramathibodi 54 Years Walk-Run, and Siriraj Nurses Alumni Walk & Run for Health.

Throughout the year, the Company has also sponsored educational programs, TCAS English Test, for high school students under "ENGLISH WE LIKE" program during June 2019 - January 2020 to more than 131 schools nationwide which are consisted of 31 schools in the northern region, 32 schools in the northeastern region, 10 schools in central Thailand, 21 schools in the eastern region, 12 schools in the western region, and 25 schools in the southern region.

Characteristics of Customers and Distribution Channels

Variety, reasonable price, and ease of consumption are the main concepts of the company, so its customers include people of every demographic group and every occupation. The company classifies its customers using the distribution channels as follows :

1. Wholesaling

1.1 Selling products Under The Company's Brand This includes selling products to consumers via outlets, who will receive wholesale discount rates from the company. The outlet can be categorized into:

Traditional Trade or grocery stores.

As of 31 December 2019 there were 38,433 stores. Some of products available here are specially made by the company and are different from other channels which are well correspondent to the needs and buying power of customers. These stores pay promptly to the company once the products are delivered

Modern Trade These stores use standard management and advanced technology with high investment. Some examples include 7-Eleven, convenience store in petrol station, and some discount stores such as Tesco Lotus and Big C, as well as supermarkets. There were 18,640 stores in this category as of 31 December 2019.

1.2 Selling products by Customers' Orders Products are manufactured according to the order from fast food restaurants and convenience stores such as McDonald, KFC, Burger King, Chesters Grill, Pizza Hut, A&W, Sizzler, MOS Burger, The Pizza Company, Dairy Queen, Santa Fe' Steak, Fuji and Narai Pizzeria. By 31 December 2019 there were 2,705 branches. Most of the products sold are burger and hotdog buns.

2. Retailing

This involves selling products through the company's stores and directly to the customers, using the company's brands which include :

- Deliya by Farmhouse
- Madame Marco
- Good Morning Farmhouse

Competitions

The company's competitors can be classified into 2 categories which are :

- Competitors who are manufacturers and have their own distribution channels. Competitors in this group

will produce and distribute their products through their own retail stores but sometimes they might sell their products in wholesaling form. Their channels are mostly modern trade stores such as supermarket, hypermarket, convenience store, petrol station store, or modern bakery shop such as Tesco Lotus, Big C, 7-Eleven, S&P, Gateaux House and Yamazaki.

- Competitors who are manufacturers but do not have their own distribution channels. These competitors will sell their products in the form of wholesaling to small shops and modern stores. Their production might be based in Bangkok or upcountry. Some examples of competitor include C&W Co., Ltd. and S.T. Bakery Co., Ltd, Cubic Foods and Catering Co., Ltd.

For both types of competitors, there is high rate of business entering and leaving the market. Competitors in the market tend to focus on price competition while the company emphasizes on freshness of its products and is the leader in introducing new products to the market. Therefore, it is clear that the company has some competitive advantages over both types of competitor due to investment in cutting edge production machinery, which is controlled by computer in every process. This resulted in low production cost, consistent high quality and standard products while some of the competitors have their factories scattering in many areas or branches, thus causing inconsistent product quality. The company also invests in logistics and distribution technologies, which enable products to be delivered fresh and on time every day. Moreover, the company has an effective process to recall unsold products to ensure that our products are fresh and able to satisfy our consumers. This leads to a great competitive advantage in terms of product quality and service standard that cover all regions, throughout the country.

Procurement of Products or Services

Production

At present, the Company owns three factories, two located in Lad Krabang Industrial Estate with the

total area of 18 rai and 3 ngan and the other one located in Bang Chan Industrial Estate with the total area of 12 Rai, 2 Ngan, and 57 square wah. All the products are produced from these 3 plants, using the best technologies from countries such as Japan, USA, Germany, Italy, and Switzerland, so all the products' quality are consistent in terms of product standard and enable us to distribute them to all regions on a daily basis.

The company acknowledges importance of good product quality that consumers enjoy; therefore, the company strictly controls all the processes of production, starting from receiving raw materials to delivering of finished products. Furthermore, the company employs efficient and modern technologies, which could manufacture the best products with consistent quality, in all the 3 plants. We also focus on engineering and design of the production plants, for the highest production efficiency, easy to control, and sufficiency of light and air ventilation in the factory.

The Productionlines Include :

Lat Kra Bang Industrial Estate Factories

1. production lines of Sliced Bread
2. production line of Burger and Hotdog Buns
3. production line of Hotdog Cream
4. production lines of Daily Sandwich (4 lines)
5. production lines of Sweet Sandwich
6. production lines of Filled Bun
7. Production line of Cake, Cookie, Fruit Pie, Crispy Toast
8. production line of Fried Bread Crumb
9. Production line of Puff, Pie, and Pastry
10. Production line of Frozen Dough
11. production line of Stirring

Bang Chan Industrial Estate Factory

1. production lines of Sliced Bread
2. production line of Filled Bun
3. production lines of Cake
4. production lines of Dorayaki
5. production lines of Spread Bread
6. production line of Donut Cake
7. production line of Waffle
8. production line of Variety Bread

With regard to the production policy, apart from burger buns sold in fast food restaurants and convenience stores and Madame Marco cakes which are produced based on customers' order, productions generally depend on sales records made by sales representatives. Each day sales representatives will evaluate product demand based on past sales records in their responsible areas and place this production order to computer systems, to determine production volume each day. Sales representatives use handheld computer to record their sales, number of unsold products, as well as to issue tax invoices, where such information will be kept as statistics used to further determine the production plan.



Product Distribution

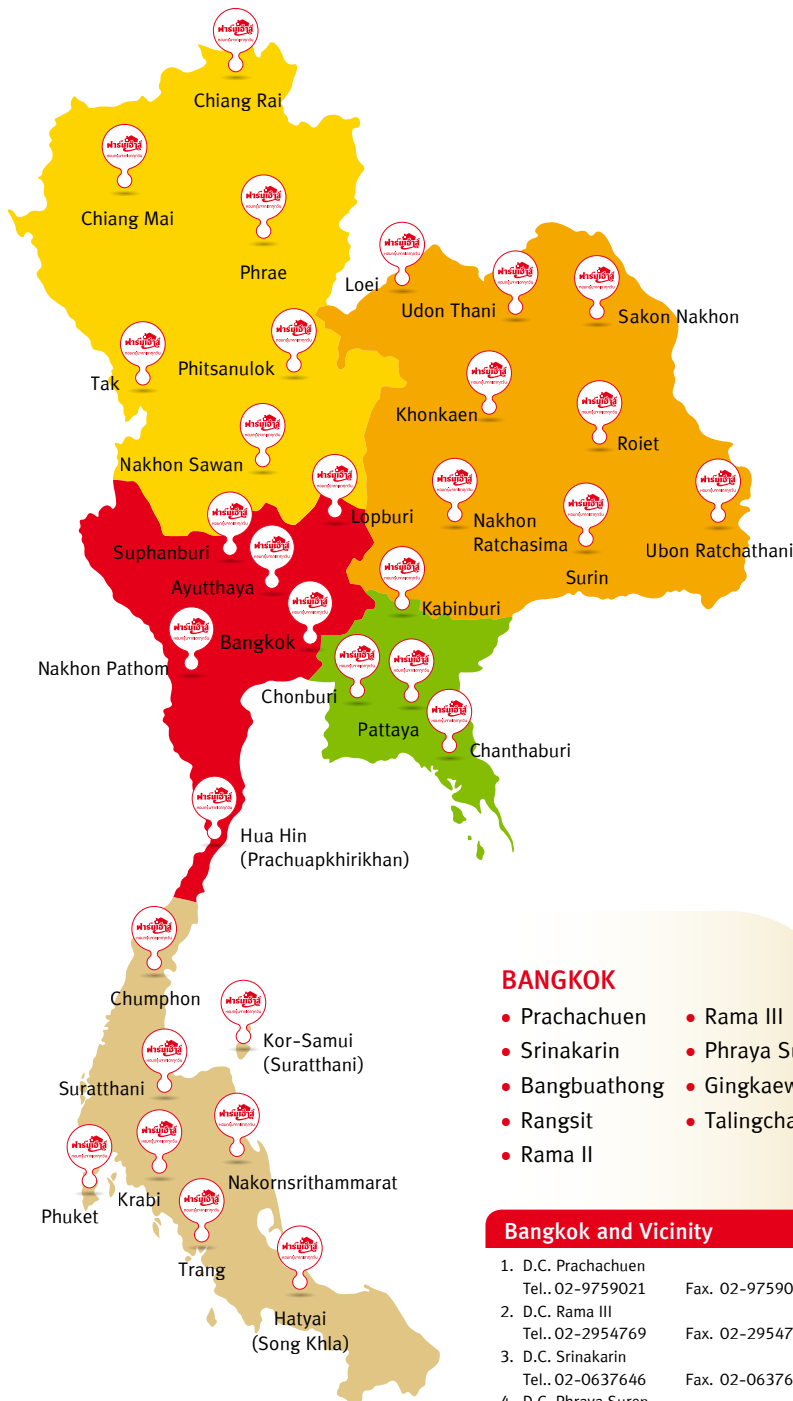
The company manufactures and distributes its products according to the demands of the markets and consumers based on daily sales records. Sales representatives estimate the demand by referring to the past sales records in their respective areas of responsibility and submit orders to the factory via computer. By doing so, the company ensures that there will be freshly baked products delivered to the market shelves everyday and that there will be no remaining stock left behind from the previous day. For burger buns in fast food stores and convenience stores and Madame Marco cakes, the company produces these items by order, ensuring maximum benefits and freshness to customers.

The company is the first bakery manufacturer in Southeast Asia to use mobile computer system in sales and distribution systems. Past sales records can always be looked up, enabling the company to accurately deliver the correct number of product to shops. Compared with other bakeries in this region, the company has a low rate of unsold products and there are always fresh products on shelves everyday.

Moreover, the company continues to increase traditional trade and modern trade distribution outlets in Bangkok and other provinces to meet market demand nationwide.

For product distribution, the company has 40 distribution centers nationwide, delivering the products to customers by 956 delivery trucks. This clearly indicates that the company is ready and prompt in all aspects of sales and delivery when compared to other competitors, who are still using the traditional systems and delivery methods. The competitive edge keeps the company sturdy and confident as a leader in the Thai bakery business.

Distribution Centers By Region



Distribute to 57,073 outlets
in Thailand with in 12 hours

BANGKOK

- Prachachuen
- Srinakarin
- Bangbuathong
- Rangsit
- Rama II
- Rama III
- Phraya Suren
- Gingkaew
- Talingchan

Bangkok and Vicinity

- | | | |
|----------------------|------------------|-----------------|
| 1. D.C. Prachachuen | Tel.. 02-9759021 | Fax. 02-9759091 |
| 2. D.C. Rama III | Tel.. 02-2954769 | Fax. 02-2954785 |
| 3. D.C. Srinakarin | Tel.. 02-0637646 | Fax. 02-0637647 |
| 4. D.C. Phraya Suren | Tel.. 02-5171045 | Fax. 02-5171046 |
| 5. D.C. Bangbuathong | Tel.. 02-1943581 | Fax. 02-1943582 |
| 6. D.C. Gingkaew | Tel.. 02-1751557 | Fax. 02-1751558 |
| 7. D.C. Rangsit | Tel.. 02-5331630 | Fax. 02-9960404 |
| 8. D.C. Talingchan | Tel.. 02-8656524 | Fax. 02-8656525 |
| 9. D.C. Rama II | Tel.. 02-8954875 | Fax. 02-8957449 |

North

- | | | |
|----------------------|-----------------|-----------------|
| 1. D.C. Chiang Mai | Tel. 053-386018 | Fax. 053-386019 |
| 2. D.C. Chiang Rai | Tel. 053-727300 | Fax. 053-727301 |
| 3. D.C. Phitsanulok | Tel. 055-906172 | Fax. 055-906173 |
| 4. D.C. Nakhon Sawan | Tel. 056-200444 | Fax. 056-200447 |
| 5. D.C. Phrae | Tel. 054-533906 | Fax. 054-626254 |
| 6. D.C. Tak | Tel. 055-893136 | Fax. 055-540519 |

North East

- | | | |
|---------------------------|------------------|-----------------|
| 1. D.C. Ubon Ratchathani | Tel. 045-424276 | Fax. 045-424277 |
| 2. D.C. Khonkaen | Tel. 043-467241 | Fax. 043-467231 |
| 3. D.C. Nakhon Ratchasima | Tel. 044-929158 | Fax. 044-929159 |
| 4. D.C. Udon Thani | Tel. 042-920074 | Fax. 042-920075 |
| 5. D.C. Sakon Nakhon | Tel. 042-736017 | Fax. 042-736018 |
| 6. D.C. Roiet | Tel. 043-516696 | Fax. 043-516698 |
| 7. D.C. Surin | Tel. 083-5405903 | Fax. 044-060185 |
| 8. D.C. Loei | Tel. 042-841244 | Fax. 042-841252 |

Central

- | | | |
|-----------------------|-----------------|-----------------|
| 1. D.C. Ayutthaya | Tel. 035-881097 | Fax. 035-881269 |
| 2. D.C. Nakhon Pathom | Tel. 034-983077 | Fax. 034-983078 |
| 3. D.C. Lopburi | Tel. 033-047120 | Fax. 033-047121 |
| 4. D.C. Suphanburi | Tel. 035-960430 | Fax. 035-960430 |

East

- | | | |
|----------------------------------|-----------------|-----------------|
| 1. D.C. Pattaya (Chonburi) | Tel. 038-059497 | Fax. 038-059498 |
| 2. D.C. Chonburi | Tel. 033-047120 | Fax. 033-047121 |
| 3. D.C. Chanthaburi | Tel. 039-311601 | Fax. 039-332441 |
| 4. D.C. Kabinburi (Prachin Buri) | Tel. 037-625419 | Fax. 037-625420 |

South

- | | | |
|-------------------------------------|-----------------|-----------------|
| 1. D.C. Suratthani | Tel. 077-310507 | Fax. 077-310508 |
| 2. D.C. Hatyai (Song Khla) | Tel. 074-582494 | Fax. 074-582493 |
| 3. D.C. Phuket | Tel. 076-321435 | Fax. 076-321436 |
| 4. D.C. Chumphon | Tel. 077-630830 | Fax. 077-630954 |
| 5. D.C. Krabi | Tel. 075-613172 | Fax. 075-613168 |
| 6. D.C. Kor-Samui (Suratthani) | Tel. 077-417095 | Fax. 077-420354 |
| 7. D.C. Nakornsrihammarat | Tel. 075-357868 | Fax. 075-357867 |
| 8. D.C. Hua Hin (Prachuapkhirikhan) | Tel. 032-510502 | Fax. 032-510757 |
| 9. D.C. Trang | Tel. 075-582004 | Fax. 075-582005 |

Risk Factors

1. Risk of Dependence on Major Customer

Distributing products to CP All Public Company Limited owned a chain of convenience stores, the Company regards CP All Plc. as one of the Company's distribution channels. In 2019, the circulation revenue accounted for 40% of total revenues from CP All Plc. In the event of the loss of this distribution channel, sales revenue will be affected considerably.

However, due to the high-quality and the widely accepted standards of the products, the Company's products have earned the highest margins on the convenience stores in comparison with the bread and bakery products of its competitors. Consequently, both the Company and CP All Plc. shares mutual benefits.

2. Raw Material and Packages Risk

2.1 Risk From Fluctuation of Raw Material Price

The main raw materials for manufacturing bakery are wheat flour, fat, eggs and other the raw materials upon which the price are varied with seasonal changes and demand for the material as well as the quality of supply are different, thus affecting capability to control raw material cost.

In the year 2019, the affecting raw materials of the Company were summarized as following:

- **Wheat Flour;** The price of wheat in the global market, including shipping cost, was monthly-average between 264-314 US dollars/ton in 2019, whereas the highest monthly average price was in October and the lowest monthly-average was in August. In addition, the exchange rate had been changing all the time and become more volatile, thus causing higher risk of the Company to purchase the wheat flour at higher price and difficulty of controlling the price of wheat flour to be stable throughout the year.

Risk Management: Because the Company shall purchase the wheat flour at a large volume, and there are 6 local distributors available in the market at present

and the additional distributors is being recruited, thus supporting the Company to gain negotiating power against the distributor.

- **Fat** such as margarine, shortening, and butter, the use of which is more increasing. The main raw material of the Company is palm oil. The price of palm oil is quite fluctuated, and hardly predictable.

Risk Management : At present the Company has been dealing with 6 margarine and shortening distributors and continued to recruit the additional distributors in order to ensure sufficient amount to serve higher usage demand, thus supporting the Company to gain negotiating power against the distributor.

At present the Company has bought eggs from SMEs entrepreneurs to promote SMEs business because the use of eggs in the production tends to be increasing as well as the price due to the weather. In order to prevent the risk, the Company has also procured eggs from large suppliers who owned chicken farms, resulting in sufficient quantity for use and the Company is able to control the quality of eggs from the beginning as well as gain negotiating power against the suppliers.

2.2 Risk From Limitation of Raw Material Source

The Company's operating philosophy is to use the best raw materials in order to obtain the best quality products, as a result, the source for purchasing some of the raw materials come from only one distributor. Due to the fact that the Company and the distributors have work in collaboration in developing some raw material to get specific characteristic according to the Company's requirement. With such cases, the company may be at risk from raw material shortages or lack of price negotiation power.

Risk Management : The Company has assigned recruitment and procurement unit to procure additional source of raw materials from the existing one with regard of the raw materials quality that can be substituted as the significant principle, in order to achieve flexibility in manufacturing and sharpened the ability in managing raw material cost.

The shelf life of Company's products are around 4-5 days causing the raw materials used in manufacturing to circulate rapidly and vary according to the market condition. The consumers demand adjusted up and down all the time, therefore the Company needs to have purchase management of raw material and package to be accurate, complete and timely to be used in manufacturing. This also includes managing the proportion of each manufacturer and/or supplier equally.

However, for the past 37 years, the company had never face with such problems due to good internal management as well as long good relationship with all raw material suppliers. In addition, each supplier is stable and has the reputation that are generally accepted by which the company thoroughly and clearly study the information and policies of each suppliers to prevent any problem that may occur from the uncertainty of the manufacturer and the supplier policies.

Risk Management : The Company has prepared to prevent shortages of raw materials by planning appropriate purchase of raw materials, procure several back up sources of raw materials both domestic and international along with stored up in advance the raw material volumes to be used in manufacturing. In the case of emergency such as strike or natural disaster the Company has completed preparing emergency plan to support the procurement of raw materials.

3. Risk Concerning the Product Characteristics which Generally are the Fresh Bakery Products

The majority of the Company's bread and bakery are the fresh bakery products which should be consumed within 4-5 days from the date of manufacture. Therefore, the Company will be exposed to the risk if a large number of the fresh bakery products are returned due to the remainder. This will have an impact on the operational performance of the Company. Nevertheless, the Company

focuses on the salesperson training and uses the mobile computer for accessing the sales and product distribution systems, thus its salespersons are able to summarize the amount of sales volume and to control the delivery quantity of products to meet the demands of convenience stores and customers. All of the remainder will be returned to the Company when the new bakery products are delivered to the convenience stores. However, the Company has established the goals so that its salespersons can estimate the sales volume accurately. In addition, the Company has defined the amount of the remainder of bakery products with the rate was less than 10 percent of the delivered products and also determined the remuneration of its salespersons based on their sales volume and the amount of the remainder in order to motivate them. The Company has developed the computer systems by adopting the Pre-sale system to anticipate customer requirements precisely, therefore the amount of the remainder decreases compared to the previous time. Additionally, this system has been efficiently improved.

4. Risk from Shareholding of Major Shareholders

Thai President Foods Plc. (TFMAMA) is major shareholder of the Company. TFMAMA held 51.99% of ordinary shares of the Company (as of Book closing date of registration (September 4, 2019) of total paid-up capita. In addition, Saha Pathana Inter-Holding Plc (SPI) has also been the indirect shareholder of the Company. The aforesaid major shareholder shall be able to lead most resolutions of shareholders' meeting, including the resolution to select the board of directors or any resolution required majority voting except the agenda required 3/4 voting of shareholders' meeting as stipulated by the law or regulation. As a result, the other shareholders shall be unable to accumulate their minority voting to be against the proposal proposed by the said major shareholder.

Shareholding Structure

List of shareholders as of September 4, 2019 (Book closing date of registration)

No.	Shareholders	No. of Shares Hold	Percentage
1	Thai President Foods Plc.	233,956,616	51.99
2	Sahapattana Inter Holding Plc.	97,600,000	21.69
3	Mr. Pipat Paniangvait	14,590,150	3.24
4	Miss Apiradee Thammanomai	8,743,240	1.94
5	Mr. Weerapat Punsak-Udomsin	6,136,800	1.36
6	Sahapattanapibul Plc.	4,650,000	1.03
7	Thanulak Plc.	3,500,000	0.78
8	Better Way (Thailand) Co., Ltd.	3,500,000	0.78
9	Mr.Kamthorn Punsak-Udomsin	3,491,570	0.78
10	Mr. Apisate Thammanomai	3,344,810	0.74
	Total	379,513,186	84.33

"Investors can find the information on the updated shareholders from the company's website prior to the Annual Shareholder Meeting"

Dividend Policy

The company has a dividend policy of paying no less than 50% of net profit after deducting income tax and statutory reserve. Nonetheless, dividend payment can be changeable dependent upon the result of company's management, financial statement and investment plan

Dividend payment details for the past 5 year are as follows

Year	2019	2018	2017	2016	2015
Earnings per share (Baht)	3.18	2.96	3.25	2.90	2.31
Dividend per share (Baht)	1.60	1.50	1.65	1.45	1.16
Rate of Dividend from Net Profit (%)	50.32	50.69	50.80	50.07	50.25

Human Resources

As of December 31, 2019 the Company's employees are divided according to their jobs as follows :

(Unit : Person)

Main Department		2019	2018
1.	Production	2,740	2,716
2.	Sales	2,190	2,102
3.	Accounting & Financial	88	88
4.	Engineering	149	148
5.	Marketing	25	21
6.	Other	80	77
Total		5,272	5,152

Remuneration

(Unit : Baht)

Remuneration	2019	2018
Total Salary	849,981,845.00	821,908,205.50
Total Bonus	148,957,760.00	148,232,690.00
Provident fund contribution	27,228,665.00	27,268,174.75
Total	1,026,168,270.00	997,409,070.25

Moreover, the Company and employees work in collaboration to establish provident fund in accordance with the Provident Fund Act B.E. 2530 on June 11, 1990, in order to encourage members to start saving as a future welfare and a guaranteed for themselves and their families in the case where they pass away or become incompetent or resign from the Company or has reach retirement period according to the Company regulations. The name of the provident fund is "President Bakery Public Company Limited Provident Fund" which has been registered and at present has net assets of 500,850,395.44 million baht. The Company selected Tisco Fund Management Company Limited to manage fund and also encourage employees to own a house by offering lower interest rate than the market to build the stability of their lives and their families. In doing so the Company cooperates with the Government Housing Bank commencing October 15, 1990, which at present there are 610 employees that used the welfare to obtain a mortgage loan.



Human Resource Development

The Company has a policy to encourage and develop potential of employees to have knowledge of changing technology, creativity, and capability to accomplish growing career path in compliance with the mission of the Company. Since digital technology plays a major role these days, and behavior of consumers constantly changing, the Company encourages the employees to educate themselves and improve their work in accordance with the changing environment.

The Company's employees are participated in the system of quality and efficiency control through a project called Total Productive Maintenance (TPM). The ultimate goal of TPM is to achieve Zero Breakdown Machine, Zero Defect, and Zero Accident. TPM activities are philosophy or tool in production management with a goal to improve the company performance in the form of product quality, cost reduction & control, on time delivery, safety and environment. Our Company has implemented TPM with other activities to enhance potential such as "5s activity", visual control systems, mistake-proofing installation (Poka-yoke), or even techniques of Industrial engineering (IE Technique) to reduce waste in production processes or management which lead to Waste-Free Production System, by which the Company's personnel will be fully involved in the operation that leads to sustainable organization.

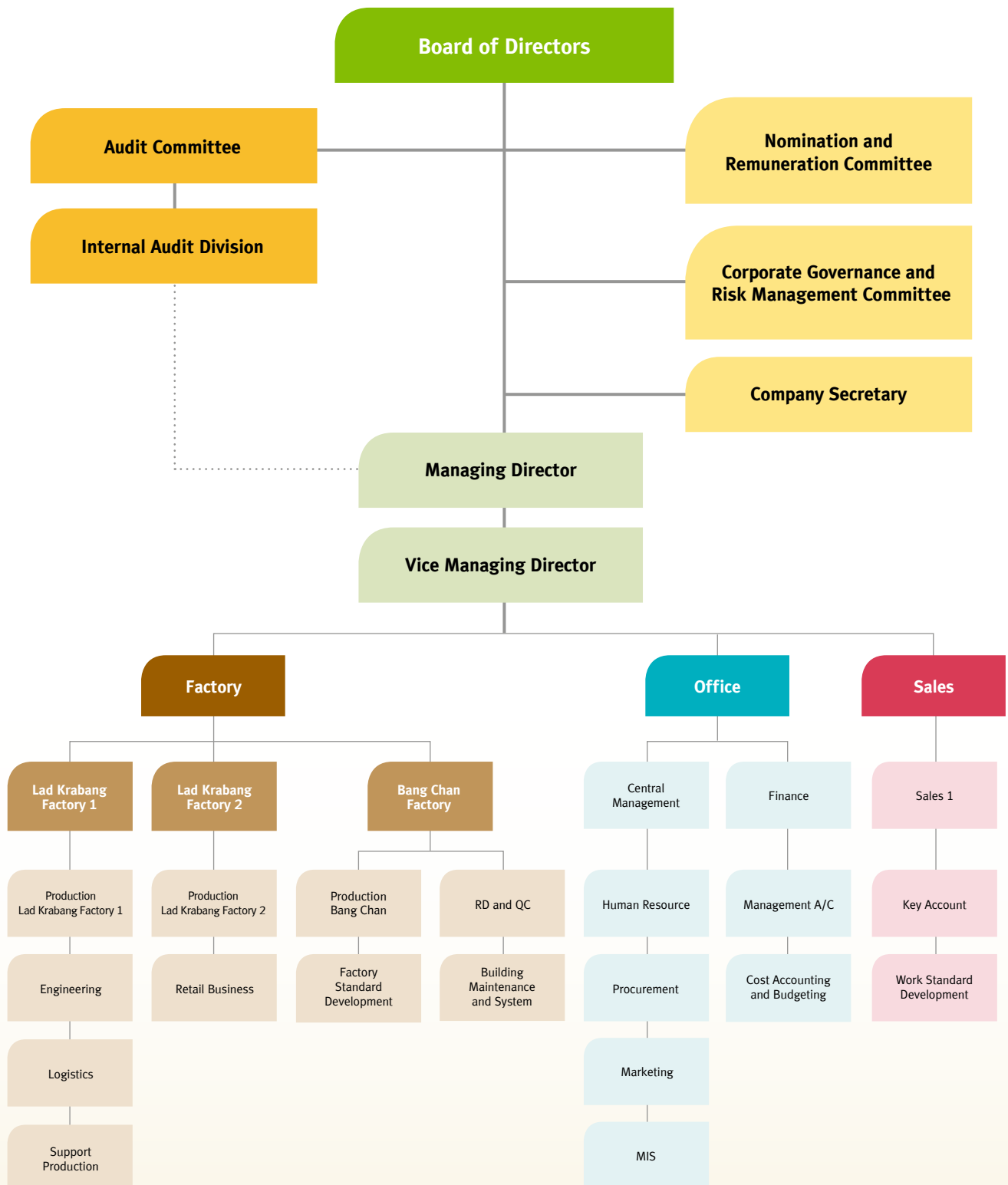
Aside from activities to promote improvement of machinery and workplace environments, the Company has implemented the TPMS (Transport Preventives Maintenance System) to record the Company's vehicle usage, refueling, wear and tear of equipment parts such as car batteries, motor oil, including accident report to issue repair invoices. TPMS system helps the Company gain easier vehicle management and effective control the costs.

In the aspect of human resource, an important force of the Company, we encourage employees to learn both inside the lecture room, which are from information board, PA System, learning video of activities of the Company, and training with external institutions so that the employees would learn and exchange knowledge that correspond to their work fields. The Company also emphasizes the importance of language and encourages all employees to learn it from native speakers who are invited to teach the staff right at the Company.

Another important mission of the Company is to develop products with higher quality, nutritious, and satisfy the needs of consumers. The Company has built Sensory Lap and developed personnel who has been selected as a part of Sensory Expert Group to research in the development of bakery products with international standards under the brand "Farmhouse".

Management Structure

ORGANIZATION CHART



Management Structure

The Company management structure consisted of Board of Director and 3 subcommittees which are Audit Committee, Corporate Governance and Risk Management Committee and Nomination and Remuneration Committee.

1. Board of Director

Board of Director Name List and Board of Directors Meeting for year 2019

Board of Directors Meeting			
Name	Position	No. of Meeting	No. of Meeting Attendance
1. Mr. Pipat Paniangvait	<ul style="list-style-type: none"> Chairman of the Board Chairman of Nomination and Remuneration Committee 	12	12
2. Mr. Apichart Thammanomai	<ul style="list-style-type: none"> Vice Chairman of the Board And Managing Director Nomination and Remuneration Committee 	12	12
3. Mr. Apisate Thammanomai	<ul style="list-style-type: none"> Vice Managing Director Corporate Governance and Risk Management Committee 	12	12
4. Mr. Vichai Kulsomphob	<ul style="list-style-type: none"> Director 	12	9
5. Dr. Pojjanee Paniangvait	<ul style="list-style-type: none"> Director Corporate Governance and Risk Management Committee 	12	11
6. Mr. Pun Paniangvait	<ul style="list-style-type: none"> Director 	12	12
7. Mrs. Malee Tangjaisanong	<ul style="list-style-type: none"> Director 	12	12
8. Ms. Petcharat Anantawichai	<ul style="list-style-type: none"> Director Corporate Governance and Risk Management Committee Company Secretary 	12	12
9. Mr.Thavach Keawpitag ***	<ul style="list-style-type: none"> Director Corporate Governance and Risk Management Committee 	12	11

Board of Directors Meeting

Name	Position	No. of Meeting	No. of Meeting Attendance
10. Miss Panida Prayottaweekij	<ul style="list-style-type: none"> • Director • Corporate Governance and Risk Management Committee 	12	11
11. Prof. Dr. Teravuti Boonyasopon	<ul style="list-style-type: none"> • Chairman of Independent Director and Chairman of Audit Committee • Corporate Governance and Risk Management Committee 	12	10
12. Prof. Dr. Visith Chavasit ***	<ul style="list-style-type: none"> • Independent Director and Audit Committee • Chairman of the Corporate Governance and Risk Management Committee 	9	8
13. Mr. Boonsak Chiemprica	<ul style="list-style-type: none"> • Independent Director • Nomination and Remuneration Committee 	12	9
14. Dr. Yupa Soontrapa	<ul style="list-style-type: none"> • Independent Director and Audit Committee • Corporate Governance and Risk Management Committee 	12	12
15. Mrs. Aim-On Pathumarak	<ul style="list-style-type: none"> • Independent Director and Audit Committee • Corporate Governance and Risk Management Committee 	12	12
16. Prof. Dr. Suwimon Keeratipibul ***	<ul style="list-style-type: none"> • Independent Director and Audit Committee • Corporate Governance and Risk Management Committee 	3	3

*** Director No.9 has resigned Since 30 November 2019

Director No.12 Sit in the Board of Director Position on April 26, 2019

Director No.16 was retired by rotation on April 26, 2019

Authorized Directors

Every directors have the authority to sign to bind the company. Two directors co-signed and affix the company seal except Independent director.

Significant Scope of Authorities and duties of the Board of Director are as follows:

The board of directors have the authorities and duties to ensure that the company are in line with its objectives, regulations and shareholders' resolution unless such matters have to be approved from the shareholders' meeting before taking any actions, such as matters required by the law to be approved by the shareholders' resolution, connected transaction are categorized under section 89/12 of Securities and Exchange ACT (No. 4) B.E. 2551 (2008) are principle approved to the company by the board of directors to allow the management team to approve such transactions. Directors, executives, and related persons, where the would not be revealed in the board of director meeting, could perform any transactions with general commercial terms as well as buying or selling any important assets in conformity with the regulations of Stock Exchange of Thailand or as required by other government sector, etc. The board of directors may

assign its director or other persons to perform such acts on behalf of the board of directors. Presently, the board of directors have the authorities to consider and approve the some transactions such as

- To consider and approve different kinds of investment
- To consider and approve of loan and to open account with the financial institutes

2. Audit Committee

On April,26 2019, The Board of Directors has appointed 4 directors with the qualifications as required by the Notification of the Capital Markets Supervisory Board and having independence to be the Audit Committee. The Audit Committee shall have the service term of 1 year from the approval date of such resolution of appointment, or having the service term of remaining period of being the Board of Directors. However the retiring committee is entitled to be re-selected. The company determines the service term of Audit Committee similar to the term of the Board of Directors. The Audit Committee held 4 meetings in 2019 (1st February, 2th May, 3rd August, and 4th November) and were summarized as follows:

Name	Position	No. of Attendance/Total Meeting
1. Prof. Dr. Teravuti Boonyasopon	Chairman of Audit committee	4/4
2. Prof. Dr. Visith Chavasit	Audit committee	2/3
3. Dr. Yupa Soontrapa	Audit committee	4/4
4. Mrs. Aim-On Pathumarak	Audit committee	3/4
5. Prof. Dr. Suwimon Keeratipibul	Audit committee	1/1

Prof. Dr. Suwimon Keeratipibul has Served in Audit Committee Until 26 April 2019

Prof. Dr. Visith Chavasit has Served in Audit Committee Since 26 April 2019

With Dr. Watcharee Tintani, Assistant Managing Director, as the Secretary of the Audit Committee

The Audit Committee has performed their duties and responsibilities according to the Audit Committee's Charter and was approved by the Board of Directors as follows:

1. To review financial report accurately and in accordance with the generally accepted standard and disclose Information sufficiently both quarterly and yearly.

2. To review the company's internal control system and internal audit system to ensure that they are suitable and effective, to consider the independent of internal audit sector, comment on internal audit plan and performance of internal audit sector along with to consider, appoint, transfer and dismissal of the chief of internal audit sector or any other sector that are in charge of an internal audit;

3. Review business operation of the company to be complied with the Securities and Exchange Act or the other laws concerning to business operation of the company;

4. To consider, select and nominate an independent persons to be the company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;

5. Consider to disclose the connected transaction or the other transaction may having conflict of interest to be complied with the Securities and Exchange Act or the other laws concerning to business operation of the company in order to ensure that such transactions are performed with appropriate business reason and for maximum benefit of the company.

6. To prepare audit committee report and disclose in the company's annual report, which such report should be signed by the chairman of the audit committee and consist of at least the following information:

(a) Opinion on the accuracy, completeness and creditability of the company's financial report;

(b) Opinion on the adequacy of the company's internal control system;

(c) The opinion upon business operation of the company in compliance with the Securities and Exchange Act or the other relevant laws;

(d) Opinion on the suitability of auditor;

(e) Opinion on the transactions that may lead to conflicts of interests;

(f) The number of the Audit Committee's meetings and the meeting attendance of each committee member;

(g) Opinion or overview comment the Audit Committee received by performing their duties, which is in accordance with the Audit Committee Charter

(h) Other transactions which, according to the Audit Committee's opinion, should be inform to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the company's board of directors;

7. Support and monitor to ensure that the company has effective risk management system.

8. Perform duties in accordance with the scope of authority and duties. The Audit Committee has the authority to invite related management team, executive officers or employees to comment, participate in the meeting or send in document as deem related or necessary;

9. In performing the duty of the Audit Committee, if found any suspicious or have doubt in any transaction or any of the following action, which may impact significantly on the financial status and company's operating performance, the Audit Committee shall report to the board of director for further adjustment and revise as the audit committee deem appropriate.

(1) Transaction that may lead to conflict of interest

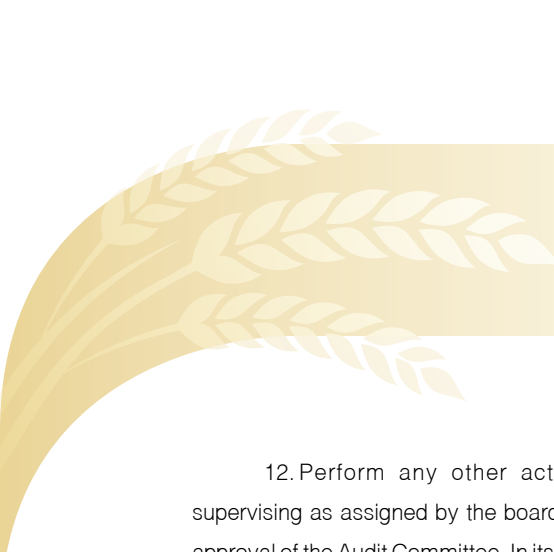
(2) Any fraud, irregularity or significant defect in internal control system

(3) The violation to the Securities and Exchange Act or the other laws concerning to business operation of the company

If the directors or executive officers did not take any action to improve or resolve with in the time the Audit Committee deems appropriate, any Audit Committee member may report of such transactions or actions to the Securities and Exchange Commission.

10. To consider, review and improve the charter of Audit Committee and propose to board of directors for approval.

11. Review and sign his/her name to certify Self-assessment Form concerning to anti-corruption practice as been considered and reviewed by the Internal Audit Department in order to ensure that the company has performed appropriate anti-corruption control as reported in the Self-assessment Form of Thai Institute of Directors (IOD)



12. Perform any other act in monitoring and supervising as assigned by the board of directors, with the approval of the Audit Committee. In its performance of duties under the first paragraph, the Audit Committee is directly responsible for the board of directors and the board of directors shall remain responsible to the third parties for company's operations

In 2019, the Audit Committee has reviewed the Company's internal control system, which consisted of logistics management, timely shipment of goods, TPM course training for the employees, production process improvement to develop a teamwork system in order to strengthen unity, to see an overall picture, and to eliminate weaknesses. The Company has security systems to prevent the threat of information technology of the factory. Therefore, The Audit Committee has foreseen that the Company has an efficient, sustainable, and stable management for all employees.

Definition of Independent Director

Directors who have no business or participation in management or interest in relation to the company, which may affect the independent of decision making. The independent directors must have the qualifications in compliance with the regulations of Securities and Exchange Commission and Stock Exchange of Thailand which require at least 1/3 of all directors to be independent directors but no less than 3 persons.

Qualification Of Independent Directors

Qualifications of independent directors shall be in compliance with the regulations of Capital Market Supervisory Board

(1) Shall not hold no more than 0.5% of the shares with voting right in all the company, its parent company, its subsidiaries, major shareholders or person with authority to control the company. This shall include the shares held by persons relating to that independent director as well.


(2) Shall not be or was a director who participates in administration, employees, staff, consultant with salary or a

person who has authority to control the company, parent company, subsidiaries, associated company, same-level subsidiary company, major shareholders or that of those with authority to control the company, except that he/she stops holding such position for at least two years before the date of appointment to be an independent director. Such prohibitions do not include the case where the independent director was an official or a consultant of a governmental agency who is a major shareholder or has authority to control the company

(3) Shall not have blood relation or have relation through legal registration in manners of father, mother, spouse, sibling and son or daughter as well as spouse of the son or the daughter of an executive, major shareholder, person with authority to control or person who is nominated to be an executive or person with authority to control the company or its subsidiaries.

(4) Shall not have or did not have business relation with the company, its parent company, subsidiaries, associated company or a person with authority to control the company in manners that may be an obstruction to his/her independent discretion. He/She shall not be or was not a significant shareholder or a person with authority to control any entity which has business relation with the company, parent company, subsidiaries, associated company, major shareholder or person with authority to control the company, except that the independent director stop holding such position no less than two years before the date of appointment to be an independent director.

Business relation according to phrase 1 shall include any normal trade relation for business operation, rent or lease of real estate, transactions regarding asset or service or providing or receiving of financial aids by receiving or giving loan: creditor, guarantor, providing asset as debt guarantee or any other act with the same manners which cause company or its contract party to have debt burden that must be paid to other party from 3% of the company's net tangible asset or over 20 million Baht, depending on any amount that is lower. The calculation of such debt burden



shall be in compliance with the method of calculating value of related transaction as announced by Capital Market Supervisory Board on conducting related transactions, mutatis mutandis. In considering such debt burden shall also include debt burden that occur during one-year period before the date that such person's business relation occurred.

(5) Independent director shall not be or was an auditor of the company, parent company, subsidiaries, associated company or those with authority to control the company and he/she shall not be significant shareholder, persons with authority to control or a partner of the audit firm that employs an auditor of the company, its parent company, subsidiaries, its associates, major shareholders or those with authority to control the company, except that he/she resigned from such position for at least two years prior to the appointment to be an independent director.

(6) Shall not be or was any professional service provider including a legal consultant or a financial consultant, which received service fees of over two million baht per year from the company, parent company, subsidiaries, its associates, major shareholder or those with authority to control the company and he/she shall not be a significant shareholder, a person with authority to control or a partner of such professional service provider, except that he/she resign from such position at least two years prior to the date of appointment to be an independent director.

(7) Shall not be a director that was appointed to be a proxy for the company's director, the major shareholders or shareholder related to the major shareholders

(8) Shall not operate any business with the same manner of the company and become a significant competitor with the company and its subsidiaries and shall not have significant share in a partnership or become a director who participates in administration, an employee, staff, consultant with paid salary or holding of more than 1% of shares with right to vote of other companies whose business is in the same manner or becomes the significant competitor of the company's business or its subsidiary.

(9) Does not possess any other characteristic which obstruct him/her to give comments independently on the company's operation.

After appointed as independent director with characteristic which are in accordance to (1) to (9), the independent director may be assigned by the Board of Directors to make decision regarding the business operation of the company, its parent company, its subsidiary, associated, same-level subsidiaries, major shareholders or person with authority to control the company, by making decision through the form of collective decision.

Moreover, in the case where Capital Market Supervisory Board or Securities and Exchange Commission announced the amendment or lessen the independent director qualification rules, such amendment will be effective instead of the prior ones.

Scope of duties and responsibilities of Independent Director Committee

Independent Committee consisted of 5 Independent directors to be responsible to provide independent opinion as assigned by the board to protect benefits of the shareholders in an equitable manner and to prevent any cases of conflict of interest. In the past year, the Independent Committee of the company has reviewed the operating procedures and provided the opinion concerning to the internal control, financial management policy, disposal policy of deteriorating asset, and risk management policy.

The decisions are made independently including participated in every meeting with the board of directors when considering the resolution or significant transaction. The independent directors shall examine and certify their qualification of independence at least once a year. Two meetings were held for previous independent meetings (in June and December) which can be summarized as follows:



Name	Position	No. of Attendance/Total Meeting
1. Prof. Dr. Teravuti Boonyasopon	Chairman of Independent Committee	2/2
2. Prof. Dr. Visith Chavasit	Independent Director	2/2
3. Dr. Yupa Soontrapa	Independent Director	2/2
4. Mr. Boonsak Chiempricha	Independent Director	2/2
5. Mrs. Aim-On Pathumarak	Independent Director	2/2

With Dr. Watcharee Tintani, Assistant Managing Director, as the Secretary of the Independent Committee

3. Corporate Governance and Risk Management Committee

The company has appointed Corporate Governance and Risk Management Committee on 26 April, 2019, with the service term of 1 year effective since the day having approval resolution from the Board. In the year of 2019, the Corporate Governance and Risk Management Committee has held the meeting to follow up the risk management operation related to breakdown time after finding

microorganism-contaminated in our products, to review fuel management in order to prevent the relevant issue, as well as to monitor risk management in the other areas, especially concerning to operational risk which may cause either internal or external risk factors to the company to control those potential risk to be suitable and acceptable

The Corporate Governance and Risk Management Committee has held total of 2 meetings in 2019 (June and December) as been summarized as below,

Name	Position	No. of Attendance /Total Meeting
1. Prof. Dr. Visith Chavasit	Chairman of the Corporate Governance and Risk Management Committee	2/2
2. Dr. Yupa Soontrapa	Corporate Governance and Risk Management Committee	2/2
3. Mrs. Aim-on Pathumarak	Corporate Governance and Risk Management Committee	2/2
4. Ms.Petcharat Anantawichai	Corporate Governance and Risk Management Committee	2/2
5. Mr. Apisate Thammanomai	Corporate Governance and Risk Management Committee	2/2
6. Mr. Thavach Keawpitag	Corporate Governance and Risk Management Committee	1/2
7. Miss Panida Prayottaweekij	Corporate Governance and Risk Management Committee	2/2
8. Dr. Pojjanee Paniangvait	Corporate Governance and Risk Management Committee	2/2

* Mr. Thavach Keawpitag has Resigned from Corporate Governance and Risk Management Committee Since 30 November 2019
With Dr. Watcharee Tintani, Assistant Managing Director, Supervising Compliance and Risk Management, performed as the Secretary of Corporate Governance and Risk Management Committee

4. Nomination and Remuneration Committee

Nomination and Remuneration Committee was appointed by the Board of Director with one-year term of office commencing from the date of appointment. In 2019, Nomination and Remuneration Committee recruit individual with suitable qualifications to sit in the director position and

had considered the regulations for remuneration payment to the Board of Director and Sub-Committee, which is appropriate with the duties and responsibilities and within the amount approved by the ordinary shareholders' meeting. Nomination and Remuneration Committee held 1 meeting in the year 2019, the details are as follows;

Name	Position	No. of Attendance/Total Meeting
1. Mr. Pipat Paniangvait	Chairman of Nomination and Remuneration Committee	1/1
2. Mr. Apichart Thammanomai	Nomination and Remuneration Committee	1/1
3. Mr. Boonsak Chiempricha	Nomination and Remuneration Committee	1/1

With Ms. Petcharat Anantawichai, Director and Company Secretary, was the Secretary of the Nomination and Remuneration Committee

Executive Officer

Executive Officer Committee

As at 31 December 2019, present there are 5 Executive Officers, at which the definition of Executive Officer is in accordance with the Securities and Exchange Commission.

Name	Position
1. Mr. Apichart Thammanomai	Vice Chairman of the Board And Managing Director
2. Mr. Apisate Thammanomai	Vice Managing Director
3. Ms. Petcharat Anantawichai	Director and Senior Management Accounting Department and Finance Department Manager
4. Mrs. Malee Tangjaisanong	Executive Production Director
5. Miss Panida Prayottaweekij	Director and Senior Production Manager

Authorities and Duties of Managing Director

The Board of Director authorized managing director to be the Company's representative and have the authority to act on behalf of the Company to conduct business under the following conditions:

1. Has the authority to organize and manage Company's activities in accordance to the objectives, regulations, shareholders' meeting resolution and Board of Directors' meeting resolution in all aspect.
2. Has the authority to consider and approve investment such as buying-selling investment or fix assets within the amount for each project which are not over 10 million baht or equivalents.
3. Authorized to consider and approve of liabilities incurred item such as financial loan within the amount set for each item of no more than 100 million baht or equivalents.
4. Has the authority to exercise discretion for normal business transaction expense on Company's operation management.

The aforementioned representative is not authorized to exercise their authority if showed any interest or may have any conflict of interest with the Company and its subsidiaries.

Recruitment and Nomination of Director and Senior Executive Officers

Recruitment Committee is responsible for recruiting individual with qualification, which is suitable to sit in the director position and propose to the Board of Director and/or shareholders to be considered in further steps. In recruiting new director as a replacement of director that resign due to completion of term of office, the director must be appointed by shareholders' meeting, which will based on the majority vote in accordance with the following rules and methods:

1. Every shareholder has one vote for every share held.

2. Each shareholder shall cast all his/her votes in a) to elect one or several persons as director(s) but he/she shall not allot his/her votes to one individual person.

3. The persons who receive the highest votes in their descending order shall be elected as directors in number not In case the last person in that respective order and the person next to him have equal votes, the chairman of the meeting shall have a casting vote.

Moreover, the minority shareholders have the right to nominate candidates to be consider and nominate as director at the ordinary shareholders meeting in accordance with the rules set, which is presented on the Company website (www.farmhouse.co.th)

Recruitment of Senior Executive Officers

In recruiting individuals to sit in the position such as managing director, the Board of Director is responsible for recruiting individuals, who have complete and suitable qualification as well as has knowledge, competence, skills and experiences that will benefit the Company operation. Moreover, the appointed individuals should have good understanding of the Company's business and is capable of managing their task to achieve the objectives according to the goal that the Board of Director has set.

Holdings of the Company's shares by directors and management

The holdings of the Company's shares by directors and management of the Company, as at December 31, 2019, and 2018 were as follows:

Number of Share as at December 31 (Par Value 1 Baht)			
Name of Director and Executive	2019	2018	Increase (Decrease) From The Previous Year
Securities Holder-Director			
1. Mr. Pipat Paniangvait	14,699,400	14,301,800	397,600
2. Mr. Apichart Thammanomai	3,319,970	3,319,970	-
3. Mr. Apisate Thammanomai	3,344,810	3,344,810	-
4. Mr. Vichai Kulsomphob	100,000	-	100,000
5. Dr. Pojjanee Paniangvait	1,214,480	1,214,480	-
6. Mr. Pun Paniangvait	471,870	471,870	-
7. Mrs. Malee Tangjaisanong	538,220	538,220	-
8. Ms. Petcharat Anantawichai	50,000	50,000	-
9. Miss Panida Prayottaweekij	25,000	25,000	-
10. Prof. Dr. Teravuti Boonyasopon	-	-	-
11. Prof. Dr. Visith Chavasit	-	-	-
12. Mr. Boonsak Chiempricha	79,000	79,000	-
13. Dr. Yupa Soontrapa	150,000	150,000	-
14. Mrs. Aim-on Pathumarak	-	125,000	(125,000)
Total	23,992,750	23,620,150	372,600

Note : Including the shareholding of spouse and minor children

*** Director No.11 sit in the Board of Director position on April 26, 2019

Supervising the Use of Internal Information

Policies and method in supervising Executive Officers in utilizing Company's information for personal interest are as follows:

- Provide knowledge and information to Directors and Executives Officers regarding the duty to report asset ownership of their own, their spouse and minor child and the penalties in accordance with the Securities and Exchange ACT, B.E. 2535 and the SET regulations.

- The Executives shall report the changes of securities ownership to the Securities and Exchange commission in conformity with section 59 of Securities and Exchange ACT B.E. 2535 and send in the copy of this report to the Company within the same day that the report was send to the Securities and Exchange Commission.
- Forbid the Executive Officers in using undisclosed internal information to purchase or distribute Company's securities before such informations

are disclosed to the public. Forbid in disclosing significant information to other individuals, which is considered as one of the regulations related to company's operation.

Director and Executive Officer Remuneration

(1) Financial compensation for the year ended December 31, 2019

(1.1) Remuneration in the form of meeting allowance and director bonus of the Board of Director.

(Unit : Baht)

	2019		2018	
Remuneration	Number of Director	Remuneration	Number of Director	Remuneration
The remuneration and allowances	16	11,470,500	17	11,382,000
Total		11,470,500		11,382,000

The 2019 remuneration in detail is as follows:

(Unit : Baht)

Name	Position	Annual Remuneration	Director Remuneration	Audit Committee Remuneration	Other Committee Remuneration	Total
1. Mr. Pipat Paniangvait	Chairman of the Board	1,100,000	144,000		12,000	1,256,000
2. Mr. Apichart Thammanomai	Vice Chairman of the Board and Managing Director	1,100,000	120,000		10,000	1,230,000
3. Mr. Apisate Thammanomai	Vice Managing Director	800,000	120,000		20,000	940,000
4. Mr. Vichai Kulsompob	Director	500,000	90,000			590,000
5. Dr. Pojjanee Paniangvait	Director	500,000	110,000		20,000	630,000
6. Mr. Pun Paniangvait	Director	500,000	120,000			620,000
7. Mrs. Malee Tangjaisanong	Director	600,000	120,000			720,000
8. Ms. Petcharat Anantawichai	Director and Company Secretary	600,000	120,000		20,000	740,000
9. Mr. Thavach Keawpitag ***	Director	332,500	110,000		10,000	452,500
10. Miss Panida Prayottaweekij	Director	600,000	110,000		20,000	730,000
11. Prof.Dr.Teravuti Boonyasopon	Chairman of Independent Director and Audit Committee	600,000	100,000	48,000		748,000
12. Prof. Dr. Visith Chavasit	Independent Director and Audit Committee	600,000	80,000	20,000	24,000	724,000

(Unit : Baht)

Name	Position	Annual Remuneration	Director Remuneration	Audit Committee Remuneration	Other Committee Remuneration	Total
13. Mr. Boonsak Chiempricha	Independent Director	600,000	90,000		10,000	700,000
14. Dr. Yupa Soontrapa	Independent Director and Audit Committee	500,000	120,000	40,000	20,000	680,000
15. Mrs. Aim-on Pathumarak	Independent Director and Audit Committee	500,000	120,000	30,000	20,000	670,000
16. Prof.Dr.Suwimon Keeratipibul	Independent Director and Audit Committee	-	30,000	10,000	-	40,000
Total		9,432,500	1,704,000	148,000	186,000	11,470,500

*** Director No.9 has resigned from the Board of Director position on November 30, 2019

Director No.12 sit in the Board of Director position on April 26, 2019

Director No.16 was retired by rotation on April 26, 2019

(1.2) Remuneration of executive directors and executives: The executive directors and the first four top executives after the Manager and four other executives at the same level, and Accounting and Finance Department Manager

(Unit : Baht)

Total Remuneration			
Remuneration	Number	2019	2018
Total Salary	6	22,623,800	22,321,310
Total Bonus	6	6,229,280	6,148,800
Total		28,853,080	28,470,110

(2) Other Remuneration

Provident Fund Contribution for Member of the Executive Board.

(Unit : Baht)

Total Remuneration			
Remuneration	Number	2019	2018
Contribution to Provident Fund	3	369,540	339,780
Total		369,540	339,780

Board of Directors Management Profile and Company Secretary

As of 31 December 2019

1. Mr. Pipat Paniangvait • Chairman • Age 80 Years

Education Background/ Directors Skills and Duties Trainings

- Honorary Doctor of Science Degree in Food Science and Technology, Faculty of Science and Technology / Rajamangala University of Technology Tawan-ok
- Honorary Doctor of Arts Degree in Business administration, North Chiang Mai University
- Honorary Doctor of Arts Degree in Home Economics Development, Faculty of Education / Ramkhamhaeng University
- Master's Degree in Business Administration, Thammasat University
- Bachelor Degree in Education Science Quanzhou Physical Culture institute People's Republic of China
- Stamford Executive Program at Stamford University California, USA.
- Funded to participated in seminar for Top Management Seminar on Japanese Business (TOPS-V) of The Association for Overseas Technical, Japan
- Graduated from National Defence College, class 2 National Defence College of Thailand
- Trained at Harvard University USA.
- Director Certification Program 2004

The Past 5 Years of Work Experience

Board Member in Listed Company

- | | | |
|-------------------------|---|---|
| • 2015-Present | Chairman | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • 2015-Present | Chairman of the Nomination and Remuneration Committee | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • October 2017 -Present | Chief Executive Office / Vice Chairman of the Board | Thai President Foods Plc. (TFMAMA)
Manufacturer and distributor of instant noodles, and biscuits |
| • 2015- October 2017 | Chief Executive Office / Vice Chairman of the Board | Thai President Foods Plc. (TF)
Manufacturer and distributor of instant noodles, and biscuits |
| • 2015- October 2017 | Advisor | President Rice Products Plc.
Manufacturer and distributor of instant noodles |
| • 2015-Present | Director | Saha Pathana Inter-Holding Plc.
Investment |
| • 2015-August 2018 | Chairman | Thai O.P.P. Plc.
Manufacturer and distributor of plastic packaging |

Board Member In Other Company

- | | | |
|------------------|-------------------|---|
| • 2015-2017 | Deputy Chairman | President Inter Foods Co., Ltd.
Manufacturer and distributor of food |
| • 2015-June 2017 | Director | President Holding Co., Ltd.
Leasing and Purchasing of assets |
| • 2015-Present | Director | Thai Myanmar Success Venture Co., Ltd.
Investment |
| • 2015-Present | Honorary Chairman | Dai-Ichi Packaging Co., Ltd.
Manufacturer and distributor of packaging |
| • 2015-Present | Chairman | Sungu Machinery (Thailand) Co., Ltd.
Packing Automatic Machine |
| • 2015-Present | Deputy Chairman | Northern Technology Co., Ltd.
Manufacturer of packing machinery |

Shareholding (No. of Share)¹

14,699,400 (3.27%)

Relationship with Directors

As the father of director No.5 and 6

2. Mr. Apichart Thammanomai • Vice Chairman of the Board and Managing Director • Age 70 Years

Education Background/ Directors Skills and Duties Trainings	<ul style="list-style-type: none"> • Master's Degree in Political Science, Ramkhamhaeng University • Mini MBA Management, Thammasat University • Director Certification Program 2005 • Director Accreditation Program 2003 		
The Past 5 Years of Work Experience	Board Member in Listed Company <ul style="list-style-type: none"> • 2019-Present Vice Chairman of the Board and Managing Director President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015-Present Managing Director President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015-Present Director of the Nomination and Remuneration Committee President Bakery Plc. Manufacturer and distributor of bread and bakery products • October 2017 -Present Director Thai President Foods Plc. (TFMAMA) Manufacturer and distributor of instant noodles, and biscuits • 2015-October 2017 Director Thai President Foods Plc. (TF) Manufacturer and distributor of instant noodles, and biscuits • 2015-October 2017 Chairman President Rice Products Plc. Manufacturer and distributor of instant noodles • 2015 Director President Rice Products Plc. Manufacturer and distributor of instant noodles Board Member In Other Company <ul style="list-style-type: none"> • June 2017-Present Chairman President Flour Mills Co., Ltd. Production and distributor of flour group • 2015-May 2017 Chairman President Flour Mills Co., Ltd. Production and distributor of flour group • 2015-Present Director Kerry-Flour Mill Co., Ltd. Manufacturer and distributor of wheat flour 		
Shareholding (No. of Share) ^{/1}	3,319,970 (0.74%)		
Relationship with Directors	As the father of director No.3		

3. Mr. Apisate Thammanomai • Vice Managing Director • Age 37 Years

Education Background/ Directors Skills and Duties Trainings

- Master of Art in Business and Managerial Economics Faculty of Economics, Chulalongkorn University.
- Master of Science in Computer System Engineering (Software engineering) College of Engineering, Boston University
Thesis "Engineering a System-level Instruction-set Simulator"
- Bachelor of Engineering Program In Computer Engineering (Second Class Honors)
Faculty of Engineering, Kasetsart University
- Engineering Project work "Bayesian based Website Classification system"
- Director Accreditation Program 2016 by Thai Institute of Directors Association

The Past 5 Years of Work Experience

Board Member in Listed Company

- | | | |
|----------------------|-------------------------------------|--|
| • 2017-Present | Vice Managing Director | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • April 2018-Present | Good Governance and Risk Management | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • 2015-2017 | Director and IT Manager | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |

Board Member In Other Company

- | | | |
|----------------------|----------|---|
| • March 2018-Present | Director | American Foods Co., Ltd.
Manufacturer and distributor of Ice Cream |
| • 2015-Present | Director | President Green House Food Co., Ltd.
Restaurant |

Shareholding (No. of Share)^{/1}

3,344,810 (0.74%)

Relationship with Directors

As the son of director No.2

4. Mr.Vichai Kulsomphob • Director • Age 42 Years

Education Background/ Directors Skills and Duties Trainings

- Bachelor's Degree of Business Administration Chulalongkorn University
- Master of Advanced Business Practice University of South Australia
- Master of Marketing (English Program), Thammasat University
- Master of International Business (Exchange Program)
- Norwegian School of Economics and Business Administration, Norway
- Business and Industrial Development Program (Class 1), Institute of Business and Industrial Development
- OIC Advanced Insurance Institute (Class 1), Office of Insurance Commission
- Executive Leadership Program (Class 2), Wharton Business School, University of Pennsylvania, USA & NIDA, Thailand
- Real Estate Management Program for Executive (RE-CU26) Chulalongkorn University
- Investment Planner Certification, Chulalongkorn University
- Investment Planner Certification, Association of Investment Management Companies
- Bhumpalung Phandin for Top Executive (Class 4) Chulalongkorn University
- Strategic CFO in Capital Market Program (Class 4) Thailand Securities Institute, The Stock Exchange of Thailand
- Director Certification Program (DCP) 61/2005
- Company Secretary Program (CSP) 18/2006 Thai Institute of Directors Association (IOD)

The Past 5 Years of Work Experience

Board Member in Listed Company

- | | | |
|----------------------|----------------|---|
| • April 2018-Present | Director | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • 2018-Present | President | Saha Pathana Inter-Holding Plc.
Investment / Real Estate Development / Industrial Estate / Service |
| • 2015-April 2018 | Vice President | Saha Pathana Inter-Holding Plc.
Investment / Real Estate Development / Industrial Estate / Service |
| • April 2018-Present | Director | Sahacogen (Chonburi) Plc.
Electric power generation and transmission |
| • 2015-April 2018 | Director | Singer Thailand Plc.
Retail sale of electrical household appliances in specialized stores |

Board Member In Other Company

- | | | |
|--------------------------|-------------------|---|
| • December 2018 -Present | Director | Saha Komehyo Co., Ltd.
Retail sale of Luxury second hand clothing, footwear and leather articles |
| • March 2018-Present | Managing Director | First United Industry Co., Ltd.
Renting and operating of self-owned or leased of non-residential buildings |
| • March 2018-Present | Managing Director | Sahapat Properties Co., Ltd.
Activities of holding companies, of mostly investing in non-financial sectors |
| • March 2018-Present | Director | American Foods Co., Ltd.
Manufacturer and distributor of Ice Cream |
| • April 2018-Present | Director | Sinparadon Co., Ltd.
Investment |
| • 2017-Present | Managing Director | BSC So In Co., Ltd.
Investment |
| • April 2017-Present | Managing Director | Pan Land Co., Ltd.
Real Estate Development |

4. Mr.Vichai Kulsomphob • Director • Age 42 Years

The Past 5 Years of Work Experience

Board Member In Other Company

• April 2017-Present	Managing Director	Sahapat Real Estate Co., Ltd. Invesment Warehouse
• April 2017-Present	Managing Director	Laem Chabang Warehouse Co., Ltd. Warehouse Renting
• January 2016 -Present	Director	UCC Ueshima Coffee (Thailand) Co., Ltd. Wholesale of coffee, tea and cocoa
• March 2016-Present	Director	Thai Secom Security Co., Ltd. Security Service
• April 2016-Present	Director	Arusu Myanmar Co., Ltd. Interior Design Service, Manufacturing and Distributing Furniture
• July 2015-Present	Director	Seino Saha Logistics Co., Ltd. Logistics Service
• August 2015-Present	Director	Mobile Logistics Co., Ltd. Cold Chain Logistics Service
• 2015-Present	Director	Tiger MK Logistics (Myanmar) Co., Ltd. Logistics Service
• 2015-Present	Director	Carbon Magic (Thailand) Co., Ltd. Manufacturing of Advanced Material From Cabon Composite
• 2015-Present	Managing Director	BNC Real Estate Co., Ltd. Real Estate Investment
• 2015-Present	Director	Canchana International Co., Ltd. (Myanmar) Distributor
• 2015-Present	Chairman	Green Life Management Co., Ltd. Renting and operating of self-owned or leased of residential buildings
• 2015-Present	Director	Saha Tokyu Corporation Co., Ltd. Real Estate Development
• 2015-Present	Director	Saha Sehwa Co., Ltd. Manufacture of other plastics products
• 2015-Present	Director	J&P (Thailand) Co., Ltd. Financial consultancy services
• 2015-Present	Director	Thai Samsung Electronics Co., Ltd. Manufacture of domestic electric appliances
• 2015-Present	Director	SSI Holding Co., Ltd. Invesment
• 2015- Present	Director	Park Capital Holding Co., Ltd. Invesment
• 2015-Present	Director	Thai Sun Foods Co., Ltd. Manufacture of fruit and vegetable juice
• 2015 -Present	Director	I.D.F. Co., Ltd. Invesment
• 2015-Present	Managing Director	Boon Capital Holding Co., Ltd. Invesment
• April 2018-Present	Chairman	Pitakkij Co., Ltd. Construction
• April 2018-Present	Chairman	Sriracha Logistics Co., Ltd. Logistics Service

4. Mr.Vichai Kulsomphob • Director • Age 42 Years

The Past 5 Years of Work Experience	Board Member In Other Company		
	• April 2018-Present	Chairman	Eastern Thai Consulting 1992 Co., Ltd.
			Environmental Consultant Business
	• April 2018-Present	Chairman	Kabin Pattanakij Co., Ltd.
			Other retail sale in non-specialized stores
	• April 2018-Present	Director	Treasure Hill Co., Ltd.
			Operation of sports facilities Golf Course
	• April 2018-Present	Deputy Chairman	Sriracha Aviation Co., Ltd.
			Aviation School
	• April 2018-Present	Chairman	PTK Multi Services Co., Ltd.
			Landscape care and maintenance service activities
	• April 2018-Present	Deputy Chairman	S.T. (Thailand) Co., Ltd.
			Manufacture of other rubber products.
	• April 2018-Present	Director	Pitakkij Security Guard Co., Ltd.
			Private security activities
	• April 2018-Present	Director	Asahi Kasei Spunbond (Thailand) Co., Ltd.
			NON-WOVEN FABRIC
	• April 2018-Present	Director	Saha Asia Pacific Co., Ltd.
			Real Estate Development
	• August 2018-Present	Chairman	Thai Hoover Industry Co., Ltd.
			Packaging Manufacturing
	• August 2018-Present	Director	Impact Solar Co., Ltd.
			Solar Power, Solar Rooftop, Business
	• June 2019-Present	Director	Measot Sakae-lace Co., Ltd.
			Manufacture of textiles
	• April 2019-Present	Director	Inter Laboratory Co., Ltd.
			Manufacture of cosmetic
	• April 2019-Present	Director	Sahachol Food Supplies Co., Ltd.
			Manufacturer and distributor of food
	• April 2018-Present	Director	Thai Takeda Lace Co., Ltd.
			Manufacture of textiles
	• March 2018-Present	Director	Kewpie (Thailand) Co., Ltd.
			Manufacture all kinds of Convenience Foods, for sale both domestically and internationally
	• August 2019-Present	Director	SLV Retail Co., Ltd.
			A Convenience store named "LAWSON108" in the public transit station
	• October 2019 -Present	Managing Director	Saha Capital Co., Ltd.
			Other real estate activities on a fee or contract basis
	• November 2019 -Present	Director	Brainwake Co., Ltd.
			Food and beverage business under the name, "Brainwake Café"
Shareholding (No. of Share) ^{/1}	100,000 (0.02%)		
Relationship with Directors	- None -		

5. Dr. Pojjanee Paniangvait • Director • Age 56 Years

Education Background/ Directors Skills and Duties Trainings

- SASIN Graduate Institute of Business Administration, Bangkok
- Master of Management, University Of California, Davis
- Ph.D.in Agricultural and Environmental Chemistry with emphasis on Food Sciences, University Of California, Davis
- Master of Sciences in Food Sciences, Chulalongkorn University
- Bangkok B.S. in Biochemistry
- Director Accreditation Program 2008
How to Develop a Risk Management Plan (HRP)

The Past 5 Years of Work Experience

Board Member in Listed Company

- | | | |
|-------------------------|-------------------------------------|---|
| • 2015-Present | Director | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • June 2018-Present | Good Governance and Risk Management | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • October 2017 -Present | Vice President | Thai President Foods Plc. (TFMAMA)
Manufacturer and distributor of instant noodles, and biscuits |
| • 2015- October 2017 | Vice President | Thai President Foods Plc. (TF)
Manufacturer and distributor of instant noodles, and biscuits |
| • 2015- October 2017 | Director | President Rice Products Plc.
Manufacturer and distributor of instant noodles |

Board Member In Other Company

- | | | |
|----------------|-------------------|--|
| • 2018-Present | Director | American Foods Co., Ltd.
Manufacturer and distributor of Ice Cream and Frozen Product |
| • 2015-Present | Director | Thai Anbao Paper Products Co., Ltd.
Manufacturer and distributor of packaging materials |
| • 2015-Present | Director | Siam Sincere Co., Ltd.
Merchandise Business |
| • 2015-Present | Managing Director | President Flour Mills Co., Ltd.
Production and distributor of flour group |
| • 2015-Present | Director | President Inter Foods Co., Ltd.
Manufacturer and distributor of food |
| • 2015-Present | Director | Kerry-Flour Mill Co., Ltd.
Manufacturer and distributor of wheat flour |

Shareholding (No. of Share)¹

1,214,480 (0.27%)

Relationship with Directors

As the daughter of director No. 1 and as the sister of director No. 6

6. Mr. Pun Paniangvait • Director • Age 44 Years

Education Background/ Directors Skills and Duties Trainings	<ul style="list-style-type: none"> • Master of Law (LL.M) in Business Law (International Program), Chulalongkorn University • Director Accreditation Program Class 110/2557 		
The Past 5 Years of Work Experience	Board Member in Listed Company <ul style="list-style-type: none"> • 2016-Present Director President Bakery Plc. Manufacturer and distributor of bread and bakery products • October 2017 Manager, Thai President Foods Plc. (TFMAMA) -Present President's Office Manufacturer and distributor of instant noodles, and biscuits • 2015-October 2017 Managing Director President Rice Products Plc. Manufacturer and distributor of instant noodles • 2017 Director of the Nomination and Remuneration Committee President Rice Products Plc. Manufacturer and distributor of instant noodles 		
	Board Member In Other Company <ul style="list-style-type: none"> • 2019-Present Director Cheam Body Co., Ltd. Investment • 2018-Present Director President D Venture Co., Ltd. Investment • 2015-Present Director Thai Instant Product Co., Ltd. Manufacturer and distributor of delicatessen • 2015-Present Director Thai Anbao Paper Products Co., Ltd. Manufacturer and distributor of packaging materials • 2015-Present Director Dai-ichi Packaging Co., Ltd. Manufacturer and distributor of packaging • 2015-Present Advisor Dai-ichi Packaging Co., Ltd. Manufacturer and distributor of packaging • 2017-Present Director Samchai Sunshine Co., Ltd. Property Development 		
Shareholding (No. of Share)^{/1}	471,870 (0.10%)		
Relationship with Directors	As the son of director No. 1 and as the brother of director No. 5		

7. Mrs. Malee Tangjaisanong • Executive Production Director • Age 59 Years

Education Background/ Directors Skills and Duties Trainings

- Master's Degree in Business Administration for Smart Entrepreneur, Ramkhamhaeng University
- Bachelor Degree in Economics Ramkhamhaeng University
- Director Accreditation Program 2003

The Past 5 Years of Work Experience

Board Member in Listed Company

• 2016-Present	Executive Production Direction	President Bakery Plc. Manufacturer and distributor of bread and bakery products
• 2015	Director and Senior Dept. Manager Production 2 and Retail Dept.	President Bakery Plc. Manufacturer and distributor of bread and bakery products

Board Member In Other Company

• 2015-Present	Director	President Green House Food Co., Ltd. Restaurant
----------------	----------	--

Shareholding (No. of Share) ^{/1}

538,220 (0.12%)

Relationship with Directors

- None -

8. Ms. Petcharat Anantawichai • Director and Senior Management, Accounting Dept. and Finance Dept. Manager, Company Secretary, Chief financial Officer • Age 51 Years

Education Background/ Directors Skills and Duties Trainings	<ul style="list-style-type: none"> • Bachelor Degree in Accounting, Thammasat University • Director Certification Program 2003 		
	Continuing Profession Development (CPD) <ul style="list-style-type: none"> • Understand Each TFRS Training Courses 2019 • TAX Update in 2019 		
The Past 5 Years of Work Experience	Board Member in Listed Company <ul style="list-style-type: none"> • 2015-Present Director and Senior Management Accounting Dept. and Finance Dept. Management President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015-Present Good Governance and Risk Management President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015-Present Company Secretary President Bakery Plc. Manufacturer and distributor of bread and bakery products 		
	Board Member In Other Company <ul style="list-style-type: none"> • 2015-Present Director President Green House Food Co., Ltd. Restaurant 		
Shareholding (No. of Share) ^{/1}	50,000 (0.01%)		
Relationship with Directors	-None-		

9. Miss Panida Prayottaweekij • Director And Senior Production Manager • Age 53 Years

Education Background/ Directors Skills and Duties Trainings	<ul style="list-style-type: none"> • Master of Science in Food Processing and Technology, The Ohio State University, USA • Bachelor of Science in Agro-Industrial Product Development Kasetsart University • Director Accreditation Program 2016 		
The Past 5 Years of Work Experience	Board Member in Listed Company <ul style="list-style-type: none"> • 2015-Present Director and Senior Production Manager President Bakery Plc. Manufacturer and distributor of bread and bakery products • April 2018-Present Good Governance and Risk Management President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015 Senior Production Manager President Bakery Plc. Manufacturer and distributor of bread and bakery products 		
Shareholding (No. of Share) ^{/1}	25,000 (0.01%)		
Relationship with Directors	- None -		

10. Prof.Dr.Teravuti Boonyasopon • Chairman of Independent Director and Chairman of Audit Committee • Age 70 Years

Education Background/ Directors Skills and Duties Trainings

- Ed.D. Human Resource Development, Oklahoma State University, Stillwater, Oklahoma, USA
- M.Ed. Management of Vocational and Technical Education, Southwest Texas State University, San Marcos, Texas, USA.
- B.S. in Advanced Technology Major : Air Conditioning & Refrigeration Technology
Minor : Industrial Management
- American Technological University, Killeen, Texas, USA.
- Advanced Certificate, Political, Social, Economic, Science and Technology The Role of Chairman (RCP) 2009

The Past 5 Years of Work Experience

Board Member in Listed Company

- | | | |
|----------------------|--|---|
| • April 2018-Present | Chairman of Independent
Director and Chairman of
Audit Committee | President Bakery Plc.
Manufacturer and distributor of bread and
bakery products |
| • 2017-April 2018 | Independent Director and
Audit Committee | President Bakery Plc.
Manufacturer and distributor of bread and
bakery products |

Board Member In Other Company

- | | | |
|-----------------------|--|---|
| • 2017-Present | President of the
University Council | King Mongkut's University of Technology
North Bangkok
Ministry of Higher Education, Science,
Research and Innovation |
| • 2016-2017 | Advisor Distinguished
Member of the Executive
Committee | Office for National Education Standards and
Quality Assessment
Public Organization |
| • 2015-Present | Distinguished Member of
University Council | Rajamangala University of Technology Thanyaburi
Ministry of Higher Education, Science,
Research and Innovation |
| • 2015-2016 | Distinguished Member of
the Executive Committee | Office for National Education Standards and
Quality Assessment
Public Organization |
| • 2015-2016 | Chairman of Committee for
Development Assessment
Systems for Vocational
Education | Office for National Education Standards and
Quality Assessment
Public Organization |
| • 2015-2016 | President (Agenda 4) | King Mongkut's University of Technology
North Bangkok
Ministry of Education |
| • 2016-2017 | Advisor of
University Council | King Mongkut's University of Technology
North Bangkok
Ministry of Education |
| • August 2018-Present | Arbitrator | Office of the Judiciary
Ministry of Justice |

Shareholding (No. of Share) ^{/1}

- None -

Relationship with Directors

- None -

11. Prof.Dr.Visith Chavasit • Independent Director and Audit Committee • Age 60 Years

Education Background/ Directors Skills and Duties Trainings	<ul style="list-style-type: none"> • Ph.D.(Food Science) Department of Food Science and Technology Oregon State University, U.S.A. • M.S. (Food Science) Department of Food Science and Technology Oregon State University, U.S.A. • Director Certification Program 136/2010 		
The Past 5 Years of Work Experience	Board Member in Listed Company <ul style="list-style-type: none"> • April 2019 -March 2019 Independent Director and Audit Committee President Bakery Plc. Manufacturer and distributor of bread and bakery products • April 2019 -March 2019 Chairman of Good Governance and Risk Management President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015-April 2019 Independent Director and Chairman of Risk Management Thai President Foods Plc. (TFMAMA) Manufacturer and distributor of instant noodles, and biscuits Board Member In Other Company <ul style="list-style-type: none"> • 2015-Present Professor The Institute of Nutrition / Mahidol University University 		
Shareholding (No. of Share) ¹	- None -		
Relationship with Directors	- None -		

12. Mr. Boonsak Chiempricha • Independent Director • Age 70 Years

Education Background/ Directors Skills and Duties Trainings

- Bachelor of Accounting, Chulalongkorn University
- MBA THE UNIVERSITY OF SANTA CLARA, SAN JOSE, CA., U.S.A.
- Certificate of National Defense College (WorPorRorOr.4111)
- Director Certification Program 2003

The Past 5 Years of Work Experience

Board Member in Listed Company

- | | | |
|----------------------|--|--|
| • April 2018-Present | Independent Director | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • 2015- April 2018 | Independent Director and Audit Committee | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • 2015- April 2019 | Chairman of Good Governance and Risk Management | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • 2015-Present | Director of the Nomination and Remuneration | President Bakery Plc.
Manufacturer and distributor of bread and bakery products |
| • 2015-Present | Chairman / President | Indara Insurance Plc.
Insurance |
| • 2015-Present | Chairman | G Capita Co., Plc.
Finance |
| • 2016-Present | Independent Director and Chairman of Audit Committee | Delta Electronics (Thailand) Plc.
Electronic Components |

Board Member In Other Company

- | | | |
|----------------|------------------------------|---|
| • 2017-Present | Director | Director of Financial Management program
The Comptroller General's Department |
| • 2017-Present | Director | Director of Financial and Fiscal Management Award
The Comptroller General's Department |
| • 2015-Present | Chairman of Audit Committee | Maharakham University
University |
| • 2015-Present | Director and Audit Committee | CIMB-Principal Asset Management
Investment and Securities |
| • 2015-Present | Financial Director | The Thai Bar Under the Royal Patronage
Government Sector |
| • Present | Chairman of Audit Committee | Office of the Judiciary
Public Organization |

Shareholding (No. of Share)^{/1}

79,000 (0.02%)

Relationship with Directors

- None -

13. Dr. Yupa Soontrapa • Independent Director and Audit Committee • Age 70 Years

Education Background/ Directors Skills and Duties Trainings	<ul style="list-style-type: none"> • Phd. In General Medicine Faculty of Medicine, Sirirat Hospital • Master of Medicine, Faculty of Medicine, Sirirat Hospital • Bachelor's of Medical Science, Mahidol University • Director Accreditation Program 		
The Past 5 Years of Work Experience	Board Member in Listed Company <ul style="list-style-type: none"> • 2015-Present Independent Director and Audit Committee President Bakery Plc. Manufacturer and distributor of bread and bakery products • April 2018-Present Good Governance and Risk Management President Bakery Plc. Manufacturer and distributor of bread and bakery products Board Member In Other Company <ul style="list-style-type: none"> • 2015-Present Physician Samitivej Thonburi Hospital 		
Shareholding (No. of Share) ^{/1}	150,000 (0.03%)		
Relationship with Directors	- None -		

14. Mrs. Aim-On Pathumarak • Independent Director and Audit Committee • Age 70 Years

Education Background/ Directors Skills and Duties Trainings	<ul style="list-style-type: none"> • Master of Arts in Public Administration, Thammasat University • Bachelor of Business Administration, Thammasat University • Director Accreditation Program 2016 		
The Past 5 Years of Work Experience	Board Member in Listed Company <ul style="list-style-type: none"> • April 2018-Present Independent Director and Audit Committee President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015- April 2018 Independent Director President Bakery Plc. Manufacturer and distributor of bread and bakery products • 2015-Present Good Governance and Risk Management President Bakery Plc. Manufacturer and distributor of bread and bakery products 		
Shareholding (No. of Share) ^{/1}	- None -		
Relationship with Directors	- None -		

Remark : All Directors have authorizing power, Two directors need to sign and affix the company's seal to authorize, except independent Director.

^{/1} Included spouse and children

General Information

General Information

Name	: President Bakery Public Company Limited
Nature of Business	: Manufacturer and distributor of bread and bakery Product
Registration No.	: BorMorJor 0107545000144
All Shares Issued & Subscribed	: 450,000,000 common stocks, par value : 1 baht
Headquarter	: 121/84-85, 29 th floor, RS TOWER, Ratchadapisek Rd., Dindaeng, Bangkok 10400 Tel : 0-2209-3000 Fax : 0-2209-3091
Home Page	: http://www.farmhouse.co.th

Companies In Which President Bakery Holds More Than 10%

President Green House Foods Co., Ltd.	: The Company Holds 39%
Nature of Business	: To Operate a Restaurant Business Namely "Shinjuku Tonkatsu Saboten"
Registration No.	: 0105551034347
All Shares Issued & Subscribed	: 1,500,000 Common Stocks, Par Value : 10 Baht
Headquarter	: 121/84, 29 th Floor, RS Tower, Ratchadapisek Rd., Dindaeng, Bangkok, 10400 Tel : 0-2209-3000 Fax : 0-2209-3091
President Flour Mills Co., Ltd.	: The Company Holds 10%
Nature of Business	: Production and Distribution of Flour Group
Registration No.	: 0215554002321
All Shares Issued	: 6,000,000 Common Stocks, Par Value : 100 Baht
Headquarter	: 43/244, Moo 4, Huayprab-Pluakdaeng Mabyangporn, Pluakdaeng, Rayong 21140
Saha Capital Co., Ltd.	: The Company Holds 10%
Nature of Business	: Other real estate activities on a fee or contract basis
Registration No.	: 0105562170158
All Shares Issued	: 2,000,000 Common Stocks, Par Value : 100 Baht
Headquarter	: 530 Soi Sathupradit 58, Bangpongpan, Yan Nawa Bangkok 10120

Other References

Other References

Registrar

: Thailand Securities Depository Co., Ltd.
93 Ratchadapisek Rd., Dindaeng, Bangkok 10400
Tel : 0-2009-9000
Fax : 0-2009-9991

Auditor

: EY Office Limited
193/136-137, 33rd floor, Lake Rajada Office Complex,
Rajadapisek Rd., Klongtoey, Bangkok 10110
Tel : 0-2264-0777, 0-2661-9190
Fax : 0-2264-0789-90, 0-2661-9192

Legal Consultant

: F.N. Infinity Co., Ltd.
611/40 Soi Wat Chan Nai, Charoen Krung Rd.,
Bang khlo, Bang Kho Laem, Bangkok 10120
Tel : 0-2689-8946, 0-2291-0414
Fax : 0-2291-1127

Corporate Governance Policies

Corporate Governance Policies

The Board of Directors is confident that a proper, transparent and accountable governance system is in place along with checks and balances and an internal control system that is sufficient and appropriate. Alongside these mechanisms are due respect for the rights and equality of shareholders and accountability to all stakeholders. These key factors contribute to the enhancement of the organization's immunity and promotion of a balanced and sustainable growth in the long term.

In pursuance thereof, the Board of Directors thereby prescribed the following corporate governance policies as a practice guideline for the Company directors, Executives and all employees.

1. Company Directors, Executives and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executives and employees to Company operations.

2. Company Directors, Executives and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.

3. Actions shall be taken to ensure that the company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committees and Executives.

4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.

5. Information shall be disclosed in a sufficient, reliable and timely matter to the extent that the legitimate interests of the Company are not prejudiced.

6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.

7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.

8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.

9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.

10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.

11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the company's interests.

The company has disclosed policies on corporate governance, business ethics and code of conduct for the Board of Directors, Executives and employees in order for the employees, shareholders and general public to acknowledge through the company's website, under the topic "Investment Information : About Us (Good Corporate Governance)"

The Board has updated "Good Corporate Governance 2nd Revision" in 2019 to be complied with Corporate Governance Code for Listed Companies 2017 which established guidelines for the Board of Directors, as the leader and as the person who hold the highest responsibility of the organization. The guidelines are consisted of 8 major principles, as follow:

Principle 1

To recognize the roles and responsibilities of the Board of Directors as a leader of an organization who creates sustainable value for the business. The Board of Directors has set the Company vision and mission for the directors, executives, and employees to carry on the task in the same direction by reviewing plans as appropriate.

Principle 2

To define and supervise the objectives and the goals of the business to support sustainable organization. The objectives and the goals must be in line with the sustainable value of the Company, customers, stakeholders, and society as a whole.

Principle 3

To establish an effective Board of Directors by being responsible for defining and reviewing a structure of the Board of Directors, which consisted of size, composition, and the appropriate proportion of Independent Directors which is necessary to bring the organization to its objectives and goals.

Principle 4

To support the recruitment and development of senior executives and personnel management to have knowledge, skills, experience, and characteristics relevant to drive the organization towards its goals.

Principle 5

To support innovation and responsible business practices that create business value while simultaneously provides benefits for customers or related parties as well as being responsible to the society and environment.

Principle 6

To ensure an appropriate and effective risk management and internal control in compliance with relevant laws and standards.

Principle 7

To maintain financial reliability and information disclosure while emphasizes on good corporate governance system, disclosure of significant information that may effects the changes in company's securities price or investment decision making or shareholders' benefit and rights for shareholders and individuals who are interested in investing to receive significant news quickly, equally and with in the same quality.

Principle 8

To support participation and communication with shareholders and ensure that ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably. Shareholders' basic rights are purchasing or transferring of shares, sharing profit and receiving adequate corporate news and information.


Practice in Accordance with the Good Corporate Governance Principle

The Board of Directors has placed much emphasis on continuously implementing the good corporate governance principles, classified into 5 sections as follows:

1. Shareholders' Rights

The company recognized and respect in the ownership of shareholders, therefore the company encourage shareholders to exercise their rights and has treated every shareholder equally. Shareholders' basic rights are purchasing or transferring of shares, sharing profit and receiving adequate corporate news and information.

1.1 Shareholders' Meeting The company has set shareholders' general meeting to be held once a year, within 4 month commencing from the end of accounting period. On April 26, 2019, at 9.30 A.M., General Shareholders' Meeting no. 40 was held at the conference room, 6th floor, Bang Chan Plant in Bang Chan Industrial Estate. The meeting location is convenience as the plant is closed to the main road and the announcement of meeting invitation was made through Thai daily newspaper for at least 3 consecutive days before the meeting date. The company announced the meeting during 17-19 April 2019 and gives shareholders opportunities to send in their questions prior to the meeting date. Such information was publicized on www.farmhouse.co.th / investment information.



1.2 Letter of Invitation Agendas of shareholders' meeting

On significant issues are clearly stated and has been considered by the Board of Directors' meeting, to be proposed for approval. Therefore, fact statements, reasons and comment of director will be presented in the meeting material that will be sent to shareholders along with the letter of invitation. Shareholders should have sufficient information to make voting decision in various agendas. Moreover, in the letter of invitation the company has clearly states about the documents or evidence showing the identity of the shareholders or the proxy that have the rights to attend the meeting. The company has significant agenda to be considered and approve every year, which are as follows:

- Appointment of director, the company gives shareholders opportunities to vote individual director by providing details such as name, last name, age, education background, work experience, number of company holding the director position which are separated into listed company and general company, rules and recruitment method, type of director proposed, meeting attendance information and number of year holding the term of office, in the case where the same director is nominated. Such nomination has been considered and screen by the recruitment committee.
- Director remunerations : The company has provide details on the format and amount of remuneration as well as policies and rules in considering remuneration for director that has been considered and screen by the remuneration committee.
- Appointment of auditors : The company provide details about the auditors, audit firm, experience and competence of auditor, independent, remuneration, amount of years serving the company (in the case where the same auditor was appointed), method in considering the appropriateness of audit fees, which has been considered and screen by the Audit Committee.
- Allocation of profit and dividend payment: The company provide details on the allocation of profit and dividend fund, amount of dividend along with reasons and

information which is in accordance to the dividend payment policy and the record date to stipulate the rights in receiving dividend.

1.3 Shareholders' meeting day The company secretary will explain the rights and responsibility in casting a vote, which is in accordance to the company's regulation. Specified that 1 share have the rights to cast 1 vote. Should vote overtly. The company uses barcode system and ballot in registering and counting the vote for each agenda. Vote results are displayed on the projection screen for all shareholders to see.

In the General Shareholder's meeting for the year 2019, 13 directors attend the meeting, which includes the Chairman of the Board of Directors. Moreover, Managing Director, Chief Executive of Accounting and Finance Officer, Executive committee and the company's auditors have attended the meeting in order for the shareholders to make inquiries on the related topics. The company has also provided to have inspector to be the witness in counting vote for each agenda, by inviting the company's auditors, which are EY Office Co., Ltd. as well as the representative of legal consultant company so that the meeting will be transparent, accurate and in accordance with the company's laws and regulations.

The company disclosed the shareholders' meeting resolution along with the voting results for each agenda and notified to the Stock Exchange of Thailand on April 26, 2019.

1.4 After shareholders meeting day Publicized on the company's website the next day. Minute of meeting was recorded correctly and completely by recording the name and position of directors, executive committee and executive officers that attend the meeting and significant questions, comments, explanations, resolution of the meeting and vote results were clearly recorded in the minutes of the meeting for shareholders to examine both in Thai and English. The minutes of meeting will be publicized on the website at www.farmhouse.co.th/investment, 14 days after the date of the meeting.

2. Equally Treating Shareholders

The company recognizes the rights and equality of shareholders by treating all shareholders equally. Every shareholder has equal rights as follows:

2.1 Shareholders' meeting

Letter of invitation and meeting documents will be sent to shareholders in advance of not less than 10 days prior to the meeting date. Letter of invitations are available both in Thai and English version, which shareholders can look for the English version at www.farmhouse.co.th. Moreover, if there is any necessity to propose a special agenda in terms of emergency, which effects or related to the shareholders' interest or related to the conditions or government rules and regulations that must be proposed for approval from shareholders, the company will hold Extraordinary general shareholders' meeting case by case and will give the opportunity to shareholders to propose any issues to set as agenda and/or propose name of candidate to be nominated as director one month in advance for the year 2019, commencing from December 1st to December 30th 2019.

Shareholders have the opportunities to authorize other individuals or independent director to be the proxy in attending the meeting and cast a vote. Proxy authorization form B and meeting documents required are attached to the letter of invitation and can also be download from www.farmhouse.co.th which is in accordance with the 3 forms stipulated by the Ministry of Commerce. The shareholders are free to choose any form in order to specify the direction of their votes.

In the shareholders' meeting, the company shall explain the voting process including the rights to vote which deems that one share is equal to one vote along with meeting regulations and the use of ballot in every agendas. The vote shall be counted and the result shall be disclosed for each agenda at the shareholders' meeting. The result is specified with the number of approval, disapproval and abstention. Director appointment agenda gives the opportunities for shareholders to exercise their rights in appointing director individually and no uniform agenda were added to the

meeting.

2.2 Conflict of Interest:

In order to manage efficiently and to prevent conflict of interest, the Board of Director has stipulated measurement for related transaction with persons who may have conflict of interest as follows:

1. In the case of normal transactions that are performed continually throughout the future, management team can carry out such transactions by being able to explain that the purchased and sales price is fair, the product and services quality is acceptable as well as other necessary conditions that will be used to determine the mentioned transactions. The management has considered and sees that such transactions will create the highest benefit to the company. All documents and evidence must be kept and used as part of the explanation to the audit committee.

2. If the company has any irregular but significant transactions with persons who may have conflict of interest in the future, the audit committee will be responsible for providing opinions whether or not the transactions are skills in considering the related transaction that occurred, the audit committee should request the company to provide individuals with knowledge and expertise on such matters such as auditor, asset assessor or law firm that is independent from the company and persons who may have conflict of interest in giving comment on such related transactions.

2.3 Supervising the use of Internal Information :

The company has prevention against the use of internal information in an unrightful way that may create unfairness to shareholders. The company has stipulated "policy, order and method in supervising directors and executives in using company's internal information for personal interest" (The policy was recorded in the written form and presented in the Board of Directors meeting no. 7/ 2002 report). For the past year, the Board of Director, executive officers and employees have strictly practiced in accordance with the mentioned policy and have put in the agenda on holding of securities of director and executive officer for every Board of Directors' meeting and disclosed such information in the Annual Report.



3. Considering the Role of Stakeholders

The company emphasizes on the rights of all group of stakeholders by practicing in accordance to the laws and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission, including other related laws for the rights of these stakeholders to be well supervised by specifying the responsibility to stakeholders as detailed in “Business Ethics” and “Board of Directors, Executives Officer and Employees Code of Conduct”

Shareholders

The Board of Directors performs duties responsibly, prudently, earnestly and honestly in order to generate good returns to shareholders on a continual and sustainable basis. In this regard, the following policies and practice guidelines have been prescribed.

1. The ownership rights of shareholders are equitably and fairly respected.
2. Operations are undertaken in accordance with the principles of good corporate governance, which will foster the trust and confidence of shareholders and eventually lead to sustainable growth.
3. The company's businesses are continually advanced to ensure proper returns to shareholders.
4. Significant information which affects or potentially affects Sshareholders's interests shall be disclosed, whether reports made pursuant to the accounting period or situation reports, pursuant to the relevant laws and notifications. However, no action shall be taken to restrict shareholders's access to company information.
5. A report of the Board of Directors's responsibility for the financial statements in the Annual Report shall be prepared.

6. Minority shareholders shall be given an opportunity to propose matter for inclusion in the meeting agenda and/or to nominate persons for election as Company Directors in the Annual General Meeting of Shareholders

7. Shareholders are given an opportunity to submit questions relevant to the meeting prior to the shareholders/ meeting.

8. Shareholders/ meeting notices in both Thai and English are published on the Company website at least 30 days prior to the shareholders/ meeting day as information for shareholders and to enable the study of information prior to meetings.

9. Shareholders/ meeting shall be facilitated. The date, time, venue and procedure must not pose an obstacle to the shareholders/ attendance of the meeting. Shareholders who are not able to attend in person must have the opportunity to grant a proxy to other persons to attend the meeting and vote on their behalves.

10. Conflicts of interests must be dealt with prudently, rationally and information must be fully disclosed.

11. The company/s interests and assets shall be safeguarded as a reasonable person would safeguard his/ her property. Wrongful interests, whether obtained by direct or indirect means, shall be eliminated.

The company will treat all shareholders equally by stipulating certain dividend payment policy that is the policy to pay dividend of no less than 50% of net profit after income tax deduction and statutory reserve. The dividend may vary depending on operating performance, financial status and Company's investment plan. The company has made dividend payment resulting from the operating performance as follows:



Dividend In 2018	Baht Per Share	Date of Payment
Paid from Net profit and Retained earnings for the six-month period ended 30 June 2018	0.75	13 September 2018
Paid from Net profit and Retained earnings for the year 2018	0.85	24 May 2019
Total	1.60	

Dividend In 2019	Baht Per Share	Date of Payment
Paid from Net profit and Retained earnings for the six-month period ended 30 June 2019	0.81	19 September 2019
Paid from Net profit and Retained earnings for the year 2019	Wait for approval	Wait for approval

Customers

The Board of Directors realizes that customer satisfaction and confidence are key factors which contribute to the company's sustainable success. The following policies and guidelines have been prescribed in this regard:

1. The company operates the businesses of manufacturing, product distribution and services which are safe for consumers and environmentally friendly.
2. Businesses are operated with commitment to develop goods and services, introduce new innovations and add value to goods and services in order to continually meet the demands of customers along with the disclosure of necessary information for decision-making without concealment or distortion of facts.
3. Businesses are operated in earnest, honest and fair values and no action is taken that would violate the rights of customers. The confidentiality of customer trade secrets are maintained and not exploited for wrongful personal gains or for the gains of others.
4. The company does not demand, receive or consent to the direct or indirect receipt of properties or other dishonest benefits from customers.

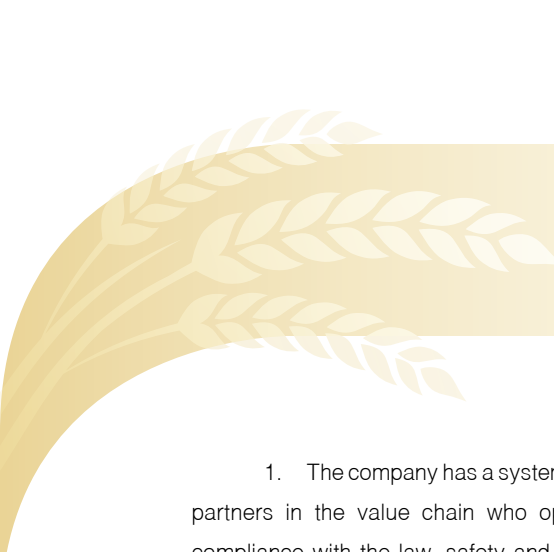
5. The company adheres to trade agreements. In the case where adherence is not possible, the customer would be notified in advance in order to jointly find a remedy and prevent loss.

6. The company provides communication channels to enable customers to file complaints to the company. Complaints are processed with care and dealt with fairly.

The company set up a customer relationship unit for receiving complaints, recommendations and advices from customers. The telephone number is 02-209-3090 and the fax number is 02-209-3091 and www.farmhouse.co.th or Facebook www.facebook.com/FarmhouseThai. Our staffs are ready provided services and to proceed to the utmost in order to quickly respond and give feedback to all enquiries to build trust for the customers and consumers

Trading Partners

The Board of Directors treats trading partners equitably and takes into account mutual interests by prescribing the following policies and guidelines.



1. The company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the environment. Trading partners are treated on the basis of fair competition, equality and mutual respect.

2. The confidentiality of secrets or communications of trading partners are maintained and not exploited for wrongful gains of oneself or of others.

3. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.

4. The company adheres to trade agreements and makes proper representations of data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.

5. The company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements.

Competitors

The Board of Directors operates businesses in accordance with the provisions of law. In this regard, the following policies and guidelines have been prescribed.

1. The company shall conduct its businesses within the rules of fair competition with due regard to business ethics and trade competition laws of various countries in which the company operates.

2. The company will not damage the reputation of its trade competitors. In the past years, the company has not had any trade disputes with competitors

Creditors

The Board of Directors is committed to undertaking business operations in a principled and disciplined manner in order to build the trust of creditors by prescribing the following policies and guidelines.

1. All creditor groups shall be treated equitably and fairly.

2. Contracts and terms will be strictly adhered to.

3. Operations will be administered to ensure the confidence of creditors in the company/s financial standing and credit rating.

4. Financial standings shall be accurately and timely disclosed

5. In the event of an inability to comply with a particular term, the creditor will be forthwith notified in advance in order to enable a joint solution for remedy and loss prevention.

In 2019, the company made payment to the account payable in accordance with the payment agreement that was made in advance. The company does not have any default payment and without any loan payable.

Employees

The Board of Directors regards employees as valuable resources and a key factor to the company/s success. The following policies and guidelines have been prescribed in this regard.

1. Human dignity and fundamental rights of employees are respected at work. Employee data or confidential information is not disclosed or transmitted to third parties or unrelated persons.

2. Employees are treated in accordance with the provisions of law, regulations and articles governing the company/s operations.

3. Employment equality is promoted. There is no discrimination on the grounds of gender, skin color, race, religion, age, disability or other status that is not directly related to the works.

4. Training and knowledge exchange are sponsored and promoted to encourage learning and skill development throughout, strengthen career security and offer opportunities for advancements pursuant to each person/s potential.

5. Employee participation in the determination of the company/s direction and development are promoted.

6. Fair compensation is given as suitable for the knowledge, skill, duties, responsibilities and performance.

7. Appropriate welfare and benefits are given to employees, e.g. medical expenses, the annual health check, insurance to employees, and provident fund.

8. Channels are provided for employees to communicate suggestions and complaints pertaining to work. These suggestions are considered and remedies will be determined in the interest of all parties and in view of the creation of good working relations.

9. Facilities necessary for work operations are provided and working conditions are maintained with due regard to safety and occupational hygiene as a means of promoting and raising the quality of lives of employees.

10. Employees of all levels are encouraged to participate in social responsibility activities. The company realizes that the employees are the most valuable resource and are the center of organization mobilization.

The company realizes that the employees are the most valuable resource and are the center of organization mobilization. The company therefore treats all employees based on their human dignity and basic rights.

The company encourages training to increase capability of all employees and gives opportunity to the employees to develop their working skills based on their capability. The company also ensures the fair and proper remuneration based on the employees' skill, capability, duty and performance. The company enhances working condition and environment, are aware of safety of lives, health and properties of the employees. We also established a committee on work safety as well as improved the quality of life by means of various kinds of welfares for the employees' better lives.

- Regarding health and safety, we provided with a medical room, a canteen, providence funds, extra medical fees apart from what stipulated by law, 24-hour accident insurance, annual medical examination, flu vaccination, etc.

- Welfares include service bus, uniform, childbirth financial aid, children scholarship, the company's shop with deducted price for employees, collective accident insurance policy, etc.

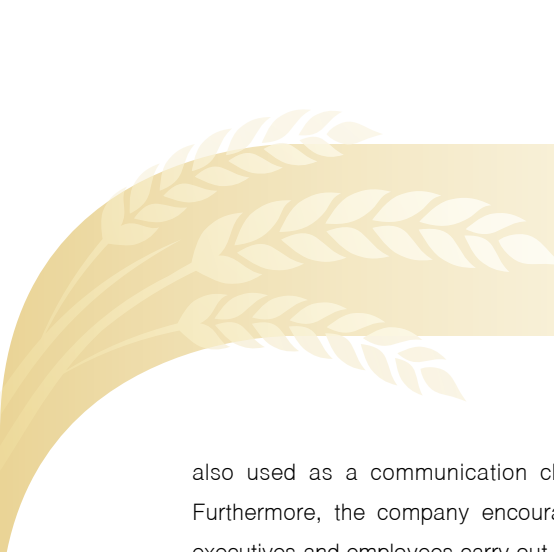
- Incentives include training both inside and outside the organization to increase capability, award for staff with 10 years of working period, incentives, recreations, annual party, financial aids for staff deceased from the accident or their family members, etc.

- Saving for the Future Program includes saving service with interest rate higher than the financial institution, providence funds, retirement payment, etc.

The company encourages all staff to participate in environment protection by establishing a "Committee on Occupational Health and Safety and Workplace Environment" for good practice of safety and hygiene. The committee regularly examines safety of the workplace and organizes 24-hour security guard. Alarms, fire prevention system devices as well as fire extinguisher were installed inside the buildings. The staffs are provided with equipment and tools and are strictly supervised to act in good practice and to regularly check conditions of all of systems and equipment, e.g. alarm system, fire extinguishers, emergency lights, respirators, and so on. Fire drills are also annually held both theoretically and practically. CCTV are also installed as well as regularly checked for safety of the staff properties.

The company arranged activities for safety and clean of the workplace as well as activities for good physical and mental health of the employees by improvement of workplace environment. Campaigns and training programs were launched to prevent the staff from smoking, alcohol drinking, road accidents and all kinds of narcotics.

The company also set up a committee on improvement of the employees' welfare to give opportunity to the staff to participate in welfare management and the committee also acted as mediator to ensure that all the employees gain benefit from the welfare. The committee is



also used as a communication channel for the staff. Furthermore, the company encourages activities which executives and employees carry out together.

Community and Society

The Board of Directors operates business with responsibility towards the nation, community and society by placing importance on practicing appropriately and correctly in accordance with various standards that are related to safety, stability and sanitation as well as places importance on local traditions to preserve good public and society. The company as well seeks for opportunities to support social contribution activities and to continuously and earnestly cultivates consciousness of responsibilities towards the society, and to ensure that this will form in all levels of employees. The formulated policies and guidelines are as follow:

1. Shall not operate business that could lead to a deterioration of society and shall not violate the rights of others in the community and society
2. Continuously and earnestly cultivate consciousness of responsibilities towards the community and society as a whole and ensure that this will form in the company and to all levels of employees.
3. Considered as the responsibility and primary policy in placing importance with the community and society activities by emphasizing on the sustainable development of the society, community and environment as well as support the youth education and public benefit activities to the community around the factory.
4. Provide accurate information, create understanding, listen to the problems and effects that may occur around the community in order to solve the problem in a timely manner. This will be the foundation of coexistence between the factory and the community without any conflict and can be mutually supportive.
5. Formulate measures for the prevention and remedy of impact on the community and society as a consequence of the Company's operations.

6. Conduct survey and listen to the community's opinion and demand, in order to efficiently response and develop Good Corporate Governance guidelines.

7. Support public benefit activities especially local activities that the company groups operate business with by taking into account the appropriateness and sustainable benefits that the community and society should receive.

8. Promote the preservation of local culture and traditions.

9. Cooperate with various agencies in developing the community

10. Generate income and support community economy through employing community members and support community products.

11. Build good relationship between the Company and the Society on the basis of propriety, transparency and fairness.

Moreover, the company has formulated annual plan to continuously organize activities related to social responsibility, from development of communities around the factory to social development at large; where the company offered easy cooking class activities for students and community members around the factory; in order to create good relationship between the company and the community along with always provided bakery products to various organization in organizing activities for the society such as harmonize Thot Kathin with the temple near the community including agencies for the society in the community and donation of money and things to public charitable organizations around the nation. (For more details can be seen in sustainability report)

Environment

The Board of Directors operates businesses with regard of responsibilities toward the environment and natural resources by promoting the efficient and economical use of energy; along with the awareness of the community and society quality of life, both around the factory and national level.



The company has taken into consideration in operating business with due regard for the impact on the environment; by starting from the procedure of constructing the factory, selecting technologies used in the manufacturing process and waste treatment method which include research and development innovation that will support the efficient use of energy. Formulated policies and guidelines are as follows:

1. Operate business to be in comply with the laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment; including regular revisions and assessments of operating performance.
2. Create organizational culture and build awareness to all level of employees in order to encourage cooperation and responsibility for efficient and sustainable management of the environment and utilization of resources.
3. Promote knowledge and training on environment to Executives and employees at all level.
4. Promote environmental management system, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.
5. A system for selection of trade partners in the value chain who operate businesses in an environmental friendly manner.
6. Developed and published environmental friendly technology.
7. Taking into account the alternatives in utilizing from natural resources without causing impact or damage or caused minimal damages to the environment and people's quality of life.
8. Become the leader in promoting the use and preserve of energy efficiently for sustainable benefit of the society and public.

Government Sector

The Board of Directors undertakes businesses in compliance with the rules and regulations enacted by the State. In this regard, the following policies and guidelines have been prescribed.

1. Knowledge and understanding of the laws governing operations are acquired and no activities are undertaken which would be inconsistent with the law.

2. Proper action shall be taken when conducting transactions with an official or agency of the State.

3. Good relations are fostered between the Company and the State sector within suitable bounds.

4. Relevant laws and business traditions are observed in each country or locality.

The company operates business honestly and faithfully as well as has always cooperate to support the government sectors. The company has paid tax accurately and completely within the period specified by the laws for corporate income tax, value added tax, specific business tax, withholding tax, signboard tax, property tax, customs duty, revenue stamp and various government sector fees that are related to all of the company's business operations.

Non-Infringement of Intellectual Property

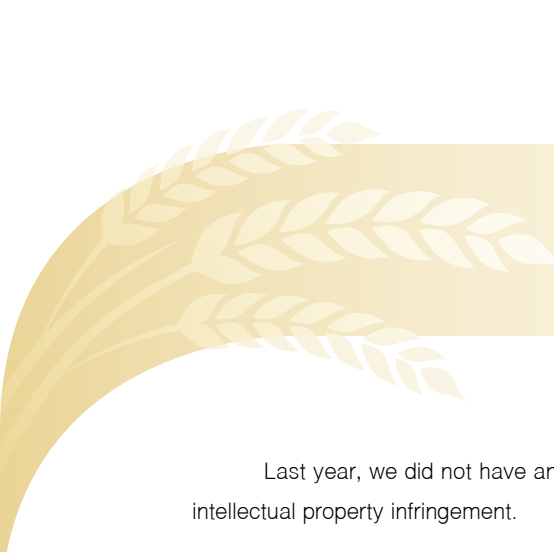
The Board of Directors pursues a policy of non infringement of intellectual property by prescribing the following guidelines.

1. Business undertakings shall be consistent with laws, regulations and contractual obligations governing intellectual property rights.

2. Intellectual property works of the Company shall be maintained. Such intellectual properties shall not be used or allowed to be used by others without authorization.

3. The intellectual property rights of others shall be respected. The works of others shall not be infringed or applied to personal use except where a license has been obtained or a fee paid to the owner of the work.

4. Intellectual property of creative works produced by employees shall vest in the company. Upon termination of employment, such intellectual property works must be returned to the company regardless of the form that it is stored.



Last year, we did not have any incident concerning intellectual property infringement.

Non-Violation of Human Rights

The Board of Directors respects human rights. In this regard, the following policies and guidelines have been prescribed.

1. There shall be no activities or support of activities that violate human rights.
2. Employees are provided with knowledge and understanding of human rights which are applied to work operations.
3. There are no limitations to independence or differences in ideology, gender, race, religion, politics or other matters. The expression of opinions that could cause conflicts or divisions should be avoided.
4. Channels shall be provided for employees or persons who believe that their personal rights have been violated or that they have been treated unfairly to file a complaint with the company. Such complaints shall be given attention and processed fairly.

Anti-Corruption

The company has been the leader in manufacturing and distributing bakery products and has established popularity and satisfaction among the consumers. In order to ascertain trust for all stakeholders, the company performed transparent, effective management system in compliance with good corporate governance principle. Moreover, the company prohibited any form of corruption, either direct or indirect, and the company has declared the intention to join the Private Sector Collective Action Coalition against Corruption on April 22, 2016. The company has performed business operation in compliance with continuous anti-corruption policy with the recognition that any form of corruption shall obstruct the development to the organization and the whole country.

The company has provide Anti-Corruption Policy as a clear guideline and regulation for the Board of Directors, Executive and all employees to practice in accordance with

the policy as well as to develop into a sustainable organization. The policy and guideline are as follow:

1. The Board of Directors, Executives and employees in all levels are required to comply with the company's anticorruption policy and code of conduct, and not to get involved in corruption issues either directly or indirectly; as well as to perform in accordance with the specified "Good Corporate Governance Policy" including the related regulations and the company's performance manual along with other guidelines that the company may formulate in the future.
2. The company is committed to raise awareness, value, attitude and maintain organizational culture and adheres to the believe that corruption is unacceptable, which applies to both transaction with the Government and the private sector.
3. The Board of Directors, Executives and employees in all level shall not neglect or ignore when witnessing any corrupted behaviors relating to the company, and are required to inform their supervisor or person in charge, and provide cooperation for examination of facts. This includes providing channels to receive complains from outsider, in accordance with the company's specified regulations.
4. The company will fairly treat and protect the employees who rejected the act of corruption or report any corrupted behaviors relating to the Company. The employees who rejected the act of corruption will not be demoted, punish or faced with negative result even though such action may cause the company to lose business opportunities.
5. Person engaging in corruption is violating the company's code of conduct, and shall be subjected to disciplinary action as specified by the company's regulations, and may be subjected to legal penalties if such conduct also violates the laws.
6. The company determines to publicize the Anti Corruption Policy through internal and external media such as the company's Intranet Website and annual report. By which the aforementioned policy is the practice under the Anti Corruption law of Thailand.

As being the member of Private Sector Collective Action Coalition against Corruption Committee in 2019, the company has performed anti-corruption policy continuously, and the level of sustainable development on anti-corruption of the company was accredited as Level 4: Certified (representing pragmatic implementation, adequate and suitable procedures as verified by Audit Committee, being certified member of Private Sector Collective Action Coalition against Corruption Committee or being audited by independent external party with regard to performing anti-corruption policy)

The company has published anti-corruption policies in the form of written document for employees, trading partners and all stakeholders as well as disclose information on the company website. In order for all to acknowledge that the company will not accept any form of corruption whether it is the giver or the receiver, where risk related to corruption are evaluated. The company has formulated a clear guideline which is in conform with the aforementioned risk, in order to perform in accordance with the policies regularly. Moreover, the company supports activities that promote employees to have understanding about anti-corruption such as Message from the Managing Director declaring the intention of anti-corruption, seminar of “Anti-Corruption” program for employees, new employee orientation training on “Anti-Corruption Policy”, organize activities that measures the level of knowledge on Anti-Corruption, knowledge and understanding assessment for the Executives and all level of employees annually.

4. Information Disclosure and Transparency

The Board of Directors emphasizes on good corporate governance system, disclosure of significant information that may effects the changes in company's securities price or investment decision making or shareholders' benefit and rights for shareholders and individuals who are interested in investing to receive significant news quickly, equally and with in the same quality. By separated into:

1. Information that is reported according to the accounting period such as financial statement, annual registration statement (form 56-1) and annual report;

2. Information that reports according to the events such as acquisition/ disposition of assets, connected transaction, joint venture, dividend payment/no dividend payment, financial aid and etc.

The company sends the mentioned information online via the electronic system and send information to the Stock Exchange of Thailand in the form of printed document with in the specified time for further publication as well as publicize on company's website www.farmhouse.co.th both in Thai and English language. For the past year, the company has never bee prosecuted by the SEC and SET in relation to violation of requirement on information disclosure.

Disclosure of Information on company's website consisted of

- Company Vision and Mission
- Nature of Business
- Good Corporate Governance Policy
- Charter of Audit Committee and Risk Management Committee
- Charter of Internal Audit and Internal Auditor Code of Conduct
- Major Shareholders' Name List
- Quarterly and Annual Financial Statement Available Both Present Issue and Previous Issue
- Annual Report and Form 56-1
- Meeting with Analysts and Investor on the Opportunity Day
- Rules for Shareholders to Propose Meeting Agenda
- Shareholders letter of Invitation and General Shareholders' Meeting Report
- Marketing News and Company's Social Activities

The Board of Directors is well aware that the company's information related to both financial and nonfinancial have influenced on investors and stakeholders decision making process, therefore has reiterate the administrative section to disclose information completely, accurately, credibility, continuously, and timely. The company has also annually compiled report on the responsibility towards financial report and in 2019, compiled management explanation and analysis to support the disclosure of financial statement, which the administrative section has place importance and adhere to always.

For investor relations, the company has assigned the director and senior manager of the accounting management and finance division, Ms. Petcharat Anantawichai, to be responsible for contacting and communicating with the investors from every institute, shareholders and analysts. Investor can request for company information at 02-209-3000 ext. 3444 or at website www.farmhouse.co.th or at e-mail address: petcharat.ana@pbplc.co.th.

Additionally, the company and the other companies in Saha Group cooperated with the Stock Exchange of Thailand to organize the event of "11th Annual 2019 Analyst and Investors Meeting with Saha Group" on June 28, 2019 at Bangkok International Trade & Exhibition Centre: BITEC. On this event, the company has prepared the summary of company profile, operating performance together with the other companies in Saha Group in order to distribute to the analyst, investor and other participating media. In addition, the company also responded to the query or provided information as requested by the shareholders, investors, and other related party as been received via the company's email.

5. Board of Director Responsibilities

5.1 Board of Director Structure

The counterbalance of directors who are not executive officers The Board of Directors consisted of 14 persons

- Director with executive officer roles 5 persons

- Directors without executive officer roles 4 persons

- Audit committee member and independent directors 5 persons (within 5 Independent directors 4 of them are audit committee)

The Board of Directors is responsible for performing their duties in accordance with the company's laws, objectives and regulations as well as the resolutions of the shareholder meeting with honesty and cautious to protect company's interests. The Board of Directors has definite term of office. According to the company's regulations, at each annual general shareholders' meeting, one-third of the directors must resign from the position. Directors who have been in term of office the longest shall resign first. Resigned director can be re-elected. However, even if the amount of directors exceeded the guideline of good practices, which is in accordance to good corporate governance principle for listed company in the year 2017, but the Board of Directors comprised with personnel who have knowledge, competence, varieties of experience, have specialize skill that are benefit to the company, understand their roles of duties, responsible, have leadership status, give suggestion in every aspect and always share their valuable point of view with the company.

The Board of Directors clearly stipulate company's vision, are independent in giving opinion and making decision, monitored and observed company's business to be in line with the objectives and goals that was set for the highest benefit of the company and shareholders.

5.2 Sub-Committee

The Board of Directors appointed 3 sub-committees to help study the details and screen the work, to enhance the efficiency of the Board of Directors performance. The composition and duties were clearly specified by divided into audit committee, risk management committee and nomination and remuneration committee, which details are presented on page 42, 46, 47 respectively.

5.3 Roles of Duties and Responsibilities of The Board of Directors

Leadership and Vision

The Board of Directors participated in the approval of company's vision and mission and to practice in accordance with the vision and mission that was set, the management section has appointed strategic planning working group to stipulate company's whole strategic plan and prepare each work unit's strategy. To be set as operation guideline. Including provide tracking system, adjustment and operating performance evaluation to compare with the set plan and budget, in order to maximize the values of the company.

The Securities and Exchange Commission has updated the principle of Good Corporate Governance for Listed company in 2017 to emphasize sustainability, thus the company reviewed the Vision and Mission on February 20, 2018 as following,

Vision

Being the leader of bakery manufacturer and distributor to serve clean, fresh, safe, nutritional products at international quality standard together with the responsibility to the consumers, society, and environment.

Mission

1. Research and develop innovation of healthy products, focusing on using natural, high-quality, delicious, clean, fresh, safe, and useful raw material.
2. Develop modern, clean, safe production process with smart technology, and good, effective controlling system to support competitiveness.
3. Develop selling and delivery management with analytic and managerial information technology to provide goods and services for the consumers with timely, efficient, clean, and safety manner

4. Encourage and develop potential of employees to have knowledge of changing technology, creativity, and capability to accomplish growing career path

5. Establish love, unity, and fairness in compliance with good corporate governance principle to support strengthening and sustainable organization

Role of duties and responsibilities of the board of directors and the executive officers are clearly separated and specified, both structure and performing duties; level of authority in conducting any activities on each aspect are clearly specified and the role of duties and responsibilities are regularly report to related person, especially, signing to bind the company. It was specified in written form that two director shall co-signed and affix the company seal. The Board may specify names of director who have the authority to sign to bind the company and affix the company seal in accordance with the company's regulations.

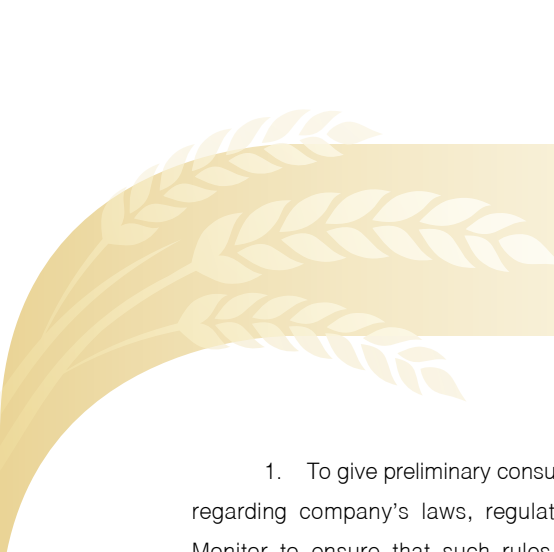
Business Ethics

The Board of directors adhere to do the right things, therefore issued a procedure concerning business ethics and employee integrity as a guideline in business operation. The Directors, Executive Officer and employees are to collaborate in performing their task with honesty under the scope of laws and their duties, which also includes using their discretion to avoid any action that may cause damages to the company and the public.

Authority Differentiation

Chairman of the Board of Directors is a director that does not participate in management and must not be the same person with the Director or Managing Director. The authorities are clearly differentiated.

Company Secretary The Board of directors appointed Ms. Petcharat Anantawichai, director and senior management in accounting management division and finance division, which is the experts and suitable experience to sit in the position of the company's secretary with the scope of duties and responsibilities as follows:



1. To give preliminary consultation to the directors regarding company's laws, regulations and conditions. Monitor to ensure that such rules and regulations are practiced regularly and correctly. Including report the significant changes to the directors.

2. Coordinate between the Board of Directors and management sector to supervise and coordinate concerning related laws, rules and regulations, including to ensure the adherence to the board of directors' regulation.

3. Prepare shareholders' and Board of Directors' Meetings to be in compliance with the laws, regulations and practices.

4. Record the minutes of shareholder's meeting and the Board of directors' meeting, including monitored to ensure that shareholders and the Board of Directors resolutions are put into practiced

5. Supervise to ensure that disclosure of information and information reports related to rules and regulations of Securities and Exchange Commission and Stock Exchange of Thailand.

6. Prepare and store the following file

- List of the Board of Directors
- Letter of Invitation / Minutes of the Board of Directors' Meeting
- Letter of Invitation / Minutes of Shareholders' Meeting
- Shares Purchased and Sales Report of the company, Board of Directors and Executive Officers
- Annual Report • Form 56-1

7. Store the reports on interest, which were reported by directors or Executive Officer

8. Perform any other action as required by the Capital Market Supervisory Board

Internal Control and Internal Audit

The company realizes the importance of internal control both in the executive level and the operational level under the concept that internal control system is not just one particular system or a separate system from the organization's

routine operational system, but internal control are considered as the same operational system implemented by the executives. In order to have effective internal control and in line with good internal control principle, adjustment were made to the regulations related to authority to authorize and perform, which were compile into written form. By decentralizing in management and authority in all level be able to manage the work in response to the expansion and growth of the company. Moreover, the Board of Directors foresee the importance in having good internal control system and appropriate risk management, therefore, assigned internal audit that serve directly to the audit committee to be responsible in auditing and evaluating internal control of each sector in accordance to the plan set yearly. Internal audit is also responsible in regularly reporting the audit results to the Board of Directors and Audit Committee. In the case where the internal auditor found any deficiency, risk, negligence along with fraud, misbehave, unethical or immoral, the internal auditor shall report to the audit committee and propose to the Managing Director to directive to audit such system and always report to the Audit Committee.

5.4 Board of Director Meeting

The company regularly holds the Board of Directors' meeting at least once a month and there will be an extraordinary meeting, if is necessary. Agendas should be clearly set, in order to revise and consider the turnover and performance of the company along with the monthly financial statement. Stipulate significant and necessary management policies and have the company's secretary informs the agendas to the Board of Directors by sending in advance of no less than 7 days, the letter of invitation with meeting documents attached. In 2019, the Board of Directors held 12 meetings as a normal agenda according to the detailed on page 40-41.

Company Secretary is responsible for preparing the minutes of meetings accurately and completely, detailing a list of Director present / absent, clearly summarize the

significant issues and resolution of the Board of Directors and file all the minutes that were approved by the Board of Directors, where each director should receive the minutes not less than 7 days prior to the approval date.

5.5 The Board of Director

Self-Evaluation The Board of Directors perform their duties completely and foresee that they effectively and continuously adjust their performance to be better. The Board of Directors has set to evaluate themselves yearly. And at the Board of Directors meeting no.1/2019 on January 17, 2019, the meeting acknowledges the Board management evaluation results for the year 2019. The evaluation form is separated into 6 parts with the total of 43 questions. The evaluation topics are as follows:

- Structure and qualification of the Board
- Roles of duties and responsibilities of the Board
- The Board Meetings
- Task performance of the Board
- Relation with the management section
- Self development of the Board and
- Executive Officers development

It can be concluded that the effectiveness of the Board of Directors performance are in good to very good level.

5.6 Director and Executive Officer

Remuneration

Director remuneration: The company has clearly and transparently set director remuneration and has proposed for approval from the shareholders meeting to paid as meeting allowance, bonus and other expenses to the board, where the board is responsible for allocating those remuneration. The Audit Committees' remuneration will increase in accordance with the increases in the amount of work.

Executive Officer Remuneration : the company specifies the compensation for the executives in accordance with the company policy that links with the company's performance of each year each executive's performance is measured with Key Performance Indicators (KPIs) In 2019, the company paid compensations to the board of directors and the executives. Details are shown in compensation for directors and executives on page 50-51.


5.7 Development of Director and Executive Officers

The Directors and Executives of the company realize the importance of attending the training course and the seminar to improve continuous operational knowledge, to be applied for their own duty. In 2019, the Directors and Executives attended several managerial training, such as Strategic and Appreciative Business Development Program (The Master), Understand Each TFRS Training Courses 2019, and Tax Update in 2019, and so on.

With regard to the orientation for New Directors, when the Company has appointed New Directors, the Board shall arrange the meeting to inform the information of the Company, the responsibilities of the Board of Directors and Sub-Committee (if any), as well as provide the documents of related Charter of the Committee, the annual report, and answer the inquires along with listen to his/her suggestions.

5.8 Succession Plan

The company has prepared succession plan to always be ready for the continuity of company operation the case where the executive officer is unable to perform their tasks and to enhance the efficiency of operation. The company has set a policy on succession for all positions and prepares personnel with knowledge and competence to replace and continue to perform the duties incase if there is any changes due to promotion, resignation or retirement. The details are as follows:

- 
1. To give opportunity to lower-level executives to closely work with senior executives both in the same line level or across functional;
 2. To prepare personnel with specific expertise to have skills in all kinds of management for their future higher level position;
 3. To prepare high-level executives to be ready for the task from other line in case of necessity;
 4. To specify lower-level executives with potential for succession and set appropriate positions;
 5. To systematically set up committees for development of works and potential of each framework;
 6. To provide training courses for high-level and midlevel executives to have consciousness on their responsibility and loyalty to the organizations and to view the organization as a whole;
 7. To set up training courses for lower-level executives from each department to increase their potential concerning advance work planning and promote systematic thinking;
 8. Develop lower-level executive to set framework and present systematically.
 9. To develop mental health quality of executives at all levels to adhere to Dhamma and reduce conflict in order to treat each other and live happily together in the society.

Compliance With CG Code

The Board of Directors has recognized leadership role of the organization, and participated in the programs of good corporate governance for listed companies for the year 2017 (CG Code) to be able to understand the benefits and good practices to add value to the Company in a sustainable manner. In 2019, the Board has updated “Good Corporate Governance 2nd revision” to be complied with Corporate Governance Code for listed companies 2017 to be the operational guideline for the directors, executives, and all staffs.

The Board of Directors has evaluated their performance in compliance with CG Code to ascertain the procedures and development plans to be suitable with business nature, and encouraging sustainable value to the Company as been generally expected by the business sector, investors, capital market, and the entire society.

Internal Control and Risk Management

The Board of Directors had placed importance on internal control. Therefore, the internal control system had been provided which covered the area of finance, and management as well as efficient and effective operations to be in compliance with laws, regulations, and related rules. Additionally, the sufficiently effective risk management had been defined in order to manage risk to an acceptable level which was suitable for working environment or agency's activities. Moreover, to establish internal audit unit to responsible for examining and evaluating the outcomes of the internal control constantly, as well as improve and assure its internal control system to have appropriate with the situations and changing risks. This includes focusing on the continuous improvement so that the company could achieve its specified goals and strategies and build confidence among its shareholders and stakeholders.

The Board of Directors assigned the Audit Committees who are independent directors to annually review the adequacy and appropriateness of the company's internal control system; and ensure that it is in accordance with the assessment of the adequacy of internal control system of the Securities and Exchange Commission. At the Board of Directors' meeting no. 2/2020 held on 18th February 2020, the Board of Directors has unanimous resolution that the company has appropriate, adequate, and efficient internal control as well as in accordance with Good Corporate Governance policy. The company has adequate internal control system in terms of conducting transactions with major shareholders, directors, executives or related parties with the aforementioned person, including other area of internal control systems. For the year 2019, the auditing of the company's financial statements was audited by EY Office Limited, which is the auditor responsible for auditing 2019 annual and quarterly financial statements. The auditor reported that from the revision of statement of financial position, performance, and cash flows, in accordance with Thai Financial Reporting Standards

The company had assessed the internal control system by referring to the international standards of COSO Internal Control-Integrated Framework 2013 and Appendices: COSO 2013. In which the topics of the assessment are comprehensive and related to business operation as well as management process that is in accordance with the components of the company's internal control in various aspects, which are as follows:

1. Control Environment

The company has provided good and appropriate abstract control environment i.e. the executives have philosophy and working styles such as have positive attitude, promote organizational culture emphasizing on the integrity and ethics, the tone at the top, supporting performance regarding accounting, information management, human resources, monitoring and assessing risk management regarding the significant operations, and the internal and external audit. These were the significant part in supporting the company's operations to achieve its objectives in controlling with limited resources and creating sustainability. The company, therefore foster good conscience (soft control) in managing personnel for different activities or operating with knowledge, competence, integrity, honesty and ethics. The control environment covered the key guidelines, policies and hard control in operating and business operation, contain organizational structure as well as clear and appropriate chain of command. The company manage for all level of employees in the organization to acknowledge their roles, duties, and responsibilities, along with being aware of their own responsibilities. The company intended to operate its business by adhering to Good Corporate Governance Principles for Listed Companies 2017 distinctly. If the boards, executives, and employees violate or perform against the business ethics, the Company will ponder and manage appropriately. In case of those actions are against the rules and regulations, the Company will consider punishing upon the types of offences.



2. Risk Assessment

The company had clearly specified the operational objectives or goals in each level i.e. in strategies, operations, reporting, and regulatory compliance. Furthermore, the company has adjusted strategic plan and objectives to be in line with regular changes in the situations and risk factors.

In 2019, the Board of Directors assigned Good Corporate Governance and Risk Management Committee who consisted of members of independent committee and the executive directors in each relevant fields to determine appropriate risk assessment criteria for both organizational and operational levels and to implement as guidelines for the company's executives and employees to assess and manage risks of each activity for which they are responsible to be in the acceptable level and in accordance to the risk management criteria specified by the committee. The roles, duties and responsibilities had been determined distinctly covering all operational processes that have significant risks to the organization. The company arranges systematic risk assessment by determining appropriate criteria and assessment methods. Moreover, the company informs each department to acknowledge the acceptable risk level of the organization in order to manage respond to the risk accurately and at an acceptable level.

3. Control Activities

The company has launched policies and regulations in written form to direct all employees to carry on the task in the same direction. The company has develop appropriate information system in the significant process such as in accounting and finance, procurement, product distribution, manufacturing, delivery, information technology, personnel development, and monitoring the use of company resources to most benefits. Furthermore, the company had divided the responsibilities of the operator, assessment supervisors and approver in order to create the appropriate check and balance, along with clearly determine the limit clearance in each level.


The operational plans had been designed in accordance with the organization policies and objectives under appropriate time frame as well as provide budgeting system through analyzing and controlling the expenses to maximize the most benefits.

The company policies and regulations has been reviewed by the high level executive constantly, who oversee its operations toward the defined guidelines, perform efficiently referring to its rules and regulations, and control moderately. As a result, Key Performance Indicators (KPIs) were adopted as an instrument in planning and monitoring the operations at all levels in order to enable the organization to accomplish its objectives and goals effectively. Additionally, the company's personnel were assigned to take their responsibilities for the internal control system of each operation and separate their duties distinctly.

4. Information and Communication

The company had emphasized on the information and communication system by developing the system continuously in order to offer good information and communication processes and effective enough for making decision in both the agencies and organizational level to ensure that the communication are precise, proper, advantageous, and reliable. Moreover, to maintain operations and the communication control from both internal and external sources in regard to the finance and operations in which these data were recorded and delivered to the executives and employees that required these data in their operations. Particularly, warning information that would help executives resolved the issue instantly and achieved the agency's objectives annually. The managing director communicates through the voice line for employees to acknowledge the Company's performance for previous year including to acknowledge the additional or changes of policies.

The company had compiled the meeting documents, which contained necessary and sufficient data for decision making and delivered to the Board of Directors within the time limit



prescribe by law. In addition, the company as well conduct the assessment of the efficiency of the Board of Directors' regular meeting and also provide the details of the minutes of meeting to its shareholders in order to verify the appropriateness of the Board's operations. The accounting records were filed by category and abided by law.

The company disclosed the information, in both Thai and English, with the accuracy, complete, transparency, reliability, and promptness for financial statements and general information, along with the important information that effect the consideration process in the decision-making of shareholders, investors, board, management, and stakeholders by defining in the notice calling for the meeting and the meeting documentations at least 7-14 days prior to the meeting date. Besides, the annual report in the form of annual disclosure (Form 56-1) would be publicized to the company's website and other channels and media of the Stock Exchange of Thailand so that its shareholders could inspect the proper operations of the Board and management. In addition, the company focused on controlling the information system to facilitate its operations and management in the area of access control according to the scope of work and arranged an inspection to ensure that the received information was accurate, effective, and timely according with the relevant rules and regulations, as well as advantaged for the management and effective decision-making. The company also provided the data backup, security system, and information security contingency plan moderately for managing the information system more completely to appropriately support the business expansion.

5. Monitoring and Evaluation

The Board of Directors' meeting had been frequently arranged in order to consider and monitor the performance of executives division to meet its goals. If the performance is different from its goals, the company will pass the resolution to its management operating and reporting progress to the Board of Directors. Additionally, the executive meeting was

held monthly in order to compare the performance to its goals and plans prescribed by all agencies and report to the Board of Directors. The Board of Directors determined the assessment of all subcommittee.

In 2019, the company had adopted the monitoring and evaluation system by using the balanced scorecard system which consisted of the Key Performance Indicators (KPIs) as the performance measurement tools to the agencies of management and employees continuously to be in line with its business visions, missions, and strategies. All agencies were required to report their performance in comparison with the targets of defined indicators monthly and had the outcomes monitored constantly.

Furthermore, the internal audit division was specified to independently audit and evaluate. By which the annual audit plan of the internal audit unit specified to have a work system that closely keep tracks of the results of audited system and directly reported to the audit committee and the board of directors in order to improve as suggested and ensure effective operation.

Internal Audit

The company has internal audit section, which is independent reporting directly to the audit committee whose principal task is to assess the adequacy and effectiveness. This includes following up the result of internal control and risk management of working systems including various activities from the annual audit, which is considered from risk factors approved by the audit committee. Then give suggestion or advice to encourage the company to have internal audit, risk management, and monitoring business with adequacy, appropriateness and effectiveness as set in the objectives includes promoting the operation of the Audit Committee to achieve the objectives and the targets assigned from the Board of Directors to create reliability and transparency in operating the company business for the members, shareholders partners, committee, executives, employers including official government sector and every group of stakeholders. The operations are as follows:

- While auditing the effectiveness of internal control system, the committee have checked the result of the operation in each step to ensure that the company can effectively and efficiently achieve the targets by following the rules and regulations earnestly with precise and reliable financial report.

- The assessment of effective risk management system of internal audit has been revised on the risk management guideline for the practitioners to ensure that the risk is precisely and suitably identified and assessed as well as maintain systematical risk management that can be managed to be in an acceptable level; along with a complete report including regularly and continually following up the risk.

- In the assessment of effectiveness concerning monitoring business system, the internal audit section has revised business monitoring following the principle of good monitoring of the Stock Exchange of Thailand as a criteria to ensure that the company has the structure and is supported by the essential processes bringing about success from good and transparent governance with equal fairness. In addition, the resources have effectively and efficiently been used according to the objectives so as to be the most benefit for all stakeholders.

Internal audit act as another channel for whistleblowing and complaints on corruption of employees within the Company and outsiders to be in accordance with the anticorruption measures.

The Audit Committee monitored internal audit section to perform independently, fairly, and with good code of conduct. The Charter of the Audit Committee clearly formulated the tasks, scope of practices, authorities and responsibilities along with operational guidelines and audit procedures. Any appointment, demotion, or transferring of internal audit manager must be approved by the audit committee. In the year 2019, Dr. Watcharee Tintani holds the position of Assistant Managing Director and the secretary of Audit Committee and from the performance of the previous

year, the Audit Committee view that the assistant manager has perform fairly, independently and is an individual suitable to perform the aforementioned task efficiently.

In addition, the Audit Committee has regularly considered the results obtained from internal audit and follow up to solve the existing problem. If there are any suggestions or suspicions, which may seriously affect or damage the company, it will directly be reported to the administrative director to immediately solve the problem so as to ensure that the company has appropriate internal control, which has been in action within the organization.

The internal audit section will directly report the results of the operation to the Audit Committee regularly as well as making a report concerning the regulations of the Office of Stock Exchange Committee to present to the Board of Directors of the company so that they will consider the effectiveness of the internal control process, risk management, and business monitoring following the code of ethics and professional standard of internal audit to maintain independence and quality of internal audit tasks. Then, it will be reported to the Audit Committee once in a quarter and also to the board of directors regularly according to the continual report from the audit committee every quarter including presenting all the reports at the end of the year such as the report required by the Stock Exchange Committee, the report about the result of the audit committee's performance and so on.

As for the operation in the past year, the internal audit division could fulfill the tasks with the good cooperation of the administrators as well as the persons audited to enhance the efficiency and effectiveness in performing task and to support sustainable organization.

Related Transactions

In 2018, the company has made transactions with the parties whose conflicts may arise as per Clause 10 of Attachment to Financial Statement for the Fiscal Year (ended on December 31st 2019) and the auditor stated that the transactions in accordance with the normal business practice. The details are as follows:-

Transaction Value (Million Baht)						
Person with Possible Conflict of Interest	Relationship	Transaction Details	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017	Policy and Necessity of the Transactions
1. Thai President Foods Plc. ("TFMAMA")	<ul style="list-style-type: none"> TFMAMA holds 51.99 of the company shares Has shared directors, namely Mr. Pipat Paniangvait, Mr. Apichart Thammanomai 	• Dividend Payment	388.37	325.04	68.43	At the declared rate
		• Purchased Raw Material	0.05	0.02	-	Normal business operation with normal conditions
		• Purchased Land	-	-	54.00	Normal business operation with normal conditions
		• Rental expense	-	-	0.50	Normal business operation with normal conditions
2. Saha Patha Inter- Holding PLC. ("SPI")	<ul style="list-style-type: none"> SPI holds 21.69 of the company shares Has shared directors, namely Mr. Pipat Paniangvait, Mr. Vichai Kulsomphob 	• The Company purchased cars under the financial lease	-	-	-	Continuous contract from PH which transferred the business to SPI
		• Dividend Payment	161.81	149.58	80.49	At the declared rate
3. Kerry Flour Mills Co., Ltd. ("Kerry")	<ul style="list-style-type: none"> Company and Kerry shared the major shareholder, i.e. TFMAMA which owns 39% of Kerry share Shared directors, namely Mr. Apichart Thammanomai and Dr. Pojjanee Paniangvait 	The Company purchased Flour as its raw materials in manufacturing bread and bakery.	453.32	491.63	541.58	Agreed price which approximates the market price by reference to purchase volume



Transaction Value (Million Baht)						
Person with Possible Conflict of Interest	Relationship	Transaction Details	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017	Policy and Necessity of the Transactions
4. Dai-Ichi-Packaging Co., Ltd. ("Dai-Ichi")	<ul style="list-style-type: none"> Shared the same major shareholder which is TFMAMA, Holding 50.10% of Dai-Ichi's share Has shared directors, namely, Mr. Pipat Paniangvait and Mr. Pun Paniangvait 	The Company purchased products Packaging such as film for Fruit Pie, Daily Sandwich and Hotdog Bread	11.48	3.95	13.24	Agreed price which approximates the market price by reference to purchase volume
5. Saha Pathanapibul Public Co., Ltd. ("SPC")	Related Directors	<ul style="list-style-type: none"> The Company purchased sugar as raw material Dividend Payment 	11.48 7.72	10.26 8.70	7.21 9.15	Agreed price which approximates the market price by reference to purchase volume At the declared rate
6. T.J.S. Marketing	<ul style="list-style-type: none"> With shared directors, namely, Mrs. Malee Tangjaisanong 	The Company purchased Palm oil as raw material.	0.04	0.56	0.71	Agreed price which approximates the market price by reference to purchase volume
7. American Food Co., Ltd. ("BUD's")	<ul style="list-style-type: none"> The company holds 9% shares in BUDS Has shared directors, namely, Mr. Apisate Thammanomai Mr. Vichai Kulsomphob and Dr. Pojjanee Paniangvait 	The Company purchased ice-cream products	0.03	0.06	-	Agreed price which approximates the market price by reference to purchase volume
8. President Green House Foods Co., Ltd. ("PGH")	<ul style="list-style-type: none"> The company holds 39% shares in PGH With shared directors, namely Mr. Apisate Thammanomai Mrs. Malee Tangjaisanong and Miss Petcharat Anantawichai 	<ul style="list-style-type: none"> The Company Sold bed crumbs to PGH Provide other services Dividend Income 	3.16 3.27 5.21	2.86 2.64 4.68	2.48 2.71 0.82	Agreed price which approximates the market price Agreed price which approximates the market price At the declared rate

Transaction Value (Million Baht)						
Person with Possible Conflict of Interest	Relationship	Transaction Details	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017	Policy and Necessity of the Transactions
9. Director		Deposit from the board of directors	-	71.39	77.98	The Company announced the cancellation of the staff deposits, which will be effective on 1 January 2020. Therefore, there were no outstanding balances as at 31 December 2019.

The Necessity and Rationality of the Transactions

The auditor has examined the related transactions and gave the opinion that the related transactions as aforementioned were mainly about the trading of products which was conducted under the terms and conditions upon the jointly agreement of the two parties and was the normal business activities. Moreover, such transactions were reported to the Audit Committee regularly on a quarterly basis.

The Board of Directors resolved to give approval in principle according to the Securities and Stock Exchange Act (No. 4) 2008 (B.E. 2551), Section 89/12 (1), enabling the management department to approve such transactions if those transactions include trade agreements in the same manner that an ordinary person should do with a general contract party in the same situation by the trade bargaining power without the influence of a status as a director, executive or related party.

In 2019, the Audit Committee reported business transactions with related parties that occurred during the period to the Board of Directors for acknowledgement, together with the quarterly financial statements as well as the annual financial statements.

Guideline or Tendency in Conducting Related Transaction

The Board of Directors has considered the Company's related transactions to ensure that the transactions were in

accordance with the laws and regulations of The Stock Exchange of Thailand and The Securities and Exchange Commission. The Company established guidelines in conducting related transaction with potential conflict of interest individual, which may arise in the future; by stipulating conditions to be in accordance with the nature of normal business and stipulated measures for approval of conducting normal business related transactions. The administrative committee, persons with conflict of interest, or stakeholders are not entitled to vote on such matter.

Conducting Related Transaction in the Future

Related transaction are still ongoing, where the amount of transactions are based on economic conditions and manufacturing capacity; as the persons who may have conflict of interest are the Company's SUPPLY CHAIN; therefore, the flexibility and liquidity of being the SUPPLY CHAIN provide benefit to the competitiveness of the business and at last to the stakeholders. In conducting related transaction with every individuals are normal business operation without transferring benefits to the related company or related persons and adhere to practice in accordance with the regulations of The Stock Exchange of Thailand and the Securities and Exchange Commission; as well as to consider the reasonability and appropriateness of the conditions and prices in order for all shareholders and stakeholders to receive fair and equal benefits care.

Management Discussion and Analysis: MD&A

1. Overall Operating Performance

Performance of The Company

(Unit : Million Baht)

	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Sales	7,743.97	98.67	7,495.57	98.96	248.40	3.31
Total Revenues	7,848.62	100.00	7,574.57	100.00	274.05	3.62
Cost of Sales	4,143.42	53.51	4,294.41	57.29	(150.99)	(3.52)
Gross Profit	3,600.55	46.49	3,201.16	42.71	399.39	12.48
Selling and Administrative expenses	1,791.63	22.83	1,677.37	22.14	114.26	6.81
Income tax expenses	210.55	2.68	169.29	2.23	41.26	24.37
Profit for the period	1,700.74	21.67	1,431.35	18.90	269.39	18.82
Earnings per share (Baht)	3.78		3.18		0.60	18.87

Remark : Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost sales and gross profit from sales

Operating performance of the Company in 2019 increased from 2018. The Company gained total income of Baht 7,848.62 million, increasing by Baht 274.05 million or by 3.62%, and recorded net profit of Baht 1,700.74 million, increasing by 18.82% from 2018, due to the fact that the Company emphasizes on the importance of sufficient amount of product sales in each area to satisfy the needs of consumers as well as minimizing the return products. In addition, cost control is effective in all sectors.

2. Operating Result and Profitability

Sales Revenue

The Company recorded total sales revenue of Baht 7,743.97 million and Baht 7,495.57 million in 2019 and 2018 respectively, increasing by 3.31%. Once we have analyzed and classified by distribution channel, compared with the year of 2018, the wholesale business' sales revenue has increased by 3.55% in 2019 due to the increase sales volume of Sliced Bread products by 4.94% as a result of the Company's continuous sales promotion activities. The revenue of retail bakery business in 2019 was increasing by 0.87% from the previous year. The revenue of Fast Food & Restaurant had the growth of 0.08%.

Sales revenue can be categorized by distribution channel, as follow:

(Unit : Million Baht)

Distribution Channel	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Wholesale Bakery Business	7,068.64	91.28	6,826.40	91.07	242.24	3.55
Retail Bakery Business	134.08	1.73	132.92	1.77	1.16	0.87
Fast Food & Restaurant	527.92	6.82	527.48	7.04	0.44	0.08
Export Business	13.33	0.17	8.77	0.12	4.56	52.00
Total	7,743.97	100.00	7,495.57	100.00	248.40	3.31

Other Income

In 2019, the Company gained the other income of Baht 104.65 million, increasing by 32.47% from the previous year. The other income of the Company was mainly attributed to interest revenue of Baht 64.34 million from bank deposit and from investment in 6 private funds.

Cost of Sales

The cost of sales of the Company in 2019 stood at Baht 4,143.42 million, decreasing by 3.52% from the previous year, due to effective control and production cost management, causing lower production cost. For the decrease in the amount of production expense, it is a result from Natural Gas using in production process has decreased in price from the previous year. The gross profit margin of the Company stood at 46.49%, increasing from 42.71% in a year earlier.

Selling and Administrative Expenses

The selling and administrative expenses in 2019 amounted to Baht 1,791.63 million, accounting for 22.83% of total income and increasing by 6.81% from the previous year. The selling and administrative expense was increasing from advertising and sales promotion expenses due to advertising through various media, including ongoing sales promotion activities that allowed consumers to have more access to the products of the Company.

Profit Sharing From Investment In Joint Venture

The profit sharing from investment in joint venture was at Baht 4.12 million.

Financial Cost

The financial cost in 2019 was at Baht 6.40 million, decreasing by 13.08% from the previous year, due to decreasing interest expense of financial lease as a result of being matured of the vehicle purchase agreement.

Income Tax Expense

Corporate income tax in 2019 was at Baht 210.56 million, increasing from the previous year by Bath 41.27 million or by 24.38% due to the increase of total income and the profit of the business. The Company maintained corporate income tax to total income ratio at 2.68% and 2.23% in 2019 and 2018 respectively.

Net Profit

The Company recorded the net profit of Baht 1,700.74 million, increasing by 18.82% from the previous year. The Company maintained the net profit ratio at 21.67% of total income. Due to higher sales revenue and the Company's effective production cost management, as a result, the earning per share of the Company stood at 3.78 Baht per share in 2019 and 3.18 Baht per share in 2018.

3. Assets Management

Financial Position of The Company

(Unit : Million Baht)

	31 December 2019		31 December 2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Total Assets	9,480.09	100.00	8,690.27	100.00	789.82	9.09
Total Liabilities	1,110.72	11.72	1,269.13	14.60	(158.41)	(12.48)
Shareholder's Equity	8,369.37	88.28	7,421.14	85.40	948.23	12.78
Total Liabilities and Shareholder's Equity	9,480.09	100.00	8,690.27	100.00	789.82	9.09

The total assets of the Company as of December 31, 2019 amounted to Baht 9,480.09 million, increasing by Baht 789.82 million from December 31, 2018. The asset of the Company was mainly attributed to current asset of Baht 3,993.36 million, accounting for 42.12% of total asset. Major increase of asset resulted from cash and cash equivalent increasing by Baht 213.43 million, increasing short-term investment by Baht 249.45 million, and the Company has invested in ordinary share of Saha Capital Tower Company Limited, with investment proportion of 10% of the Company's registered capital of 2,000 million baht. 25% of the investment in the amount of 50 million baht has been paid in September 2019.

In addition, the trade account receivable and the other account receivable of the Company totaled to Baht 925.40 million, accounting for 9.76% of total assets and decreasing by 2.24% from the previous year, because most of account receivable of the Company, arising from Modern Trade account and large distributor account, was paid on schedule, and the amount of long-time trade account receivable of the Company was declining.

Most inventories of the Company were raw materials and packages to be used in manufacturing process. The Company kept only few finished goods inventories because our products had shelf life of 4-5 days and were manufactured and distributed daily.

The non-current asset of the Company amounted to Baht 5,486.73 million, accounting for 57.88% of the total assets and increasing by 7% from the previous year due to the increase in long-term investment of the Company.

The Shareholders' Equity of the Company as of December 31, 2019 amounted to Baht 8,369.37 million, accounting for 88.28% of Liabilities and Shareholders' Equity and increasing by Baht 948.23 million from Dec 31, 2018, resulting from the net profit of Baht 1,700.74 million in 2019 and from decreasing dividend payment at Baht 747 million. As a result, the book value of the Company stood at 18.60 Baht per share, increasing from 16.49 Baht per share in 2018, and the return on equity was at 21.54%.

4. Liquidity and Adequacy of Capital

For the year ended on December 31, 2019, the Company recorded net cash from operating activities at Baht 2,154.88 million, increasing by Baht 202.09 million or by 10.35% from the previous year.

The net cash flow from investing activities totaled to Baht 1,041.76 million, decreasing by Baht 598.62 million from a year earlier because of cash received from higher short-term capital asset distribution.

Additionally, the net cash flow from financing activities was at Baht 899.68 million, increasing by Baht 143.77 million or by 19.02% from the previous year due to the Company cancellation of employees' saving service, effective on January 1, 2020. Therefore, there was no outstanding balance as of December 31, 2019 and from dividend payment of Baht 747 million.

As a result, the Company recorded cash and cash equivalent of Baht 366.62 million as of December 31, 2019, increasing by Baht 213.43 million from the previous year. As of December 31, 2019, the Company maintained the current ratio at 3.96, higher from 3.37 in 2018, and performed the average day sales at 1 day. In addition, the average days of debt collection stood at 43 days, and the average days of debt repayment was at 69 days. The cash cycle of the Company was at 25 days. Therefore, the Company has been able to maintain solid liquidity position so far.

5. Liabilities Obligation and Off-Balance Sheet Arrangement

The liability of the Company as of December 31, 2019 totaled to Baht 1,110.72 million, accounting for 11.72% of the total of Liability and Shareholders' Equity and decreasing by Baht 158.41 million from 2018 due to the Company cancellation of employees' saving service, effective on January 1, 2020. Therefore, there was no outstanding balance as of December 31, 2019. Moreover, the Company has decreasing liability from the financial lease because some part of vehicle purchasing agreement being matured. As a result, the Company has maintained debt to equity ratio to be at the considerable low level of 0.13 times, and performed the interest coverage ratio at 644.58 times, and debt-service coverage ratio at 2.20 times, thus representing stability of the capital structure as well as debt repayment capability of the Company.

6. Factors Affecting Operating Results and Future Financial Position

The construction of distribution center on our own land has encouraged the Company to have extensive area to expand sales division with more parking space, surrounded by secured fences, disturbing the nearby community and support more products to be delivered from factories to the consumers; thus resulting in higher use of capital but preventing products shortage and supporting the ability to serve customers more thoroughly.

The expansion of modern trade shops, both warehouse store and convenient stores, as well as the department stores lead to more distributing channels for the Company with the ability to distribute more to the customers. At the same time, warehouse store also have their own bakery department, not to mention other bakery stores in the same area. Additionally, the Company ought to maintain the products' quality, freshness, and variety to retain the old and attract new customers.

7. Auditor Remuneration

Audit Fee

The Company paid audit fees to

- Company's auditor at the amount of 1,140,000 baht for the year 2019.
- Specific audit objectives - audit in accordance with the conditions of promotion certificate stipulated by the Board of Investment of Thailand. Two certificate, which amounted to 185,000 baht.

Audit Committee Report For The Year 2019

To Shareholders of President Bakery Public Company Limited

The Board of Directors passed a resolution to appoint new audit committee, on 26 April, 2019; as a replacement of the previous Audit Committee, whose term of office has expired. In this regards, the appointed committees consisted of 4 Independent Directors who are experts with knowledge, expertise and experience in human resource management, food science, medical science, accounting and taxation. The Audit Committees are as follow:

1. Prof. Dr. Teravuti Boonyasopon
Chairman of the Audit Committee
(Individual with knowledge, expertise and experience in Human Resource Management)
2. Prof. Dr. Visith Chavasit
Audit Committee
(Individual with knowledge, expertise and experience in food science)
3. Dr. Yupa Soontrapa
Audit Committee
(Individual with knowledge, expertise and experience in Medical Science)
4. Mrs. Aim-on Pathumarak
Audit Committee
(Individual with knowledge, expertise and experience in Accounting and Taxation)

All of directors are fully qualified individuals in compliance with the audit committee charter and fully perform their duties in accordance to the scope of duties and responsibilities assigned by the Board of Directors, which is in line with the regulations of Stock Exchange of Thailand. With the policy to exercise in accordance with the principle of good corporate governance and hold internal audit system to ensure that the Company practices continuously, regularly, effectively, efficiently, transparently and is accountability, for the highest benefit to shareholders, investors, stakeholders, employees and all related parties. Which are as follows:

- Emphasized on preventive audit to operate systemically and to prevent risk from corruption that may occur.

- Primarily emphasized on operational risk management by stipulating to specify risk factors that cover each working system when auditing.

- Places importance on the executives and employees performance to be in accordance with the related laws, rules and any related regulations which are in compliance with the Company's policies.

The Audit Committee shall hold term of office for one year or retained his/her term of office for the remaining time as the Board of Directors. Directors who retired upon the expiration of the office term may be re-elected. The Audit Committee term of office should end at the same time as that of the board of directors.

In the year 2018, the Audit Committee held four meetings in which the directors attended the meeting to perform the duties as specified in the Audit Committee Charter. Moreover, meeting agenda with the certified auditor from EY Office Limited was held, to consider Company's financial reports of internal control system; along with observations and audit report of the said unit. The Audit Committee held meeting agenda with the supervisor of internal control unit and had received the audit performance report as well as annual audit plan. This includes meeting with the Senior Executives on the related agenda to consider on various issues which the consideration are concluded and proposed to the Board of Directors and the Management team to consider the process as follows:

1. Consider and review annual and quarterly financial statements for the year 2019, as well as disclose sufficient and in time information, compliance with the generally accepted accounting principles and accounting standards including the Company's significant changes in accounting policies. The Audit Committee works in collaboration with the auditors before submitted to the Board of Directors, in which the Audit Committee has clearly and sufficiently questioned and listened to the executive officers and auditors' explanation on the related matters. The Audit Committee and certified public accountant are in the opinion that, the company's financial statement is accurate as it should be in the significant matters and in accordance with the generally accepted accounting standard.

2. Review significant internal control system which was founded that the Company's internal control systems are appropriate, adequate, transparent, efficient and effective, able to achieve operating objectives and goal. In addition, the systems are accurate, complete and reliable information disclosure for the internal control system to have adequate efficiency with the acceptable risk level and appropriate with the changes in business environment.

3. Review internal audit through the revision of audit report and monitored internal audit works which covered Company's significant business systems, namely, the human resources department, logistics department, production department of the Lat Krabang 2 plant, marketing department; as well as give advice to internal auditor to enhance the efficiency and effectiveness in performing task. The Audit Committee had considered and approved of audit plan for the year as well as promote the knowledge development of audit personnel unit in order for internal audit performance to be in accordance with the international standard and to enhance internal audit to be more effective.

4. Acknowledge the reports from the Governance and Risk Management Committee regarding risk management plan in the aspect of operation risk in manufacturing, office and sales department in order to acknowledge the impact of risks and able to determine risk management guidelines. Moreover, the Audit Committee has suggested for the internal audit unit to apply risk evaluation results in to the Company's annual internal audit plan; along with determined to have audit plan review regularly when there are changes in risk as a guideline for the Company's audit to be more effective.

5. Audit and provide opinions on the connected transactions or transactions that may have conflict of interest, as well as disclosed such information in accordance with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission. The transactions are normal business operations of President Bakery Public Company Limited with reasonable prices and the information have been accurately, completely and sufficiently disclosed.

6. Review to ensure compliance with the Securities and Exchange laws, the regulations of the Stock Exchange

of Thailand, as well as any other laws related to the business operations to ensure of the accuracy and transparency for shareholders and all related parties.

7. Present Audit Committee's activities report to the Board of Directors in every Audit Committee's Meeting to be in line with good audit committee guidelines.

8. Consider, select, appoint and propose auditors' remuneration to the Board of Directors for approval from shareholders' meeting.

9. The Audit Committee attended the shareholders' meeting no. 40 on Friday 26 April 2019 to assist in answering shareholders' inquiries.

The Audit Committee has perform its duties fairly, independently and has no limitation in receiving information at which the executive and related employees were fully cooperate. Through contemplation of the aforementioned reports, the Audit Committee has concluded that financial report compilation procedure of President Bakery Public Company Limited is in accordance with the generally accepted accounting standard and has not found any transaction that may significantly affect financial statement. The company has appropriate, adequate and effective internal control, internal audit and risk management. Connected transactions are of normal business operations, which were appropriate and no unusual transaction was found. The Company complied and operated within the framework of the law of Securities and Exchange, regulations and other laws related to the Company's business.

On behalf of the Audit Committee

(PROF. DR. TERAUTI BOONYASOPON)
Chairman of the Audit Committee

Report of The Board of Directors' Responsibilities For Preparation of Financial Statement For The Year 2019

The financial statement of President Bakery Public Company Limited has been compiled under the Company's Board of Directors policies, which specified to practice in accordance with the generally accepted accounting standard, to use appropriate accounting policies and to consistently practice. The compilation of financial statements are done with reasonable estimate and careful discretions as well as disclosed sufficient information in the notes to the financial statements. The purpose is to reflect true Company's performance and analysis as well as for the shareholders and general investors benefit in using financial statement. The Company's Board of Director and Management Committee are responsible for financial data and financial information presented in the annual report.

During the year of 2019, the Company has complied with financial reporting and Thai Financial Reporting Standard (revised 2018) and other standards, which are effective for fiscal year starting on or after January 1, 2019. Those financial reporting revisions have caused significant change on financial statement of the Company. Since the adjustment to international financial reporting standard revisions that mostly add clear explanation to better accounting practices and guidelines to the standard users, the implementation of such financial reporting standards does not have significant impact onto the Company Statement of Financial Position.

The Company has adjusted employees' severance benefits to abide by Labour Protection Act (No. 7) B.E. 2562 (2019) that specify special severance pay amount of the employees with over 20 consecutive years of service. These employees are entitled to severance pay of no less than his or her last rate of wages for 400 days. This practice has increased Company's 1.8 million bath of long-term liabilities to the employees. Company reflects these change with service cost recognition in Profit and Loss Statement for the Second-Quarter of 2019.

Furthermore, Company has prepared for the adjustment on financial practices due the Financial Reporting Standards that will be effective on January 1, 2020. The adjustment of new Financial Reporting Standards is Financial

Reporting Standards in Financial Instrument and Lease Agreement.

The Company financial statement has been audited and provided unqualified opinion by the authorized independent auditor where the financial statement accurately and truly reflects the past year financial status and operating performance for the benefit of shareholders and general investors in using financial statement.

The Board of Directors appointed the Audit Committee, which consisted of independent directors and experts, to review and ensure that the Company has accurately report financial information and performance, maintain efficient and sufficient internal control system and internal audit in order to appropriately and effectively manage risks to be at an acceptable level. Furthermore, The Audit Committee monitored to ensure that the Company conduct its business in accordance with the laws on Securities and Exchange regulations of the Stock Exchange or laws related to the Company's business and other obligations. In addition, to accurately and completely disclose and conduct related transactions or transactions involving a potential conflict of interest as well as perform the duties transparently, reliably and in line with good corporate governance system. The opinion of the Audit Committee on the matters is appeared in the report of the Audit Committee in this annual report.

The Board of Directors is of the opinion that internal control system provides reasonable assurance for financial statement of President Bakery Public Company Limited, as at December 31, 2019.



(Mr. Pipat Paniangvait)

Chairman of the Board



(Mr. Apichart Thammanomai)

Vice Chairman of the Board and Managing Director

Report and financial statements

Independent Auditor's Report

To the Shareholders of President Bakery Public Company Limited

Opinion

I have audited the accompanying statement of financial position, in which the equity method is applied, of President Bakery Public Company Limited ("the Company") as at 31 December 2019, and the related statements of comprehensive income, changes in shareholders' equity and cash flows, in which the equity method is applied, for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of President Bakery 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 President Bakery Public Company Limited as at 31 December 2019, and its 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 Company 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 significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

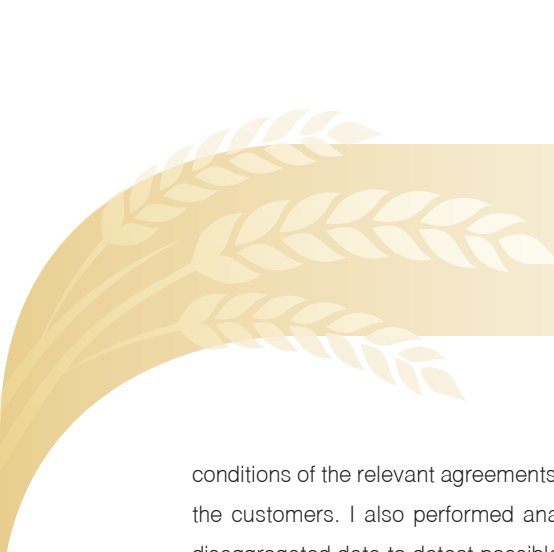
I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material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

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

Revenue recognition

Sales of goods are significant accounting transactions as the amounts recorded are material and directly affect profit or loss of the Company. In addition, the sales transactions of the Company are made with a large number of customers and there are a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore gave significant attention to the revenue recognition of the Company.

I evaluated the Company's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Company issued after the period-end. I tested the data being used in calculating and recording accrued sales promotions and discounts at the end of reporting period whether it was consistent with the



conditions of the relevant agreements or arrangements with the customers. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for 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 Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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 entity or business activities within the group to express an opinion on the financial statements, in which the equity method is applied. 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.

Siri Niny

Siriwan Nitdamrong

Certified Public Accountant (Thailand) No. 5906

EY Office Limited

Bangkok: 19 February 2020

Statements of financial position

President Bakery Public Company Limited As at 31 December 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	6	366,620,036	153,189,421	366,620,036	153,189,421
Short-term investments	7	2,493,594,574	2,244,145,342	2,493,594,574	2,244,145,342
Trade and other receivables	8, 10	925,396,627	946,643,366	925,396,627	946,643,366
Inventories	9	174,251,441	183,377,709	174,251,441	183,377,709
Other current assets		33,495,177	34,983,395	33,495,177	34,983,395
Total current assets		3,993,357,855	3,562,339,233	3,993,357,855	3,562,339,233
Non-current assets					
Restricted bank deposit	29.5	36,348,041	53,399,370	36,348,041	53,399,370
Investment in joint venture	11	28,424,125	29,356,950	5,850,000	5,850,000
Long-term investments	12	1,270,804,712	645,416,212	1,270,804,712	645,416,212
Other long-term investments	13	129,500,000	79,500,000	129,500,000	79,500,000
Property, plant and equipment	14	3,995,534,000	4,286,932,435	3,995,534,000	4,286,932,435
Advance payments for purchase of assets		1,113,499	3,352,296	1,113,499	3,352,296
Intangible assets	15	10,667,228	11,836,256	10,667,228	11,836,256
Leasehold rights	16	450,820	617,486	450,820	617,486
Deferred tax assets	23	9,646,845	13,111,152	9,646,845	13,111,152
Other non-current assets		4,244,950	4,412,004	4,244,950	4,412,004
Total non-current assets		5,486,734,220	5,127,934,161	5,464,160,095	5,104,427,211
Total assets		9,480,092,075	8,690,273,394	9,457,517,950	8,666,766,444

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

Statements of financial position (Continued)

President Bakery Public Company Limited As at 31 December 2019

(Unit: Baht)

		Financial statements in which			
		the equity method is applied		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	10, 17	627,747,142	693,834,802	627,747,142	693,834,802
Current portion of liabilities under finance lease agreements	10, 18	11,172,657	41,744,805	11,172,657	41,744,805
Corporate income tax payable		118,973,389	91,215,635	118,973,389	91,215,635
Accrued expenses		246,000,088	225,710,694	246,000,088	225,710,694
Other current liabilities		3,480,478	5,832,966	3,480,478	5,832,966
Total current liabilities		1,007,373,754	1,058,338,902	1,007,373,754	1,058,338,902
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion	10, 18	101,327	11,273,985	101,327	11,273,985
Long-term loans from directors	10, 19	-	71,391,764	-	71,391,764
Long-term loans from employees	19	-	39,547,138	-	39,547,138
Provision for long-term employee benefits	20	99,414,664	85,080,523	99,414,664	85,080,523
Other non-current liabilities		3,829,643	3,497,183	3,829,643	3,497,183
Total non-current liabilities		103,345,634	210,790,593	103,345,634	210,790,593
Total liabilities		1,110,719,388	1,269,129,495	1,110,719,388	1,269,129,495

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

Statements of financial position (Continued)

President Bakery Public Company Limited As at 31 December 2019

(Unit: Baht)

		Financial statements in which			
		the equity method is applied		Separate financial statements	
	Note	2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Issued and fully paid-up					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Share premium		674,379,513	674,379,513	674,379,513	674,379,513
Retained earnings					
Appropriated - statutory reserve	21	45,000,000	45,000,000	45,000,000	45,000,000
Unappropriated		7,189,820,469	6,256,349,037	7,167,246,344	6,232,842,087
Other components of shareholders' equity		10,172,705	(4,584,651)	10,172,705	(4,584,651)
Total shareholders' equity		8,369,372,687	7,421,143,899	8,346,798,562	7,397,636,949
Total liabilities and shareholders' equity		9,480,092,075	8,690,273,394	9,457,517,950	8,666,766,444

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

Statements of comprehensive income

President Bakery Public Company Limited For the year ended 31 December 2019

(Unit: Baht)

Note	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Profit or loss:				
Revenues				
Sales	7,743,972,947	7,495,566,718	7,743,972,947	7,495,566,718
Interest income	64,337,733	43,849,797	64,337,733	43,849,797
Other income	40,309,693	35,155,536	45,516,193	39,835,536
Total revenues	7,848,620,373	7,574,572,051	7,853,826,873	7,579,252,051
Expenses				
22 Cost of sales	4,143,415,462	4,294,405,588	4,143,415,462	4,294,405,588
Selling and distribution expenses	1,349,219,420	1,328,790,399	1,349,219,420	1,328,790,399
Administrative expenses	442,415,165	348,576,708	442,415,165	348,576,708
Total expenses	5,935,050,047	5,971,772,695	5,935,050,047	5,971,772,695
Profit before share of profit				
from investment in joint venture,				
finance cost and income tax expenses				
	1,913,570,326	1,602,799,356	1,918,776,826	1,607,479,356
Share of profit from investment in joint venture	11 4,124,442	5,205,158	-	-
Profit before finance cost and				
income tax expenses				
	1,917,694,768	1,608,004,514	1,918,776,826	1,607,479,356
Finance cost	(6,399,564)	(7,362,324)	(6,399,564)	(7,362,324)
Profit before income tax expenses	1,911,295,204	1,600,642,190	1,912,377,262	1,600,117,032
Income tax expenses	23 (210,555,433)	(169,288,046)	(210,555,433)	(169,288,046)
Profit for the year	1,700,739,771	1,431,354,144	1,701,821,829	1,430,828,986

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

Statements of comprehensive income (Continued)

President Bakery Public Company Limited For the year ended 31 December 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments - net of income tax	12	14,757,356	(24,865,135)	14,757,356	(24,865,135)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		14,757,356	(24,865,135)	14,757,356	(24,865,135)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses - net of income tax	20	(20,417,572)	-	(20,417,572)	-
Share of actuarial gain of joint venture - net of income tax	11	149,233	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(20,268,339)	-	(20,417,572)	-
Other comprehensive income for the year		(5,510,983)	(24,865,135)	(5,660,216)	(24,865,135)
Total comprehensive income for the year		1,695,228,788	1,406,489,009	1,696,161,613	1,405,963,851
Earnings per share	24				
Basic earnings per share		3.78	3.18	3.78	3.18

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

Statements of changes in shareholders' equity

President Bakery Public Company Limited For the year ended 31 December 2019

(Unit: Baht)

Financial statements in which the equity method is applied									
Other components of shareholders' equity									
Other comprehensive income									
income									
Changes in value of available-for-sale investments									
Total other components of shareholders' equity									
Total									
Note	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated					
	450,000,000	674,379,513	45,000,000	5,517,994,893	20,280,484				6,707,654,890
	-	-	-	1,431,354,144	-				1,431,354,144
	-	-	-	-	(24,865,135)				(24,865,135)
	-	-	-	1,431,354,144	(24,865,135)				1,406,489,009
25	-	-	-	(693,000,000)	-				(693,000,000)
	450,000,000	674,379,513	45,000,000	6,256,349,037	(4,584,651)				7,421,143,899

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

Statements of changes in shareholders' equity (Continued)

President Bakery Public Company Limited For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements						
		Other components of shareholders' equity				
		Other comprehensive income			Total other components of shareholders' equity	
		Retained earnings		Changes in value of available-for-sale investments		Total
		Share premium	Appropriated - statutory reserve	Unappropriated		
Note	Issued and paid-up share capital					
	450,000,000	674,379,513	45,000,000	5,495,013,101	20,280,484	6,684,673,098
	-	-	-	1,430,828,986	-	1,430,828,986
	-	-	-	-	(24,865,135)	(24,865,135)
	-	-	-	1,430,828,986	(24,865,135)	1,405,963,851
25	-	-	-	(693,000,000)	-	(693,000,000)
	450,000,000	674,379,513	45,000,000	6,232,842,087	(4,584,651)	7,397,636,949
Balance as at 31 December 2018						
	450,000,000	674,379,513	45,000,000	6,232,842,087	(4,584,651)	7,397,636,949
	-	-	-	1,701,821,829	-	1,701,821,829
	-	-	-	(20,417,572)	14,757,356	(5,660,216)
	-	-	-	1,681,404,257	14,757,356	1,696,161,613
25	-	-	-	(747,000,000)	-	(747,000,000)
	450,000,000	674,379,513	45,000,000	7,167,246,344	10,172,705	8,346,798,562
Balance as at 31 December 2019						

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

Statements of cash flows

President Bakery Public Company Limited For the year ended 31 December 2019

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	1,911,295,204	1,600,642,190	1,912,377,262	1,600,117,032
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	528,017,538	577,019,131	528,017,538	577,019,131
Reversal of allowance for doubtful accounts	-	(107,002)	-	(107,002)
Gain on disposals of property, plant and equipment	(1,969,990)	(4,601,230)	(1,969,990)	(4,601,230)
Provision for litigation	5,412,922	10,789,078	5,412,922	10,789,078
Share of profit from investment in joint venture	(4,124,442)	(5,205,158)	-	-
Gain on sales of short-term investments	(130,929)	(91,130)	(130,929)	(91,130)
Gain on sales of long-term investments	(5,089,880)	(7,116,755)	(5,089,880)	(7,116,755)
Unrealised gain on exchange	(55,272)	(287,403)	(55,272)	(287,403)
Provision for long-term employee benefits	9,282,525	7,940,829	9,282,525	7,940,829
Interest income	(64,337,733)	(43,849,798)	(64,337,733)	(43,849,798)
Dividend income from investments	(1,680,194)	(3,365,749)	(1,680,194)	(3,365,749)
Dividend income from joint venture	-	-	(5,206,500)	(4,680,000)
Dividend income from other long-term investment	(6,600,000)	(4,200,000)	(6,600,000)	(4,200,000)
Interest expenses	3,628,317	5,312,821	3,628,317	5,312,821
Profit from operating activities before changes in operating assets and liabilities	2,373,648,066	2,132,879,824	2,373,648,066	2,132,879,824
Decrease (increase) in operating assets				
Trade and other receivables	23,371,283	(37,033,902)	23,371,283	(37,033,902)
Inventories	9,126,268	21,642,148	9,126,268	21,642,148
Other current assets	7,347,033	(776,907)	7,347,033	(776,907)
Other non-current assets	167,054	(32,854)	167,054	(32,854)
Increase (decrease) in operating liabilities				
Trade and other payables	(69,143,896)	1,268,790	(69,143,896)	1,268,790
Other current liabilities	12,047,457	6,044,440	12,047,457	6,044,440
Other non-current liabilities	332,460	468,321	332,460	468,321
Provision for long-term employee benefits	(18,374,010)	(7,130,915)	(18,374,010)	(7,130,915)
Cash from operating activities	2,338,521,715	2,117,328,945	2,338,521,715	2,117,328,945
Cash paid for interest expenses	(3,628,317)	(5,312,821)	(3,628,317)	(5,312,821)
Cash paid for income tax	(180,014,658)	(159,225,862)	(180,014,658)	(159,225,862)
Net cash from operating activities	2,154,878,740	1,952,790,262	2,154,878,740	1,952,790,262

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

Statements of cash flows (Continued)

President Bakery Public Company Limited For the year ended 31 December 2019

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Restricted bank deposit	17,051,329	(17,051,329)	17,051,329	(17,051,329)
Cash paid for short-term investments	(4,453,072,147)	(3,604,004,120)	(4,453,072,147)	(3,604,004,120)
Cash paid for long-term investments	(1,843,672,263)	(1,199,615,618)	(1,843,672,263)	(1,199,615,618)
Cash received from sales of short-term investments	4,401,883,220	2,343,386,863	4,401,883,220	2,343,386,863
Cash received from sales of long-term investments	1,040,732,117	1,142,784,699	1,040,732,117	1,142,784,699
Cash paid for other long-term investments	(50,000,000)	-	(50,000,000)	-
Acquisitions of property, plant and equipment	(232,446,399)	(359,872,111)	(232,446,399)	(359,872,111)
Proceeds from disposals of property, plant and equipment	3,054,181	4,714,078	3,054,181	4,714,078
Decrease (increase) in advance payments for purchase of assets	2,238,797	(972,771)	2,238,797	(972,771)
Increase in intangible assets	(1,256,863)	(2,848,940)	(1,256,863)	(2,848,940)
Interest income	60,226,612	40,888,767	60,226,612	40,888,767
Dividend income from investments	1,690,499	3,324,085	1,690,499	3,324,085
Dividend income from joint venture	5,206,500	4,680,000	5,206,500	4,680,000
Dividend income from other long-term investments	6,600,000	4,200,000	6,600,000	4,200,000
Net cash used in investing activities	(1,041,764,417)	(1,640,386,397)	(1,041,764,417)	(1,640,386,397)
Cash from financing activities				
Decrease in liabilities under finance lease agreements	(41,744,806)	(56,240,343)	(41,744,806)	(56,240,343)
Decrease in long-term loans from directors	(71,391,764)	(6,592,181)	(71,391,764)	(6,592,181)
Decrease in long-term loans from employees	(39,547,138)	(79,625)	(39,547,138)	(79,625)
Dividend payments	(747,000,000)	(693,000,000)	(747,000,000)	(693,000,000)
Net cash used in financing activities	(899,683,708)	(755,912,149)	(899,683,708)	(755,912,149)
Net increase (decrease) in cash and cash equivalents	213,430,615	(443,508,284)	213,430,615	(443,508,284)
Cash and cash equivalents at beginning of year	153,189,421	596,697,705	153,189,421	596,697,705
Cash and cash equivalents at end of year (Note 6)	366,620,036	153,189,421	366,620,036	153,189,421

Supplementary disclosures of cash flows information

Non-cash related transactions

Purchases of vehicles under financial lease agreements	-	375,629	-	375,629
Other payables for purchases of machinery and equipment and retention	21,680,130	19,015,791	21,680,130	19,015,791
Transferred plant and equipment to assets held for sales	-	4,528,401	-	4,528,401

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

Notes to financial statements

President Bakery Public Company Limited For the year ended 31 December 2019

1. General information

President Bakery Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Thai President Foods Public Company Limited, which is a public company incorporated in Thailand. The Company is principally engaged in the manufacture and sales of bakery products and its registered address is at No. 121/84-85, 29th Floor, RS Tower, Ratchadapisek Road, Dindaeng, Bangkok.

2. Basis of preparation

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

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

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

3. New financial reporting standards

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

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, which are summarised below.



TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Company expects the adoption of these accounting standards to result in the following adjustments:

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

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



TFRS 16 Leases

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

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

The Company plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Company expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Company's assets by approximately Baht 27.9 million and the Company's liabilities by approximately Baht 27.9 million.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Revenue from sale 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 or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

When a contract provided a customer with a right to return the goods within a specified period, the Company recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable and allowance for doubtful accounts

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

4.4 Inventories

Inventories are valued at the lower of cost (under weighted average basis) and net realisable value. Cost of finished goods and work in process comprises all production costs and attributable factory overhead.


Raw and packing materials, spare parts and factory supplies are charged to production costs whenever consumed.

4.5 Investments

- a) Investment in joint venture is accounted for in the financial statements in which the equity method is applied using the equity method.
- b) Investment in joint venture is accounted for in the separate financial statements using the cost method.
- c) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- d) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- e) Investments in other companies, which are non-marketable equity securities, are stated at cost. An allowance for impairment loss will be made when the net recoverable amount is lower than the cost of investment.

The fair value of marketable securities is based on the latest bid price of the last working day of the period. 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.

4.6 Property, plant and equipment and depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives of assets, except for computer equipment acquired since 1 January 2002 calculated by double declining balance basis, as follows:

Buildings and improvements	-	10 - 20 years
Machinery and equipment	-	5 - 20 years
Computer equipment	-	3 - 5 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 years


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

Depreciation is included in determining income.

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

4.7 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).



Intangible assets with finite lives are amortised on a systematic basis over the economic useful life, except for computer software acquired since 1 January 2002 to 31 December 2015 calculated by double declining balance basis and since 1 January 2016 calculated by straight-line basis, and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 5 years

4.8 Leasehold rights and amortisation

Land leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the lease period between 6 and 10 years.

The amortisation is included in determining income.

4.9 Assets held for sale

Assets held for sale are stated at the lower of cost and estimated net realisable value.

Gain (loss) on disposal of assets held for sale are recognised in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment (if any) is recognised as an expense in profit or loss in the statements of comprehensive income.

4.10 Related party transactions

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

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

4.11 Long-term leases

Finance leases

Leases of assets 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 other 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 assets.



Operating leases

Leases, which a significant portion of the risks and rewards of ownership are not transferred to the lessee, are classified as operating leases. Operating lease payments are recognised as expenses in the profit or loss on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.12 Foreign currencies

The 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 transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.



In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company 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 prior years. Such reversal is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and death. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

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

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

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

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



4.15 Provisions

Provisions are recognised when the Company 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.

4.16 Income tax

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

Current tax

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

Deferred tax

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

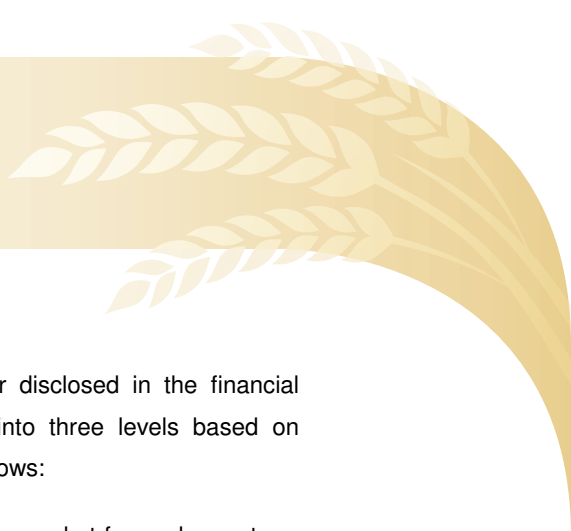
The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible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

At each reporting date, the Company 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 Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Fair value measurement

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



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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

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

Impairment of equity investments

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



Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both bank and counterparty), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the disclosures of fair value hierarchy.

Property plant and equipment and depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and records impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements 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 plan 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.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that the provision made would be sufficient. However, actual results could differ from the estimates.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Cash	1,127	2,202
Bank deposits	<u>365,493</u>	<u>150,987</u>
Total	<u>366,620</u>	<u>153,189</u>

As at 31 December 2019, bank deposits in current and savings accounts and fixed deposits, carried interests between 0.37 and 1.30 percent per annum (2018: between 0.37 and 1.30 percent per annum).

7. Short-term investments

As at 31 December 2019 and 2018, short-term investments consisted of the following:

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Special savings account 4 - 6 months	220,000	155,000
Fixed deposits	602,439	351,853
Deposit receipt and government bond	1,000,000	1,190,000
Saving deposits and short-term investments in private funds (Note 12)	<u>671,155</u>	<u>547,292</u>
Total	<u>2,493,594</u>	<u>2,244,145</u>

As at 31 December 2019, savings account, fixed deposits, deposit receipt, government bond and corporate bond carried interests between 0.10 and 3.48 percent per annum (2018: between 0.10 and 4.30 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	337	341
Total trade receivables - related party	337	341
<u>Trade receivables - unrelated parties</u>		
Not yet due	531,943	546,666
Past due		
Up to 3 months	390,258	383,526
3 - 6 months	4	6
Total trade receivables - unrelated parties	922,205	930,198
Total trade receivables	922,542	930,539
<u>Other receivables</u>		
Other receivables - related party	150	49
Other receivables - unrelated parties	2,705	16,055
Total other receivables	2,855	16,104
Total trade and other receivables	925,397	946,643

9. Inventories

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Finished goods	4,301	6,015
Work in process	4,350	6,008
Raw materials	80,374	77,840
Packaging materials	39,369	49,197
Spare parts and factory supplies	45,857	44,318
Total	174,251	183,378

10. Related party transactions

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

	<u>2019</u>	<u>2018</u>	<u>Transfer pricing and lending policy</u>
(Unit: Million Baht)			
Transactions with parent company			
Dividend payment	388.4	325.0	At the declared rate
Transactions with related companies			
Purchases of goods	478.6	536.6	Agreed price which approximates the market price by reference to purchase volume
Interest expenses under finance lease agreements	0.3	1.1	At the agreed rate in the agreement which approximates the market rate
Dividend payment	174.2	161.2	At the declared rate
Dividend income	6.6	4.2	At the declared rate
Transactions with joint venture			
Sales of goods	3.2	2.9	Agreed price which approximates the market price
Service income	3.3	2.6	Agreed price which approximates the market price
Dividend income	5.2	4.7	At the declared rate
Transactions with related persons			
Interest expenses	1.6	1.5	Interest at the rate of 2.5% per annum (2018: 2.75% per annum)

The balances of accounts as at 31 December 2019 and 2018 between the Company and those related persons or parties are as follows:

	<u>2019</u>	<u>2018</u>
(Unit: Thousand Baht)		
Trade and other receivables - related party (Note 8)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	487	390
Total trade and other receivables - related party	<u>487</u>	<u>390</u>
Trade and other payables - related parties (Note 17)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	130,022	142,940
Connected companies (related by connected directors)	1,624	1,323
Total trade and other payables - related parties	<u>131,646</u>	<u>144,263</u>

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements - related party (Note 18)		
Related company (related by having holding interest in the Company and by common shareholders and common directors)		
Liabilities under finance lease agreements	-	20,450
Less: Deferred interest expenses	-	(324)
Net	-	20,126
Less: Portion due within one year	-	(20,126)
Liabilities under finance lease agreements - related party - net	-	-
Long-term loans from directors	-	71,392

During the year, movements of long-term loans from directors (including interest payable) are as follows:

	Balance as at 31 December 2018	During the year		Balance as at 31 December 2019
		Increase	Decrease	
Long-term loans from directors	71,392	9,793	(81,185)	-

Directors' and management's remuneration

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

	<u>2019</u>	<u>2018</u>
Short-term employee benefits	51.6	61.0
Post-employment benefits and other long-term benefits	1.8	1.3
Total	53.4	62.3

11. Investment in joint venture

11.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of the investment are as follows:

Joint venture	Nature of business	Paid-up capital	Financial statements					
			Shareholding percentage		in which the equity method is applied		Separate financial statements	
			31	31	31	31	31	31
			Baht	December	December	December	December	December
			2019	2018	2019	2018	2019	2018
			Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	28,424	29,357	5,850	5,850
Total investment in joint venture					28,424	29,357	5,850	5,850

In May 2008, the Company, together with a foreign company and a local company, jointly established President Green House Foods Company Limited to operate a Japanese restaurant. The Company had invested in 585,000 ordinary shares of this company at par value Baht 10 per share, amounting to Baht 5.85 million, or equivalent to 39% interest, and has treated this investment as investment in joint venture.

11.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investment in the joint venture in the financial statements in which the equity method is applied and dividend income in the separate financial statements in which cost method is applied as follows:

Joint venture	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from investment in joint venture during the years		Share of other comprehensive income from investment in joint venture during the years		Dividend received during the years	
	2019	2018	2019	2018	2019	2018
President Green House Foods Company Limited	4,124	5,205	149	-	5,206	4,680
Total	4,124	5,205	149	-	5,206	4,680

(Unit: Thousand Baht)

11.3 Summarised financial information of joint venture

Summarised information about financial position

	(Unit: Million Baht)	
	As at 31 December	
	<u>2019</u>	<u>2018</u>
President Green House Foods Company Limited		
Cash and cash equivalents	10.3	13.6
Other current assets	66.6	64.6
Non-current assets	9.3	11.6
Other current liabilities	(12.0)	(13.9)
Non-current liabilities	(1.3)	(0.6)
Net assets	72.9	75.3
Shareholding percentage	39%	39%
Share of net assets	28.4	29.4
Carrying amounts of joint venture based on equity method	28.4	29.4

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2019</u>	<u>2018</u>
President Green House Foods Company Limited		
Sales and service income	104.2	105.9
Other income	1.9	1.6
Depreciation and amortisation	3.7	5.0
Interest income	1.0	0.8
Income tax expenses	2.5	3.3
Profit	10.6	13.3
Other comprehensive income	0.4	-
Total comprehensive income	11.0	13.3

12. Investments in private funds

	(Unit: Thousand Baht)			
	31 December 2019		31 December 2018	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Deposits at financial institutions				
Savings deposits	11,715	11,715	5,408	5,408
Fixed deposits	77,000	77,000	70,000	70,000
Investments in fixed deposits at financial institutions	88,715	88,715	75,408	75,408
Available-for-sale securities				
Bank of Thailand bond	613,498	616,059	338,782	338,886
Corporate bonds, notes or debt instruments	1,149,219	1,159,159	642,482	642,374
Local marketable equity instruments	77,812	78,027	141,767	136,040
Total	1,840,529	1,853,245	1,123,031	1,117,300
Add: Gain (loss) from revaluation surplus on changes in value of investments	12,716	-	(5,731)	-
Investments in available-for-sale securities	1,853,245	1,853,245	1,117,300	1,117,300
Total investments	1,941,960	1,941,960	1,192,708	1,192,708
Classified as:				
Savings deposits (Note 7)		11,715		5,408
Short-term investments (Note 7)		659,440		541,884
Long-term investments		1,270,805		645,416
Total investments		1,941,960		1,192,708

Movements in short-term and long-term investments in private funds for the year ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Balance at beginning of year	1,187,300	909,716
Purchases during the year - at cost		
Cash paid for investments	3,607,537	2,362,680
Payable for investments	924	12,243
Sales during the year - at cost		
Proceeds from sales	(2,885,301)	(2,057,829)
Receivable from sales	(2,125)	(15,491)
Gain on sales	5,221	7,207
Total	(2,882,205)	(2,066,113)
Premium on securities	(1,758)	(144)
Gain (loss) on changes in value of investments	18,447	(31,082)
Balance at end of year	<u>1,930,245</u>	<u>1,187,300</u>

The Company had set up private funds for investments which are managed by six asset management companies. The investments include fixed deposits at financial institutions, common stocks of companies listed on the Stock Exchange of Thailand, Bank of Thailand bonds and corporate bonds, which carried interests between 0.10 and 4.80 percent per annum (2018: 0.10 and 5.18 percent per annum). Investments in debt and equity instruments are classified as available-for-sale investments. During the year, the Company recognised return on such investments of Baht 39.4 million in profit or loss (2018: Baht 33.3 million).

As at 31 December 2019, the Company had assessed the fair value of available-for-sale securities by referring to the value quoted by such six asset management companies in which the fair value had increased by approximately Baht 18.4 million (2018: decreased by approximately Baht 31.1 million). The change in the fair value of such securities is shown as other comprehensive income in the statement of comprehensive income.

13. Other long-term investments

Company's name	Nature of business	Paid up capital		Shareholding percentage		Investment value (cost)	
		2019	2018	2019	2018	2019	2018
		Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht
President Flour Mills Co., Ltd.	Production and distribution of flour	600	600	10.0	10.0	60,000	60,000
Saha Capital Tower Co., Ltd.	Property rental and development business	500	-	10.0	-	50,000	-
American Food Co., Ltd.	Production and distribution of ice-cream	140	140	9.0	9.0	12,600	12,600
Sahachol Foods Supplies Co., Ltd.	Foods exporter and manufacturer	325	325	2.2	2.2	6,900	6,900
Treasure Hill Co., Ltd.	Golf course service	200	200	1.0	1.0	2,000	2,000
Total						131,500	81,500
Less: Allowance for impairment of investments						(2,000)	(2,000)
Other long-term investments - net						129,500	79,500

According to the financial statements for the year ended 31 December 2019 prepared by the management of Treasure Hill Co., Ltd., the net worth attributable to the Company's investment was approximately Baht 0.1 million (2018: Baht 0.1 million). The Company expects that this investment will not be recoverable and has set full allowance for impairment loss of such investment.

On 17 September 2019, the meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 2,000,000 ordinary shares of Saha Capital Tower Co., Ltd., which is engaged in property rental and development business at par value Baht 100 per share, amounting to Baht 200 million, or equivalent to 10% interest, and has treated this investment as other long-term investment. Saha Capital Tower Co., Ltd. called up 25 percent of its registered share capital and the Company made payment for share subscription of Baht 50 million in September 2019.

During the year ended 31 December 2019, the Company received dividend income from President Flour Mills Co., Ltd. of Baht 6.6 million (2018: Baht 4.2 million).

14. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and improvements	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and assets under installation	Total
Cost							
1 January 2018	849,267	1,900,689	4,705,706	1,027,350	1,041,748	21,285	9,546,045
Additions	198,220	-	2,011	33,911	283	122,978	357,403
Transfers in (out)	-	65,958	26,416	32,248	1,014	(125,636)	-
Disposals	-	(10,216)	(19,137)	(26,250)	(17,820)	-	(73,423)
Transfers out to assets held for sales	-	(51,164)	(130,055)	(114,686)	-	-	(295,905)
31 December 2018	1,047,487	1,905,267	4,584,941	952,573	1,025,225	18,627	9,534,120
Additions	59,977	-	5,869	19,999	91	149,175	235,111
Transfers in (out)	-	51,055	18,631	11,387	33,122	(114,195)	-
Disposals	-	-	-	(3,404)	(13,567)	-	(16,971)
31 December 2019	1,107,464	1,956,322	4,609,441	980,555	1,044,871	53,607	9,752,260
Accumulated depreciation							
1 January 2018	-	576,997	2,774,555	834,119	851,093	-	5,036,764
Depreciation for the year	-	91,622	332,225	75,839	75,425	-	575,111
Depreciation - disposals	-	(10,216)	(19,137)	(26,137)	(17,820)	-	(73,310)
Depreciation - assets held for sales	-	(51,164)	(128,281)	(111,932)	-	-	(291,377)
31 December 2018	-	607,239	2,959,362	771,889	908,698	-	5,247,188
Depreciation for the year	-	94,148	302,689	70,895	57,693	-	525,425
Depreciation - disposals	-	-	-	(2,836)	(13,051)	-	(15,887)
31 December 2019	-	701,387	3,262,051	839,948	953,340	-	5,756,726
Net book value							
31 December 2018	1,047,487	1,298,028	1,625,579	180,684	116,527	18,627	4,286,932
31 December 2019	1,107,464	1,254,935	1,347,390	140,607	91,531	53,607	3,995,534
Depreciation for the year							
2018 (Baht 458 million included in manufacturing cost, and the balance included in selling and administrative expenses)							575,111
2019 (Baht 427 million included in manufacturing cost, and the balance included in selling and administrative expenses)							525,425

As at 31 December 2019, the Company has vehicles acquired under finance lease agreements, with net book value amounting to Baht 60 million (2018: Baht 113 million).

As at 31 December 2019, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,874.4 million (2018: Baht 2,634.9 million).

As at 31 December 2019, the Company has plant and equipment which was held for sales, with net book value amounting to Baht 0.3 million (2018: Baht 4.5 million). Therefore, such assets are transferred out to be presented as other current assets in the statement of financial position.

15. Intangible assets

Details of intangible assets, which are computer software, are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cost		
Balance - beginning of year	32,569	29,720
Additions	<u>1,257</u>	<u>2,849</u>
Balance - end of year	33,826	32,569
Less: Accumulated amortisation	<u>(23,159)</u>	<u>(20,733)</u>
Net book value	<u>10,667</u>	<u>11,836</u>
Amortisation expenses included in the statements of comprehensive income	<u>2,426</u>	<u>1,596</u>

16. Leasehold rights

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cost		
Balance - beginning of year	<u>4,528</u>	<u>4,528</u>
Balance - end of year	4,528	4,528
Less: Accumulated amortisation	<u>(4,077)</u>	<u>(3,911)</u>
Net book value	<u>451</u>	<u>617</u>
Amortisation expenses included in the statements of comprehensive income	<u>166</u>	<u>313</u>

17. Trade and other payables

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Trade payables - related parties	131,408	144,233
Trade payables - unrelated parties	362,755	411,941
Other payables - related party	238	30
Other payables - unrelated parties	114,842	121,315
Other payables for purchases of machinery and equipment	18,504	16,316
Total trade and other payables	<u>627,747</u>	<u>693,835</u>

18. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	31 December 2019
	<u>Unrelated parties</u>
Liabilities under finance lease agreements	11,375
Less: Deferred interest expenses	(101)
Net	11,274
Less: Portion due within one year	(11,173)
Liabilities under finance lease agreements - net of current portion	<u>101</u>

(Unit: Thousand Baht)

	31 December 2018		
	<u>Related party</u>	<u>Unrelated parties</u>	<u>Total</u>
Liabilities under finance lease agreements	20,450	33,739	54,189
Less: Deferred interest expenses	(324)	(846)	(1,170)
Net	20,126	32,893	53,019
Less: Portion due within one year	(20,126)	(21,619)	(41,745)
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>11,274</u>	<u>11,274</u>

The Company has entered into the finance lease agreements with leasing companies for lease of motor vehicles for use in operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 years. Finance lease agreements are non-cancelable.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Million Baht)		
	As at 31 December 2019		
	Less than		
	1 year	1 - 3 years	Total
Future minimum lease payments	11.3	0.1	11.4
Deferred interest expenses	(0.1)	-	(0.1)
Present value of future minimum lease payments	11.2	0.1	11.3

	(Unit: Million Baht)		
	As at 31 December 2018		
	Less than		
	1 year	1 - 3 years	Total
Future minimum lease payments	42.8	11.4	54.2
Deferred interest expenses	(1.1)	(0.1)	(1.2)
Present value of future minimum lease payments	41.7	11.3	53.0

19. Long-term loans from directors and employees

The Company has received deposits from its directors and employees under its policy to promote staff deposits with the Company, for saving and deriving better returns from deposits and withdrawals than deposits with banks. Each director and employee has a passbook for such deposits and withdrawals. As at 31 December 2018, deposits carried interest at a rate of 2.75 percent per annum (2019: Nil). The Company presents these deposits as non-current liabilities in the statements of financial position.

During the year 2019, the Company announced the cancellation of the staff deposits, which will be effective on 1 January 2020. Therefore, there were no outstanding balances of long-term loans from directors and employees as at 31 December 2019.

20. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at			
1 January 2018	77,778	6,492	84,270
Included in profit or loss:			
Current service cost	4,374	1,074	5,448
Interest cost	2,375	118	2,493
Benefits paid during the year	(5,781)	(1,350)	(7,131)
Provision for long-term employee benefits as at			
31 December 2018	78,746	6,334	85,080
Included in profit or loss:			
Current service cost	5,225	975	6,200
Interest cost	2,390	117	2,507
Past service costs	1,754	-	1,754
Actuarial loss (gain)			
Demographic assumptions changes	-	(920)	(920)
Financial assumptions changes	-	85	85
Experience adjustments	-	(343)	(343)
Included in other comprehensive income:			
Actuarial loss (gain)			
Demographic assumptions changes	5,613	-	5,613
Financial assumptions changes	(6,118)	-	(6,118)
Experience adjustments	23,931	-	23,931
Benefits paid during the year	(17,274)	(1,100)	(18,374)
Provision for long-term employee benefits as at			
31 December 2019	94,267	5,148	99,415

The Company expects to pay Baht 10.3 million of long-term employee benefits during the next year (2018: Baht 12.3 million).

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefits are summarised below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Employee retirement benefits		
(depending on category of employees and type of benefits)	11-12	5 - 17
Other long-term employee benefits		
(depending on category of employees)	11-12	5, 6

Significant actuarial assumptions are summarised below.

	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)
Discount rate	1.22 - 1.24	1.90 - 2.86
(depending on category of employees and type of benefits)		
Salary increase rate	2 - 3	4 - 5
(depending on category of employees)		

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

	(Unit: Million Baht)			
	As at 31 December 2019			
	Discount rate		Salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Employee retirement benefits	(6.2)	7.0	3.6	(3.3)
Other long-term employee benefits	(0.2)	0.2	-	-

	(Unit: Million Baht)			
	As at 31 December 2018			
	Discount rate		Salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Employee retirement benefits	(3.0)	3.2	3.1	(2.9)
Other long-term employee benefits	(0.1)	0.1	-	-

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company had additional long-term employee benefit liabilities of Baht 1.8 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in the profit or loss of the year in which the law was effective, which was the current year.

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. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Raw materials and consumables used	2,744,016	2,871,517
Changes in inventories of finished goods and work in process	3,371	(1,260)
Salaries and wages and other employee benefits	1,678,105	1,618,892
Depreciation and amortisation	528,018	577,019
Fuel and vehicle related expenses	286,461	310,609
Water and electricity expenses	204,472	201,621
Natural gas expenses	63,134	73,181

23. Income tax

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Current income tax:		
Current income tax charge	207,772	170,234
Deferred tax:		
Relating to origination and reversal of temporary differences	2,783	(946)
Income tax expenses reported in the profit or loss	<u>210,555</u>	<u>169,288</u>

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to:		
Gain (loss) on changes in value of available-for-sale investments	3,690	(6,217)
Actuarial loss	(3,008)	-
	<u>682</u>	<u>(6,217)</u>

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

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	1,911,295	1,600,642	1,912,377	1,600,117
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	382,259	320,128	382,475	320,023
Effects of:				
Promotional privileges (Note 26)	(174,433)	(149,148)	(174,433)	(149,148)
Non-deductible expenses	12,984	10,676	12,984	10,676
Additional expense deductions allowed	(8,110)	(10,487)	(8,110)	(10,487)
Income not subject to tax	(2,145)	(1,881)	(2,361)	(1,776)
Total	<u>(171,704)</u>	<u>(150,840)</u>	<u>(171,920)</u>	<u>(150,735)</u>
Income tax expenses reported in the profit or loss	<u>210,555</u>	<u>169,288</u>	<u>210,555</u>	<u>169,288</u>

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

		(Unit: Thousand Baht)	
		Statements of financial position	
		As at	As at
		31 December 2019	31 December 2018
Deferred tax assets			
Accumulated depreciation - plant and equipment	135	467	
Provision for long-term employee benefits	12,055	10,183	
Provision for litigation	-	1,315	
Loss on changes in value of available-for-sale investments	-	1,146	
Total	12,190	13,111	
Deferred tax liabilities			
Gain on changes in value of available-for-sale investments	2,543	-	
Total	2,543	-	
Deferred tax assets - net	9,647	13,111	

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	1,700,740	1,431,354	1,701,822	1,430,829
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	3.78	3.18	3.78	3.18

25. Dividend payments

During the years ended 31 December 2019 and 2018, the Company had dividend payments as follows:

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
For the year 2019				
Final dividends for 2018	Annual General Meeting of the shareholders on 26 April 2019	382,500	0.85	24 May 2019
Interim dividend on profit for the six-month period ended 30 June 2019	The meeting of the Company's Board of Directors No. 8/2018 on 20 August 2019	364,500	0.81	19 September 2019
Total dividend payments for 2019		<u>747,000</u>	<u>1.66</u>	
For the year 2018				
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	355,500	0.79	25 May 2018
Interim dividend on profit for the six-month period ended 30 June 2018	The meeting of the Company's Board of Directors No. 8/2018 on 14 August 2018	337,500	0.75	13 September 2018
Total dividend payments for 2018		<u>693,000</u>	<u>1.54</u>	

26. Promotional privileges

The Company has received the promotional privileges from the Board of Investment under the Investment Promotion Act B.E. 2520 as follows:

Certificate No.	1343(2)/2555	2218(2)/2557
Date	22 March 2012	25 September 2014
1. Promotional privileges for	Manufacture of bakery products	Manufacture of whole grain products
2. Significant privileges		
2.1 Exemption from import duty on approved machinery	Granted	Granted
2.2 Exemption from corporate income tax on net income from promoted operation (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the operations on which the corporate income tax is exempted throughout the corporate income tax exemption period	8 years (not over 100 percent of investment excluding land and working capital)	8 years (not over 100 percent of investment excluding land and working capital)
2.3 Allowance to deduct operating loss incurred during the corporate income tax exemption period from net income incurred thereafter (after exemption period in 2.2)	5 years	5 years
3. Commencing date	1 June 2017	1 October 2014

Sales of the Company are derived from domestic sales which could be segregated between promoted and non-promoted operations as follows:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Sales		
Promoted operations	3,092	2,962
Non-promoted operations	4,652	4,534
Total sales	<u>7,744</u>	<u>7,496</u>

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by Tisco Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2019, the Company recognised the contributions of Baht 27.6 million (2018: Baht 27.3 million) as expenses.

28. Operating 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 Managing Director.

The one main reportable operating segment of the Company is manufacture and sales of bakery products and the single geographical area of its operations is Thailand. The distribution channels are through wholesale and retail. The wholesale for the year ended 31 December 2019 amounted to approximately Baht 7,058 million, or 90.0% of total revenues (2018: Baht 6,826 million, or 90.1% of total revenues). The Company's revenues were from a main local customer, representing about 48.7% of total revenues (2018: 47.2% of total revenues). Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

29. Commitments and contingent liabilities

29.1 Capital commitments

- a) As at 31 December 2019, the Company had capital commitments in respect of procurement agreements for production machinery and equipment of approximately Baht 5.3 million and AUD 0.03 million, totaling approximately Baht 5.9 million (2018: Baht 0.6 million and JPY 4.2 million and EURO 0.1 million, totaling approximately Baht 7.0 million).
- b) As at 31 December 2019, the joint venture had no capital commitments (2018: Baht 1.0 million, relating to shop decoration).

29.2 Operating lease commitments

The Company and joint venture have entered into several lease agreements in respect of the lease of land, office building space and related services. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease and related service payments under these non-cancellable operating lease and service contracts were as follows:

(Unit: Million Baht)

	As at 31 December			
	The Company		Joint venture	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Payable:</u>				
Within 1 year	12.4	13.8	13.6	15.6
1 to 5 years	6.8	9.8	11.7	14.6

29.3 Long-term service commitments

The joint venture entered into the license and technical assistance agreement with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the year 2019 amounted to approximately Baht 2.3 million (2018: Baht 2.4 million).

29.4 Long-term purchase commitments

The Company has commitments under natural gas purchase agreement for a period of 3 - 7 years. Under the agreement, the Company is committed to purchase natural gas at a minimum quantity at the price stipulated in the agreement.

No.	Period (Years)	Expired date	Average minimum quantity purchase (Million BTU)
1.	3	30 November 2020	72,007 per annum
2.	5	31 December 2023	281 per day
3.	7	30 November 2020	23,385 per annum

29.5 Guarantees

As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 29.0 million (2018: Baht 28.7 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the Company's business. These included letters of guarantee amounting to Baht 26.0 million (2018: Baht 25.7 million) to guarantee electricity use, Baht 3.0 million (2018: Baht 3.0 million) to guarantee contractual performance under the natural gas purchase agreement.

Moreover, the Company had pledged its fixed deposit of Baht 36.3 million with the Revenue Department as a guarantee for a retroactive tax assessment against the Company. During the current year, the Court of Appeal for Specialized Cases affirmed the judgment of the Court of First Instance. The case is currently under consideration of the Supreme Court.

During the year, the Company has already withdrawn the fixed deposit of Baht 17.1 million that had been pledged as a guarantee during the consideration of a lawsuit brought against the Company by the Department of Empowerment of Persons with Disabilities, seeking to have the Company pay contributions to the Fund for Empowerment of Persons with Disabilities.

29.6 Litigation

- a) In 2011, the Company was sued for compensation totaling approximately Baht 30 million in connection with traffic accidents.

Currently, settlement negotiations for some of the cases have been successful, whereby the Company and the insurance company agreed to pay the compensation. For the other cases, the Supreme Court rendered its judgment that the Company and the other three defendants are to compensate for the damage in the amount of Baht 3.3 million, including an interest of 7.5 percent per annum. Subsequently on 30 October 2019, the Company made payment according to Supreme Court's judgment, including interest totaling Baht 5.6 million.

- b) In 2016, the Company was sued by the Department of Empowerment of Persons with Disabilities seeking to have the Company pay to the fund for Empowerment of Persons with Disabilities. On 20 March 2019, the Company paid the debt according to the lawsuit, including interest in total amount of Baht 25.3 million.

30. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

		Financial statements in which the equity method is applied and separate financial statements					
		2019			2018		
		Level 1	Level 2	Total	Level 1	Level 2	Total
Assets measured at fair value							
Available-for-sale investments							
Equity instruments		78,027	-	78,027	136,040	-	136,040
Debt instruments		-	1,775,218	1,775,218	-	981,261	981,261
Liabilities for which fair value are disclosed							
Derivatives							
Forward exchange contracts		-	-	-	-	361	361

31. Financial instruments

31.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investments, trade and other receivables, restricted bank deposit, long-term investments, trade and other payables, liabilities under finance lease agreements and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable in the normal course of business. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the majority of sales are supplied to credit worthy customers. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

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

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

As at 31 December 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
	Million Baht					(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	345	22	367	0.37 - 1.30
Short-term investments	2,482	-	12	-	2,494	0.10 - 3.48
Trade and other receivables	-	-	-	925	925	-
Restricted bank deposit	36	-	-	-	36	1.95
Long-term investments	-	1,193	-	78	1,271	1.20 - 4.80
	2,518	1,193	357	1,025	5,093	
Financial liabilities						
Trade and other payables	-	-	-	628	628	
Liabilities under finance lease agreements	11	-	-	-	11	3.00 - 4.70
	11	-	-	628	639	
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
	Million Baht					(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	132	21	153	0.37 - 1.30
Short-term investments	2,239	-	5	-	2,244	0.10 - 4.30
Trade and other receivables	-	-	-	947	947	-
Restricted bank deposit	53	-	-	-	53	1.25 - 1.55
Long-term investments	-	509	-	136	645	1.20 - 5.18
	2,292	509	137	1,104	4,042	
Financial liabilities						
Trade and other payables	-	-	-	694	694	-
Liabilities under finance lease agreements	42	11	-	-	53	2.80 - 4.70
Long-term loans from directors/employees	111	-	-	-	111	2.75
	153	11	-	694	858	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from material and machinery purchasing transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward exchange contracts mature within one year.

The balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2019</u> (Thousand)	<u>2018</u> (Thousand)	<u>2019</u> (Baht per foreign currency unit)	<u>2018</u> (Baht per foreign currency unit)
Japanese Yen	6,011	2,194	0.2796	0.2970
US dollar	1,016	1,434	30.3313	32.6148
Euro	138	-	34.0846	-
Pound sterling	29	-	21.4184	-

As at 31 December 2018, forward exchange contracts are summarised below (2019: Nil).

Foreign currency	As at 31 December 2018		
	Bought amount (Million)	Contractual exchange rate (Baht per foreign currency unit)	Contractual maturity date
US dollar	1.2	32.60 - 32.94	3 January - 14 February 2019

31.2 Fair values of financial instruments

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

The estimated fair value of derivatives is as follows:

	(Unit: Thousand Baht)	
	As at 31 December 2019	As at 31 December 2018
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Derivatives		
Forward exchange contracts	-	(361)

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

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company had considered to counterparty credit risk when determining the fair value of derivatives.

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

32. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2019, the Company's debt-to-equity ratio was 0.13:1 (2018: 0.17:1).

33. Reclassification

The Company reclassified the following amounts in the statements of comprehensive income for the year ended 31 December 2018 to conform with the current period's classification. The reclassifications had no effect to previously reported profit or shareholders' equity.

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and separate financial statements	
	For the year ended 31 December 2018	
	As reclassified	As previously reported
Statements of comprehensive income		
Selling and distribution expenses	1,328,790	1,011,310
Administrative expenses	348,577	666,057

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2020.

Report

Sustainable Development For The Year 2019

บริษัท เพรซิเดนท์ เบเกอรี่ จำกัด (มหาชน)
PRESIDENT BAKERY PUBLIC COMPANY LIMITED

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Message From Chairman of The Board, and Vice Chairman of the Board and Managing Director



Mr. Pipat Paniangvait
Chairman of the Board

Objectives

President Bakery Public Co., Ltd. operates with transparency, complying with relevant laws, rules and regulations as well as Good Corporate Governance. The Company has all stakeholders' best interest at heart. The Company does not operate its business for profit only, but the Company also has the philosophy in providing quality product for the consumers to get the best benefits

Vision

Being the leader of bakery manufacturer and distributor to serve clean, fresh, safe, nutritional products at international quality standard together with the responsibility to the consumers, society, and environment.

Mission

1. Research and develop innovation of healthy products, focusing on using natural, high-quality, delicious, clean, fresh, safe, and useful raw material.
2. Develop modern, clean, safe production process with smart technology, and good, effective controlling system to support competitiveness.
3. Develop selling and delivery management with analytic and managerial information technology to provide goods and services for the consumers with timely, efficient, clean, and safety manner.
4. Encourage and develop potential of employees to have knowledge of changing technology, creativity, and capability to accomplish growing career path.
5. Establish love, unity, and fairness in compliance with good corporate governance principle to support strengthening and sustainable organization.

President Bakery Public Company Limited has been the leader of bakery manufacturer and distributor in Thailand in the past 37 years. The Company selects good raw materials to provide products of quality standard and satisfy the needs of the consumers for nutrition value.

The Company has also developed modern production process with technology in compliance with domestic Good Manufacturing Practice (GMP) and with international standard of GMP CODEX and the standard of Hazard Analysis Critical Control Point (HACCP). Farmhouse has developed selling and delivery management to provide goods and services for the consumers with timely, efficient, clean and safety manner in compliance with good corporate governance principle on 3 aspects related to economic, society and environment.

In addition, as the member of Private Sector Collective Action Coalition against Corruption Committee, the Company will not accept any form of corruption and will always uphold the Anti-Corruption Policy.

1. The Company encourage and develop potential of employees to have knowledge of changing technology to accomplish growing career path.

2. The Company has organized Farmhouse Sandwich Workshop to provide cooking skills to customers and those interested. Food stylists of Thailand and the Company has sponsored bakery products for activities organized by various sectors within the community and society.

The Company was selected to ESG 100 for the year 2019 by Thaipat Institute. The selection was based on the public data of the Company regarding environmental, social, and governmental value. Moreover, the Company received FDA Quality Award, just like the previous years, from The Food and Drug Administration (FDA) as the manufacturer of health products, operating business in an ethical manner as well as being exemplary to take responsibility to the society.

Lastly, the Board of Directors would like to take this opportunity to appreciate the shareholders, trading partners, customers, and all stakeholders for continuous trust and support. The Company will manage an effective organization and earnestly cultivate consciousness of responsibilities towards the society and environment in a sustainable manner.



Mr. Apichart Thammanomai
Vice Chairman of the Board and Managing Director

About This Report

1. Preparation Principle:

The company has prepared the sustainability report for the year 2019 in compliance with the guideline of Corporate Social Responsibility Report for listed company in the year 2017.

2. Content In The Report:

The information of the content in this report has been gathered during January 1st - December 31st, 2019.

3. For Additional Information

Please contact: President Bakery Public Co., Ltd.

121/84-85 RS Tower Building, 29th Floor, Ratchadapisek Road, Dindaeng, Bangkok 10400

Tel : 0-2209-3000 Fax : 0-2209-3091-2

About Farmhouse

บริษัท เพอร์ซิเดนท์ เบเกอรี่ จำกัด (มหาชน)
PRESIDENT BAKERY PUBLIC COMPANY LIMITED

Head Office :

121/84-85 RS Tower Building, 29th Floor, Ratchadapisek Road, Dindaeng, Bangkok 10400

Registered as Company Limited :

October 29, 1980

Incorporated as Public Company Limited :

On July 19, 2002, with registered capital 300 million baht and had increased capital to 450 million baht in 2006



Sustainable Business Operation

The Company always recognizes that sustainable growth of the organization shall be composed of effective business operation together with business ethic, Good Corporate Governance, and responsibility for stakeholders which are shareholders, customers, trading partners, competitors, employees, community and society, governmental and related sectors, as well as environment.

The Board of Director, as a leader who held highest responsibility in the organization, shall perform in accordance with the principle of good corporate governance to ensure the Company's long-term performance and encouraging sustainable value to the Company as been generally expected by the business sector, investors, capital market, and the entire society.

Framework For Sustainable Development



The Company has stipulated operational framework for sustainable development in compliance with accepted international guidelines, focusing on 3 aspects related to economics, society and environment in order to be adopted within the organization in a suitable manner. The operational frameworks for sustainable development are as follows:



Operational Framework For Development Towards Sustainability

1. Quality & Nutritional Raw Materials

The Company uses natural, high-quality, and nutritional raw materials for the highest benefit to the consumers

2. Competent Employees

The Company encourages and develop potential of employees to know about changing technology.

3. Modern Technology

The Company uses modern and efficient technology with good, effective controlling system to support competitiveness.

4. Production Process Development

The Company has developed a modern, clean, safe production process.

5. Quality Product

The Company researches and develops innovation of quality, healthy products which are clean, fresh, safe, and nutritious in accordance with international quality standard. All products which are distributed under “Farmhouse” trademark are free of Trans Fatty Acids produced in industrial processes, resulting in “Partially Hydrogenated Oils.”

6. Development Of Selling & Delivery System

The Company has developed selling and delivery management with analytic and managerial information technology to provide goods and services for the consumers with timely, efficient, clean, and safety manner.

7. Management In Compliance with Good Corporate Governance Principle

The Company has managed the organization’s operations and human resources in accordance to Good Corporate Governance Principle for listed company in the year 2017.

Corporate Governance

The Board of Directors recognizes the importance of good corporate governance principles which is an important foundation for sustainable development and organization. Apart from fostering the confidence of shareholders and eventually lead to competitive business with good performance, the Company must take consideration of long-term effects, business ethics, respects for shareholders and all stakeholders. This will be

beneficial to society and develop or reduce negative impacts on the environment and be able to adapt under changing factors.

Therefore, the Board has updated “Good Corporate Governance 2nd revision” in 2019 to be complied with Corporate Governance Code for listed companies 2017 to be the operational guideline for the directors, executives, and all staffs.



More Information on Good Corporate Governance can be seen at

<http://www.farmhouse.co.th/investor> >> Good Corporate Governance >> Corporate Governance

Fda Quality Award

In 2019, the Company received FDA Quality Award, from The Food and Drug Administration (FDA) in a project called “The Manufacturers of Health Products with Ethical Operation, Maintaining High Production Standard and Social Responsibility.” The Company has received the award for the 8th year and still maintains the quality for 5 consecutive years (2010 - 2012 and 2015 - 2019).



Environmental, Social , and Governance Selection for Esg 100

The Company was selected to ESG 100 for the year 2019 by Thaipat Institute and Thailand Institute of Rural Reconstruction under the Royal Patronage of Majesty the King. The selection was based on the public data of the Company regarding environmental, social, and governmental value and based on annual registration statement (form 56-1), the annual report, the sustainability report and other related information concerning the Company's sustainable development.



Marketeer No.1 Brand Award 2019

Farmhouse products have been ranked as the top bakery brand in Thailand, based on a survey of Video Research International (Thailand) Co., Ltd., with its head office located in Japan, and Marketeer Research, using standardized survey tools which are widely accepted in the marketing industry. The Company received the award for the 2nd consecutive year.



Internal Control

The company has internal audit section that responsible for auditing all sectors in the Company to ensure efficient operations by adhering to International Standards for the Professional Practice of Internal Auditing. The Board of Directors appointed the Audit Committee which consisted of at least 3 Independent Directors and specified the duties of Audit Committee in written form to support the Company's operation to be in line with Good Corporate Governance Principle and with the Securities and Exchange ACT. Auditing and tracking the Company's operation are the way to ensure the efficient and effective operation to be in line with the Company's standards, with efficient internal control which could help prevent and reduce corruption that may occur in the company.

Risk Management

The company has risk management system and internal control to achieve the objectives effectively in accordance with the laws and related standards. The Board of Director has appointed Risk Management Committee consists of at least 3 Directors, 1 in 3 of which being Independent Directors, holding term of office for one year to perform their duties and responsibilities in specified policies of a good corporate governance and risk management, evaluate significant assessment of risk factors in strategies, operations, finance, rules and regulations, and so on. The Risk Management Committee also determines risk management strategy, risk management standards as well as consider acceptable risk level of the Company as a guideline for each department. Furthermore, the Company arranges systematic risk assessment and analysis by determining appropriate criteria continuously to prevent risk which may affect or damage the company. The Company emphasizes on risk assessment that cover each working system as well as other business operation assigned by the Company's Board of Directors to ensure the Company's effective operation and encourage sustainable value to the Company.

Fair Business Operation

The Company has operated in compliance with good corporate governance principle in all operational aspects in compliance with the relevant laws, rules and regulation as prescribed by the Regulatory Units. The Company encourages the employees at all level to perform their duties and responsibilities with fairness, covering fair treatment to the colleagues, customers, consumers, competitors, trading partners, community and society as per following details.



Promote Free Trade Competition

- Sale system procedures are available through various channels that are standard.
- Recruit and Procure procedure in a format, transparent, provide all partners to have equivalent opportunities.
- Verify systematically by adhering to the operating regulations of recruit and purchase unit which was specified under the good corporate governance framework.



Against Supporting Actions That Infringe Intellectual Properties or Copyright

- Has policies that are unrelated to violation of intellectual property; does not copied or use other intellectual property without permission.
- Emphasize on creating new innovation and applied into practice such as product control system, design products to be quality goods and satisfy consumers demand.

Anti-Corruption

The Company has performed anti-corruption policy continuously. The Company's Directors, the Executives, and Employees oppose to any form of corruption either directly or indirectly, no matter being the giver, the receiver or the briber. The Company regularly reviews Anti-Corruption Policies as well as the guidelines and regulations in accordance with the changes of business, requirements, any related rules and regulations, and the related laws. On this

regard, any person who is associated with violation of any Anti-Corruption Policies such as support, assistance, or cooperation with Corruption activities, shall be punished in accordance with to the Company regulations. The Company reviews anti-corruption policy every year and appoints Anti-Corruption Sub-Committee to specify Anti-Corruption Policies, encourage controlled communication system to ensure that the employees and related sections perform their duties on the compliance with the Anti-Corruption Policies.



More Information on Anti-Corruption Policy can be seen at

<http://www.farmhouse.co.th/investor> >> GOOD CORPORATE GOVERNANCE >> ANTI-CORRUPTION

The Company has notified the Anti-Corruption Policy in written document to the employees, business partners conducting business together, and all stakeholders, as well as disclosed the information on the Company's website to represent that the Company opposes to any form of corruption no matter being the giver or the receiver. The Company shall evaluate the risk of corruption, and formulate the clear guideline to handle such potential risk to be performed on regular basis. Furthermore, the Company supports the activities to encourage the employees to have understanding of anti-corruption, such as Notification from

the Managing Director declaring the intention of Anti-Corruption, Seminar of "Anti-Corruption" for employees, Orientation for new employee on "Anti-Corruption Policy", Activities measuring the knowledge of Anti-Corruption, Annual Assessment of knowledge and understanding for the Executives and employees at all levels. The Company was certified as a member of Private Sector Collective Action Coalition against Corruption Committee on April 22, 2016 and the certification has been renewed until November 4, 2022.

Receiving Complaints and Remedies

The Company provides the communication channel to receive the complaint and protects a person who exposes any kind of unethical activity within the Company. The Whistleblower shall be protected from harm, danger, or any kind of unfairness under the cooperation of Anti-Corruption activities.

The Company has appointed the Investigation Committee to internally investigate when a complaint is filed. The Company conducts any complaints and whistleblowing thoroughly and impartially and maintain justice to all parties involved. In the case of the whistleblowers feel threatening or uncomfortable, suitable security measure shall be provided by the Investigation Committee. Further, the Investigation Committee will gather evidence for

examination of facts with transparency and fairness as well as give suggestion in the related complaints.

In addition, the Company has recognized to listen to customers suggestions, and established the Customer Relation Unit as the center in listening to opinions and giving advice related to product and service, as well as receiving the complaints and suggestions via telephone 02-209-3090, the website: www.farmhouse.co.th, and social media such as www.facebook.com/FarmhouseThai, and www.instagram.com/FarmhouseThai.

The Company also provided the staffs to be ready to proceed aforementioned complaints and suggestions, thus representing our rapid response and establishing confidence to customers and consumers.



Treatment to the Stakeholders

The Board of Directors treat all stakeholders, shareholders, consumers, trading partners, competitors, employees, community, society, and environment in compliance with good corporate governance principle in order to meet sustainable growth as follows.

Shareholders

Communication to the Stakeholders	Need/Expectation	Operation
Reports: Annual Report, Sustainability Report Meetings : General Shareholders' Meeting Communication Channel : Website, Facebook, Instagram	<ul style="list-style-type: none"> • Solid financial position • Return on Investment • Management with corporate governance, transparency and accountability • Continuous business growth 	<ul style="list-style-type: none"> • Dividend • Capital Gain on the stock' price • Operation with Good Corporate Governance • Information Disclosure • Equitable treatment to the shareholders

Customers/Consumers

Communication to the Stakeholders	Need/Expectation	Operation
Communication Channel : Website, Facebook, Instagram Information on the label and Other Advertisement Media Communication Channel : Sales Representative Head of PC Department and Sales & Marketing Officers	<ul style="list-style-type: none"> • High quality, fresh, and safe products • Convenient Goods Access • Disclosure of correct and adequate information as needed by the Customers/Consumers 	<ul style="list-style-type: none"> • Continuous product development • Clear information on the Label • Develop accurate and precise procedure • Distribute Goods to the Consumers thoroughly • Delivery in complete, accurate, and timely basis • Evaluate satisfaction of the shopping stores



Business Partner

Communication to the Stakeholders	Need/Expectation	Operation
Communication Channel : Notification, Purchasing Officers, Invitation Letter of Bidding, Survey, E-mail, Website, Facebook	<ul style="list-style-type: none"> Fair and transparent purchasing/ hiring procedure Clear and equitable information of correct and competitive price Payment on schedule as committed on the agreement Operation as committed on the agreement Checking goods when receiving 	<ul style="list-style-type: none"> Review bidding procedure, and define scope of duties related to fair and transparent purchasing/ hiring procedure Organize continuous trading partners' development Onsite visit to determine collaborative problem solving Inspect distributors/suppliers to ensure acceptable standard

Competitors

Communication to the Stakeholders	Need/Expectation	Operation
Communication Channel : Website, Facebook	<ul style="list-style-type: none"> Free competition and conduct fair marketing activities 	<ul style="list-style-type: none"> Transparent operation under fair competition

Employees

Communication to the Stakeholders	Need/Expectation	Operation
Activities : Orientation for new staffs Communication Channel : Annual evaluation survey of employees' satisfaction, Intranet, Zimbra, E-letter, Website , Facebook	<ul style="list-style-type: none"> Develop potential and achievement in career path so that the employees will have better understanding regarding technology changing Proper welfare as deemed suitable with economic situation 	<ul style="list-style-type: none"> Career Path Training Review employees' welfare Annual evaluation to employees' satisfaction for improvement

Community and Society

Communication to the Stakeholders	Need/Expectation	Operation
Communication Channel : Direct contact with Customer Relation Officer, Public Relation Officer, Website, Facebook	<ul style="list-style-type: none"> Join social activities with the community 	<ul style="list-style-type: none"> Open for community to participate in social activities Support social activities in cooperation with governmental unit, e.g. Thai Red Cross Society

Governmental Unit and related organization

Communication to the Stakeholders	Need/Expectation	Operation
Reports : Annual Report, Sustainability Report Activities : Factory visit Rules and regulations as required by the relevant laws, corporate governance, and factory inspection Communication Channel : Disclose information to the Governmental Units correctly, Website Facebook Instagram	<ul style="list-style-type: none"> Compliance with the laws Cooperate to disclose information 	<ul style="list-style-type: none"> Operate in compliance with the laws and other regulations Coordinate and provide complete, accurate information as required by the Governmental Units Participate in the activity organized by the Governmental Units

Mass Media

Communication to the Stakeholders	Need/Expectation	Operation
Communication Channel : Press Conference, Magazines, advertising, Website, Facebook, Instagram	<ul style="list-style-type: none"> Effective, correct, and timely communication 	<ul style="list-style-type: none"> Coordinate and provide accurate information to the media

Environment

Communication to the Stakeholders	Need/Expectation	Operation
Reports Annual report, Website	<ul style="list-style-type: none"> Good environmental management 	<ul style="list-style-type: none"> Comply with the relevant laws, rules, and regulations of related agencies

Economic Operation

Revenue

The company gained total income of Baht 7,848.62 million in 2019 consisting of revenue from wholesale bakery business of Baht 7,068.64 million, revenue from retail bakery business of Baht 134.08 million, revenue from fast food & restaurant of Baht 527.92 million, revenue from exporting of Baht 13.33 million and the other income of Baht 104.65 million.

Procurement

Farmers and SMEs Supports

- Raw Materials Procurement from SMEs Entrepreneurs

The company has procured several raw materials such as pineapple paste, Shredded-Pork, and eggs from SMEs entrepreneurs.

- Raw Materials Procurement from Farmers

The company has procured several raw materials such as taro, pandan, banana, and papaya from Farmers.

Products

The company is determined to perform the development of manufacturing bakery products, having quality and safety standard as well as high nutrition value. Therefore, the Company uses modern and efficient technology to establish confidence, popularity, and best satisfaction for the consumers.

The company is the leader of bakery manufacturer and distributor to serve clean, fresh, safe, nutritional products at international quality standard using modern manufacturing technology, being certified with domestic

Good Manufacturing Practice (GMP) and with international standard of GMP CODEX and the standard of Hazard Analysis Critical Control Point (HACCP) by Thailand Institute of Scientific and Technological Research (TISTR).

The company has strictly monitored every manufacturing process, starting from the inspection when receiving raw materials to the shipment of finished products from the factory. The laboratory of the Company was granted the Gold Award for excellent public health and medical laboratory quality under ISO/IEC17025 and certified by ISO/IEC17025: 2005 laboratory standard of the Bureau of Laboratory Quality Standards, Ministry of Public Health.

The company has developed several procedures to establish confidence in the quality and safety of products for the consumers as following,

1. Research and develop innovation of healthy products, focusing on using natural, high-quality, delicious, clean, fresh, safe and useful raw material.
2. Specify, on the label, the manufacturing date/ expiry date, best consumed before date and the instruction on how to store and consume the products to ensure that products are of good quality and safe.
3. Improve product packages to be modern while emphasizing on safety and hygiene by using plastic sealing innovation for sliced bread products to prevent contaminants getting into the package and to prevent the change in products flavor before reaching the consumers. The company also provides Clip Locks for signifying each manufacture day from the related color.
4. Have a systematic recall procedure, in case of deficient products or unsold products.

For, “Farmhouse Whole Wheat Bread”, the Company uses 100% unbleached wheat flour, free of cholesterol. The product is a source of iron, niacin, Vitamin B1, Vitamin B2, and folate. It is the first product that received “Healthier Choice” logo in the bread group.

The company has been certified by the Office of Islamic Affairs Committee of Bangkok Metropolis, and was permitted by the Central Islamic Council of Thailand to display Halal Symbol on packaging of the products as been produced in the certified production line and to be promoted on public media in order to establish confidence in the products for the Muslim consumers.



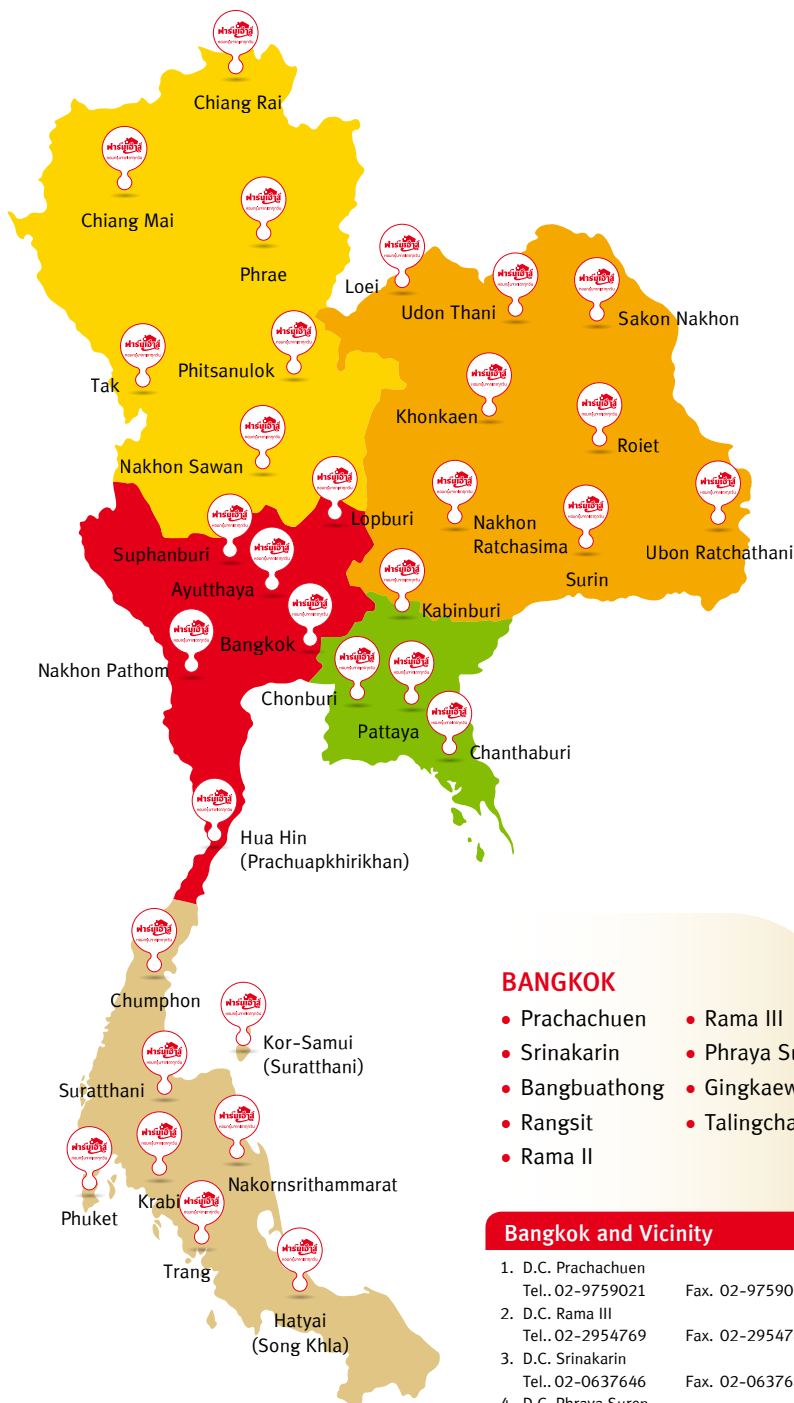
คลิปหลากหลายของขนมปังฟาร์มเฮ้าส์ **FARMHOUSE BREAD CLIPS** ช่วยคุณบริหารความสดใหม่ได้ด้วยตนเอง



Bag Sealing Innovation for Sliced Breadselling and Delivery Management

The company has developed selling and delivery management with analytic and managerial information technology to provide goods and services for the consumers with timely, efficient, clean and safety manner.

Moreover, the company shall be able to distribute products to expand distribution channel into Bangkok, Suburb and Provincial Area continuously. The company currently has 40 distribution centers nationwide, each of which contains clean and safe shipping area under good and sufficient working environment, in order to serve satisfaction to the customer in all area of Thailand by distributing via over 50,000 stores of traditional trade and modern trade nationwide.



**Distribute to 57,073 outlets
in Thailand with in 12 hours**

North

1. D.C. Chiang Mai
Tel. 053-386018 Fax. 053-386019
2. D.C. Chiang Rai
Tel. 053-727300 Fax. 053-727301
3. D.C. Phitsanulok
Tel. 055-906172 Fax. 055-906173
4. D.C. Nakhon Sawan
Tel. 056-200444 Fax. 056-200447
5. D.C. Phrae
Tel. 054-533906 Fax. 054-626254
6. D.C. Tak
Tel. 055-893136 Fax. 055-540519

North East

1. D.C. Ubon Ratchathani
Tel. 045-424276 Fax. 045-424277
2. D.C. Khonkaen
Tel. 043-467241 Fax. 043-467231
3. D.C. Nakhon Ratchasima
Tel. 044-929158 Fax. 044-929159
4. D.C. Udon Thani
Tel. 042-920074 Fax. 042-920075
5. D.C. Sakon Nakhon
Tel. 042-736017 Fax. 042-736018
6. D.C. Roiet
Tel. 043-516696 Fax. 043-516698
7. D.C. Surin
Tel. 083-5405903 Fax. 044-060185
8. D.C. Loei
Tel. 042-841224 Fax. 042-841252

Central

1. D.C. Ayutthaya
Tel. 035-881097 Fax. 035-881269
2. D.C. Nakhon Pathom
Tel. 034-983077 Fax. 034-983078
3. D.C. Lopburi
Tel. 033-047120 Fax. 033-047121
4. D.C. Suphanburi
Tel. 035-960430 Fax. 035-960430

East

1. D.C. Pattaya (Chonburi)
Tel. 038-059497 Fax. 038-059498
2. D.C. Chonburi
Tel. 033-047120 Fax. 033-047121
3. D.C. Chanthaburi
Tel. 039-311601 Fax. 039-332441
4. D.C. Kabinburi (Prachin Buri)
Tel. 037-625419 Fax. 037-625420

South

1. D.C. Suratthani
Tel. 077-310507 Fax. 077-310508
2. D.C. Hatyai (Song Khla)
Tel. 074-582494 Fax. 074-582493
3. D.C. Phuket
Tel. 076-321435 Fax. 076-321436
4. D.C. Chumphon
Tel. 077-630830 Fax. 077-630954
5. D.C. Krabi
Tel. 075-613172 Fax. 075-613168
6. D.C. Kor-Samui (Suratthani)
Tel. 077-417095 Fax. 077-420354
7. D.C. Nakornsrihammarat
Tel. 075-357868 Fax. 075-357867
8. D.C. Hua Hin (Prachuapkhirikhan)
Tel. 032-510502 Fax. 032-510757
9. D.C. Trang
Tel. 075-582004 Fax. 075-582005

BANGKOK

- Prachachuen
- Srinakarin
- Bangbuathong
- Rangsit
- Rama II
- Rama III
- Phraya Suren
- Gingkaew
- Talingchan

Bangkok and Vicinity

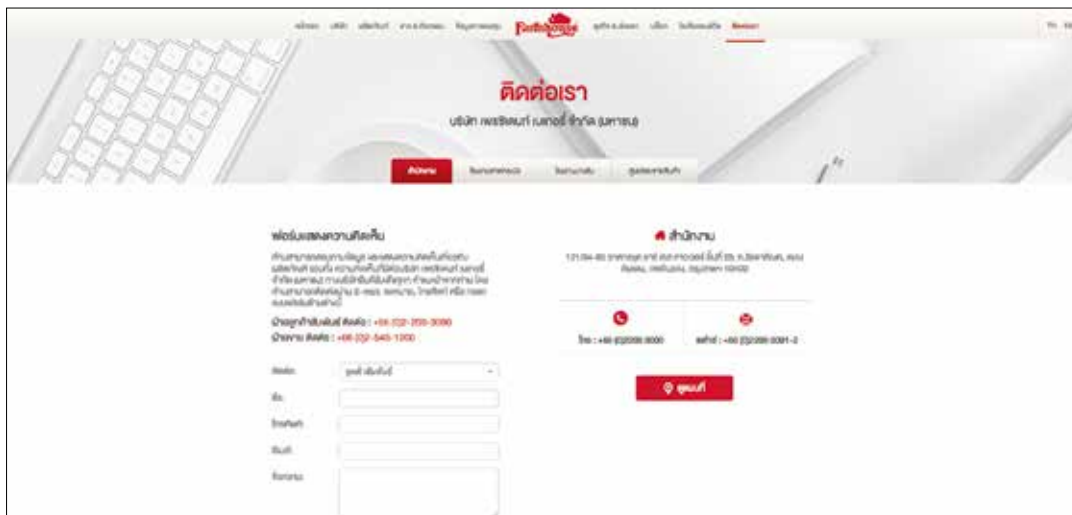
1. D.C. Prachachuen
Tel. 02-9759021 Fax. 02-9759091
2. D.C. Rama III
Tel. 02-2954769 Fax. 02-2954785
3. D.C. Srinakarin
Tel. 02-0637646 Fax. 02-0637647
4. D.C. Phraya Suren
Tel. 02-5171045 Fax. 02-5171046
5. D.C. Bangbuathong
Tel. 02-1943581 Fax. 02-1943582
6. D.C. Gingkaew
Tel. 02-1751557 Fax. 02-1751558
7. D.C. Rangsit
Tel. 02-5331630 Fax. 02-9960404
8. D.C. Talingchan
Tel. 02-8656524 Fax. 02-8656525
9. D.C. Rama II
Tel. 02-8954875 Fax. 02-8957449

Correct and Sufficient Information as needed by Consumers

The company realized the importance to provide correct information and understanding on the nutrition value for consumers in making their choice of consumption. The company has provided nutrition information in new format as recommended by Food and Drug Administration (FDA) in the campaign to give knowledge about the Label of GDA (Guideline Daily Amounts), thus informing the amount of energy, fat, sugar and sodium per package size on the front label as a tool for consumers to compare the nutrition value in order to balance their own diet to be suitable for health. The company has presented such information to be easy for consumers to understand via the company's product label in accordance with the requirement in Sliced Bread and Snack Bread products, such as daily sandwich, Cake Roll, Donut Cake, Dorayaki, Pie, Fruit Pie, Cookies, Toast, and so on.



Website : www.farmhouse.co.th



Social Media : www.facebook.com/FarmhouseThai



Human Resources

The Company treats all employees equally and fairly without discrimination, promoting employment equality and has set regulations for human resource management in accordance with Thailand's Labor law such as prohibition of child labor, forced labor, double-standard treatment, obstruction against the labor aggregation for negotiation. The regulations has been distributed to all employees and posted at working premises. Such compliances are as follow:

1) Respect for Human Right

The company has explicit regulations to respect all human rights as follows:

- Emphasize on equitable treatment without gender discrimination
- Open job positions to people with disabilities
- Organize operating system, implementing a workplace hygiene and safety by quality and safety control system
- Support training and human resource development to encourage the employees to have proper understanding of safety and hygiene in workplaces.
- Prohibits youth under the age of 18 from being employed

2) Employees Management

The company emphasizes on all the employees' well-being, ensuring good quality of life, and happiness at work. The company believes that the basic foundation of business sustainability shall be the result of competent employees also having happiness in the workplace, being provided with suitable welfare to facilitate their working; such as personal protective equipment, uniform, employee bus, factory cafeteria having good quality and reasonable price, health care program, annual physical checkup, and nursing room having regular doctor in the workplace, and so on.


3) Remuneration and Benefits of the Employees

The Company has established Welfare Committee in Business Establishment, which consisted of 6 members of employees, holding term of office for one year. The Welfare Committee's duties are as follow:

1. Discuss with the employers regarding welfare of the employees.
2. Provide advice and suggestions for the employers regarding welfare of the employees.
3. Inspect and supervise welfare of the employees which is provided by the employers.
4. Offer ideas and guidelines for the welfare which will benefit the employees to Welfare Committee.

The company annually evaluates the fairness of employees' remunerations and benefits by performing the survey of remunerations and welfares to be paid by the other companies in the same business in order to compare and determine remuneration of the company. The company considers the benefits to be provided for full-time employees as following,

- Welfare for financial assistance to get special Lending rate for property loan
- Various motivating allowances and awards
- Annual bonus
- Contribution to provident funds
- Contribution to social security fund and compensation funds
- Medical welfare for employees
- Working uniforms
- Group accident insurances
- Long service award
- Protective devices and equipment for safety in workplaces
- Posthumous aid for employees and their families
- Relaxation area
- Maternity allowances
- Scholarship for children
- Deposit with special interest for employees



On this regard, the company shall pay the remuneration for the employees based on their duties, responsibilities, experience and qualifications, without gender discrimination.

4) Employees' Training

The company has encouraged and developed potential of employees, to have knowledge of changing technology, creativity and capability to accomplish growing career path. The company also supports the development of knowledge and expertise in working for the employees since the beginning of working period with the company. The company has organized training program for new employees, such as orientation program, 5S, GMP&HACCP for new staff, etc., in order to provide knowledge and understanding about the company, Organization's Culture, and basic information in working, and to prepare new staff to be familiar with new environment. Moreover, the company has developed human resource continuously by providing appropriate training to the employees in each level in order to encourage their own professional achievement in career path.

5) Occupational Health and Safety of the Employees

Safety is one significant issue and is the responsibilities of every individual to collaborate. The company has emphasized on having effective management system and the development of quality, safety, occupational health, and environment system as a significant foundation of business operation. The company has established "the Committee of Occupational Health and Safety Environment in the Workplace" whose duties are as follow:

1. Consider policies and workplace safety plan, including safety outside work to prevent and reduce accidents, danger, sickness, or nuisance accidents due to work or unsafe working conditions and propose to the employer.
2. Report and suggest workplace safety standards to the employer for the safety of employees, contractors, and outsiders who come to work, or come to the business establishment for the service.

3. Support Safety in the Workplace Activity of the establishment.

4. Consider the regulations and Workplace Safety Manual No. 3, section 1, General Provisions including workplace safety standards of the establishment and propose to the employer.

5. Explore the workplace safety operations in the establishment and review the statistics of hazards occurring in the workplace at least once a month.

6. Consider the project or training plan regarding workplace safety, roles, and responsibilities in respect of safety of employees, supervisors, executives, and all level of employers and propose relevant opinions to the employers.

7. Set up a system for reporting unsafe working conditions for every employee of all level to practice.

8. Follow up on the progress of the issues proposed to the employer.

9. Report annual performance, including identify problems, obstacles, and recommendations for the Board of Directors' operations after completing his/her duties for one year and propose to the employer.

10. Evaluate the safety operation in the workplace.

11. Perform other safety-related tasks as assigned by the employer.

In addition, the company has provided sufficient protective devices and equipment for safety in the workplaces to the employees, and established the brush-up program for the knowledge of safety from time to time, such as "Basic First Aid, and Life Saving", "Basic and Advanced Fire Fighting Program", "Use of Fire Protection Equipment", and "Safety Week Activity". The company realizes that to provide the knowledge and practice for the employees to be familiar with the safety procedure step by step is to help reduce the risk of accidents and to increase safety in workplace for the employees.

Treatment to Stakeholders

The Community and Society

The company has recognized the importance of sustainable development of business, believing that sustainable success does not solely depend on the company's economic performance but also include the participation in the development of community and society altogether.

As the leading manufacturer and distributor of all kind of bakery products, the company then anticipated to be the center to provide proper nutrition knowledge and to encourage people to eat selective quality food, covering the support in 5 following areas,

Food & Nutrition

Farmhouse Sandwich Workshop 2019

The Company organized a privilege event for Farmhouse customers by holding a workshop visit the factory. The Company took the customers to see the processes of production and the most advanced technology in Asia, with

courses from Professional Food Stylist for 6-Styles Premium Sandwich, teaching by Mr. Duangrithi Claewplodtook, one of the best food stylists of Thailand. The workshop included smartphone photography training and online marketing strategies, which were taught by national experts. From this activity, the participants were very impressed from the ideas of making sandwiches in their favorite recipes, including useful marketing techniques that helped them open up to the world.

Community

National Children's Day 2019

The Company sponsored products to the activities on National Children's Day to schools, governmental organizations, museums, child development center, youth center, library and community. By separated into:

- The head office has provided bakery products to 113 organizations, with 31,790 pieces of product.
- The factory has provided bakery products to 111 organizations, with 21,725 pieces of product.



Pictures of Farmhouse Sandwich Workshop 2019
on October 16, 2019, at President Bakery Public Company Limited, Bang Chan Factory



The picture of giving the snacks of farmhouse product and souvenirs on the occasion of National Children's Day in many areas



Overwatch Thailand University 2018



Big Day : Saturday School Foundation 7



Invate Pubstomp 2019

Overwatch Thailand University 2018

Farmhouse has sponsored Overwatch Thailand University Tournament 2018 Contest in Playoffs to find the strongest team at university level. The contest was held at Phra Kiao Pavilion, Chulalongkorn University on February 2, 2019.

Big Day: Saturday School Foundation 7

The Company was a part of the sponsorship of "Big Day: Growing up, Dare to Dream" activity, organized by Saturday School Foundation. Farmhouse has sponsored

800 pieces of sandwiches on February 9, 2019 at MEGA Park, Mega Bangna Shopping Mall.

Invate Pubstomp 2019

The Company provided the Deli Whole Wheat product such as Whole Wheat Pizza Sausage Sandwich to the attendees of "INVATE Pubstomp 2019", was held at Siam Pavalai Royal Grand Theatre, Siam Paragon Mall. This was e-Sports competition where Dota 2 lovers came to watch DOTA2 The International 9's live stream and enjoyed many activities at the event on August 25, 2019.

Kathina Ceremony at Pho Thong Temple

On the 37th anniversary celebration, President Bakery Public Company Limited co-hosted Kathina Ceremony to donate for the construction of Maha Thep Pavilion and the restoration of Sermon Hall at Pho Thong Temple, Bang Mot Sub-district, Chomthong District, Bangkok. Mr. Apichart Thammanomai, Vice Chairman and Managing Director, and Mr. Apisate Thammanomai, Vice Managing Director, Executive Officers, and staffs have participated in the Kathina Ceremony on October 20, 2019.

His Holiness Pope Francis visited Thailand

His Holiness Pope Francis has joined the Eucharist at Suphachalasai Stadium, National Stadium with many people waiting to welcome His Holiness. There were around 19,000 people attending the ceremony and around 1,700 choirs and performers. In this ceremony, the Company provided 4,000 pieces of deli sandwich to the attendees and set up the booth to sell the products of Good Morning Farmhouse on November 21, 2019.



Kathina Ceremony at Pho Thong Temple



His Holiness Pope Francis visited Thailand



The 34th Chombueng Marathon



BSC Beauty Run Fun & Rally



RMHC Mini Marathon Run for Kids 2019

Sports

The 34th Chombueng Marathon

The Company has supported Whole Wheat Filled Bun in the 34th Chombueng Marathon. This time, the competition has been divided into 3 phases, namely Marathon, Half-Marathon, and Mini-Marathon. There were more than 11,000 runners in the event at Muban Chombueng Rajabhat University on January 20, 2019.

BSC Beauty Run Fun & Rally

The Company has sponsored BSC Beauty Run Fun & Rally by offering products such as Purple Sweet Potato Filled Donut Cake and Taro Filled Donut Cake to the attendees on February 9, 2019, at Centenary Park, Chulalongkorn University.

RMHC Mini Marathon Run for Kids 2019

The Company has donated 100,000 baht to the Foundations and sponsored 2,000 pieces of sandwich to the runners in the "RMHC Mini Marathon Run for Kids Run 2019" for children patients and families which was held at Lumpini Park.



IFB Run 2019



Heart Health Festival 2019



Rakmaw Run 2019

IFB Run 2019

The Company has sponsored 1,000 pieces of deli sandwich to the runners at IFB Run 2019. The distance of this running event was divided into 2 phases, which consisted of 5 kilometers and 10 kilometers, with more than 2,000 participants at International Fashion Business Technological College on March 3, 2019.

Heart Health Festival 2019

The Company has sponsored the products for runners in the “HEART HEALTH FESTIVAL 2019” activity which was held on March 10, 2019, in front of Lumpini Park Library. The activity was held by the The Heart Association

of Thailand under the Royal Patronage to contribute the knowledge of dangers of heart disease, and how to prevent it, to the people.

Rakmaw Run 2019

Rakmaw Run 2019 Activity aimed to use the fund from “Rakmaw, For Stray Cats Foundation” activities to help sick stray cats, to neuter homeless cats, to take care of disabled cats, and to help them looking for permanent homes, etc. The Company, therefore, sponsored more than 1,500 pieces of Purple Sweet Potato Filled Donut Cake to the runners who joined the event on April 28, 2019, at Lumpini Park.

Ultraman Run 2019

The Company has sponsored 3,000 different flavors of bread products, which consisted of Shredded-Pork Mayonnaise Filled Bun, Shredded-chicken Chili Paste Filled Bun, Crab Stick Mayonnaise Whole Wheat Filled Bun, and Chicken and Egg Mayonnaise Filled in Whole Wheat Bun, in the ULTRAMAN RUN 2019. The event gave the runners the power to run, release the light to defeat monsters with children's beloved characters, held on May 12, 2019 at Nongnooch Garden, Pattaya.

Ramathibodi 54 Years Walk-Run

On May 19, 2019, the Company has sponsored 3,000 pieces of Chicken and Egg Mayonnaise Filled in Whole Wheat Bun, and Crab Stick Mayonnaise Whole Wheat Filled Bun to "Ramathibodi 54 Years Walk-Run" activity for Chakri Naruebodindra Medical Institute which was held at the Faculty of Medicine, Ramathibodi Hospital.

Rumphoey Run 2019

The Company has donated around 2,000 pieces of "Filled Bun" at Rumphoey Run 2019 event, Debsirinians' Running Event, which was held on March 24, 2019, at Debsirin School. The competition was divided into 3.3 kilometers of walk-run for health and 10 kilometers of mini-marathon.



Ultraman Run 2019



Ramathibodi 54 Years Walk-Run



Rumphoey Run 2019

Bangkok Post International Mini Marathon 2019

Bangkok Post International Mini Marathon 2019 took place on June 16, 2019, at A-B Square, Central World. The distance consisted of Mini Marathon: 10.1 km., Micro Marathon: 5.1 km., and Charity Walk & Run: 3.4 km. Part of the subscription fees was donated to Bangkok Post Foundation and the Company decided to sponsor 3,000 pieces of sandwich products for the runners.

14th Queen Sirikit Hospital's Mini-Half Marathon Charity

The Company has sponsored Deli Sandwich products and Whole Wheat Filled Bun for the "14th Mini-Half

Marathon Charity 2019" activity on August 4, 2019. The event was held at Health Park, the park in honor of King Rama IX's Queen Sirikit's birthday as of August 12, 2019. The net income from the competition will be presented to His Majesty, along with medical equipment and supplies, to Queen Sirikit Hospital, Naval Medical Department.

Hua Hin Cycling 2019

The Company has sponsored the products to "HUA HIN CYCLING 2019" activity on July 21, 2019, at Rajabhakti Park, Hua Hin, Prachuap Khiri Khan Province. Maj.Gen. Prasarn Ruaydee, Commanding General of Infantry Center, Thanarat Camp, has provided an opening speech and release a thousand of cyclists.



Bangkok Post International Mini Marathon 2019



14th Queen Sirikit Hospital's Mini-Half Marathon Charity



Hua Hin Cycling 2019



Kom Chad Luek 3on3 Basketball Tournament 2019



Yala Marathon 2019



Give and Run

Kom Chad Luek 3on3 Basketball Tournament 2019

On July 20, 2019, the Company has provided Pizza Sausage Sandwich to basketball players who participated in Kom Chad Luek 3on3 Basketball Tournament 2019 at Stadium One - The Sports Society, which is the first center for health people in Thailand.

Yala Marathon 2019

The Company has sponsored donut cake products for runners in "the 1st Yala Marathon 2019" to encourage people to take care of their health, including create unity for people in the three Southern Border Provinces of Thailand. The competition was organized in 4 phases, consisting of 42.195-kilometer marathon, 21.1-kilometer half-marathon,

10.5-kilometer mini-marathon, and 5-kilometer Fun Run. More than 5,000 runners were participating in this competition on August 25, 2019.

Give and Run

On August 25, 2019, the Company joined the sponsorship of deli whole wheat products, which was Sausage Spicy Pizza Sauce Whole Wheat Sandwich, to the runners in "Give and Run Fun 2 Share 2019" gathering people to encourage Thai children, at the Phutthamonthon Garden, Phutthamonthon 4. The income after deduction of expenses was donated to buy student shoes and sports equipment in "WP Energy Present: Give and Run" to 2,000 underprivileged students in Nan province.



LOMA RUN for Charity on the Beach 2019



AC V RUN 2019 (V R Family)

LOMA RUN for Charity on the Beach 2019

On September 8, 2019, the Company sponsored products for the runners in “The 7th LOMA RUN for Charity at Jomtien Beach, Pattaya City, 2019” to compete for Royal's Cups of Princess Soamsawali. The event was held at Jomtien Beach, Pattaya City, Chon Buri Province with the objective to encourage students, civil servants, merchants, and general people to recognize the importance of good health. The distance was 7 kilometers along the beach.

AC V RUN 2019 (V R Family)

“AC V RUN 2019 (V R FAMILY)” was the annual running event of Assumption College, Bangkok, that the Assumption alumni intended to raise funds and contribute to the school's welfare fund. There were two competition phases, which were 10.5K Mini-Marathon and 3K Fun Run. This time, the Company has also donated products to the runners in the event on September 29, 2019 at Assumption College, Bang Rak.

Siriraj Nurses Alumni Walk & Run for Health

“Siriraj Nurses Alumni Walk & Run for Health - White Angel Invites Us to Run” event which was held at Navamindrapobitr 84th Anniversary Building to fundraise for medical devices. The Company has sponsored products “Cranberry Raisin Bread” to the runners at the event which was held on October 20, 2019, at Mahidol University, Salaya.

Saha Phat group Praprom Charity Run, Sriracha, 2019

On October 20, 2019, “Saha Phat group Praprom Charity Run, Sriracha, 2019” event was held at Saha Phat Industrial Park, Sriracha, Chon Buri province, for charity. The

money was donated for 150-year-old Srivarintransorn building construction, Queen Savang Vadhana Memorial Hospital in Sriracha. In this event, the Company has provided “Deli Sandwich” for the runners.

Share for Chang Half Marathon 2019

The Company sponsored 3,000 pieces of Cranberry Raisin Bread to “Share for Chang Half Marathon 2019”, held on November 24, 2019, in Lampang. The income was donated in the form of foods and medical supplies to the Elephant Hospital, Thai Elephant Conservation Center, and the National Elephant Institute of Thailand under the patronage of His Majesty, Lampang Province.



Siriraj Nurses Alumni Walk & Run for Health



Saha Phat group Praprom Charity Run, Sriracha, 2019



Share for Chang Half Marathon 2019

Education

Support Crown Jewel Economics Quiz Contest No.11

The Stock Exchange of Thailand collaborated with partner organizations has organized the Crown Jewel Economics Quiz Contest No.11, academic year 2019, during August 24 - 25, 2019, for the students of primary and secondary schools, at Satri Witthaya 2 School, to encourage youth to obtain knowledge and skills of economy, and the Philosophy of Sufficiency Economy. The project has been successful for the past years and has received good feedback from the youth.

The Company participated in setting booth to distribute deli sandwich products to the participants and received a lot of attention from youth and their families.

Meeting the Freshman, Faculty of Industry

The Company recognizes the importance of student activities. Therefore, on July 27, 2019, the Company has provided 500 pieces of Pizza Sausage Sandwich, Cream Custard Filled Bun, Chocolate Custard Filled Bun, and Thai Custard Filled Bun, to Meeting the Freshman activity, Faculty of Industry and Faculty of Agro-Industry, King Mongkut's Institute of Technology Ladkrabang.



Support Crown Jewel Economics Quiz Contest No.11



Meeting the Freshman, Faculty of Industry



Energy and Environment Conservation

The company has realized and taken into account of the quality of the environment. Therefore, the Company monitored and established effective environmental management system in Lad Krabang Factory 1, Lad Krabang Factory 2, and Bang Chan Factory. The Company also continuously encourages energy and environment conservation activities. The Company has established an effective environmental policy since 2016 up to present. The details can be summarized as following:

1. To comply with the relevant laws, regulations, and environmental policy together with regular review and assessment.
2. To allocate resources, budget, and employees to handle management and operating procedure to be favorable to the environment and to lessen environmental impact to the community, society, and the quality of the environment.
3. To improve and increase the procedure to diminish environmental impact related to water pollution, air pollution, industrial waste.
4. To cooperate with suppliers to perform purchasing/ hiring procedure to be favorable to the environment.
5. To encourage environmental management system, environmental rehabilitation, and monitoring system to prevent impact to the natural resources and environment.
6. To establish culture and recognition among all employees to collaborate and take responsibility to the environment and use the resource in an efficient and sustainable manner.

Energy Conservation Project in 2019

1. Cleaning the surface of heat exchanger 5 tons per hour to have a better rates of heat transfer, resulting in less fuel consumption.

2. To refine Air-Fuel ratio to be appropriate with the combustion in boiler to improve complete combustion in order to diminish the emission of carbon dioxide into the air, as well as to save the use of fuel.

3. Installing ozone generators of the chiller system will reduce dregs or preventing it, having a better rates of heat transfer on the condenser's side.

Product Delivery System in a Favourable Manner to The Environment

The company has conducted business in a favourable manner to the environment, thus using NGV natural gas, which is clean and safe fuel with lower environmental impact and air pollution. At present, there are delivery vehicle using NGV natural gas which accounting for 20.88% of total delivery vehicle.

In addition, the company has promoted to use the energy resources at best benefit by establishing the efficient delivery management system such as.

- Develop auditing and tracking vehicle system by using GPS system to help control the driving of the staff to be in the speed limit under 80 kilometers/hour in compliance with the specified laws, thus ensuring safety on the road as well as to reduce unnecessary fuel consumption
- Prohibit the employees to leave a vehicle engine running while loading/unloading the products in order to save the use of fuel.
- Train the staff in "Efficiency in driving economically and safety" course to build the awareness and develop the experience in quality driving.



Waste Water Management in a Favourable Manner to The Environment

With the recognition that water is a valuable resource, the company has committed to manage water for best benefit with standard water treatment system in order to reduce the amount of waste water from the manufacturing process in an effective manner. Such water management system will send the water from the manufacturing process into the treatment process before keeping in the collecting tank. The water in the collecting tank will be reused for cleaning vehicles, watering trees and cleaning the road around the factory. Moreover, the remaining of treated water shall be drained into the drainage of the Industrial Estate and then released into the public water source without affecting the environment.

The management of waste and waste water of Lad Krabang Factory 1, Lad Krabang Factory 2, and Bang Chan Factory, totaling to three factories, is specifically designed to be suitable with the factories' waste water treatment. Waste water treatment of the company complies with the standard as required by the Industrial Estate Authority of Thailand or Department of Industrial Work to primarily use Biological Treatment, namely UASB (Upflow Anaerobic Sludge Blanket), EGSB (Expanded Granular Sludge Bed), and AS (Activated Sludge) which consume low energy and expenses as per following details,

Lad Krabang Factory 1 (Capacity 450 m³/d)

- UASB (Upflow Anaerobic Sludge Blanket)

Lad Krabang Factory 2 (Capacity 384 m³/d)

- EGSB (Expanded Granular Sludge Bed)

Bang Chan Factory (Capacity 400 m³/d)

- EGSB (Expanded Granular Sludge Bed) และ AS (Activated Sludge)

บริษัท เพอร์ซิเดนท์ เบเกอรี่ จำกัด (มหาชน)
PRESIDENT BAKERY PUBLIC COMPANY LIMITED

Office

121/84-85
RS Tower Building 29th Floor,
Ratchadapisek Road, Dindaeng,
Bangkok 10400, Thailand.
Tel : +66 (0) 2209 3000
Fax : +66 (0) 2209 3091-2

Factory Lardkrabang

91 Mu 4, Lardkrabang Industrial
Estate, Chalong Krung Road,
Lam Pla Thio, Lardkrabang,
Bangkok 10520, Thailand.
Tel : +66 (0) 2326 5400
Fax : +66 (0) 2326 5463

Factory Bangchan

1, Soi Serithai 87
Bangchan Industrial Estate,
Serithai Road, Minburi,
Bangkok 10510, Thailand.
Tel : +66 (0) 2548 1200
Fax : +66 (0) 2548 1290

Customer Service : Tel. 0-2209-3090 and www.farmhouse.co.th

SOCIAL MEDIA CHANNEL : FarmhouseThai



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