

(Translation)

Ref.No.LEE 11/2020

11 August, 2020

Subject : Management Discussion and Analysis for the second quarter ended June 30, 2020

To : President of The Stock Exchange of Thailand

We submit herewith the reviewed consolidated financial statements of Lee Feed Mill Public Company Limited and its subsidiaries (“the Company”) for the second quarter ended June 30, 2020, of which the business operation results for the second quarter of 2020, the Company would like to provide the clarification of performance which was increased more than 20% compared to the previous year.

For the second quarter of 2020, the operating results of the consolidated financial statement had a net profit of Baht 41.12 million or 0.04 Baht per share, compare to the same period of the previous year, net profit is Baht 34.44 million or 0.04 Baht per share, representing a total increase in profit of Baht 6.68 million or 19% of the previous year mainly came from the significant transactions as below :

1. The revenue from sales dropped while the gross profit was higher than the previous year by amount of Baht 11.37 million. The gross profit margin for three-month period ended June 30, 2020 was at 12.97% higher than 10.32% in 2019 mainly due to the efficiency improvement of production cost management.
2. Interest income for the second quarter of 2020 had amount of Baht 3.78 million, compared to same period of the previous year had amount of Baht 5.36 million, decreased by amount of Baht 1.58 million.
3. Other income for three-month period ended June 30, 2020 had amount of Baht 4.91 million, compared to same period of the previous year had amount of Baht 3.36 million, increased by amount of Baht 1.55 million.
4. Selling and administrative expenses for the second quarter of 2020 had amount of Baht 50.18 million, compared to same period of the previous year had amount of Baht 66.11 million, decreased by amount of Baht 15.93 million, which mainly due to retirement benefit obligations which has increased by the changing of the Labor Protection Act in 2019.



5. Loss on investment in equity instruments for the second quarter of 2020 had amount of Baht 0.43 million, compared to same period of the previous year, had a gain of Baht 6.52 million, decreased by amount of Baht 6.95 million. It is the transaction of unrealized gain (loss) on investments are stated of fair value or market price by the end of accounting period (as of June 30, 2020 and 2019, respectively).
6. Loss arising from changes in fair value of biological assets increased by Baht 4.73 million compared with the same period of the previous year because of revaluation biological assets.
7. Finance cost increased by Baht 0.61 million compared with the same period of the previous year because the Company has adopted the TFRS16 Leases for fiscal years beginning on or after 1 January 2020.
8. Impairment loss on financial assets – allowance for doubtful debts approximately increased by Baht 1.11 million because the Company has adopted the TFRS9 Financial instruments for fiscal years beginning on or after 1 January 2020.
9. The corporate income tax expenses increased amount of Baht 7.09 million compared to the same period of the previous year, as mainly resulted from the net profit and deferred tax on relating to origination and reversal of temporary differences.

Please be informed accordingly.

Sincerely Yours,

(Mr. Nipon Leelasithorn)

Chairman of the Executive Director,
and Managing Director