



**ANNUAL
REPORT
2015**



Lam Soon (Thailand) Public Company Limited



RESPONSIBILITY / QUALITY / HEALTHY / WELLNESS

ANNUAL REPORT 2015 OF LAM SOON (THAILAND) PLC.

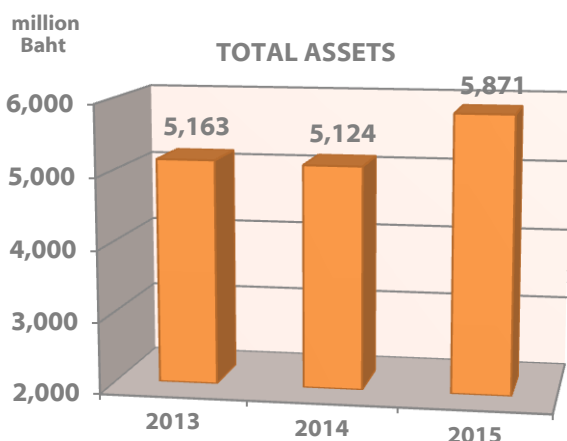
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Investors can study more information of the Company from the Annual Registration Statement (FORM 56-1) published on www.sec.or.th or www.lamsoon.co.th

FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

(Unit : million Baht)

	2013	2014 (restated)	2015
Total Assets	5,163	5,124	5,871
Total Liabilities	2,311	2,030	2,648
Shareholders' Equity	2,852	3,094	3,223
Sales	7,243	8,435	8,197
Total Revenues	7,343	8,534	8,291
Gross Profit	1,309	1,360	1,282
Net Profit of equity holders of the Company	250	381	311



Total assets increased by 14.6 % mainly because:-

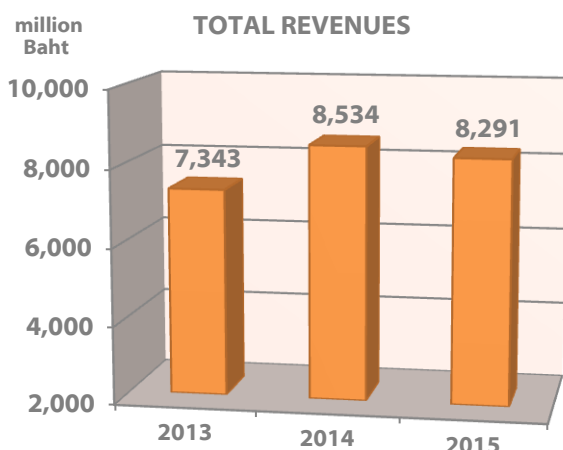
1) Cash and cash equivalents at Group level increased by 267.1 million Baht or 125.5% to 479.9 million Baht,

2) Trade A/R increased by 250.2 million Baht to 1,152.3 million Baht,

3) Inventory decreased by 167.3 million Baht, caused by lower volume and price of inventories.



for more information



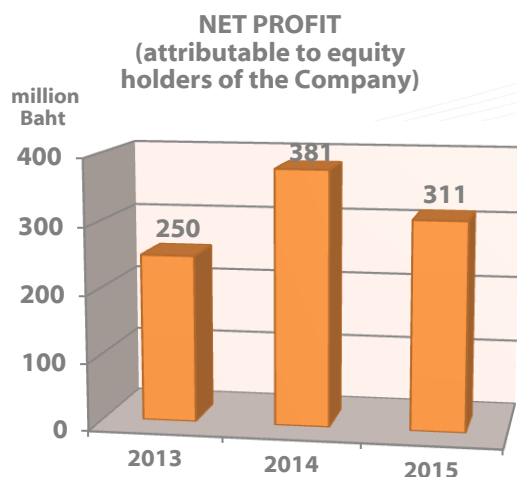
Total revenues decreased by 237.8 million Baht from:-

- Sales of LST decreased by 602.5 million Baht or 8.7%,

- At its subsidiaries, sales increased by 364.7 million Baht or 24.3%.



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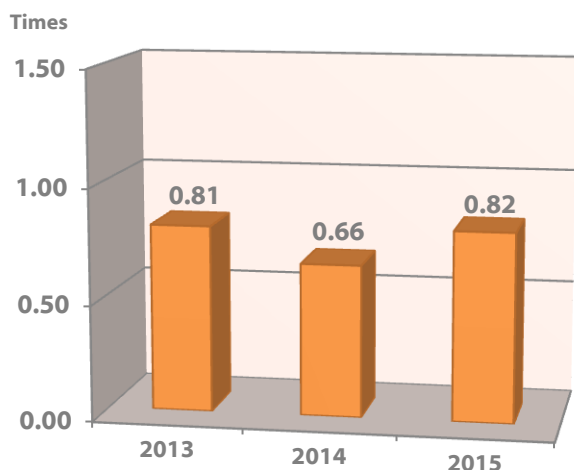
Net profit (attributable to equity holders of the Company) decreased by 69.3 million Baht or 18.2%, with lower net profit margin of 3.8%.



for more information

FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

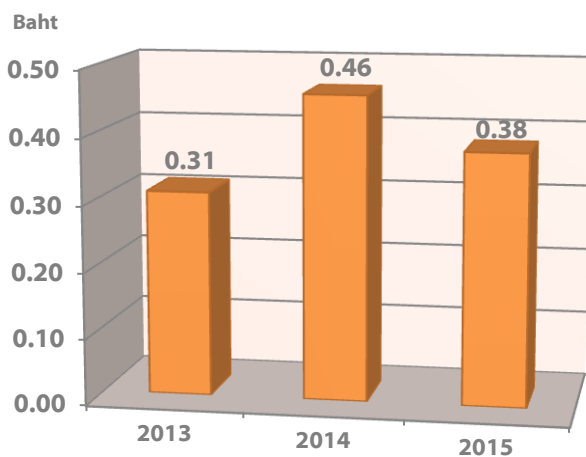
TOTAL DEBT TO EQUITY RATIO



Total debt to equity ratio increased to 0.82 times in 2015 (2014 : 0.66 times).

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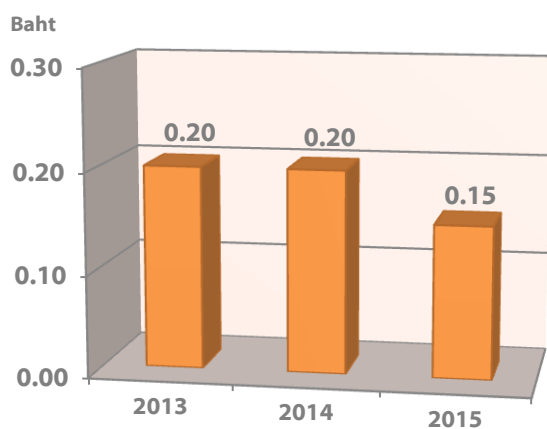
EARNINGS PER SHARE



Earnings per share: was down from 0.46 to 0.38 Baht per share.

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DIVIDEND PER SHARE



Dividend per share : Pursuant to the resolution of BOD meeting on 26 Feb 16, dividend per share of 0.15 Baht is proposed to be paid for the financial year 2015, subject to approval at AGM no. 1/2016.

This would represent a payout ratio of 60% of net profit, in accordance with the Company's policy of paying not less than 40% of its net profit after tax as dividend.

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FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

FINANCIAL RATIOS

(Unit : %)

	2013	2014 (restated)	2015
Net Profit Margin	3.41	4.46	3.76
Return on Equity	11.12	14.76	9.79
Return on Total Assets	6.00	8.53	5.63

PER SHARE DATA

(Unit : Baht)

	2013	2014	2015
Earnings per Share	0.31	0.46	0.38
Dividend Paid per Share	0.20	0.20	0.20
Dividend per Share (operational year)	0.20	0.20	0.15 ⁽ⁱ⁾
Book Value per Share	3.24 ⁽ⁱⁱ⁾	3.38 ⁽ⁱⁱ⁾	3.43 ⁽ⁱⁱ⁾

Notes : ⁽ⁱ⁾ According to the resolution of BOD meeting on 26 February 2016, to be proposed to AGM no.1/2016

⁽ⁱⁱ⁾ Based on the Company only

2015 STOCK PRICE PERFORMANCE





2015 Overview

In 2015 the oil palm and palm oil industry faced high volatility in terms of price and volume. At the beginning of the year, CPO stock nationwide reached a critically low level of 117,197 MT, pushing up CPO price to as high as 37 Baht/Kg in mid-January 2015. On 20 January 2015, therefore, the Cabinet approved the importation of Crude Palm Olein (CPL) amounting 50,000 MT to tackle the shortage problem. After the importation was completed in mid-February 2015, higher FFB output in March pressed down the FFB price dramatically from more than 6 Baht/Kg during January – end February 2015 to below 3 Baht/Kg during April – early May 2015. Hence, on 20 May 2015 the National Oil Palm Policy Committee introduced the recommended minimum prices for Fresh Fruit Bunch (FFB), Fresh Fruit Loose (FFL), and Crude Palm Oil (CPO). Several Notifications of the Office of Central Commission on Prices of Goods and Services were issued to give effect to the recommended minimum prices. In total seven such Notifications were issued (for more details please refer to the section “**Industry Overview and Competitiveness**”). Because of this, the average price of palm oil in the Kingdom for 2015 was maintained at a level as high as in 2014. This gave rise to a price gap of over 8 Baht/Kg from the global price, despite high CPO stock nationwide persisting for almost the whole year.



As a result of the intervention, Thailand completely lost its potential to export CPO, the volume of which was 167,060 MT in 2014. On 25 June 2015 the Public Warehouse Organisation (PWO) implemented the oil palm and palm oil price stabilization scheme to buy 100,000 MT of CPO from crushing mills at the recommended price (under certain conditions) to absorb the excess supply. But it could only absorb 2,634 MT. due to some practical problems. At the year end the CPO stock remained as high as 334,692 MT.

In the circumstances, the Company was unable to effectively exercise inventory management in either costing or quantity, both of which are crucial factors for the palm oil business. As a result, its operating result was adversely affected.

Company’s Performance

In 2015, your Company recorded sales revenue at 6,329.3 million Baht, decreasing by 602.5 million Baht or 8.7% when compared with 2014 (2014 : 6,931.7 million Baht); gross profit at 655.3 million Baht was a similar level to the previous year (2014 : 645 million Baht). However, your Company received less dividend from a subsidiary. As a consequence, the overall operating performance of your Company deteriorated, recording a net profit of 204.7 million Baht or a decrease of 27% (2014 : 280.5 million Baht).

United Palm Oil Industry Public Company Limited (UPOIC), a 69.96% subsidiary of the Company, recorded a net loss of 12.9 million Baht (2014 : 188.2 million Baht net profit) on revenue of 1,259.6 million Baht (2014 : 1,154.7 million Baht). FFB crops from its own plantations and concession lands fell by 34.1% from 2014 due to the expiry of concessions and other land issues.

At Universal Food Public Company Limited, a 98.76% subsidiary of the Company, its financial performance improved significantly. The sales revenue of 2,045.4 million Baht represents a 11.2% increase (2014 : 1,838.8 million Baht). The net profit of 151.3 million Baht is 64.8% higher (2014 : 91.8 million Baht). This was driven by new product development and marketing initiatives as well as strong export sales growth of UFC Refresh 100% coconut water.

Overall, the consolidated net profit decreased from 380.7 million Baht in 2014 to 311.4 million Baht, or a decrease of 18.2%.

Production and Investment

In 2015, the installation of a new injection and blower PET bottle line along with 1L packing machine at Bangpoo Refinery was substantially completed. Furthermore, we completed the installation of a vacuum system at the refinery to eliminate odor and save energy.

Marketing

YOK Cooking Oil continued to strengthen its leadership in the cooking oil category by extending the product line to soy bean oil to provide more good choice for consumers. Furthermore, the packaging has been modernised. Finally, with the new advance production line having been installed, your Company will be able to increase production capacity to meet the high demand from consumers.

Health consciousness is on the rise, with both public and private sectors promoting healthy living widely. In line with proposition of Naturel healthy cooking oil, which encourages consumers to live a healthy life, your Company launched 100% coconut cooking oil and 100% sunflower seed oil supported by marketing and communication campaign via all media channels e.g. TV commercial, radio, print and online. The campaign, which has been implemented to create awareness, knowledge and to endorse the 'Good for Health' brand image, received a good response from consumers.

For the Margarine and Shortening segments in 2015, your Company continuously implemented marketing campaign to promote Daisy dark chocolate compound. Activities such as Bakery seminar, Bakery workshop, Promotion have been carried out in the consumer and bakery business sectors to create awareness, trial, usage and add value to their products. This has been well received among target consumers and significantly strengthened the leadership of Lam Soon (Thailand) PCL in the bakery business segment.

Responsibility to Community, Society and the Environment

Your Company recognises the importance of community, social and environmental responsibility together with conducting the business. The major projects which have been always conducted on every year include:-

- Local activities to enhance your Company's image and develop relationship between its crushing mill and nearby communities
- Activities to promote and preserve the cultural heritage of Thailand
- Local youth sports day
- Donation for various occasions
- Held the meeting to promote Roundtable on Sustainable Palm Oil (RSPO) Smallholder to palm farmers, and to educate the principles and criteria of RSPO standards according to the Company's project to promote the sustainable plantation, to focus on the fruit quality to supply to the mill, and to measure for the land ownership of farmers in order to conform to the RSPO standard.

Human Resources and Corporate Culture

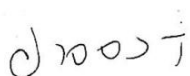
Employees have been recognised as an important factor to drive forward the Company with sustainable growth and maintaining its leadership in the industry.

The Company puts emphasis on human resource by continuously developing in the direction to strengthen their capability and competence in order to increase efficiency of the operation and serving customer satisfaction along with building awareness of all staff on the professional ethic. This is to create the Corporate Culture balancing in all aspects of efficiency, transparency, fairness and integrity which all staff is expected to strictly adhere with aim to achieve the goal of the organisation and individual level.

Furthermore, the Company treats equally to all staff without discrimination, and provides appropriate return and welfare, as well as respects the human rights principles according to the international basic standard and law including other relevant rules and regulation. The Company also values the importance of the wellness and occupational and safety of life and assets, working environment and the support of team work. All mentioned above is for all employees as a major part to achieve the ultimate goal in accordance with vision and mission of the Company.

MESSAGE FROM THE CHAIRMAN AND THE MANAGING DIRECTOR

We wish to express my sincere thanks and appreciation to the Board of Directors, our Management team, employees, customers, and all stakeholders for rendering their full-fledged support to the Company for all these years. You all are a crucial part of Lam Soon today's eminent standing in the palm oil business in the Kingdom. We look forward to your continued support as the Company seeks to grow further in Thailand.



Art-ong Jumsai Na Ayudhya, Ph.D.
The Chairman



Ms. Anchalee Suebchantasiri
Managing Director

REPORT OF THE AUDIT COMMITTEE

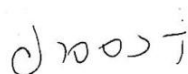
The Audit Committee comprised three independent directors as follows:

Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Audit Committee and Independent Director
Assoc. Prof. Preecha Jarungidanan, Ph.D.	Member of the Audit Committee and Independent Director
Mr. Banchong Chittchang	Member of the Audit Committee and Independent Director
Ms. Jirasuda Sumpaotong	Secretary to the Audit Committee and Finance and Accounting Manager

In 2015, the Audit Committee has fulfilled and executed its duties and responsibilities in compliance with the Stock Exchange of Thailand's regulations and other activities assigned by the Board. The Committee held 4 meetings within the year, with substantive agenda as follows:

1. Approval of quarterly financial statements and review of annual financial statements including the disclosures of information in Notes to Financial Statements, submitted to the Board of Directors. The financial statements were in accordance with generally accepted accounting principles. The disclosures of information in Notes to Financial Statements were found to be adequate and accurate;
2. Examination of the reports and recommendations of internal audit regarding the internal control as set out in the annual audit plan, with proposals to the management to take necessary actions. In 2015, the Company was found to have exercised an appropriate and effective internal control system, with transparent governance and no material management failures;
3. Consultative meetings with the management, external and internal auditors in order to make suggestions and practical guidelines for management. The management has subsequently adopted these suggestions to improve the Company's working efficiency; In addition, in 2015 the AC had 2 meetings with the External Auditor without the management attending. The information disclosed by the management to the Auditor was found to be adequate without any deficiencies.
4. Consultative meetings with the management and external auditors regarding the implementation of new Thai Accounting Standard and the readiness of the company;
5. Consideration of the principles of Good Governance for Listed Companies, which Thai Institute of Directors (IOD) and the Stock Exchange of Thailand (SET) updated and improved to meet the standards of ASEAN CG Scorecard;
6. Reports to the Board of Directors the results of the meetings and all activities undertaken by the Audit Committee;
7. Proposal to the Board of Directors for approval at the 2016 annual general meeting of shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2016 including appropriate remuneration;
8. Consideration of "Board Self-Assessment" Form, a part of the Corporate Government Self-Assessment, as an instrument to internally practice for good corporate governance principles.

The Committee concluded that management continued systematically to exercise good internal control and did not find that any relevant statutes and regulations have been contravened.



Art-ong Jumsai Na Ayudhya, Ph.D.
Chairman of the Audit Committee
26 February 2016

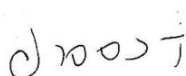
REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors of the Company considered the consolidated financial statements of the Company and its subsidiaries, including information as shown in the Annual Report, and concluded that the financial statements have been prepared under generally accepted accounting standards in Thailand. Proper accounting policies have been chosen and have always been consistently adhered to. The financial statements have also been prepared with careful basis using the best estimation. Adequate material information has been disclosed in the notes to the financial statements. The Board has also adopted and maintained an effective system of internal controls in the Company so that we can be reasonably assured that accounting records are accurate, complete and adequate to protect the assets of the Company. These controls are also preventive measures against possible wrongdoing or other significant irregularities in the operations of the Company.

In this regard, the Board of Directors has appointed the Audit Committee responsible for the quality of the Company's financial reports and the internal control systems, as well as other processes to support the financial documents to be prepared under generally accepted accounting standards, including to disclose information transparently.

The Audit Committee considered the operational performance of the Company during the year 2015 and provided the opinion that the Board of Directors and the Management make a great effort to achieve the Company's objectives without finding that any relevant statutes and regulations having been contravened, and attach importance to the effective internal control system and to the adequacy of the risk management. Information system has also been prepared to support the good corporate governance principles. In sum, the overall internal control system of the Company has been at satisfactory level which can assure the credibility of the consolidated financial statements of the Company and its subsidiaries as of December 31, 2015.

The opinion of the Audit Committee with regard to these matters is set out in the Report of the Audit Committee in this Annual Report and the Annual Registration Statement (Form 56-1).



Art-ong Jumsai Na Ayudhya, Ph.D.
The Chairman



Ms. Anchalee Suebchantasiri
Managing Director

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Lam Soon (Thailand) Public Company Limited (LST) recognises the importance of Good Corporate Governance in promoting transparency in LST's operations, fair and equitable treatment to all stakeholders as well as an efficient management system aiming at sustainable growth. LST therefore draws up this corporate governance policy to be used as the principle in its business operations.

The corporate governance policy shall cover all topics in line with the Principles of Good Corporate Governance Practices of the Stock Exchange of Thailand (SET) namely, 1) Rights of Shareholders, 2) Equitable Treatment of Shareholders, 3) Role of Stakeholders, 4) Disclosure and Transparency, 5) Board Responsibilities.

The Board has assigned the Audit Committee to develop an action plan and measures for monitoring to ensure implementation, assessment of compliance, and recommending improvement on the policy as appropriate.

1. Rights of Shareholders

- LST shall hold an Annual General Meeting of Shareholders within 4 months of the end of LST's fiscal year. The meeting will consider the Annual Report of the Board of Directors presenting the operational performance of the past year, statements of financial position, statements of comprehensive income, dividend distribution and legal reserve appropriation, election of directors to fill the vacancy caused by expiration of service term, director's remuneration, appointment of auditor and auditor's remuneration.
- For Annual General Meeting of Shareholders (AGM), LST shall separate the agendas between the appointment of directors and the director's remuneration. The Company provides the ballot to shareholders to use for proposing candidates and voting directors as an individual.
- LST shall hold an extraordinary general meeting of shareholders as the Board of Directors thinks fit. Shareholders holding shares amounting to not less than one-fifth of the total shares issued, or shareholders numbering not less than 25 persons holding shares amounting to not less than one-tenth of the total shares issued, shall be entitled to direct the board of directors to convene a shareholder meeting. The name of such persons and the reasons for calling such meeting shall be clearly stated in such request. The board of directors shall proceed to call a shareholder meeting to be held within one month of the date of receipt of such request from the said shareholders.
- LST shall disclose the Board resolutions regarding the determination of AGM date and the meeting agendas with the reasonable details through the SET online system and the Company's website no later than the next working day after the Board having resolution.
- In calling a shareholder meeting, LST shall prepare a written notice calling the meeting that states the place, date, time, agenda of the meeting and the matters to be proposed to the meeting with reasonable detail by indicating clearly whether it is the matter proposed for information, for approval or for consideration, as the case may be, including the opinions of the board of directors in the said matters, and the said notice shall be delivered to the shareholders and the Registrar for their information at least 21 days prior to the date of the meeting.
- At a shareholder meeting, in order to constitute a quorum, there shall be shareholders and proxies (if any) amounting to not less than 25 persons and holding shares amounting to not less than one-third of the total number of shares issued. The Chairman of the board of directors shall be the chairman of the meeting and conducting the meeting according to the sequence in the agenda stated in the meeting notice, and it is our policy not to add items to the agenda without advance notice to shareholders.
- In a regular agenda the ballot shall be used in the event any shareholder would like to cast a negative vote or abstain from voting. The ballot shall always be used in important agenda such as election of directors, approving connected transactions, acquisition or disposal of assets, amendment of memorandum of association and articles of association.
- LST shall ensure that shareholders have the opportunity to propose the agenda for AGM as it deems material and beneficial including to propose candidate for selection as Director in advance, and to submit questions which are related to the Company prior the meeting date, the procedures of which are published on the Company's website.
- Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions and ask questions.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- The Company's policy to facilitate and encourage shareholders to attend and participate at the shareholders' meetings has been established and posted on its website.
- LST shall post meeting documents and meeting notices in both Thai and English languages on its website at least 30 days prior to the meeting date so that the shareholders can study the information for the meeting in advance.
- LST shall ensure that shareholders have the opportunity to ask questions and shall record important issues raised by the shareholders and explanation of the board as well as recording clearly the number of affirmative votes, negative votes, and abstained votes, in the meeting minutes, once having votes in any respective agenda. Two shareholders are invited to act as witness in the counting of votes, and VDO has been recorded during the meeting until the meeting finishes.
- LST shall disclose the resolutions together with voting result through the SET online system within the next day after the meeting date.
- LST shall post a draft minutes of the shareholder meeting on LST's website within 14 days of the completion of the meeting. The shareholders may inspect the correctness and may make objection if necessary without having to wait until the next meeting to do so.

2. Equitable Treatment of Shareholders

- Regardless of their gender, age, skin color, race, nationality, religion, belief, political preference, or any physical handicap, the Company values all shareholders' investments in it by protecting their fundamental rights equally and fairly, including applies the one share one vote principle to ensure the investment confidence.
- LST shall provide a proxy form in which a shareholder can give comments on his votes enclosed in the meeting notices stating clearly the required documents and procedure for appointment of proxy and for attending the meeting. A shareholder who cannot attend the meeting in person but would like to exercise his voting right may appoint another person as proxy to attend and vote at the meeting. He may also appoint an independent director as his proxy.
- The Company establishes the policy for prevention of utilising insider information, and informs the same to employees, executives, and directors (details in item 5.8.1).
- The Company has had business connected transactions with its subsidiary as normal business on fair and at arm's length basis (details in item 5.8.2).

3. Role of Stakeholders

LST has a policy that recognises the rights and interests of all groups of stakeholders whether they are employees, shareholders, creditors, customers, trade-counterparts, competitors, community and society. The expectations of one group of stakeholders may be different from another group. Therefore, LST shall ensure that the rights of each group will be protected according to relevant laws and handled carefully and with sensitivity. Procedures are stated as the Company's policy namely Policy and Practice toward stakeholders, and published on the Company's website as follows:-

- Policy and Practice toward employees
- Policy and Practice toward shareholders
- Policy and Practice toward creditors
- Policy and Practice toward customers and consumers
- Policy and Practice toward business partners
- Policy and Practice toward competitors
- Policy and Practice toward society
- Policy and Practice toward environment
- Policy and Practice toward human-right respect
- Policy and Practice toward anti-corruption and bribery
- Policy and Practice toward the intellectual property and copyright

Furthermore, the Company has implemented various standards from the quality management system to enhance focusing on role of stakeholders such as:-

- ISO9001, a quality management system, aiming to the quality assurance and conformity which can be audited and compared with the written working procedure to ensure personnel of the organisation know their roles and responsibilities;

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- TIS 18001 / OHSAS 18001, a standard for occupational health and safety management systems in working place, being a tool to control and mitigate danger and risk which could negatively affect health, life, and asset;
- FSSC 22000 being a standard developed for the certification of quality standard and food safety which can create client confidence and focus on sustainable growth and development. It covers the standard of ISO 22000 and PAS 220, which is global acceptance;
- ISO 28000 being a standard of a security management system particularly dealing with security assurance in the supply chain;
- ISO 14001, an environmental management system that exists to help organisation improve and develop the environment continuously;
- Roundtable on Sustainable Palm Oil (RSPO) being a good practice to promote the sustainable palm oil production in aspects of economic, social, communities, environment, and law conformity of various stakeholders from upstream to downstream.

4. Disclosure and Transparency

The Company recognises the importance of timely disclosure of information that shareholders may use for their investment decision as well as decision in exercise their votes at the shareholder meetings. LST periodically assess the efficiency of information disclosure. The following information is regularly disclosed:

- Disclosure of the following in Thai and English and updating of the information in the Company's website.
 - Corporate Governance Policy
 - Policy and Practice toward stakeholders
 - Environment Policy
 - Code of Business Conduct
 - Nature of Business
 - Business Structure
 - Shareholder Structure
 - Structure of the Board of Directors
 - Vision/Mission
 - Articles of Association
 - Annual Report
 - Form 56-1 (Thai version)
 - Financial Statements
 - Meeting notices and meeting documents
 - Minutes of the Shareholder Meetings
 - News published by the Company
- Submit periodically accurate, complete, and timely, information to the SET and the SEC such as Financial Statements, Form 56-1, Annual Report .
- News on important changes which may have material impact on securities prices according to the regulations of the SET.
- The Board of Directors assumes the responsibility for the financial statements and financial report which are signed by the Chairman of the Board and the Managing Director as disclosed in the Annual Report and Form 56-1. The financial statements are prepared in accordance with generally accepted accounting standards with appropriate accounting policies which are conformed to consistently. Information in the notes to the financial statements shall be audited by an independent external auditor and reviewed by the Audit Committee to ensure that sufficient disclosure is made.
- The Executive Directors shall be responsible for communicating with investors both individual and institutional, shareholders, analysts and relevant government sectors. Information can be requested from Tel: 02-361 8959-87 or Fax: 02-361 8988-9 or by email: company.secretary@lamsoon.co.th or through the Company's website.

Nevertheless, in case that stakeholders require to do whistle blowing or make any complaints to the Company, the below channels has been set up as the guideline.

Mechanism for stakeholders to do whistle blowing or make complaints

1. **LST shall provide channel for stakeholders to do whistle blowing or make complaints :**

Any stakeholder wishes to communicate to the board of directors directly without passing through the management of the Company to express his opinions about the operation of the Company's business including whistle blowing or complaints such as incorrect financial report, violation of the law or ethics or deficiency of internal control system, etc. may address his communication directly to:

By post: Mr. Banchong Chittchang
Member of the Audit Committee
Lam Soon (Thailand) Plc.
64 Soi Bangna-Trad 25,
Bangna, Bangkok 10260

By email: banchong_ch@yahoo.com

2. **Protection of informer's identity :** A stakeholder who communicate or make complaints in item 1 will not be required to disclose his name.

3. **Action after receiving concerns or complaints :** The Audit Committee shall investigate the information and facts given by the informer in item 1 and report to the Board within 30 days of the date receiving the information.

4. **Measure of redress and damage compensation :** If the Board determines that a stakeholder has suffered damages from any violation of law by the Company, the Board shall take steps to redress the problem as soon as possible as well as finding measure to prevent recurrence of the problem. Appropriate compensation will be given to the person suffered from violation of law.

5. Board Responsibilities

5.1 Board of Directors

5.1.1 Structure of the Board

According to the Articles of Association of the Company, the Board composes of not exceeding 9 Directors of which at least one-third of the total number of directors are independent directors. Independent directors shall not be less than 3 persons.

5.1.2 Duties and responsibilities of the Board

1. To review and approve the vision, mission, strategy, objectives, risk, plan and budget of the Company.
2. To control and supervise the management in the implementation of the business plan to achieve the objectives and increase the wealth for the shareholders.
3. To set a Corporate Governance Policy and encourage every employee in the organisation to implement the policy, assessment of policy implementation and reviewing the policy at least once a year.
4. To set a code of business conduct to cover all levels of personnel namely, directors, executives, and employees. To encourage all persons in the Company to comply with the policy, monitoring of implementation and assessment of effectiveness of the implementation regularly.
5. To set up internal control system, internal auditing, and measures for risk management as well as regularly monitoring the same.
6. Appointment of sub-committees, assignment of roles and duties and responsibilities of each sub-committee.
7. To have clear communication regarding the roles, duties and responsibilities of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Management and employees.
8. To be responsible for the disclosure of the Company's financial status in the Financial Statements of the Company and its subsidiaries, in the annual report, annual registration statement (Form 56-1) as well as disclosure of information to meet the requirement of law and relevant government authorities.
9. To set guideline for reviewing the suitability of transaction with potential conflict of interest.
10. To hold at least one board meeting every 3 months and convene a shareholder's meeting at least once a year.
11. Such other duties and responsibilities stipulated by law and resolutions passed at shareholder meeting.

5.1.3 Company Secretary

The Company appointed a company secretary in accordance to section 89/15 of the Securities and Exchange Act B.E. 2551 with the following duties and responsibilities:

1. Preparing and keeping the following documents:
 - a register of directors;
 - a notice calling director and shareholders meetings;
 - a minute of meeting of the board of directors and meeting of shareholders;
 - an annual report of the Company.
2. Follow-up to ensure implementation of the resolutions of the board and shareholder meetings.
3. Keeping a report on interest filed by a director or an executive and submit a copy of report to the Chairman and the Chairman of audit committee within 7 business days from the date on which the Company has received such report.
4. To advise directors with regard to the law and relevant regulation as well as to supervise and oversee to ensure that the Company, board of directors, and the management comply to all the laws and regulations.
5. To ensure the disclosure of information according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission and other relevant laws.
6. To liaise with relevant regulatory bodies.
7. To do other things assigned by the Board and/or performing any other acts as specified in the notification of the Capital Market Supervisory Board.

5.1.4 Procedure for director nomination

The Nomination Committee shall have the duty to recommend names of suitable candidates for the Board and Shareholder Meeting to elect as directors according to the Company's Articles of Association. The Nomination Committee shall undertake the task of identifying, evaluating, selecting and proposing new nominees to the Board.

The Board shall consider that the candidates possess experience suitable for the post of directorship, to assist the board to act prudently as well as capability to make rational business decisions, strategic thinking, leadership, and expertise in the profession, honesty and suitable personal qualification.

5.1.5 The Chairman of the Board

The Chairman of the Board may be an independent director or non-executive director. The Chairman must be a different person from the managing director so that the two roles are clearly separated.

5.1.6 Qualification of Independent Directors

The Board has set the qualification of the Independent Directors as follow:

- (a) holding shares not exceeding 1 percent of the total number of voting rights of any Relevant Entity, including the shares held by related persons of the independent director;
- (b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of any Relevant Entity unless the foregoing status has ended not less than 2 years prior to the date of application filing with the Office;
- (c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
- (d) not having a business relationship with any Relevant Entity, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with any Relevant Entity unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.

The term 'business relationship' includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the value of three percent (3%) or more of the net tangible assets of the applicant or 20 million Baht or more, whichever is lower.

The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include

indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

(e) neither being nor having been an auditor of any Relevant Entity, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of any Relevant Entity unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;

(f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from any Relevant Entity, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;

(g) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

(h) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

The Board has set the criterion for the amount of shareholding allowed to an independent director to be the same as that laid out by the Securities and Exchange Commission (SEC).

In this paragraph 5.1.6 a "Relevant Entity" means the Company, its parent company, subsidiary, affiliate, joint venture or juristic person who may have conflicts of interest.

5.1.7 Director's Term of Office

According to the Article 13 of the Articles of Association of the Company, the terms of one-third of the Directors are due to expire by rotation at every Annual General Meeting of Shareholders.

5.1.8 Directors concurrently being directors of other companies

To ensure that directors have sufficient time to perform his duties fully, the Company has set the number of companies allowed for Chairman, directors to be directors of other listed companies as follows:

- Chairman: only 1 company
- Director: not more than 5 companies.

The Company does not set limit for being directors in other non-listed companies because most of Executive Directors are directors of subsidiaries, associates, joint venture, or related companies.

5.1.9 Executives holding directorship in other companies

Executives may hold directorship or executive positions in subsidiary, affiliates, joint venture or other related companies in the same group. In case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

5.2 Sub-committees

5.2.1 Audit Committee

The Audit Committee shall comprise at least 3 independent directors with at least 1 committee member possessing knowledge in finance and accounting. The Chairman of the audit committee can be the same person as the Chairman of the Board. The term of office shall be 3 years to comply with the office term as directors.

Duties and Responsibilities of the Audit Committee

1. To review the sufficiency and credibility of the financial reporting.
2. To review the adequacy and effectiveness of internal control systems and internal audit functions and the independence of internal auditing unit as well as to approve the appointment, transfer, dismissing of the head of internal auditing unit or any other unit responsible for internal auditing.
3. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
4. To consider and advise the appointment of an independent person to work as the external auditors including the audit fee. The Audit Committee shall hold at least one meeting with the auditor without the management's presence at the meeting.
5. To consider compliance with all connected transactions or the conflict-of-interests transactions disclosures, to ensure that the transaction is justified and for the best benefit of the Company.

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6. To report the activities of the Audit Committee in the Company's annual report, which must be signed by the chairman of the Audit Committee. The following information should be included in the report:

- (6.1) Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.
- (6.2) Comments on the adequacy of the Company's internal control systems.
- (6.3) Comments on compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
- (6.4) Comments on whether the Company's auditor is suitable.
- (6.5) Comments on the transaction with potential conflicts of interest.
- (6.6) The number of audit committee meetings and meeting attendance of each member.
- (6.7) General comments or observation from the performing of duties according to the Charter.
- (6.8) Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.

7. To take care of any other matters assigned to it by the Board of Directors, with the consent of the Audit Committee.

In 2015, the Audit Committee held 4 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Audit Committee	2014-2017	4/4
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2014-2017	4/4
(3) Mr. Banchong Chittchang	Independent Director	2014-2017	4/4

5.2.2 Remuneration Committee

The Remuneration Committee shall comprise a majority of independent directors at 66.7% with its chairman being an independent director who shall not be the same person as the chairman of the board. The term of office shall be 3 years to comply with the office term as directors.

Duties and Responsibilities of the Remuneration Committee

1. To set the criteria and procedure for determining remuneration of directors, executive directors, managing director and proposed to the Board of Directors and/or the shareholder meeting for approval.
2. Other functions related to remuneration as assigned by the Board.

In 2015, the Remuneration Committee held 3 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Chairman of the Remuneration Committee	2014-2017	3/3
(2) Mr. Banchong Chittchang	Independent Director	2014-2017	3/3
(3) Mr. Whang Shang Ying	Executive Director	2014-2017	3/3

5.2.3 Nomination Committee

The Nomination Committee shall comprise a majority of independent directors at 75% with its chairman being an independent director who shall not be the same person as the chairman of the board. The term of office shall be 3 years to comply with the office term as directors.

Duties and Responsibilities of the Nomination Committee

1. To review the current structure of the Board of Directors whether it fits the company's business strategies and provide improvement, recommendations including the director nomination to suit the corresponding structure by presenting the Director Qualifications and Skills Matrix showing competencies of the existing directors and the attributes being sought to suit the needs of the Board of Directors at that time.

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2. To assess and recommend to the Board based on a due diligence investigation and interviews, technically competent persons of integrity, principle and who foster and practice highest standard of professionalism for appointment as directors.
3. To allow minority shareholders to nominate a director candidate to the Nomination Committee. A time frame for the nomination process must be in place to ensure that the Nomination Committee will have sufficient time to perform due diligence on the candidate's background before the shareholders' annual meeting.
4. To disclose the director nomination policies and procedures to shareholders with a view to ensure transparency in selection of directors. A director nomination form should be available and contain relevant appointment information including supporting reasons and willingness of the nominated candidates.
5. To consider the following guidelines in selecting director candidates:-
 - (5.1) Characteristics of individual director
 - integrity and accountability
 - informed judgment
 - prudence and maturity i.e, able to engage in constructive debates and give independent opinions
 - principled and professional
 - other characteristics as the Nomination Committee deems appropriate
 - (5.2) Competencies in the following areas to ensure the Board's overall suitability
 - accounting and finance
 - organisation and human resource management
 - risk management
 - crisis management
 - legal and Compliances
 - industry knowledge
 - international marketing
 - strategic planning
 - other competencies as the Nomination Committee deems appropriate
6. To ensure that all directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
7. To carry out such responsibilities as may be delegated by the Board of Directors from time to time.

In 2015, the Nomination Committee held 1 meeting, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Datuk Simon Shim Kong Yip	Chairman of the Nomination Committee	2014-2017	1/1
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2014-2017	1/1
(3) Mr. Banchong Chittchang	Independent Director	2014-2017	1/1
(4) Mr. Whang Shang Ying	Executive Director	2014-2017	1/1

5.3 Board of Directors' Meetings

The Company shall meet at least once in every quarter provided always that the Chairman of the Board may call special meetings as he deems necessary. The meeting schedule shall be set in advance annually and inform to each director in November every year.

The Company Secretary shall set agenda required to comply with the law and related regulations. Other agenda shall be jointly set by the Chairman and the Managing Director. Each Director may also propose agenda items for the meeting by sending the agenda items through the Company Secretary 14 days prior to the meeting date. The Company Secretary shall collect all the proposed agenda items for the Chairman consideration before include them in the meeting agenda.

The Company shall send to all directors meeting document with the meeting notice, clearly stating the matter as for information, for approval or for consideration as the case may be, at least 7 days prior to the meeting date to enable each director to have time to study the information before the meeting. During the meeting, the Chairman will allocate sufficient time for the management to present detail information and answer

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additional questions from the directors, and allow sufficient time for the directors to the matters.

In 2015, the Board of Directors held 4 regular meetings and 1 extra meeting. The attendance of each member is as follows:

Name of Director	Period of Directorship	Attendance / Total Meetings		
		Regular	Extra	Total
(1) Mr. Whang Tar Liang <i>(resigned on 1 April 2015)</i>	2013-2015	1/1	-	1/1
Lackana Leelayouthayotin, Ph.D. <i>(replaced Mr. Whang Tar Liang on 1 April 2015)</i>	2015-2016	3/3	1/1	4/4
(2) Ms. Anchalee Suebchantasiri	2015-2018	4/4	1/1	5/5
(3) Art-ong Jumsai Na Ayudhya, Ph.D.	2014-2017	4/4	1/1	5/5
(4) Assoc. Prof. Preecha Jarungidanan, Ph.D.	2015-2018	4/4	1/1	5/5
(5) Mr. Banchong Chittchang	2014-2017	4/4	1/1	5/5
(6) Datuk Simon Shim Kong Yip	2014-2017	1/4	1/1	2/5
(7) Mr. Whang Shang Ying	2015-2018	4/4	1/1	5/5
(8) Ms. Piyathida Sukchan	2013-2016	4/4	1/1	5/5
(9) Mr. Ampol Simarajana	2013-2016	4/4	1/1	5/5

The minutes of the meeting shall be in writing stating the date, time of meeting commencement and termination, names of directors attending the meeting and directors absent from the meeting, summary of topics and issues as well as observation of the directors, resolutions and opinion of dissenting directors, name of persons recording the minutes and certifying the minutes. After being confirmed the minutes shall be kept by the Company Secretary and will be ready for examination by related parties.

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the managing director. In 2015, there were 2 meetings of non-executive Directors which were not attended by Executive Directors.

5.4 Board Self Assessment

The Company shall have the board assess themselves using the assessment form of the SET's Corporate Governance Center. The assessment will be done once each year in February. Each director shall hand in the completed assessment form to the Company Secretary to compile and report to the Board so that improvement can be considered.

5.5 Remuneration of Directors and Executives

1) Remuneration of Directors

The Remuneration Committee shall consider the criteria and principle and the form of remuneration for directors and make its recommendation to the Board. The Remuneration of directors shall be approved by the shareholder meeting. Comparison shall be made to other companies in the same industry, of the same experience, commitment, scopes of roles and responsibilities as well as the remuneration survey of other companies listed on the SET. The remuneration shall be set at a level sufficient to attract and retain qualified persons.

Remuneration of Directors and Sub-Committee (Baht)	No. of Persons	2014	2015
Directors fees	10	3,740,400	3,949,200
Audit Committee fees	3	1,202,400	1,202,400
Remuneration Committee fees	3	126,000	126,000
Nomination Committee fees	4	84,000	84,000

Besides monetary remuneration, overseas directors attending the meeting shall be reimbursed for air-tickets and accommodation. The Company also takes out insurance against director liability for directors and executives. It is to cover the risk of directors and executives in performing duties for the Company. However, protection will not be provided in the case of wilful misconduct or gross negligence or any act in bad faith.

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2) Remuneration of Executives

The remuneration of Executives shall be in accordance with guidelines and policy set by the Remuneration Committee from time to time. The remuneration shall be commensurate to job scope competence and the performance of the Company. The Remuneration Committee shall recommend the appropriateness of remuneration to the Board for review and approval.

In 2015 Executive Directors, Managing Director and Executives jointly defined key performance indicators (KPIs) for assessment criteria used by the Remuneration Committee in assessing the performance of Executive Directors, Managing Director and Executives.

Executives	2014		2015	
	Remuneration (Baht)	No. of Persons	Remuneration (Baht)	No. of Persons
Executives	105,313,338	9	104,637,873	12

Apart from salary and bonus, other forms of remuneration include provident fund, retirement fund, Company's cars and the related expenses, medical expense, and accidental insurance.

Furthermore, some directors concurrently holding positions as directors and executives of subsidiary companies will receive remuneration from some subsidiary companies as set by each such subsidiary company.

Remuneration received from subsidiary Companies	2014		2015	
	No. of Persons	Baht	No. of Persons	Baht
As directors of subsidiaries	4	2,270,400	5	2,270,400
As executives of subsidiaries	3	6,837,000	4	6,865,200

5.6 Board and Management Training

The Company arranges orientation for new directors, which includes factory tour arranged by the management to observe production processes as well as introduction to the nature of business of the Company and its subsidiaries. The following documents would be provided to the new directors:

1. Listed Company Director Handbook containing topics such as roles and responsibilities, things directors should not do as they are prohibited by relevant law, roles and responsibilities of sub-committees.
2. Corporate Governance Policy and Code of Business Conduct of the Company.
3. Memorandum and Articles of Association of the Company.
4. The latest annual report and Form 56-1 annual submission.

Furthermore, the Company has the policy to encourage directors to receive training or joining programme to enhance knowledge regarding roles and duties as company directors and sub-committee members. Particularly, DCP programme conducted by Thai Institute of Directors to promote knowledge of company directors and understanding of rules and regulations relating to listed company directorship.

5.7 Code of Business Conduct

The Company recognises that following code of conduct on the part of executives and employees is necessary for the sustainability and achievement of the Company in the long term.

The Company believes that the code of business conduct is a basic foundation for promoting and upgrading good corporate governance. LST has updated its code of business conduct as a codification of good behavior patterns which have been approved by the Board of Directors and announced to all directors, executives and employees. The Company has subsequently monitored the compliance to the code strictly and regularly.

5.8 Conflict of Interests

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

5.8.1 Prevention of use of inside information

To prevent directors and executives from using inside information for personal gains and disclose it to outside parties, LST sets the following rules:

- Executives shall report their holding of LST's shares and report change of holding to the Securities and Exchange Commission (SEC) according to section 59 of the Securities and Exchange Act B.E. 2535 within 3 days of the transaction date and handing copy thereof to the Company Secretary as well as report shareholding to the Board every quarter. Future change of law (if any) shall also enforceable.

"Executives" means directors, manager or top 4 management officers from managing director downward. This shall include executive level accounting or finance officer of manager level or equivalence who have the duty to prepare and file report of shareholding both in his own name, spouse and minor child to the SEC.
- Directors, executives, managers and employees who have access to inside information shall be prohibited from disclosing such information to outside parties who has no duty involving the Company and shall refrain from buying and selling LST's shares in the period of 1 month prior to disclosure of company financial statements to the public.
- Directors, executives, managers and employees shall be prohibited from using inside information, that may materially affect the share prices, which has not yet disclosed to the public, for personal gains and/or persuading other persons to buy or sell LST's shares. The Company shall take action against violation of the rule which shall be punishable by law.
- In case directors, executives managers and employees intentionally commit any criminal act according to law on securities and exchange, the Company shall punish the violators by any one or more penalties as follows:
 - cut wages or compensation or other benefits
 - layoff, dismiss, or discharge from the post of director, executive, manager and employee as it would be deemed intentionally causing damage to the Company's reputation. In case the violator is a director, the matter shall be submitted to the shareholder meeting to consider the penalty.
 - report the violation to the SET and/or the SEC
 - report to the police to take action according to the law
 - take other measures according to the resolution of the board or the shareholder meetings.

5.8.2 Approval of transaction containing conflict of interest

In the event that directors, executives, or other persons enter into related party transaction or transaction containing potential conflict of interest and transaction regarding acquisition or disposal of material assets as defined by the Announcements of the SEC and the SET which are in force on the date of such transaction. The following rules shall be strictly followed:

- (1) Person with interest or potential conflict of interest shall refrain from approving the transaction.
- (2) The price or compensation for such transaction shall be under normal business terms and conditions with the benefit of the Company as the main consideration.
- (3) The Audit Committee shall review and give opinion prior to the transaction. If the Audit Committee has no expertise in the matter, the Company shall arrange to have independent expert to give opinion to the Audit Committee which will be used in its scrutiny of the matter before submitting to the Board and the shareholder meeting for approval.

However, in order to facilitate normal business transaction, the Board has approved in principle to allow the management to do the transaction between the Company and its subsidiaries if the transaction fall into the following categories:

1. Being a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person.
2. Being reasonable advance payments occurring in the normal course of business operation and with reimbursement on an actual basis.

The management shall report transaction with value over 500,000 Baht to the quarterly Board meetings.

(4) The Company shall disclose the transaction according to the rule and procedure set out by the SEC and the SET.

5.8.3 To disclose information on the interest of directors, executives, and related persons

In order for the Board to make decision based on the common interest of the Company and to have directors, executives who have transaction with interest involving the company business to comply with the announcement of the Capital Market Supervisory Board no. Tor Jor. 2/2552 re: Reporting of interest of directors, executives and related persons, LST set the following rules:

- Directors, Executives and related persons who have transaction with interest in relation to management of the Company or its subsidiary with the value of 5 million Baht or more, or 0.05% of the Net Tangible Assets (NTA) of the Company or its subsidiary, whichever amount is higher, shall file a report to the Company Secretary, according to the report form, within 7 business days from the date of transaction. Every time there is a change of the transaction, such change must be reported within 7 business days from the date of change.
- The Company Secretary shall submit a copy of the report on interest under paragraph 1 to the Chairman of the Board and Chairman of the Audit Committee within 7 business days from the date of receipt of such report.
- Directors and Executives who have interest in the agenda item under consideration of the meeting shall not participate in making decision and shall leave the meeting room. The Company will not send document related to the said agenda to such interested persons.
- The Company shall disclose such interest in the annual report and Form 56-1.

5.9 Controlling System and Internal Audit

In order to have an independent internal auditing which can be fully functioning the Audit Committee arranged for the Company to hire an outside firm which is an audit firm in the list approved by the SEC to do the auditing, to ensure that the operations, financial activities of the Company have complied with the guidelines effectively, including compliance with the law and regulations (Compliance Controls).

In 2016 the Audit Committee approved the Company to renew the contract with Dr. Virach & Associates Office to be the Company internal auditors. The internal auditor shall report directly to the Audit Committee every quarter. The contract has a 2-year term of service with the following expiration on 31 December 2017.

5.10 Risk Management

The Company set a policy that risk management is part of the management to achieve objective, target, and strategic plans of the Company. Every executive and employee in the Company is the owner of the risk and has the duty to assess the risk in every unit and work process, assessing the efficiency and existing control measure and propose plan and method to reduce risk.

5.11 Succession Plan

The Company has prepared for succession plan by recruiting management trainees to develop knowledge and ability for being company future executives.

In addition, the Company assigned the following persons to take charge and act in behalf in case the Managing Director is unable to function, namely,

1. Ms. Jirasuda Sumpaotong act and make decision regarding the finance and accounting of the Company and its subsidiaries;
2. Mr. Suwat Praekulthan act and make decision regarding the factories of the Company and its subsidiaries;
3. Ms. Piyathida Sukchan act and make decision in other matters of the Company and its subsidiaries.

GENERAL INFORMATION

Company Profile

Name of Company	:	Lam Soon (Thailand) Public Company Limited
No. of Registration	:	0107538000568 (formerly Bor Mor Jor 579)
Home Page	:	www.lamsoon.co.th
Corporate Headquarters	:	64 Soi Bangna-Trad 25, Bangna, Bangkok 10260 Tel 02-361 8959-87 Fax (Management Dept.) 02-361 8988-9 Fax (Sales Dept.) 02-361 8994-5
Refinery Address	:	236 Moo 4, Bangpoo Industrial Estate, Sukhumvit Road, Phraeksa Sub-District, Muang District, Samut Prakarn 10280 Tel 02-709 3610-24 Fax 02-324 0640
Crushing Mill Address	:	99/9 Moo 2, Sikao-Kuankun Road, Kalasae Sub- District, Sikao District, Trang 92150 Tel 075-267 275 Fax 075-267 028
Nature of Business	:	Manufacturer and distributor of vegetable oil products, margarine and shortening
Registered Share Capital	:	820,000,000 Baht
Outstanding shares (common shares)	:	820,000,000 shares
Par value	:	1 Baht

Companies in which the Company has investment holding of more than 10%

1. United Palm Oil Industry Public Company Limited (UPOIC)

Corporate Headquarters	:	64 Fl.1, Soi Bangna-Trad 25, Bangna, Bangkok 10260
		Tel 02-744 1046-8 Fax 02-361 8989
Krabi Office and Crushing Mill Address	:	98 Moo 6, Nuaklong-Khao Phanom Road, Km.9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130
		Tel 075-666 075 Fax 075-666 072
Nature of Business	:	A plantation company producing crude palm oil and crude palm kernel oil
Registered Share Capital	:	324,050,000 Baht
Outstanding shares (common shares)	:	324,050,000 shares
Shareholding (common shares)	:	226,715,110 shares or 69.96%

2. Universal Food Public Company Limited (UFC)

Corporate Headquarters	:	60 Soi Bangna-Trad 25, Bangna, Bangkok 10260
		Tel 02-361 8954-7, 02-398 8555 Fax 02-744 0860-2
Factory Address (1)	:	64 K.M. 1, Moo 1, Lampang-Chiang Mai Road, Pongsaengthong Sub-District, Muang District, Lampang 52100
		Tel 054-810 270-4 Fax 054-810 275
Factory Address (2)	:	469/1 Bhapatone-Banpaew Road, Moo 3, Don-yai-hom Sub-District, Muang District, Nakhon Pathom 73000
		Tel 034-229 397-8 Fax 034-229 759
Nature of Business	:	Fruit and vegetable processing; Manufacturer of beverages, sauces and seasonings for sale in both the domestic and export markets.
Registered Share Capital	:	525,000,000 Baht
Issued and Paid-up Share Capital	:	525,000,000 Baht
Outstanding shares (common shares)	:	52,500,000 shares
Shareholding (common shares)	:	51,848,557 shares or 98.76%

Other references

1. Register

Name : Thailand Securities Depository Co., Ltd.
Address : 93 The Stock Exchange of Thailand Building,
Ratchadapisek Road, Dindaeng, Dindaeng,
Bangkok 10400

Tel 02-009 9000
Fax 02-009 9991

2. Auditor

Name : Ms. Kamontip Lertwitworatep
Certified Public Accountant No. 4377
Address : EY Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 Rajadapisek Road,
Klongtoey, Bangkok 10110

Tel 02-264 0777, 02-661 9190
Fax 02-264 0789-90, 02-661 9192

No. of years being the Company's Auditor : 3
Relations or interests with the Company / : --None--
the Company's subsidiaries /
the management / major shareholders /
or any relevant persons of the aforementioned

NATURE OF BUSINESS

Lam Soon (Thailand) Public Company Limited operates a crushing mill and a palm oil refinery. With its refining capacity at 1,000 MT per day or 365,000 MT per year, it is considered a major player in Thailand. It also sells and markets its product line which includes:

1. Processed Palm Oil
 - 1.1 RBD Palm Oil
 - 1.2 RBD Palm Olein
 - 1.3 RBD Palm Stearin
 - 1.4 Hydrogenated Fat
 - 1.5 Palm Fatty Acid
 - 1.6 RBD Palm Kernel Oil
2. Other non-palm vegetable oils (Coconut Oil, Soybean Oil, Sunflower Seed Oil, Corn Oil, Camellia Oil, Olive Oil, Blended Canola and Sunflower Oil, Pure Canola Oil, Rice Bran Oil)
3. Margarine and Shortening
4. Fruits and vegetables packed in can, pouch, and glass container
5. Fruit juices and juice drinks, coffee and miscellaneous beverage
6. Sauces and seasonings

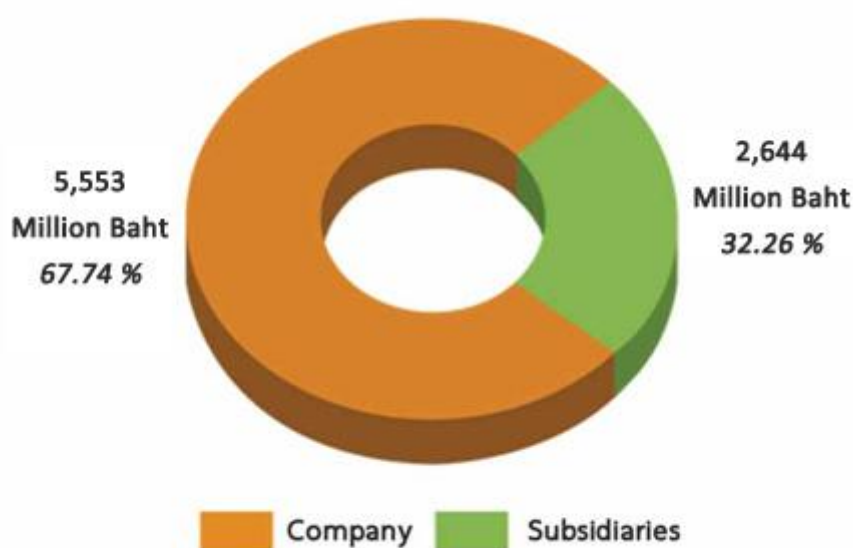
Items 4, 5 and 6 are manufactured by its subsidiary, Universal Food Public Company Limited (UFC).



NATURE OF BUSINESS

Revenue structure

	2013		2014 (restated)		2015	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
LST	5,035.09	69.51	6,097.85	72.29	5,562.62	67.74
Subsidiaries	2,208.32	30.49	2,336.97	27.71	2,644.36	32.26
Total	7,243.41	100.00	8,434.82	100.00	8,196.98	100.00



Product/Services by Group	Operated by	2013		2014 (restated)		2015	
		Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Crude Palm Oil	LST and UPOIC	418	5.77	410	4.86	456	5.56
Other Vegetable oil		3,990	55.09	5,047	59.63	4,481	54.66
Margarine & Shortening	LST	593	8.18	604	7.16	585	7.13
Other palm based products	LST and UPOIC	415	5.73	409	4.85	516	6.30
Selling Electricity power to PEA	LST and UPOIC	23	0.32	27	0.32	25	0.31
Beverages	UFC and LST (i)	558	7.70	855	10.13	1,204	14.69
Fruits and Vegetables		1,135	15.66	971	11.52	821	10.01
Sauces and Seasonings and others		112	1.55	111	1.33	110	1.34
Total Sales - Net		7,243		8,435		8,197	

Note : ⁽ⁱ⁾ LST has been the distributor for UFC products in the domestic market since March 2006.

News Highlights of previous year

Board of Directors : The resignation of Mr. Whang Tar Liang from the Board as Chairman

On 25 February 2015, Mr. Whang Tar Liang, the Executive Chairman, formally announced his intention to step down from the Board position and tendered his resignation from the position of Chairman of Board of Directors on 1 April 2015. During his 21 years career at the Company, Mr. Whang Tar Liang played a significant role in Lam Soon (Thailand). He gave good advice to the Management, drawing on his vast experience in the industry of over 40 years.

Board of Directors :The appointment of Art-ong Jumsai Na Ayudhya, Ph.D., Independent Director, as Chairman of the Board

In view of the imminent retirement of Mr. Whang Tar Liang as Executive Chairman, the Board of Directors, on 25 February 2015, on the recommendation of the Nomination Committee (NC), approved the appointment of Dr. Art-ong Jumsai Na Ayudhya, an Independent Director, as Chairman of the Board of Directors with immediate effect.

Dr. Art-ong previously served as a Member of Parliament (elected three times) and Senator, Bangkok, holding two Ph.D. from Imperial College of Science and Technology, London University, U.K. and from Faculty of Education, Chulalongkorn University. He is currently the Chief Administrator of Sathya Sai School, Lopburi province.

Board of Directors :The appointment of Lackana Leelayouthayotin, Ph.D., as an Independent Director

With the retirement of Mr. Whang Tar Liang, the NC considered the nomination of Dr. Lackana Leelayouthayotin to fill the vacancy arising, as an independent Director. Dr. Lackana previously served as CEO of Cerebos (well-known for its BRAND'S® Essence of Chicken) and has more than 30 years marketing experience in food business. She holds a Bachelor of Science degree in Chemistry from Chulalongkorn University, an MBA in Marketing from Belgium and a DBA in Business Administration (Marketing) of Southern Queensland in Australia.

Her experience extends to social activities at the Thai Red Cross Society includes being a Committee member of the Recruitment and Promotion of Voluntary Blood Donor and a Committee member of Red Cross Fund Raising.

Production and Investment : New packing lines for improved productivity

- The Bangpoo refinery successfully installed the new vacuum system to eliminate odor starting in October 2015 with the investment budget of 31 million Baht. The new vacuum system will reduce the environment impact while can save the energy cost of around 7.6 million Baht a year.
- The Bangpoo refinery invested 400 million Baht to improve the productivity of packing line. The first phase (140 million Baht) has been completed and operations started in Q4/2015. The second phase is targeted to complete within Q2/2016.



for more information

Marketing : New product launches

Naturel Cooking Oil's packaging has been refreshed and modernised. Naturel healthy cooking oil encourages consumers to live healthy life. Accordingly, your Company extended the product range with the launch of:-

- 100% coconut cooking oil
- 100% sunflower seed oil
- 100% canola oil in 5-litre size to serve small food service businesses.



for more information

1. Palm Oil Price Volatility and Interventions from Government Sector

Being a commodity, the price of CPO is highly volatile. The monthly average price of CPO in 2015 ranged between 21.50 and 36.39 Baht/Kg (2014 : 24.27 – 34.50 Baht/Kg). The average price in 2015 was 27.33 Baht/Kg, decreasing by 4.34% from 2014, compared with the average price in global market at 19.24 Baht/Kg. The high volatility of local price during the year together with the huge price difference between local and global price is exacerbated by inadequate inventory management. Besides, the peak season of palm crop delivers abundant output leading to accumulated CPO stock balance which normally push the prices of FFB and CPO down sharply. Such circumstance may lead growers to protest and price intervention is likely to be introduced by the Government.

In 2015 the Government introduced the recommended minimum prices for Fresh Fruit Bunch (FFB), Fresh Fruit Loose (FFL), and Crude Palm Oil (CPO) by issuing total of 7 Notifications of the Office of Central Commission on Prices of Goods and Services (as per the details stated in “**Industry Overview and Competitiveness**”).

2. Bottled Palm Olein and FFB as Controlled Items

Your Company’s major raw material and finished product are subject to price controls. The selling price of palm olein, especially packed oil below 5 litres, is controlled by the Internal Trade Department. For this reason, the Company may not be able to adjust the selling price freely to align with the raw material cost. Furthermore, the import of palm oil is restricted. Such price control could result in the volatile operating performance of the industry.

In the circumstances, the refineries had proposed to the Internal Trade Department to exercise more flexibility in its price control mechanism so as to correspond to the movement of CPO cost. Instead, the Cabinet on 21 January 2013 approved the Commerce Ministry’s proposal to add FFB to the price control list to protect farmers and consumers from the price spikes or price slumps arising from volatile production and periodic shortages or surplus.

3. Climate

Because the major raw material of the Company comes from agricultural product, its future financial performance is to a large extent dependent on uncontrollable factors such as weather condition, rainfall level, and the quantity of Fresh Fruit Bunch (FFB) harvested in Thailand in each season. Recently there have been fluctuations in weather phenomenon that is very uncommon. Heavy flooding in some years and severe drought in others have increased the volatility in output each year or during the year, leading to government intervention.

INDUSTRY OVERVIEW AND COMPETITIVENESS

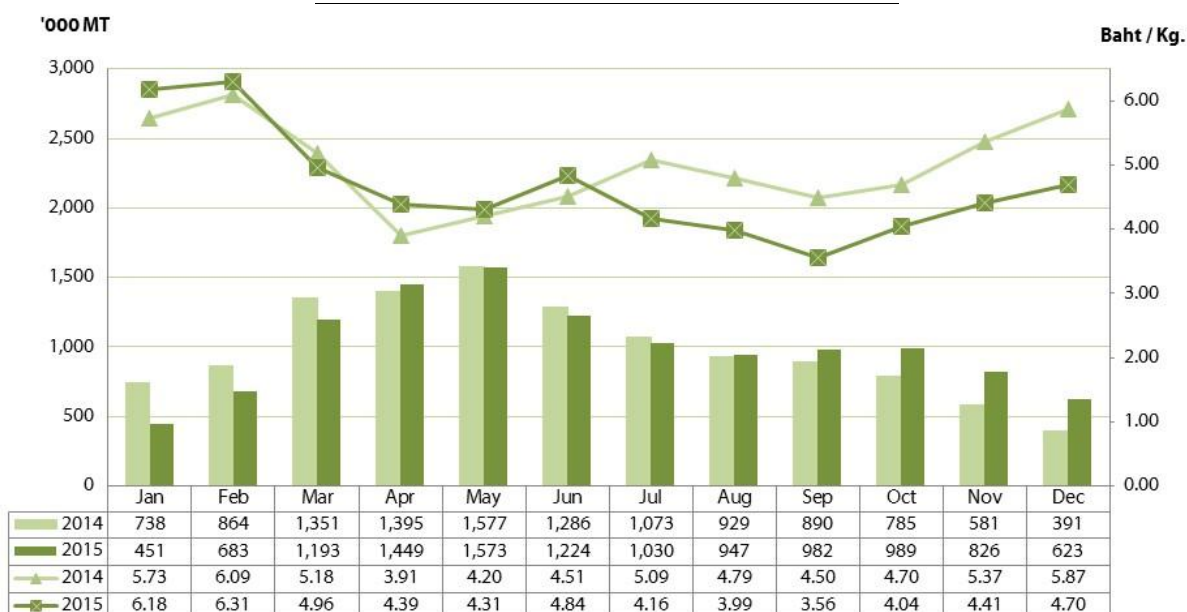
Figure 1 : Highlights by Quarter

2015	Production (MT.)		Price (Baht/Kg.)		Highlights
	FFB	CPO	FFB	CPO	
Q1	2,326,485	363,059	5.82	33.46	In January with CPO stock at critical level 117,197 MT, the Government allowed to import CPL amounting 50,000 MT.
Q2	4,245,500	713,767	4.51	26.58	FFB output reached a monthly peak of 1.57 million MT in May, pressing down the prices; the Government then issued the first Notification of the Office of Central Commission on Prices of Goods and Services. Meanwhile PWO announced the buying of 100,000 MT of CPO from crushing mills to absorb excess supply.
Q3	2,958,550	533,100	3.90	24.34	In August CPO price in global market hit its rock bottom at 1,867 RM/MT while CPO stock in Thailand highest at 462,109 MT. The Government issued two further Notifications
Q4	2,437,940	458,548	4.38	24.96	FFB output dropped sharply but palm oil stock in Malaysia piled up and hit record high at 2.91 million MT in November while Brent and WTI crude oil prices dropped to the lowest levels in 11 and 6 years respectively. The Government issued four Notifications.
Total	11,968,475	2,068,475			

Source: Figures from Internal Trade Department

2015 was a highly volatile year for the palm oil industry. The volume of FFB produced in 2015 overall was comparable to that obtained in 2014 at 12 million MT, but fluctuated from month to month. It hit the lowest at around 0.4 million MT in January and reached a monthly peak of 1.57 million MT in May. Unlike the past whereby the lowest price level was normally found during Q2 of each year caused by the peak season, pattern of price movement in 2015 was quite different.

Figure 2 : Monthly FFB Output and FFB Price

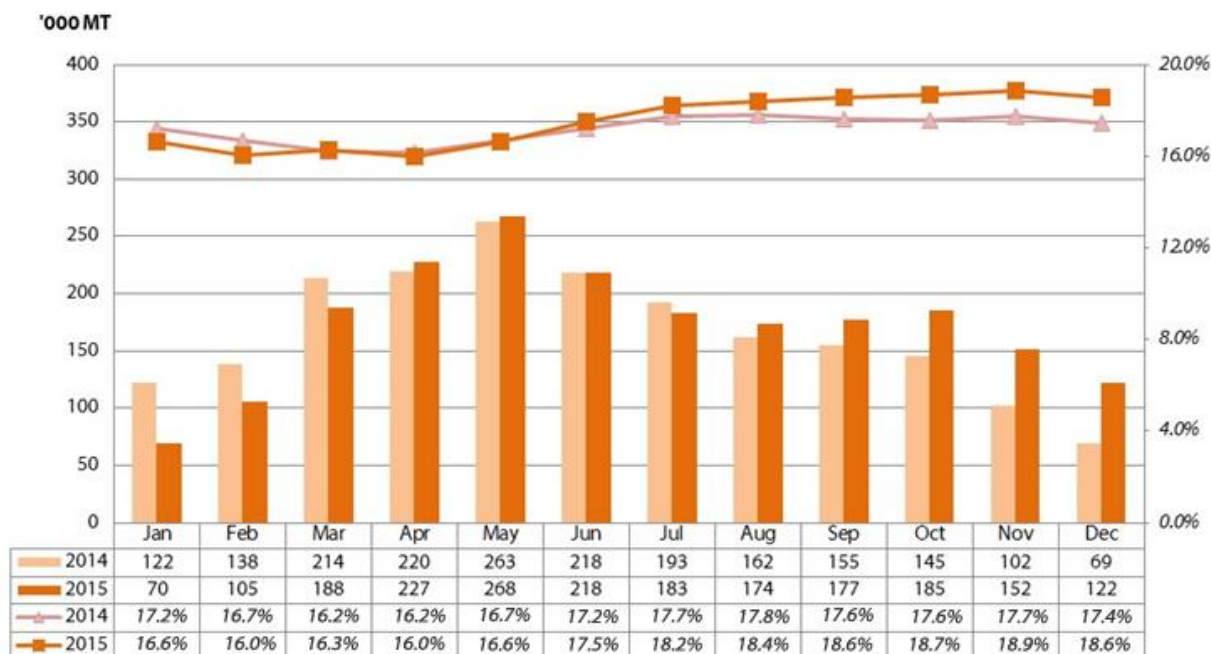


Source: Internal Trade Department

INDUSTRY OVERVIEW AND COMPETITIVENESS

Total CPO production in the Kingdom in 2015 was 2,068,475 MT (2014 : 2,000,610 MT); Oil Extraction Rate (OER) was 17.53% (2014 : 17.18%). The operational OER was less than optimal due to unregulated intermediary FFB collection ramps; these now number over 2,000 units, resulting in intense competition among mills in crop procurement.

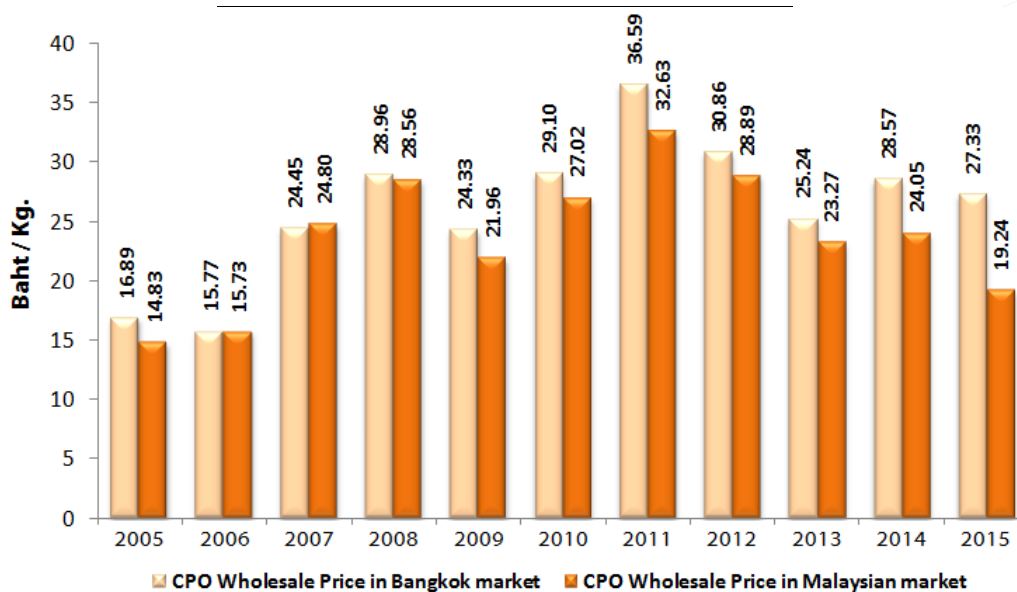
Figure 3 : Monthly CPO Production and Oil Extraction Rate (O.E.R.)



Source : Internal Trade Department

Monthly CPO prices in the Kingdom in 2015 varied between 21.50 – 36.39 Baht/Kg (2014 : 24.27 – 34.50 Baht/Kg); likewise FFB prices varied between 3.56 – 6.31 Baht/Kg (2014 : 3.91 – 6.09 Baht/Kg) (figures from Internal Trade Department). The annual average FFB and CPO prices were 4.65 and 27.33 Baht/Kg respectively (2014 : 5.00 and 28.57 Baht/Kg).

Figure 4 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market

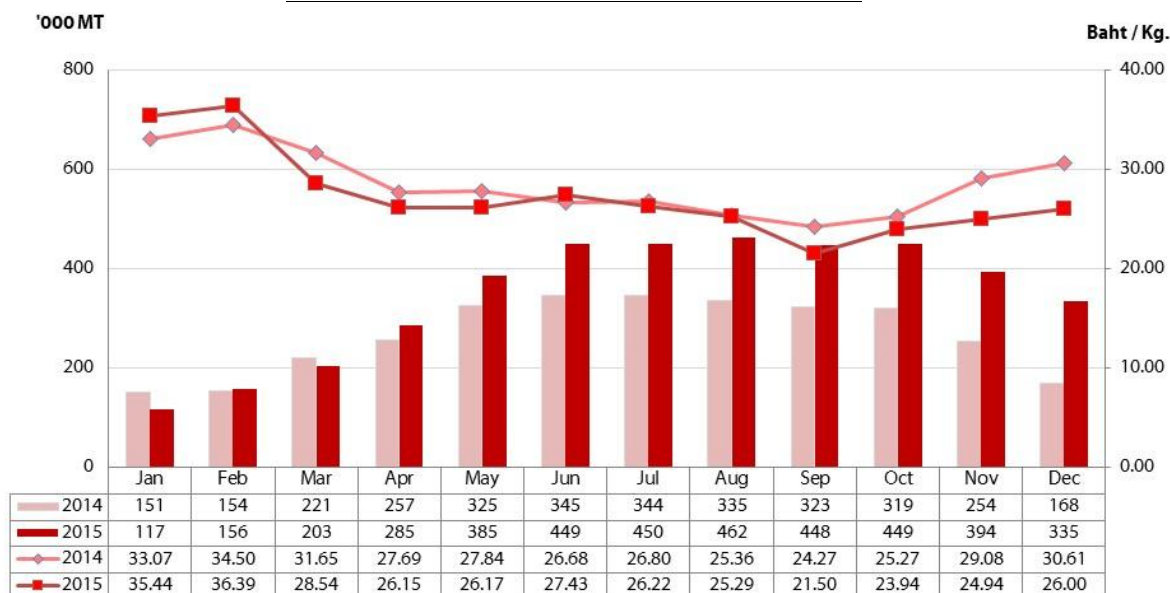


Source : Internal Trade Department

INDUSTRY OVERVIEW AND COMPETITIVENESS

In the circumstances, export was not possible, leading to accumulated palm oil stock in the country and the motivation for much cheaper palm oil to be smuggled into the Kingdom. The CPO stock at the end of 2015 was 334,692 MT, compared with 167,591 MT at the end of 2014.

Figure 5 : CPO Stock Equivalent and CPO Price Movement



Source : Internal Trade Department

Summary of key events

- (1) In 2015 the Government continuously intervened in the oil palm and palm oil markets by recommending minimum purchase price. The objective was to support oil palm growers. This however resulted in a dislocation of the price with market demand and supply, and a high price difference between local and global prices. In the course of the year, seven Notifications of the Office of Central Commission on Prices of Goods and Services were issued to give effect to the recommended minimum prices.

Figure 6 : Notifications of the Office of Central Commission on Prices of Goods and Services

Notification Date	No. of Days coming into force	The recommended minimum purchase price (THB/Kg.)	
		FFB & FFL (OER17%)	CPO
20 May 2015	90	4.20	26.20
8 Sept 2015	30	3.20	20.30
30 Sept 2015	30	3.50	22.08
21 Oct 2015	30	3.80	23.84
11 Nov 2015	30	4.20	26.20
4 Dec 2015	30	4.40	27.37
28 Dec 2015	30	4.60	28.55

Given the Notifications, Thailand has lost its potential to export CPO, the volume of which was 167,060 MT in 2014. At the same time, CPO stock increased sharply from February 2015 at 155,870 MT to 384,798 MT in May 2015.

INDUSTRY OVERVIEW AND COMPETITIVENESS

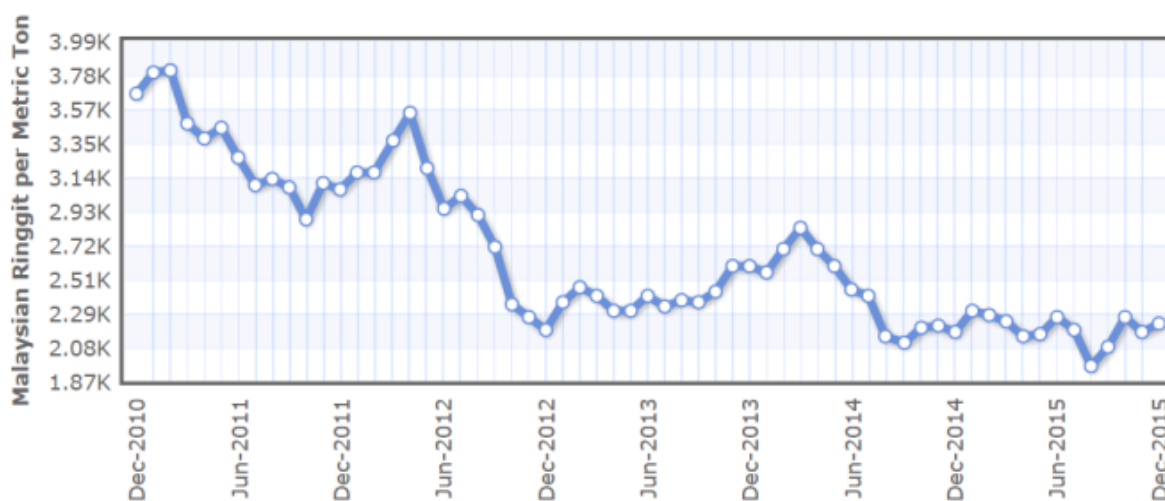
Therefore, on 25 June 2015 the Public Warehouse Organisation (PWO) announced the implementation of the oil palm and palm oil price stabilization scheme by buying 100,000 MT of CPO from crushing mills at 26.20 Baht/Kg. (under certain conditions). The scheme aimed to absorb the excess supply of CPO, according to the resolution of the Committee for Measure and Policy to Assisting Agriculturist (CAA) on 25 May 2015. The schedule was to buy CPO since June – November 2015, and to sell off during June 2015 – March 2016 as at the end of the project.

In practice, however, the implementation and some criteria were not determined precisely and did not comprehensively cover all aspects. Furthermore, it lag far behind the situation. Accordingly, the Government's objective to support farmers at the particular period of time was not achieved. Instead, the nationwide CPO stock accumulated further from 384,798 MT in May 2015 to 449,268 MT in October 2015.

As another measure to absorb the excess supply of CPO, the Department of Energy Business c/o the Energy Ministry announced to raise the minimum blending portion of Biodiesel from 3.5% to 6.0%, with effect on 16 April 2015 and then again from 6.0% to 6.5%, with effect on 3 August 2015.

- (2) Average CPO price in global market as benchmarked by the Bursa Malaysia Derivatives : 3rd Month price at 2,235 RM/MT was 6.72% lower than in 2014 which was 2,396 RM/MT. The price hit its rock bottom on 26 August 2015 at 1,867 RM/MT caused by concern over the weak economic indicators of China. Whereas a 30% weaken Malaysian ringgit since a year ago offered some support for palm oil price.

Figure 7 : Malaysian Palm oil Monthly Price



Source: <http://www.indexmundi.com>

- (3) The palm oil stock of both Indonesia and Malaysia was extremely high. In November, Malaysian palm oil stock jumped to a new record high at 2.91 million MT as demand from India, the U.S. and China all declined.

Figure 8 : Malaysia Palm Oil Stock

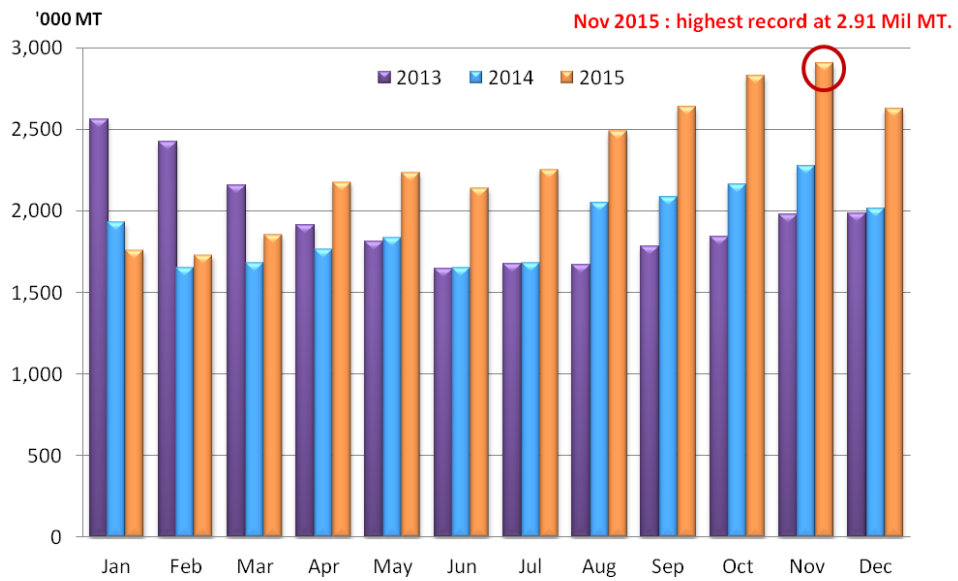
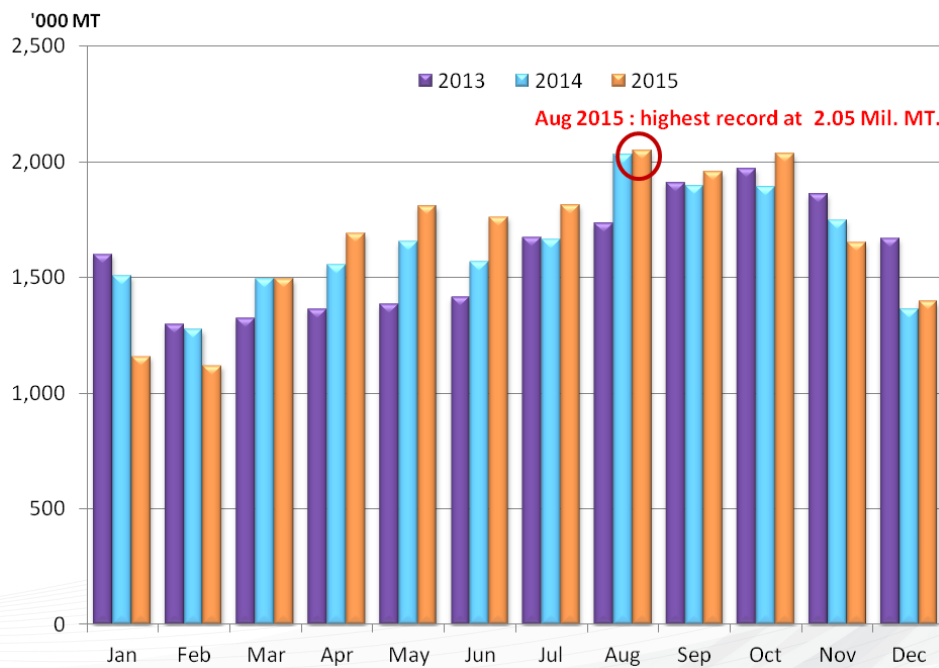


Figure 9 : Malaysia CPO Production

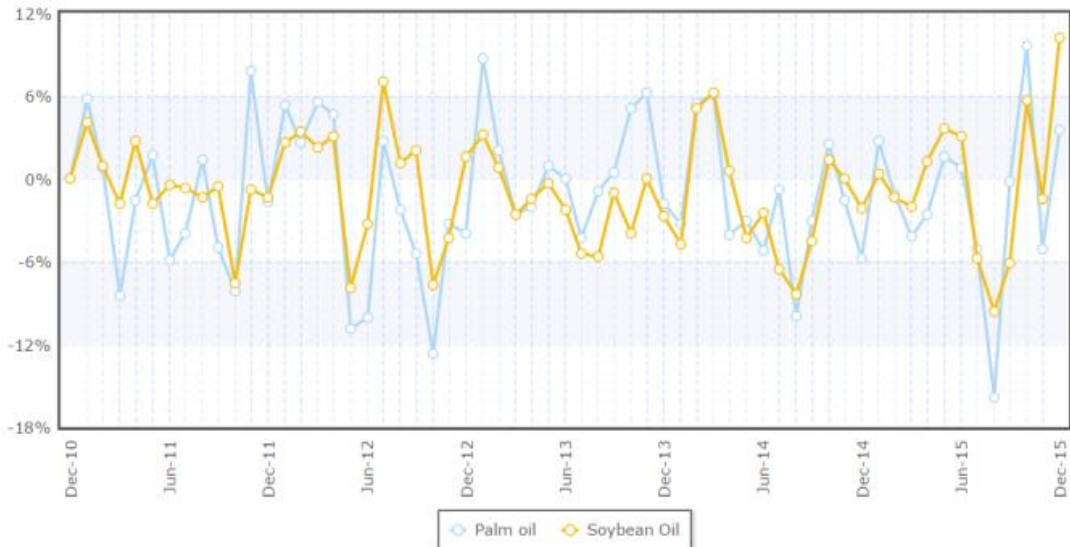


Source: Malaysian Palm Oil Board

(4) In addition, the overall market was influenced by the following pressures.

- High soybean production led to an oversupply, putting pressure on soybean oil price and then palm oil price

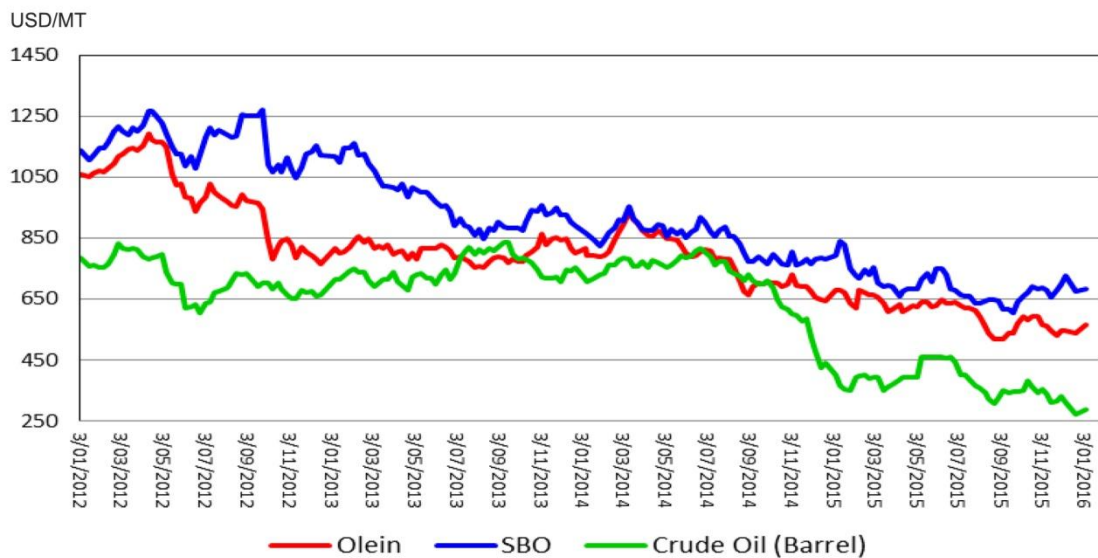
Figure 10 : Soybean Oil vs Palm Oil Price Rate of Change Comparison



Source: <http://www.indexmundi.com>

- Petroleum price dramatically falling to rock bottom in Q4/2015, as light sweet crude oil futures or West Texas Intermediate (WTI) of the U.S. hit the lowest in 6 years on 21 December 2015 at 35.35 USD/Barrel.
- Strong US dollar due to Greece debt crisis during Q1/2015

Figure 11 : Price Comparison of Other Oil Types



Processing capacity

1. Crushing mills : The number of CPO crushing mills has increased from 91 in 2013 to about 128 mills at present, giving rise to a current total milling capacity of over 25 - 30 million MT of FFB per year. This is significantly higher than the FFB output recorded in 2015 at about 12 million MT; and the capacity utilisation rate of crushing mills was below 50%. Because of the significant imbalance between demand and supply persists, there is price volatility and FFB quality is compromised, ultimately hindering the development of the industry in Thailand.

2. Refineries : As for the downstream industry, there are a total of 16 refineries in Thailand giving a current refining capacity of about 2.5 million MT of input per annum. The capacity utilisation is estimated at 70%. There are fewer players when compared with a large number of crushing mills because there is a barrier for newcomers in the form of huge capital investment cost, know-how, and technology. Nevertheless, competition among refineries started to become intense in recent years as the new players apply price strategy in an attempt to gain their market shares.

3. Margarine and Shortening : It is estimated that the capacity utilisation of the industry is lower than 50%. There are about 4-5 major players in this business, with LST ranked no.1 in the retail bakery channel.

Production and Price Outlook for 2016

The decreasing FFB quantity and consequent lower CPO volume in the last two months of 2015 will be carried until the upcoming peak FFB crop in the first quarter of 2016.

However, it is expected that the Government would continue its price support policy by announcing recommended minimum purchase prices every 30 days. The recommended minimum purchase prices were determined based on the quality of FFB, market mechanism, and current situation. In practice, however, many other factors from domestic and international affect the price movement at all times. The effect, therefore, is to create market distortion by separating the market and pricing into two.

The annual planting area in the Kingdom is expanding by an average about 0.3 million rai. These areas have been converted from other crops land especially from para rubber plantation which affected by the long term low price. Additional areas from encroaching on forests or reserved lands are very restricted due to the State Government policy. This factor should have increased FFB output year on year; however, influences from changing climatic phenomenal would significantly confine overall oil palm yield. Achievement of 11.9 million MT FFB in 2014 and a similar quantity in 2015 could be explained by the poor distribution of rainfall coupled with increased atmosphere temperature two years ago.

In 2016 yield is expected to increase to be around 13 - 14 million MT. While a slight drop of yield per rai is foreseen in 2016 but the continuously extending harvested areas in the past years to approximately 4.5 million rai would compensate the low output.

In terms of demand, the edible consumption in 2016 is estimated to remain the same as 2015, at 1 million MT; and the usage from Bio-diesel will depend on petroleum price and local CPO price. In case the average price of petroleum in long term does not exceed 40 USD/barrel, the implementation of B10 and B20 by the Energy Ministry may be delayed. In 2016, it is likely that 6.5% mixture will be implemented for the whole year. If so, the demand for CPO to produce Bio-diesel will be around 800,000 MT.

Overall, it is expected that in 2016 big difference between the local CPO price and the lower global price will remain at around 4 - 5 Baht/kg on average. Assuming petroleum price at 60-70 USD/barrel maximum, local CPO price might be ranging around 25 - 26 Baht/kg and FFB price at 4.00 - 4.50 Baht/kg. Whereas the global CPO price in 2016 is estimated at around 2,400 RM/MT, increasing from 2015 by 10%.

Factors affecting world palm oil industry in 2016

1. Petroleum price : The falling price of petroleum and eventually collapse to below 30 USD/barrel at the beginning of 2016, is putting immediate pressure on the palm oil market. After Iran announced its full return to the global oil market by increasing the production, the price crash of petroleum is likely to persist. On the demand side, there is still concern over the speed of the China economic recovery who is the world's second largest economy and also the second largest consumer of petroleum. Unless the Chinese economy rebounds, the chance of petroleum price to move up is unlikely.

2. El Nino condition : An expectation of El Nino occurring in 2016 still remains although currently the level of intensity could not be clearly evaluated. However, it is expected that the high global stockpile of palm oil can cushion the impact of a output shortage; hence a minimal hike on the price is foreseen. It is likely that the global palm oil price during the first half of 2016 may increase due to the said recurrent news.

INDUSTRY OVERVIEW AND COMPETITIVENESS

3. Prices of seed oil : Upside potential for CPO price is likely to be limited by the prices of seed oil in EU and US, which is expected to maintain at the low level for the whole year.

4. Implementation of Bio-diesel in Malaysia and Indonesia : Malaysia had planned to increase its mandate to B10 by October 2016, from B7, whereas Indonesia announced to allocate 1.86 million Kilolitre Bio-diesel during November 2015 to April 2016 in order to reduce the palm oil stockpile. Fund collected from export levy will subsidise higher blend of Bio-diesel domestically.

5. The Establishment of the Council of Palm Oil Producing Countries (CPOPC) : On 21 November 2015 Malaysia and Indonesia, the top two largest producers of palm oil, signed the Charter of the Establishment of the Council of Palm Oil Producing Countries (CPOPC), the principle of which is similar to Organization of Petroleum Exporting Countries (OPEC). Both countries respectively contributed an initial sum of 5 million USD each for the operations of the CPOPC and invited other palm oil producing countries to join the Council such as Brazil, Colombia, Thailand, Ghana, Liberia, Nigeria, Papua New Guinea, Philippines and Uganda. The Council aims to strengthen the trade bargaining for the group, as well as to ensure price stability by synchronising the stock management. It is expected that the Council would undertake functions to solve the problem of depressed palm oil price and address the issue of unsustainable oil palm plantations.

Business Overview

1. Product Highlights

1.1 Oil

In 2015, YOK Cooking Oil’s packaging has been refreshed and modernised, making it more modern-looking. Furthermore the product line has been extended to include soy bean oil thereby providing more good choice for consumers. Also in 2015, the new advance production line has been installed to increase production capacity to meet the high demand from consumers.



Health consciousness is on the rise, with both public and private sectors promoting healthy living widely. In line with proposition of Naturel healthy cooking oil, which encourages consumers to live a healthy life, the Company launched 100% coconut cooking oil and 100% sunflower seed oil supported by marketing and communication campaign via all media channels e.g. TV commercial, radio, print and online. The campaign, which has been implemented to create awareness, knowledge and to endorse the ‘Good for Health’ brand image, received a good response from consumers.



1.2 Margarine & Shortening

For the Margarine and Shortening segments in 2015, the Company continuously implemented marketing campaign to promote Daisy dark chocolate compound. Activities such as Bakery seminar, Bakery workshop, Promotion have been carried out in the consumer and bakery business sectors to create awareness, trial, usage and add value to their products. This has been well received among target consumers and significantly strengthened the leadership of Lam Soon (Thailand) PCL in the bakery business segment.

1.3 Beverages and Packed fruits and vegetables

2015 was a good year for UFC. The profitable growth was driven by UFC Refresh 100% coconut water, which was granted the 2-Golden Stars Superior Taste and Quality Award by iTQi (International Taste and Quality Institute) in Brussels, Belgium.

Various outdoor marketing activities featured UFC Refresh 100% coconut water in both the domestic and international markets were carried out. To further enhance the brand leadership image in New Zealand, UFC Refresh 100% coconut water participated as a main official sponsor of Miss Universe New Zealand 2015.

Homesoy with Basil Seeds and with Jobs Tears soymilk were granted the New Innovative Products Award (Southeast Asia) by Frost & Sullivan in 2015.



2. Sales & Distribution

2.1 Domestic

a) Hypermarkets and Convenience Stores : Palm oil sales in 2015 grew in tandem with Thailand’s economy. We experienced higher growth in private label oil of which we are the contract packer. This reflects the more cost conscious buying habits of customers. Interestingly, the premium oil range is unaffected by the economic slowdown and the Company sales in this segment is still enjoying encouraging growth. In 2016 we will further extend our range, in variety and size, with the aim to become the market leader in the healthy oil segment.

MANAGEMENT DISCUSSION AND ANALYSIS

b) Traditional Trade : In recent years, the traditional trade has been the crucial distribution channel of the Company amid the intense competition in the industry, where both existing rivals and new comers have implemented low price policy to compete against each other.

To avoid price competition, your Company seeks to enhance product identity and develop distribution channel to meet specific needs of consumers. This entails a broader and more diverse range of markets, which was different from the platform in the past.

The Company has accordingly put more focus on the market penetration and increase of distribution channels combining with new business development to enhance capability to conceal the market gap and fulfill market needs i.e. building up business network in district level and increase the number of customers.

Furthermore, the Company has expanded its customer segment to include industrial customers and customers who have demand on customized products such as products with bulk packaging or special products to differentiate the product value.

Meanwhile, the premium cooking oil under "Naturel" brand, continues to be one of our focus as it grows steadily in the traditional trade market.

For Universal Food Public Company Limited, canned fruit was also a key product in traditional trade with previously focused on local convenience store and HoReCa customers. In 2015, the Company has expanded segments into bakery wholesaler and food processing customers.

c) Food Service : In terms of the food service market, growth has been stagnant with the quick service restaurant sector being mostly impacted. This is largely due to decreased frequency in out of home dining. With political unrest and the world's economic slowdown, hotels also experienced lower than average occupancy rates therefore this has inevitably influenced our sales. We have, nevertheless, maintained our position as the industry's market leader by building on our strength in logistics and efficient sales team. On the other hand, we are mitigating the slowdown in sales by gearing towards new penetration into different new sectors/customer groups from those medium to small sectors. Our growth rate is more than 20% in 2015. The food service market has also responded positively to our premium oil range, showing high growth in the past year. To capitalise on this trend, we have dedicated a sales team in order to tailor our product portfolio to their needs and specification.

2.2 Export

In 2015, YOK Palm Olein and YOK Soybean Oil were exported to neighboring countries i.e. Laos, Cambodia and Myanmar, which has a good potential feedback from local consumers in term of product quality and awareness. Furthermore, Naturel brand range has also been exported to Cambodia, Myanmar, Hong Kong and France. The Company has invested and worked closely with business partners to continuously conduct marketing programs to all channels and directly to consumers in order to establish the brand over the long term and for the sustainable growth in the future.

For Margarine and Shortening, the products also started to export to Laos and Cambodia. The bakery workshop programs have been conducted to educate business partners, bakery shops and end consumers on products used and generate a top of mind awareness.

Sales of 100% coconut water continue to grow strongly in 2015. In line with our strategy to build brand, UFC Refresh 100% coconut water is making impressive export growth in a number of export markets. USA remains the key market for the OEM private label brand.

Customers in the US and EU are becoming more demanding for Retailers' requirement, needing stringent certifications related to the sources of raw material, traceability and products/processes.

Increased investment in advertising and promotion expenses for UFC brand resulted in higher UFC brand contribution relative to OEM brands in the total brand portfolio.

Exports of canned vegetables, especially Baby Corn in brine declined due to weaker market demand and compounded by over stock situation at the customers' end from the previous year. Exports of canned Sweet Corn improved with customers increasing trust in UFC quality.

Exports of canned fruits, especially sliced and diced mango to Japan declined due to raw material shortage and quality problem. Exports of canned tropical fruit salad were adversely affected by the shortages in supply, higher cost of pineapples and delay in crop harvest.

Operations Overview

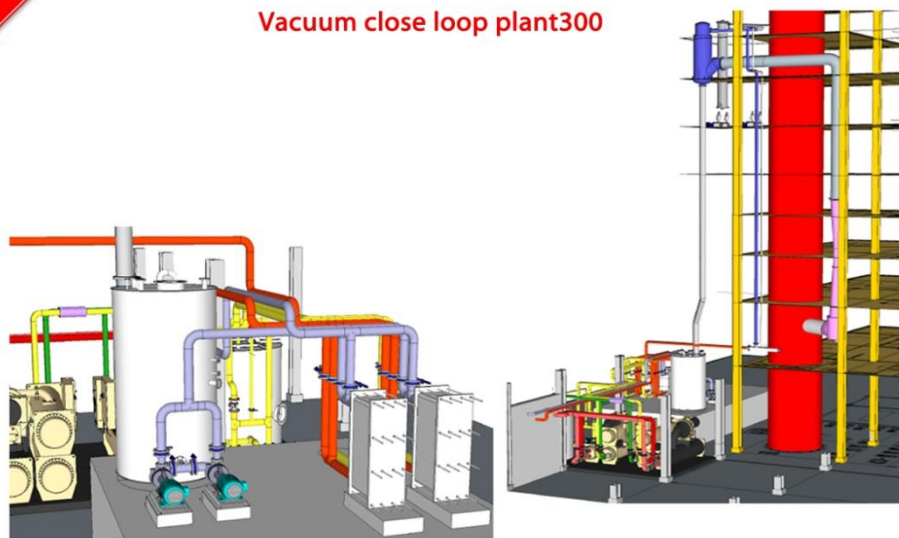
1) Productivity improvements

Bangpoo Refinery

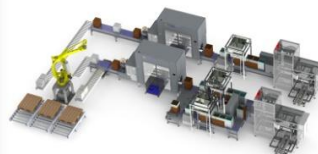
- The new vacuum system to eliminate odor started operating on October 2015 with the investment of 31 million Baht. The system will reduce the environment impact and can save around 7.6 million Baht in energy cost a year.



Vacuum close loop plant300



- Investment of 400 million Baht was to improve the productivity of packing line. The first phase (140 million Baht) was completed in Q4/2015. The second phase (260 million Baht) is targeted to complete within Q2/2016.



Trang Crushing Mill

- Participated in the improvement of steam system in palm oil mill and paper pulp mill.
- Participated in the project to explore and set the guideline for efficiency improvement of Biogas Production as an alternative energy source for the industrial sector. Both projects are under food industry development project (Safety and Energy) of the Department of Industrial Works, Ministry of Industry. The objective is to improve energy efficiency, environmental protection and safety for factory related to Biogas usage and storage as well as to provide the opportunities for personnel to develop the knowledge of Biogas for sustainable development. The project is under supervision of King Mongkut's University of Technology.
- Participated in the project "Healthy, Safety and Happiness Workplace" arranged by the Department of Disease Control, Ministry of Public Health. The project supports the health and wellbeing of the working age population, managing minor illness, reducing accidents and good mental health under the supervision of the public health office in Trang.

UFC Lampang

- Joined the Northern Productivity Improvement Network (NPIN), as a company member, conducting the knowledge development program, sharing an idea, sharing experience among the group to improve productivity and production cost reduction.



- UFC bicycle club joined "Bike for Mom" activity on 12 Aug in Lampang province to honor Her Majesty Queen Sirikit.



UFC Nakhon Pathom

- New warehouse building for finished products storage, with total area 1,250 square meter and a capacity of around 1,008 pallets.



- The factory installed Drive in Rack and Selective Rack to increase storage capability to 1,972 pallets or 213% incremental from current space. This can support shipment up to 177 containers of product per month.



- Commissioning of shrink wrap packer M/C for Beverage Canning line, which can pack a color shrink film for new packaging.



MANAGEMENT DISCUSSION AND ANALYSIS

- Installed air ventilation and automatic temperature controller for coconut water UHT product warehouse to maintain the product quality during storage.



2) Awards and Standard Certifications

Bangpoo Refinery

- Participated in DSD Productivity Project of Department of Skill Development , for improving the efficiency of production and reduce the waste in production line.



Trang Crushing Mill

- On 18 October 2015, the Company was a representative of smallholder agriculture group in Sikao – Wang Wiset District to attend Roundtable on Sustainable Palm Oil standard (RSPO) certification ceremony at Kuala Lumpur, Malaysia.

Trang Crushing Mill played a key role in supporting smallholder agriculture group in Sikao – Wang Wiset district to adopt the management practices to achieve Roundtable on Sustainable Palm Oil standard (RSPO) certification.



Congratulations!

- On 14 September 2015, Lam Soon (Thailand) Public Company Limited was awarded the Certification of the Safety Workplace Project in honor of Her Royal Highness Princess Maha Chakri Sirindhorn in celebration of 60th birthday, by the Department of Labor Protection and Welfare, Ministry of Labour.



UPOIC Krabi

- On 9 September 2015, UPOIC was granted CSR-DIW Continuous Award (CSR-DIW2015) in compliance with the Standard for Corporate Social Responsibility from the Department of Industry Works.



Environment and Corporate Social Responsibility Overview

Lam Soon (Thailand) Public Company Limited conducts its business with the awareness of social and environmental responsibility to enhance the sustainable growth of the organisation as well as the society. Hence, the below Vision and Mission have been established in accordance with the normal operation.

Vision

The leading food company with sustainable growth and development

Mission

1. Manufacturing high quality and nutritious food product together with innovative production for novel food to fulfill customer requirements as well as providing the best services and building capacity which is able to be competitive in the future.
2. Employing advanced technology with international management system as well as taking care of the environment, communities, and society.
3. Building trust and confidence toward our customers, and allocate compensation or dividend to shareholders, and other stakeholders appropriately. Moreover, healthy, safety, and welfare of all employees are always taken into highly consideration.

The Company has a policy to focus on producing sustainable palm oil under RSPO (Roundtable on Sustainable Palm Oil) scheme. The Bangpoo refinery and Trang crushing mill have been certified the Mass Balance (MB) RSPO Supply Chain on 11 June 2012. The Company can also generate electricity power from biogas and have been registered for the Clean Development Mechanism (CDM) Project. Furthermore, the Company respects the rights of the various groups of stakeholders, not only internal groups such as the employees but also other stakeholders such as shareholders, creditors, customers, trading partners, competitors, communities and society. The Company shall give fair treatment to all parties including employees, customers, trading partners, or any personnel regardless of nationality, race, religion, language, age, gender, and marital status or others. However, since the expectations of stakeholders might vary, the Company shall consider their legal rights thoroughly and carefully to ensure that such rights are protected and treated equitably. In respect of each group of stakeholders, the Company is resolved to follow the practices toward stakeholders which have been set up in the policy.

The Company determines the guideline of 8 CSR principles as follows:-

1. Conduct the business on fair basis

The Company treats the business partners on the basis of equalities and fair competition, and honors the terms of all trading agreements entered into with its business partners. In addition, the Company's procurement policy and procedures are designed to ensure efficient appropriation, effectiveness, transparency and justification.

2. Anti-corruption

The Company has a policy to sustain and encourage employees adhere to ethics and be good citizen of the society as well as encourage the business partners to conduct business transparently. The practices therefore are established in the policy to enhance the importance of anti-corruption and bribery.

3. Respect of human rights

The Company has a policy to treat all stakeholders with justification and therefore shall adhere to laws and regulations concerning employees and the international fundamental principles of human rights, regardless of the place of birth, nationality, gender, age, skin color, religious belief, disability, financial status, family status, educational institute, or other status irrelevant to job performance, apart from respecting individualism and human dignity.

4. Treat employees on fair basis

The Company recognises its employees as a critical factor of its success; therefore, knowledge and skill development together with continuous training for employees are fully supported without discrimination, and provided as career development benefits including appropriate return and welfare. The Company also respects the international human rights principles and values the importance of the wellness and occupational health and safety, working environment and the support of corporate culture and team work.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Responsibility to customers and consumers

The Company aims to create client satisfaction and confidence by focusing on its responsibility and client's need by improving quality of the products pursuant to the standard from the quality management systems such as:-

- ISO 9001 being a quality management system, aiming to the quality assurance and conformity.
- TIS 18001 / OHSAS 18001 being a standard for occupational health and safety management systems.
- FSSC 22000 being a standard developed for the certification of quality standard and food safety which can create client confidence and focus on sustainable growth and development. It covers the standard of ISO 22000 and PAS 220, which is global acceptance.
- ISO 28000 being a standard of a security management system particularly dealing with security assurance in the supply chain.
- ISO 14001, an environmental management system that exists to help organisation improve and develop the environment continuously.
- Roundtable on Sustainable Palm Oil (RSPO) being a good practice to promote the sustainable palm oil production in aspects of economic, social, communities, environment, and law conformity of various stakeholders from upstream to downstream.

In addition, the Company focuses on doing fair marketing and contract. It also keeps all customer information and transactions confidential. The customers' complaints are addressed by an ombudsman office to ensure customers' confidence and maximize customer satisfaction.

6. Take care of environment

The Company has a policy to conduct its business with full consideration of the environment. It will abide by laws and regulations pertaining to the environment. With its responsibility to the environment, the Company always focuses on the following good practice.

- to encourage its employees to be fully conscious of their responsibility toward the environment;
- to fully participate with the local communities in environmental activities, and to exchange knowledge and experience with other agencies to promote good environment and regularly modify its operation to improve the environment;
- to prevent any adverse impact to the environment, review and evaluate its operations regularly to check the progress and ensure that the Company has fully observed the environmental policies and standards.

7. Contribute to develop the surrounding communities and society

The Company has a policy to jointly develop and promote a good relationship with the surrounding communities and society, observe local custom and culture, and cooperate with all parties in the communities to promote social harmony with sustainable growth.

7.1 Participating in community sport event namely "16th Kalase Sport against drug addiction"

Staff at Trang Crushing Mill were encouraged to participate in community sport event, namely "16th Kalase Sport against drug addiction" during 24 March - 5 April 2015 arranged by the Kalase Sub-district Administrative Organisation, Sikao District, Trang province to promote youth and people at factories nearby to get healthy, be unified, strengthen spirit, use free time effectively, and stay clear from drug.



MANAGEMENT DISCUSSION AND ANALYSIS

7.2 Releasing fish on the occasion of 12 August to give a royal charity to the Queen

On 7 August 2015, Trang Crushing Mill collaborated with Khuankun Sub-district in releasing fish back to the natural water resource. This activity was dedicated to Her Majesty the Queen, taking place to celebrate the occasion of 12 August at Chaloe Prakiat 84 Years Anniversary Public Park, Kalase Sub-District, Sikao District, Trang Province. The ceremony was chaired by the Khuankun Sub- District Mayor.



7.3 Activity of making compost fertiliser for Hua Saphan Community

On 18 September 2015, Trang Crushing Mill demonstrated making composed fertiliser from production waste such as palm fibre and palm kernel cake in Hua Saphan Community at Kalase Sub-District, Sikao District, Trang Province. The activity aims to promote farmers in community to add value from waste and reduce household expenses.

7.4 Project “Mushroom for Children”

On 22 September 2015, Trang Crushing Mill held project namely “Mushroom for Children” at Baan Makham School located nearby the mill. The children were educated in the practice of growing mushroom for their luncheon and further sell for income as a part-time job.



8. Develop and publicise the innovation created from operation under corporate responsibility for society, environment, and stakeholders

In 2008, the Company was the first palm oil producer who won an award of governmental campaign “Carbon Label” from Thailand Greenhouse Gas Management Organization (Public organization). It can reduce Greenhouse Gas release net by 16.48% from production process.

Furthermore, at present, the Company can produce electricity power 1 MW from biogas generated by waste water released from milling production process. Such project becomes knowledgeable source for students, learners, and nearby community in respect of waste elimination.

Financial Overview

Financial performance analysis and explanation

1. Operating results

Sales value decreased from 2014 by 8.7% due to the 6.7% decrease in CPO price and the corresponding decrease in average selling price. Sales volume decreased by 5.4%. Due to the average cost of CPO to the Company decreasing greater than the average selling price, gross profit raised by 10.3 million Baht and net profit of the Company itself decreased by 76 million Baht or 27.1%. The major reason was a decrease in dividend received from a subsidiary by 90.6 million Baht when compared with the previous year.

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment in respect of manufacture of products as stipulated in the promotion certificates as follows:

The Company

<u>Certificate No.</u>	<u>Operation</u>
1815(2)/2549	Manufacture of CPO
1013(9)/2551	Manufacture of electricity from biogases
2093(2)/2550	Manufacture refined vegetable oil

Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>
1043(2)/2548	Manufacture of CPO and palm kernel seed, and electricity from biomass product
2088(2)/2547	Manufacture of fruits and vegetables
2121(2)/2547	Manufacture of fruits and vegetables into products and fermented soybeans
2112(5)/2547	Manufacture of frozen fruits and vegetables
2245(9)/2550	Manufacture of electricity from biogases

The significant privileges include exemption from corporate income tax on income from the promoted operations for a period of eight years, commencing from the date of first earning operating income (except certificate No. 1815(2)/2549, 2093(2)/2550, 1043(2)/2548, 2088(2)/2547, 2121(2)/2547 and 2112(5)/2547, which have been exempted from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital).

In 2015 its plantation subsidiary (UPOIC) recorded a net loss at 12 million Baht, compared with net profit at 188 million Baht in 2014. This was because of the following internal and external factors.

1. Internal factor : the output of own FFB crops decreased, pushing up the average cost of FFB produced. The overall processed FFB crop in 2015 was decreased by 8.2% from 2014. The crop from own estates dropped by 7.8% due to the prolonged drought during 2014 in inflorescence flowering stage hence the reducing of average bunch weight and arising of inflorescence abortion.

Whereas the crop from concession land decreased by 56.8% resulting from the expiration of subsidiary's concession land at 21,348.94 rai. With respect to the present Government policy, in case the Government considers to grant the concession renewal, it will be allowed to renew only 50% of actual utilised area. The details indicate as below:-

1. The concession from the Forest Department at Khiansa estate at 8,588 rai expired on 8 July 2014. The subsidiary has been granted for renewal and registered the rental agreement with the Treasury Department on 11 December 2014 with the area 4,294 rai, accounting to 50% of actual utilised area previously registered with the Forest Department on 9 July 1984. The renewal agreement has been in force on 9 July 2014 to 8 July 2029.

2. The concession from the Forest Department at Chaiburi estate at 13,064 rai expired on 1 January 2015. The Company and its subsidiary are requesting the Forest Department to grant a permit to exploit under the area of 6,513 rai, which is now under the consideration. However, on 27 April 2015, the subsidiary was granted a permission to gather forest product in the National Reserved Forest upon the obligation to pay official royalty fees at the rate of 10% of market price of oil palm and forest maintenance fees at a double rate of the official royalty fee. Therefore the subsidiary could start to harvest FFB from that area of the National Reserved Forest in May 2015 onwards.

MANAGEMENT DISCUSSION AND ANALYSIS

Furthermore, the replanting in the renewal area has been started at 1,246 rai in 2015, while it is planned to replant more at 1,410 rai in 2016. The balance of 1,434 rai will be replanted in 2020. Therefore, FFB output in such area will be dropped during the period of time.

As the reasons mentioned above, the subsidiary recorded higher cost of own FFB crop by 22%.

2. External factors : in the course of the year the Government issued seven Notifications of the Office of Central Commission on Prices of Goods and Services to determine the recommended minimum purchase price of FFB FFL and CPO as follows:-

2015	Notification Date	No. of Days coming into force	The recommended minimum purchase price (Baht/Kg.)		Production (MT.)		Price (Baht/Kg.)	
			FFB & FFL (OER17%)	CPO	FFB	CPO	FFB	CPO
Q1	n/a	n/a	n/a	n/a	2,326,485	363,059	5.82	33.46
Q2	20 May 2015	90	4.20	26.20	4,245,500	713,767	4.51	26.58
Q3	8 Sep 2015	30	3.20	20.30	2,958,550	533,100	3.90	24.34
	30 Sep 2015	30	3.50	22.08				
Q4	21 Oct 2015	30	3.80	23.84	2,437,940	458,548	4.38	24.96
	11 Nov 2015	30	4.20	26.20				
	4 Dec 2015	30	4.40	27.37				
	28 Dec 2015	30	4.60	28.55				
Total					11,968,475	2,068,475		

Source : Internal Trade Department

As above, the first Notification issued on 20 May 2015 when it was during the peak season, caused the market distortion of demand and supply. As a result, Thailand has lost its potential to export. CPO stock in nationwide increased from 384,798 MT in May to 447,929 MT in September 2015. After that, on 8 September 2015 the Office of Central Commission on Prices of Goods and Services announced to reduce the recommended minimum purchase price of palm fruit and CPO from 4.20 and 26.20 Baht/Kg to 3.20 and 20.30 Baht/Kg. respectively. As a consequence, the subsidiary recorded sudden loss of stock price.

After the announcement on 8 September 2015, the Commerce Ministry attempted to set the recommended minimum price in line with the market reflecting the world price. However, with the high stock during the peak season, the subsidiary's operating result in 2015 was getting deteriorated with net loss.

Another subsidiary, UFC, recognised sales turnover increasing by 11.2%. The commendable performance was largely contributed by the growth in the export sales of Coconut Water and other operational initiatives. Total Company sales grew by 14.7 % in 2015 versus year ago. Gross profit margin continues to improve from 22.4% in 2014 to 28.0% in 2015. Consequently, net income after tax doubled from 109.9 million Baht in 2014 to 215.8 million Baht in 2015.

As explained above, the net profit of equity holders of the Company on a consolidated basis decreased from 380.7 million Baht to 311.4 million Baht, or 18.2% from 2014. Net profit margin in 2015 was 3.8% (2014 : 4.5%).

Other major components and changes in consolidated financial statements are as follows:-

Revenues

Sales : Net Sales under LST and its subsidiaries decreased by 237.8 million Baht or 2.8%. Sales of LST products decreased by 602.5 million Baht or 8.7%, deriving from 5.4% decrease in sales volume and 3.5% decrease in the average selling price due to the decrease of CPO cost, the major raw material.

At its subsidiaries, net sales increased by 364.6 million Baht or 24.3% due to sales of other palm products increasing by 113.5 million Baht, sales of electricity power decreasing by 3.1 million Baht, sales of fruit juice, canned fruit & vegetable and others increasing by 254.2 million Baht.

Other income : Income other than those generated by normal operation was 93.6 million Baht or 1.1% of total revenues, a decrease of 5.4 million Baht.

Cost of sales and expenses

Cost of sales : In 2015 the Company and its subsidiaries recorded cost of sales at 84.4% of total sales (2014 : 83.9%). Cost of sales of the Company itself was 89.6% (2014 : 90.7%) because of lower CPO price explained above.

Plantation subsidiary UPOIC recorded cost of sales at 95.3% of total sales (2014 : 74.1%). This was because the average cost of total FFB processed increased by 7.7%. The volume of own FFB crops decreased by 34.1% while outgrower crops increased by 16.7%, increasing cost of sales of the subsidiary.

UFC recorded cost of sales at 72.2% of total sales (2014 : 77.6%) that affect gross profit margin in beverages increasing by 155.5 million Baht or 56.4%.

Selling expenses : In 2015 the Company and its subsidiaries recorded selling expenses at 674.1 million Baht, an increase of 53.5 million Baht (2014 : 620.6 million Baht). Selling expenses of the Company itself increased 8.5 million Baht due to advertising and promotion expense incurred. At its subsidiaries, selling expenses increased by 45 million Baht due to transportation cost, advertising and promotion expenses.

Administrative expenses : Administrative expenses in 2015 was 219.5 million Baht (2014 : 261.6 million Baht), decreasing by 42.1 million Baht from the Company itself at 15 million Baht derived from employee benefit, and from the subsidiary (UPOIC) at 36 million Baht mainly incurred by amortisation of cost of palm plantation in 2014.

UFC, recognised administrative expenses increasing by 9.6 million Baht due to consulting fee, penalty fee on VAT and donation.

In 2015, a subsidiary, manufacturing frozen vegetable and fruit, recognised loss on impairment of assets increasing by 35 million Baht.

Finance cost : Finance cost in 2015 was recorded at 48 million Baht (2014 : 52.4 million Baht).

Profits

Gross profit (GP) : GP margin decreased to 15.6% in 2015 (2014 : 16.1%). For the Company itself, GP increased by 10.3 million Baht because raw material cost decreased at higher rate than selling price. Gross profit of its subsidiary (UFC) increased by 155.3 million Baht due to higher sales turnover in beverage category. Gross profit of its subsidiary (UPOIC) decreased by 239.7 million Baht as explained above. The GP of the Company and its subsidiaries therefore decreased by 78 million Baht or 5.7%.

Operating profit : Owing to the decreased GP and higher S&A expenses, this resulted in operating profit of the Group decreasing by 129.7 million Baht in 2015.

Net profit : The Company and its subsidiary recorded the net profit attributable to equity holders of the Company at 311.4 million Baht (2014 : 380.7 million Baht), an decrease of 69.3 million Baht or 18.2%, with net profit margin of 3.8% in 2015 (2014 : 4.5%).

Dividend payout ratio : In 2015, the Company itself paid dividend for the operational year 2014 at the rate of 0.20 Baht per share representing a payout ratio of 58.8% of net profit (2014 : 0.20 Baht per share, representing a payout ratio of 42.6% of net profit in 2013). It has been the Company's policy to pay dividends to shareholders not less than 40% of net earnings after tax.

The Company did not pay any interim dividend in 2015.

During 2015, UPOIC recorded net operating loss so the Company did not pay any interim dividend. However, the Board of Directors resolved to pay dividend for 2015 from retained earnings, the amount of which as of 31 December 2015 was at 336 million Baht, at the rate of 0.10 Baht per share, which would be later proposed to AGM for approval, compared with that of 2014 at 0.30 Baht/share representing 58.1% of net profit.

With the improved operating result of UFC in 2015, it recorded net profit at 215.8 million Baht. As of 31 December 2015, its retained earnings were at 76.6 million Baht. Therefore, the Board of Directors of UFC announced to pay the dividend for 2015 operating year at the rate of 0.55 Baht/share.

Book value (weighted average number of ordinary shares) : As at December 31, 2015, the book value per share of LST was 3.43 Baht (weighted average number of shares at 820 million shares), an increase compared to 3.38 Baht in 2014 (weighted average number of shares at 820 million shares).

2. Financial position

Assets : At the end of 2015, the total asset value of the Company and its subsidiaries was 5,871 million Baht, a increase of 747.4 million Baht or 14.6% compared with 2014. The major reasons are as follows:-

- **Cash and cash equivalents** was 479.9 million Baht at the end of 2015, increasing 267.1 million Baht or 125.5% from 2014. Cash of the Company itself increased by 93.8 million Baht, while cash of its subsidiaries increased by 173.3 million Baht.

- **Trade and other receivables** : Trade A/R – unrelated parties at 1,112.8 million Baht was recorded by the Company and its subsidiaries as at the end of 2015 (after an allowance for doubtful debt), accounting for 19% of total assets (2014 : 891.2 million Baht, accounting for 17.4% of total assets). Such A/R was mainly attributable to trade A/R of the Company, which was not yet due. Such increase was because of higher A/R which was not yet due and A/R aging not more than 3 months. However, the average collection period was at 46 days in 2015 (2014 : 42 days).

In addition, trade A/R - related parties of the Company and subsidiary which was not due yet increased by 21.4 million Baht.

The Company and its subsidiaries recorded A/R aging more than 3 months and returned cheques at 3.8% (2014 : 5.4%). In the meantime, the Company already set the allowance for doubtful accounts at 100.8% of the value of A/R aging more than 3 months and returned cheques (2014 : 86.1%).

- **Inventory** was worth 1,127.3 million Baht as at the end of 2015, or 19.2% of total assets, decreasing by 167.3 million Baht (2014 : 1,294.6 million Baht, or 25.3% of total assets). At the Company itself, there was a decrease of 79.3 million Baht and a decrease at a subsidiary of 88 million Baht caused by lower volume and price of raw material inventories. Furthermore, its subsidiary recorded allowance for diminution in value of inventories in the amount of 6 million Baht and allowance for obsolete inventory in the amount of 6.9 million Baht.

- **Other current assets** in the Company and its subsidiary as at the end of 2015 increased by 5.5 million Baht. The Company itself was a decrease of 1.5 million Baht derived from insurance prepaid, an increase at subsidiary of 7 million Baht due to income taxes paid in excess.

- **Investment properties** decreased by 21.5 million Baht as at the end of 2015 because its subsidiary recorded allowance for impairment of building by 17 million Baht in order to reflected in the calculation of an asset's value in use and depreciation for the year.

- **Property, plant and equipment** : As at the end of 2015, the net value of property, plant and equipment increased by 340.4 million Baht or 16.3% from 2014 due to an increase of new machineries and replacement of old ones at Bangpoo Refinery amounting to 252.6 million Baht, as well as an increase from a subsidiary derived by new production line and new filling line of Beverage segment at Nakhon Pathom factory amounting to 87.8 million Baht. .

- **Cost of forest land rights and cost of palm plantation** increased by 11.8 million Baht due to cost of plantation which was still immature at a subsidiary.

- **Intangible assets** : As at the end of 2015 increased by 1 million Baht attributed to the cost of computer software at its subsidiary.

- **Other non-current assets** : As at the end of 2015 decreased by 4.9 million Baht owing to the deposit payment at its subsidiary.

3. Source of Fund

Structure of Fund : Under the consolidated financial statements, source of fund comprised 3,223.1 million Baht from shareholders' equity and 2,648.1 million Baht of liabilities, in the ratio of 54.9 : 45.1 respectively. Of the said amount of liabilities, loans from financial institutions amounted to 1,961.4 million Baht or 74.1% of total liabilities, comprising short-term loan at 1,785 million Baht (67.4%) and long-term loan at 176.4 million Baht (6.7%). The ratio of debt to equity was 0.82 times at the end of 2015 (2014 : 0.66 times). Further details are set out below:-

- **Shareholders' equity** : increased by 129.3 million Baht or 4.2% at the end of 2015 because net profit of the Company and a subsidiary increased.

- **Liabilities** : At the end of 2015, the Company and its subsidiaries had :-

- (a) short-term loans from financial institutions of 1,785 million Baht, of which:-
- 955 million Baht was extended to a subsidiary, increasing by 65 million Baht or 7.3%.
 - 400 million Baht was extended to a subsidiary due at call.
 - 255 million Baht was extended to the Company, which increased by 115 million Baht or 82.1%.
 - 75 million Baht represents the portion of long-term loan extended to the subsidiary due within one year from purchase of land in Tub Prik, Krabi at 1.676.13 rai.
 - 25 million Baht represents the portion of long-term loan extended to the subsidiary.
 - 75 million Baht represents the portion of long-term loan extended to the Company.
- (b) long-term liabilities amounted to 176.4 million Baht represents the long-term loan net of current portion combined with:-
- 62.5 million Baht was extended to a subsidiary. The loan is repayable every 3 months starting in September 2015 until June 2019, and bears interest at the rate of THBFIX.
 - 113.9 million Baht extended to the Company. The loan is repayable every 3 months for 3 years starting 3 months after the final drawdown, and bears interest at the rate of the rate of 3-month BIBOR + 1%.

Financial liquidity

In 2015, the Company and its subsidiaries had more financial liquidity than 2014 as cash and cash equivalents increased by 267.1 million Baht to 479.9 million Baht (2014 : 212.8 million Baht). The main factors for changes in cash flow from operating, investing, and financing activities were as follows:-

Cash flows from operating activities : In 2015, the Company and its subsidiaries had net cash received from operating activities at 567.1million Baht (2014 : 595.9 million Baht) decreasing by 28.8 million Baht. Such decrease was contributed by Trade and other receivable increasing by 354.5 million Baht, inventories decreasing by 324 million Baht, Trade and other payables increasing by 138.6 million Baht, and the allowance for assets impairment of subsidiary increasing by 37.3 million Baht.

Cash flows from investing activities : In 2015, the Company and its subsidiaries recorded net cash used in investing activities at 667.8 million Baht (2014 : 197.9 million Baht). This was because of the investment in machineries from the Company and its subsidiary.

Cash flows from financing activities : In 2015, the Company and its subsidiaries recorded net cash from financing activities at 367.8 million Baht (2014 : use of 410.4 million Baht). Such increase was attributed to the higher loan from financial institution.

Financial ratios

MANAGEMENT DISCUSSION AND ANALYSIS

Current ratio was at 1.17 times (2014 : 1.29times).

Quick ratio was at 0.68 times (2014 : 0.59 times).

Return on total assets decreased to 5.63% in 2015 (2014 : 8.53%) as net profit for the year decreased by 29.5%, whereas total assets increased by 14.6%.

Return on total equity decreased to 9.79% in 2015 (2014 : 14.76%) as net profit for the year decreased.

Total debt to equity ratio increased to 0.82 times in 2015 (2014 : 0.66 times) due to higher loans from financial institutions for business expansion..

Accounts receivable turnover was 7.84 times in 2015 (2014 : 8.53 times). The average collection period was 46 days in 2015 (2014 : 42 days). This was because trade A/R and other receivables increased by 27.7% while sales value decreased from the lower average selling price by 2.8%.

Inventory turnover of finished goods decreased to 11.43 times in 2015 (2014 : 12.16 times), and inventory turnover period increased to 32 days (2014 : 30 days). This was because cost of sales of the Company and its subsidiaries increased while inventory decreased.

Accounts payable turnover was 14.98 times in 2015 (2014 : 15.08 times); average payment period was at 24 days (2014 : 24 days). This was because average trade accounts payable and other payables increased by 15.2%.

4. Capital Expenditure

Capital expenditure of the Group was incurred for land purchase for growing palm, replanting programme, and improvement of machinery efficiency.

- In 2015, the Company has PET In-house production project and Replacement of packing line project to replace deteriorated machines, with the investment of 400 million Baht, and started to test run of producing PET bottles in Q4/2015. It is expected that both projects will be completed within Q3/2016.
- In 2015, the subsidiary purchased land adjacent to the existing area at Tub Prik, Krabi, to expand its oil palm plantation area and reduce the operating cost of Tab Prik estate.
- The replanting programme is for the concession land in Khiansa. A subsidiary has been granted a renewal from the Treasury Department to make use on 50% of actual utilised area. The replanting in the renewal area started in 2015 and is expected to complete in 2020.
- UFC has invested in a new and modern high-speed filler machine, seamer machine and shrink wrap machine in alignment with the expansion plan for more coverage in the beverage category.

Factors which might affect financial performance in the future

Please refer to **RISK FACTORS** and **INDUSTRY OVERVIEW AND COMPETITIVENESS** as explained earlier.

Remuneration of statutory auditor

1) Audit Fee

The Company, its subsidiaries, and the related companies nominated the same office of the statutory auditor and paid audit fee as follows:-

Audit Fee (Baht)	2015	2016
for the Company	1,560,000	1,560,000
for 2 subsidiaries	2,010,000	2,030,000
for 5 related companies	710,000	710,000
Total	4,280,000	4,300,000

2) Non-Audit Fee

The Company, its subsidiaries, and the related company paid a fee to statutory auditor for verifying BOI project including imported machineries and corporate income tax submission.

Non-Audit Fee (for BOI project) (Baht)	2015	2016
for the Company	300,000	300,000
for 2 subsidiaries	440,000	440,000
for 2 related company	100,000	100,000
Total	840,000	840,000

SHAREHOLDERS AND MANAGEMENT

Shareholders

As at 8 May 2015, the top ten shareholders and their holdings are as follows:-

Shareholder's Name	Percentage of Paid-up Capital
(1) Lam Soon Holding Co., Ltd. ⁽ⁱ⁾	42.11
(2) Hap Seng Consolidated Berhad ⁽ⁱⁱ⁾	20.00
(3) CIMB Securities (Singapore) Pte Ltd	10.99
(4) Lam Soon Cannery Pte Ltd. ⁽ⁱⁱⁱ⁾	7.48
(5) Mr. Suwit Laohapolwattana	3.43
(6) CIMB Securities Limited	1.62
(7) Mrs. Supaporn Smitthinant	1.24
(8) Mrs. Pennipa Duangsittisombat	0.70
(9) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	0.70
(10) Mr. Niti Chongsawadchai	0.65

Source : Thailand Securities Depository Co., Ltd.

Note :

- (i) Lam Soon Holding Co., Ltd. is an investment holding company. As at 31 December 2015, shareholders holding 10% or more of Lam Soon Holding Co., Ltd. are as follows:-

Shareholder's Name	Percentage of Paid-up Capital
(1) Bangkok Edible Oil Co., Ltd. (Major shareholders include Galatea Enterprise 75.324% whose shareholders are as follows : Mr. Whang Tar Liang and his wife 54.39%, Mr. Whang Shang Ying 31.58%, Ms. Whang Yee Ling 14.03%.)	51.00
(2) Mr. Whang Tar Liang	24.50
(3) Mr. Whang Shang Ying (Neither Mr. Whang Tar Liang nor Mr. Whang Shang Ying own any shares in LST)	24.50

- (ii) Hap Seng Consolidated Berhad is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad. The major shareholder of Hap Seng Consolidated Berhad is Gek Poh (Holdings) Sdn Bhd, whose aggregate shareholdings as at 31 December 2015 was 59.18% comprising direct and indirect shareholdings of 54% and 5.18% respectively.

- (iii) Lam Soon Cannery Pte. Ltd. is an investment holding company. As at 31 December 2015, its shareholders are as follows:-

Shareholder's Name	Percentage of Paid-up Capital
(1) Mr. Whang Shang Ying	80.71
(2) Ms. Whang Yee Ling	13.86
(3) Ms. Chen Mu Hsien	5.43

Board of Directors and Management Committee

1. The Composition of Board of Directors and Sub-committees

Board of Directors

(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of Board of Directors, Independent Director and Chairman of Audit Committee
(2) Ms. Anchalee Suebchantasiri	Managing Director
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director and Member of Audit Committee
(4) Mr. Banchong Chittchang	Independent Director and Member of Audit Committee
(5) Datuk Simon Shim Kong Yip	Independent Director
(6) Lackana Leelayouthayotin, Ph.D.	Independent Director
(7) Mr. Whang Shang Ying	Executive Director
(8) Ms. Piyathida Sukchan	Executive Director
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant
(10) Ms. Jirasuda Sumpaotong	Company Secretary

Audit Committee

(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Independent Director and Chairman of Audit Committee
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director and Member of Audit Committee
(3) Mr. Banchong Chittchang	Independent Director and Member of Audit Committee
(4) Ms. Jirasuda Sumpaotong	Secretary to Audit Committee

Remuneration Committee

(1) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director and Chairman of Remuneration Committee
(2) Mr. Banchong Chittchang	Independent Director
(3) Mr. Whang Shang Ying	Executive Director

Nomination Committee

(1) Datuk Simon Shim Kong Yip	Independent Director and Chairman of Nomination Committee
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director
(3) Mr. Banchong Chittchang	Independent Director
(4) Mr. Whang Shang Ying	Executive Director

The details of duties and responsibilities of the Board and Sub-committees were presented in item 5.2 under "REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE".

The following members of the Audit Committee have experience in reviewing financial statements.

(1) Assoc. Prof. Preecha Jarungidanan, Ph.D.

Past experience

- Manager of Research and Planning Department, The Siam Commercial Bank Plc. (1992-1995)
- Director and Senior Executive Vice President, Chaopraya Finance and Securities Co., Ltd. (1995-1997)
- Director, Government Savings Bank (2005-2007)
- Director and member of Audit Committee, Small Business Credit Guarantee Corporation (SBCG) (2004-2008)
- Independent Director and member of Audit Committee, Kim Eng Securities (Thailand) Plc. (2002-2015)

Present Experience

- Director and member of Audit Committee, Stars Microelectronics (Thailand) Plc.
- Director and member of Audit Committee, Thai-German Products Plc.

SHAREHOLDERS AND MANAGEMENT

(2) Mr. Banchong Chittchang

Past experience

- President of Malee Sampran Plc. (1995 – 2004)
- Had led the management team to successfully rehabilitate Malee Sampran under the strict monitoring by the Stock Exchange of Thailand (1996 – 1998)

Present Experience

- Fellow Member, with Diploma from Thai Institute of Directors, Bangkok (IOD DCP 7/2001); and Chartered Director (IOD Chartered Director Class 1/2007) registered with Thai IOD
- A facilitator of the Strategic Management courses for IOD Director Certification Programmes (IOD DCP) since 2005 until present
- Director, Thai Institute of Directors

2. Criteria on recruiting Directors and Management

The Nomination Committee is to recruit the suitable candidates to replace directors whose terms are expired in April 2016 by including the consideration of candidates proposed by shareholders under the rules and criteria regarding director nomination before submitting to the Board for further consideration. The Board shall submit a list of suitable candidates to the shareholders meeting for final approval. The qualification of such persons must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

The qualifications of Independent Directors were presented in item 5.1.6 under “**REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE**”.

In accordance with the Company’s Articles of Association, the Company has not determined the number of directors appointed by each group of major shareholders. Directors are elected based on majority voting of attending shareholders.

3. The Number of Board Meetings and the Attendance of Directors

In 2015, the Board of Directors held 5 meetings (4 regular meetings and 1 extra meeting), with attendance shown of each member as below:-

Name	Attendance / Total Meetings
(1) Mr. Whang Tar Liang (resigned on 1 April 2015)	1/1
Lackana Leelayouthayotin, Ph.D. (replaced Mr. Whang Tar Liang on 1 April 2015)	4/4
(2) Art-ong Jumsai Na Ayudhya, Ph.D.	5/5
(3) Ms. Anchalee Suebchantasiri	5/5
(4) Assoc. Prof. Preecha Jarungidanan, Ph.D.	5/5
(5) Mr. Banchong Chittchang	5/5
(6) Datuk Simon Shim Kong Yip	2/5
(7) Mr. Whang Shang Ying	5/5
(8) Ms. Piyathida Sukchan	5/5
(9) Mr. Ampol Simarojana	5/5

SHAREHOLDERS AND MANAGEMENT

(2) Ms. Anchalee Suebchantasiri

Managing Director

Age : 57 years
 Nationality : Thai
 % of share holding : 0.001%
 The number of directorships in listed companies
 - Chairman : 0 company
 - Director : 2 companies
 Number of years as a director : 21 years (date of appointment : 21 August 1995)
 Family relation with management : None
 Education : Bachelor's degree in Accountancy, Thammasat University
 Director Training Programme : Certificate of Completion DCP 36/2003 and CSP 26/2008 from Thai Institute of Directors (IOD)

Position in other listed companies :

- Vice-Chairman of Board of Directors and Managing Director, United Palm Oil Industry Plc.

Other Experience :

- Director, Lam Soon Holding Co., Ltd.
- Director, Bangkok Edible Oil Co., Ltd.
- Director, Phansrivivat Co., Ltd.
- Director, Phansri Co., Ltd.
- Director, Prachak Vivat Co., Ltd.
- Chairman of Board of Directors, Siam Elite Palm Co., Ltd.

Meeting Attendance in 2015 : Attended the Board Meeting 5 times out of 5 times

(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.

Independent Director, Member of Audit Committee, Chairman of Remuneration Committee, and Member of Nomination Committee

Age : 69 years
 Nationality : Thai
 % of share holding : None
 The number of directorships in listed companies
 - Chairman : 0 company
 - Director : 3 companies
 Number of years as a director : 9 years (date of appointment : 14 June 2007)
 Family relation with management : None
 Education : Ph.D. (Economics : Monetary Theory)
 University of Missouri, Columbia, U.S.A.
 Director Training Programme : Certificate of Completion DAP 9/2004, DCP 89/2007, ACP 24/2008 from Thai Institute of Directors (IOD)
 Certificate of Completion, Corporate Governance for Capital Market Intermediaries (CGI 2/2015)

Position in other listed companies :

- Independent Director and Member of Audit Committee, Stars Microelectronics (Thailand) Plc.
- Independent Director and Member of Audit Committee, Thai-German Products Plc.

Position in companies with relating business (specify only non-executive director) : None

Other Experience :

- Independent Director and Member of Audit Committee, Kim Eng Securities (Thailand) Plc.
- Director and Member of Audit Committee, Small Business Credit Guarantee Corporation (SBCG)
- Director General, National Institute of Development Administration (NIDA)
- Director, Government Savings Bank
- Manager of Research and Planning Department, The Siam Commercial Bank Plc.
- Vice-President for Planning Affairs, National Institute of Development Administration (NIDA)
- Dean of The Faculty of Business Administration, National Institute of Development Administration (NIDA)
- Director and Senior Executive Vice President, Chaopraya Finance and Securities Co., Ltd.

Meeting Attendance in 2015 : Attended the Board Meeting 5 times out of 5 times
 Attended the AC Meeting 4 times out of 4 times
 Attended the RC Meeting 3 times out of 3 times
 Attended the NC Meeting 1 time out of 1 time

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

(4) Mr. Banchong Chittchang

Independent Director, Member of Audit Committee, Member of Remuneration Committee, and Member of Nomination Committee

Age : 67 years
Nationality : Thai
% of share holding : None
The number of directorships in listed companies
- Chairman : 0 company
- Director : 2 companies
Number of years as a director : 9 years (date of appointment : 14 June 2007)
Family relation with management : None
Education : M.S. Mechanical Engineering Degree, University of Akron, U.S.A.
Director Training Programme : Certificate of Completion from Thai Institute of Directors (IOD) DCP 7/2001 (Fellow Member), CDC 1/2007, DCP Refresher 5/2007, RCC 7/2008, DCP Update 1/2014

Position in other listed companies :

- Independent Director, Thai Optical Group Plc.

Position in companies with relating business (specify only non-executive director) : None

Other Experience :

- Chairman and Independent Director, TPBI Public Company Limited
- Director, Thai Institute of Directors
- Chartered Director registered with Thai Institute of Directors
- Facilitator for IOD Strategy courses
- Director, Thai Investors Association
- Vice Chairman of the Food Processing Industry Club, Federation of Thai Industries
- Councilor of Thailand Management Association
- President, Malee Sampran Plc.

Meeting Attendance in 2015 : Attended the Board Meeting 5 times out of 5 times
Attended the AC Meeting 4 times out of 4 times
Attended the RC Meeting 3 times out of 3 times
Attended the NC Meeting 1 time out of 1 time

(5) Datuk Simon Shim Kong Yip

Independent Director and Chairman of Nomination Committee

Age : 59 years
Nationality : Malaysian
% of share holding : None
The number of directorships in listed companies
- Chairman : 0 company
- Director : 1 company
Number of years as a director : 9 years (date of appointment : 25 April 2007)
Family relation with management : None
Education : Master in Law, University College London, London University, United Kingdom
Director Training Programme : None

Position in other listed companies : None

Position in companies with relating business (specify only non-executive director) :

- Non-Independent Non-Executive Director / a member of the Nominating and Remuneration Committee, Hap Seng Consolidated Berhad, a company listed on the Bursa Malaysia
- Non-Independent Non-Executive Deputy Chairman, Hap Seng Plantations Holdings Berhad, a company listed on the Bursa Malaysia

Other Experience :

- Non-Independent Non-Executive Director, Lei Shing Hong Limited
- Non-Executive Director, Lei Shing Hong Securities Limited
- Managing Partner, Messrs Shim Pang & Co.
- Barrister-at-law of the Lincoln's Inn, London
- Chartered Arbitrator
- Fellow Member of the Chartered Institute of Arbitrators, London and Malaysia
- Advocate and Solicitor of the High Court in Sabah and Sarawak
- Justice of the Peace in Malaysia
- Notary Public in Malaysia

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

- Member of the Malaysian Corporate Law Reform Committee and its working group on Corporate Governance, and Shareholders' rights
 - Non-Independent Non-Executive Director, Malaysian Mosaics Berhad
 - Non-Executive Director, Paos Holdings Berhad, a company listed on the Bursa Malaysia
- Meeting Attendance in 2015 : Attended the Board Meeting 2 times out of 5 times
Attended the NC Meeting 1 time out of 1 time

(6) Lackana Leelayouthayotin, Ph.D.

Independent Director

Age : 62 years
Nationality : Thai
% of share holding : None
The number of directorships in listed companies
- Chairman : 0 company
- Director : 2 companies
Number of years as a director : 9 months (date of appointment : 1 April 2015)
Family relation with management : None
Education : Doctor of Business Administration (DBA), Marketing, University of Southern Queensland, Australia
Master of Business Administration (MBA), Marketing, Catholic University of Leuven, Belgium
Bachelor of Science (BSC), Chemistry, Chulalongkorn University

Director Training Programme : None

Position in other listed companies :

- Director, GMM Grammy Public Company Limited

Other Experience :

- Director, Cerebos (Thailand) Limited
- Director, Tipco Food & Beverage Co., Ltd.
- Director, The ONE Enterprise Co., Ltd.
- Committee of the Recruitment and Promotion of Voluntary Blood Donor, The Thai Red Cross Society
- President of the Foundation for Education of the Marketing Association of Thailand (MAT)
- Director, Thailand Institute of Nuclear Technology (TINT)
- Director, Techno Medical Co., Ltd.
- Executive Director, Cerebos Pacific Limited, Singapore
- Chief Executive Officer of Health Supplement Division, Cerebos Pacific Limited, Singapore
- Executive Vice President & Chief Executive Officer of South East Asia, Cerebos Pacific Limited, Singapore
- Chief Executive Officer, Cerebos (Thailand) Limited
- Executive Product Manager, Diethelm & Co., Ltd.
- President of the Marketing Association of Thailand (MAT)

Meeting Attendance in 2015 : Attended the Board Meeting 4 times out of 4 times

(7) Mr. Whang Shang Ying

Executive Director, Member of Remuneration Committee, and Member of Nomination Committee

Age : 55 years
Nationality : Singaporean
% of share holding : None
The number of directorships in listed companies
- Chairman : 0 company
- Director : 2 companies
Number of years as a director : 18 years (date of appointment : 24 April 1998)
Family relation with management : None
Education : Bachelor of Arts (Hons.) in Law, Oxford University, United Kingdom

Director Training Programme : None

Position in other listed companies :

- Director, United Palm Oil Industry Plc.
- Director, Jurong Cement Limited, a public listed company in Singapore

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

Other Experience :

- Chairman and Executive Director, Universal Food Plc.
- Director, Lam Soon Holding Co., Ltd.
- Director, Bangkok Edible Oil Co., Ltd.
- Executive Chairman, Lam Soon (M) Berhad
- Executive Director, Lam Soon Singapore Pte Ltd.
- Member of Board of Governors, Singapore Polytechnic
- Member of the Advisory Board of Asian Civilisations Museum, Singapore

Meeting Attendance in 2015 :

- Attended the Board Meeting 5 times out of 5 times
- Attended the RC Meeting 3 times out of 3 times
- Attended the NC Meeting 1 time out of 1 time

(8) Ms. Piyathida Sukchan

Executive Director

Age : 47 years

Nationality : Thai

% of share holding : None

The number of directorships in listed companies

- Chairman : 0 company
- Director : 2 companies

Number of years as a director : 3 years (date of appointment : 26 April 2013)

Family relation with management : None

Education : M.A. (Hons.) in Development Economics,
National Institute Development Administration;
B.A. in Economics (Finance),
Thammasat University

Director Training Programme : Certificate of Completion DCP 36/2003 from
Thai Institute of Directors (IOD)
Certificate of Thai Intelligent Investors 1/2012 (TIIP1) from
Thai Investor Association and Stock Exchange of Thailand

Position in other listed companies :

- Executive Director, United Palm Oil Industry Plc.

Other Experience :

- Director, Bangkok Edible Oil Co., Ltd.
- Director, Phansrivivat Co., Ltd.
- Director, Phansri Co., Ltd.
- Director, Prachak Vivat Co., Ltd.
- Director, Siam Elite Palm Co., Ltd.
- Assistant Vice President for Securities Analysis Dept, Cathay Capital Co., Ltd.

Meeting Attendance in 2015 : Attended the Board Meeting 5 times out of 5 times

(9) Mr. Ampol Simarojana

Non-Executive Director and Operations Consultant

Age : 59 years

Nationality : Thai

% of share holding : None

The number of directorships in listed companies

- Chairman : 0 company
- Director : 1 company

Number of years as a director : 21 years (date of appointment : 21 August 1995)

Family relation with management : None

Education : Bachelor of Science (Chemical Engineering),
Chulalongkorn University

Director Training Programme : Certificate of Completion DCP 37/2003 from
Thai Institute of Directors (IOD)

Position in other listed companies :

- Executive Director, United Palm Oil Industry Plc.

Other Experience :

- Director, Lam Soon Holding Co., Ltd.
- Manager of Melting Division, Siam Asahi-Technoglass Co., Ltd.

Meeting Attendance in 2015 : Attended the Board Meeting 5 times out of 5 times

Note : ■ present □ past

SHAREHOLDERS AND MANAGEMENT

(10) Mrs. Roongnapa Phanomchoeng

Sales Manager- Industrial

Age : 57 years
 % of share holding : None
 Family relation with management : None
 Education : Bachelor of Economics, Ramkhamhaeng University
 Director Training Programme : None
 Other Experience :

- Assistant Managing Director, Pure Refined Oil Co., Ltd.
- Senior Sales Manager, Abico Holdings Plc.

(11) Mr. Komkris Siritwongpairat

Sales Manager – Modern Trade / Food Solution

Age : 43 years
 % of share holding : None
 Family relation with management : None
 Education : Master in Financial Management, University of Exeter, UK;
 Bachelor of Business Administration, Assumption University
 Director Training Programme : None
 Other Experience :

- Sales Manager, SC Johnson & Son Co., Ltd.
- Sr. Customer Development Manager, Johnson & Johnson (Thailand)
- Key Account Manager & Trade Marketing Manager, Diethelm Co., Ltd

(12) Mr. Sirichai Navasettavorn

Sales Manager – Traditional Trade

Age : 42 years
 % of share holding : None
 Family relation with management : None
 Education : MBA (Major in Marketing),
 Mahanakorn University of Technology
 Bachelor of Business Administration (Major in Marketing),
 Bangkok University
 Director Training Programme : None
 Other Experience :

- National Field Sales Manager, Siam Winery Trading Plus Co., Ltd.
- Business Development Manager, Fonterra Brands (Thailand) Co., Ltd.
- Distribution Account Specialist, Nestle (Thai) Ltd.
- Area Sales Manager, Boonrawd Asia Beverage Co., Ltd.
- Business Development Manager, Thai Pure Drink Co., Ltd.

(13) Ms. Jirasuda Sumpaotong

Company Secretary, Secretary to the Audit Committee and Finance and Accounting Manager

Age : 45 years
 % of share holding : None
 Family relation with management : None
 Education : Bachelor of Accountancy in Cost Accounting,
 Chulalongkorn University
 Director Training Programme : Certificate of Completion DCP 208/2015 from
 Thai Institute of Directors (IOD)
 Other Experience :

- Cost Accounting Manager, Kohler (Thailand) Public Company Limited
- Commercial Finance Analysis Manager / Senior Cost Analysis Manager,
 American Standard B&K (Thailand)
- Industrial Accounting Manager / Globe IS Manager, Nestle (Thai) Limited

Note : ■ present □ past

SHAREHOLDERS AND MANAGEMENT

(14) Mr. Suwat Praekulthan

Operations Manager

Age	:	47 years
% of share holding	:	None
Family relation with management	:	None
Education	:	MBA, Kasetsart University Bachelor Degree of Food science, Songklanakarin University
Director Training Programme	:	None
Other Experience	:	
		<input type="checkbox"/> General Manager, Suretex Limited (Surat Thani)
		<input type="checkbox"/> Operations Manager, SSL Manufacturing (Thailand) Ltd.
		<input type="checkbox"/> Factory Manager, Reckitt Benckiser Healthcare Manufacturing (Thailand) Limited

(15) Mr. Virat Suwannarat

Human Resources Manager

Age	:	48 years
% of share holding	:	None
Family relation with management	:	None
Education	:	Master Degree of Public Administration, Business Management, Burapha University
Director Training Programme	:	None
Other Experience	:	
		<input type="checkbox"/> HR Director, Sara Lee (Thailand) Ltd.
		<input type="checkbox"/> HR Director, Moccona (Thailand) Ltd.
		<input type="checkbox"/> Plant HR Manager, Cadbury Adams (Thailand) Ltd.

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

6. Directors and Executives holding shares in the Company

Name	No. of shares as of 31 December 2014	Increase (Decrease) in no. of shares during the financial year	No. of shares as of 31 December 2015
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	-	-	-
(2) Ms. Anchalee Suebchantasiri	9,140	-	9,140
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	-	-	-
(4) Mr. Banchong Chittchang	-	-	-
(5) Datuk Simon Shim Kong Yip	-	-	-
(6) Lackana Leelayouthayotin, Ph.D.	-	-	-
(7) Mr. Whang Shang Ying	-	-	-
(8) Mr. Ampol Simarojana	-	-	-
(9) Ms. Piyathida Sukchan	100	-	100
(10) Mrs. Roongnapa Phanomchoeng	-	-	-
(11) Mr. Komkris Siritwongpairat	-	-	-
(12) Mr. Sirichai Navasettavorn	-	-	-
(13) Ms. Jirasuda Sumpaotong	-	-	-
(14) Mr. Suwat Praekulthan	-	-	-
(15) Mr. Virat Suwannarat	-	-	-

7. Remuneration of Directors and Management

Monetary Remuneration

(a) Director's fees : Total fees to all 10 members of the Board 5,361,600 Baht

Name of Directors	Position	Director's fees in 2015
(1) Mr. Whang Tar Liang <i>(resigned on 1 April 2015)</i> Lackana Leelayouthayotin, Ph.D. <i>(replaced Mr. Whang Tar Liang on 1 April 2015)</i>	Chairman of the Board and Executive Director (until 1 April 2015) Independent Director (with effect from 1 April 2015)	157,500 396,000
(2) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Board, Independent Director, and Chairman of Audit Committee	1,005,300
(3) Ms. Anchalee Suebchantasiri	Managing Director	249,600
(4) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director Member of Audit Committee Chairman of Remuneration Committee Member of Nomination Committee	991,800
(5) Mr. Banchong Chittchang	Independent Director Member of Audit Committee Member of Remuneration Committee Member of Nomination Committee	991,800
(6) Datuk Simon Shim Kong Yip	Independent Director and Chairman of Nomination Committee	549,000
(7) Mr. Whang Shang Ying	Executive Director Member of Remuneration Committee Member of Nomination Committee	312,600
(8) Ms. Piyathida Sukchan	Executive Director	249,600
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant	458,400

(b) Remuneration paid to the Company's Executive Directors as Executive Directors of Subsidiaries for 5 persons : 2,270,400 Baht

(c) Remuneration of all 12 persons of the Management : 104,637,873 Baht*

(d) Remuneration paid to the Company's Executive Directors as the Management of Subsidiaries for 4 persons : 6,865,200 Baht

SHAREHOLDERS AND MANAGEMENT

***Note :** Remuneration of the Management comprises remuneration paid to the Executive Directors, the Managing Director, and the first 4 Department Manager levels ranking immediately below Managing Director including every person in the same level of the 4th ranking (as specified in the Notification of The Office of Securities and Exchange Commission).

Other Remuneration

The Company has paid no other remuneration, except the cost of air-ticket and accommodation for directors residing outside Thailand who attend the meetings, and the cost of director liability insurance for all members of the Board and Executives. Other forms of remuneration for the Management include Company's cars and related expenses, medical expense, and accidental insurance.

As for Provident Fund, the Management has been paid at the same rate as other employees. However, no Provident Fund has been paid to Mr. Whang Shang Ying.

8. Directors and the Management having positions in subsidiaries and related companies

Name of companies Name of Directors and Management	The Company	Subsidiaries		Related Company (Lam Soon Holding Co., Ltd.)
		United Palm Oil Industry Plc.	Universal Food Plc.	
(1) Mr. Whang Shang Ying	//	/	*	/
(2) Ms. Anchalee Suebchantasiri	//	//		/
(3) Ms. Piyathida Sukchan	//	//		/
(4) Mr. Ampol Simarojana	/			/
(5) Ms. Jirasuda Sumpaotong	///	//		

Notes : * : Chairman of Board of Directors
/ : Director
// : Executive Director
/// : Management

9. Control system of utilising insider information

The following policy and guidelines of the Company prevents the Management from utilising insider information of the Company for personal gain:

1. Directors and Management are obliged to report to the Board on each person's securities holding and the holding of securities in the Company by his spouse and minor children. This includes penalty provisions under the Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand;
2. Management as their duty to report their holdings of securities in the Company to the Board in every quarter on which the Board meeting is called;
3. Material insider information of the Company should not be revealed to others. This includes impacts on the Company's securities, and the penalty provisions of a law that the Management may face according to the Securities and Exchange Act B.E. 2535, as a result of their violation;
4. Management is prohibited from trading in the Company's shares one month prior to the Company's financial statements being announced.

The Company has established the rules for prevention of using inside information including the penalties for violator stated in item 5.8.1 under "**REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE**".

10. Internal Control Management

The Company places importance on internal control system which it regards as a vital management tool to reduce business risk, to build up a confidence of business management, to assist the Company operating efficiency and fulfill expected goal. The internal control system also enhances shareholders' benefits and investment, supports verification and creditability of financial statement reports and operating reports of the Company, prevents loss of assets and assists employees working under laws and regulations.

The Company employed Dr. Virach & Associates Office to be the Company internal auditors. The Company assigns the Office to prepare quarterly internal audit plans, which are to evaluate efficiency of the Company's internal control system and create effectively internal control system for the Company and practice in consistency.

During the Board Meeting No. 1/2016 held on 26 February 2016, in the presence of 3 independent directors and audit committee members, the Board reviewed the internal control system of the Company by using the evaluation form initially completed and presented by the management and reviewed by the audit committee. The evaluation of the internal control system of the Company covered 5 areas, namely organisation and environment, risk management, operational control of the management, information system and communication, and monitoring. The Board, upon the recommendation of the Audit Committee, concluded and provided an opinion that the Company has adequate internal control system for the above mentioned areas.

Besides, the business transactions with majority shareholder and subsidiary companies are mentioned in the Notes to the Financial Statements item 6, as well as complied with the rules and regulations of the SET regarding related transactions. The Board provided the opinion that the Company maintains adequate internal measures.

Other significant items of internal control have been reviewed every quarter by the audit committee and the Company's internal auditor, Dr. Virach & Associates. Major issues are reported to the Board by the audit committee. The Board provided an opinion that Company's internal control measure is further strengthened by the quarterly review as well.

Details of Internal Auditor

Mr. Apiruk Ati-anuwat

Audit partner Dr. Virach and Associates Office Co., Ltd.

Age	:	45 years
% of share holding	:	None
Family relation with management	:	None
Education	:	B.B.A. (Accounting), Ramkhamhaeng University LL.B., Thammasat University MBA., Ramkhamhaeng University Certified Public Accountant
Training Course	:	COSO Internal Control System (The Committee of Sponsoring Organization of the Treadway Commission) Evaluation of internal control system COSO-ERM (The Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management)
Duties and responsibilities	:	Design the annual internal audit plan Review risk assessment of the internal control system Submit the finding reports to the Audit Committee
Other Experience	:	<ul style="list-style-type: none"> ■ Audit partner Dr. Virach and Associates Office Co., Ltd. ■ Internal auditor, United Palm Oil Industry Public Co., Ltd., 16 years ■ Internal auditor, Lam Soon (Thailand) Public Co., Ltd., 11 years

Note : ■ *present* □ *past*

Dividend Payout Policy

The Company's policy is to pay dividends to shareholders of an amount not less than 40% of its net earnings after tax subject to the Company's future investment and funding requirements. The Board of Directors passed a resolution to propose the payment of dividend for the operational period of 2015 at the rate of 0.15 Baht/share representing 60% of net profit, compared with that of 2014 at 0.20 Baht/share representing 58.8% of net profit.

United Palm Oil Industry Plc. pays dividends at approximately 50% of net earnings after tax, depending on the company's performance and economic situation.

Universal Food Plc. set a dividend payout ratio at not less than 5% of its net earnings after tax subject to the Company's future investment and funding requirements.

COMMON INTERESTED PERSONS AND CONNECTED TRANSACTIONS

Connected transactions with common interested persons, necessity and reasons for connected transactions

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

Connected transactions with United Palm Oil Industry Public Company Limited (UPOIC) and Universal Food Public Company Limited (UFC).

Relation	Transactions	Value of Transactions (million Baht)		Pricing Policy	Necessity
		2015	2014		
Subsidiary company	Purchase of raw materials	750	755	Market prices on the contract date	CPO is the major raw material of the Company and there is a shortage of local supply of CPO in some seasons, therefore, it is necessary for the Company to buy CPO from UPOIC.
	Purchase of finished goods	688	735	Market prices less fixed margin	To reduce selling and administrative expenses of the Group, the Company has been appointed as the distributor of UFC products for domestic sales.
	Sales of goods and services	1	3	Market price	These are the utilities fee including electricity, water, and public service charged to UPOIC and UFC as they rent the Company's office building.
	Dividend income	34	125	At the declared rate	This is the dividend received from investment in UPOIC.
	Rental income	2	2	Market price	Renting offices to UFC and UPOIC at the same area among the Company group is to save handling expenses and be flexible for daily operation.
	Selling and administrative service income	71	70	On actual basis	This is selling and administrative expenses from being the distributor for UFC.

The balances of the accounts as at 31 December 2015 and 2014 between the Company, subsidiaries, and those related companies have been declared in Notes to financial statements item no. 6.

Measures or criteria to approve connected transactions

In 2015, the Company's purchases of CPO, CPKO, PKS and FFB from UPOIC accounted for 21.51% (2014 : 17.77%) of its total CPO, CPKO, PKS and FFB purchase. The buying was based on the ongoing market price as normal business transaction on an arm's length basis. It was done without any commitment, but on the basis of the CPO purchase contract and in compliance with normal business practice in the palm oil industry.

Ms. Anchalee Suebchantasiri, Managing Director of the Company and of UPOIC, approved the CPO purchase for the Company. The approval was based on the market price references of various crushing mills.

For UFC products, the Company buys the products from UFC at the selling price sold by the Company less a fixed margin which is determined on an arm's length basis between the two companies' respective management.

Connected transactions in the future

The Company has had business transactions with UPOIC prior to the Company becoming its major shareholder. So long as the Government's policy on import of CPO is unclear, the Company will have to source CPO from UPOIC because CPO is the major raw material of the Company. Nevertheless, the Company can and does buy CPO at same price from other crushing mills as additional sources of supply.

The Company will continue to act as distributor of UFC in order to reduce selling and administrative expenses of the group as a whole.

Legal conflicts

As at 31 December 2015, there was no litigation involving the Company which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity.

Obligations on future share issuance

- None -

INFORMATION ON DEBENTURES OR PROMISSORY NOTES

- None -

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2015

Independent Auditor's Report

To the Shareholders of Lam Soon (Thailand) Public Company Limited

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows 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 Lam Soon (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 17 to the financial statements regarding a permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests which had expired in January 2015. The subsidiary has used the land of 13,030 rai for palm oil plantation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land, and the request is under the consideration of such government unit. My opinion is not qualified in respect of this matter.



Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 26 February 2016

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2015

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	
	<u>Note</u>	<u>31 December 2015</u>	<u>31 December 2014</u> (Restated)	<u>1 January 2014</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
Assets						
Current assets						
Cash and cash equivalents	7	479,942,874	212,800,513	225,215,999	121,706,095	27,893,106
Trade and other receivables	6, 8	1,152,262,484	902,094,496	1,011,572,255	924,798,018	816,939,192
Short-term loans to related parties	6	-	-	-	-	-
Inventories	9	1,127,358,400	1,294,624,420	1,096,302,434	550,001,637	629,344,464
Other current assets		44,047,100	38,501,520	47,133,911	10,971,124	12,453,224
Total current assets		2,803,610,858	2,448,020,949	2,380,224,599	1,607,476,874	1,486,629,986
Non-current assets						
Investments in subsidiaries	10	-	-	-	1,312,870,944	1,312,490,844
Investment in joint venture	11	39,280,826	39,683,607	33,720,670	-	-
Investment in associated company	12	-	-	-	-	-
Other long-term investments	13	1,701,058	3,939,715	836,479	1,701,058	3,939,715
Long-term loans to other companies	14	61,740,000	-	-	-	-
Investment properties	15	65,022,058	86,530,203	51,735,001	6,562,545	8,261,203
Property, plant and equipment	16	2,425,929,595	2,085,549,818	2,171,460,845	861,072,918	608,463,720
Cost of forest land rights and cost of palm plantation	17	223,822,648	212,051,098	272,154,180	224,529	236,294
Goodwill		196,376,189	196,376,189	196,376,189	-	-
Intangible assets	18	9,270,861	8,269,679	7,320,129	4,996,919	5,064,874
Deferred tax assets	27	41,809,525	35,605,028	40,794,409	8,581,403	8,181,489
Other non-current assets		2,711,228	7,570,570	6,525,337	485,236	518,235
Total non-current assets		3,067,663,988	2,675,575,907	2,780,923,239	2,196,495,552	1,947,156,374
Total assets		5,871,274,846	5,123,596,856	5,161,147,838	3,803,972,426	3,433,786,360

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	
	<u>Note</u>	<u>31 December 2015</u>	<u>31 December 2014</u> (Restated)	<u>1 January 2014</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	19	1,610,000,123	1,230,000,000	1,240,748,983	255,000,000	140,000,000
Trade and other payables	6, 20	494,027,566	429,033,819	557,021,508	453,233,612	414,467,581
Short-term loan from related party	6	-	10,000,000	-	-	-
Current portion of long-term loans	22	175,000,000	100,000,000	117,140,000	75,000,000	-
Current portion of liabilities under finance lease agreements	23	573,000	-	-	-	-
Income tax payable		59,344,403	41,318,141	32,955,478	17,713,469	22,680,531
Other current liabilities	21	63,983,016	89,248,923	63,246,604	44,267,420	51,386,151
Total current liabilities		<u>2,402,928,108</u>	<u>1,899,600,883</u>	<u>2,011,112,573</u>	<u>845,214,501</u>	<u>628,534,263</u>
Non-current liabilities						
Long-term loans - net of current portion	22	176,394,370	75,000,000	200,000,000	113,894,370	-
Liabilities under finance lease agreements - net of current portion	23	1,257,218	-	-	-	-
Provision for land rental charge		-	-	20,468,000	-	-
Provision for long-term employee benefits	24	67,532,277	55,133,170	77,735,920	30,599,398	30,453,694
Total non-current liabilities		<u>245,183,865</u>	<u>130,133,170</u>	<u>298,203,920</u>	<u>144,493,768</u>	<u>30,453,694</u>
Total liabilities		<u>2,648,111,973</u>	<u>2,029,734,053</u>	<u>2,309,316,493</u>	<u>989,708,269</u>	<u>658,987,957</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Consolidated financial statements			Separate financial statements	
	As at	As at	As at	As at	As at
	<u>Note</u>	<u>31 December 2015</u>	<u>31 December 2014</u>	<u>1 January 2014</u>	<u>31 December 2015</u>
			(Restated)		
Shareholders' equity					
Share capital					
Registered					
820,000,000 ordinary shares of Baht 1 each		<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>
Issued and fully paid-up					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Paid-in surplus					
Share premium		241,970,265	241,970,265	241,970,265	241,970,265
Premium on treasury stock		5,269,100	5,269,100	5,269,100	5,269,100
Retained earnings					
Appropriated - statutory reserve	25	107,122,983	103,071,298	103,071,298	82,000,000
Unappropriated		1,725,637,966	1,582,266,632	1,349,237,654	1,665,658,684
Other components of shareholders' equity		<u>(7,212,969)</u>	<u>1,362,262</u>	<u>439,673</u>	<u>(633,892)</u>
Equity attributable to owners of the Company		<u>2,892,787,345</u>	<u>2,753,939,557</u>	<u>2,519,987,990</u>	<u>2,814,264,157</u>
Non-controlling interests of the subsidiaries		<u>330,375,528</u>	<u>339,923,246</u>	<u>331,843,355</u>	<u>-</u>
Total shareholders' equity		<u>3,223,162,873</u>	<u>3,093,862,803</u>	<u>2,851,831,345</u>	<u>2,814,264,157</u>
Total liabilities and shareholders' equity		<u>5,871,274,846</u>	<u>5,123,596,856</u>	<u>5,161,147,838</u>	<u>3,433,786,360</u>

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

.....
 Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014 (Restated)	2015	2014
Profit or loss:					
Revenues					
Sales		8,196,978,004	8,434,822,051	6,329,287,950	6,931,738,438
Dividend income	6, 10	190,725	95,070	34,197,991	124,788,381
Other income	6	93,643,110	99,073,707	107,102,157	108,987,831
Total revenues		8,290,811,839	8,533,990,828	6,470,588,098	7,165,514,650
Expenses					
Cost of sales	26	6,915,350,316	7,075,231,231	5,674,005,937	6,286,769,265
Selling expenses		674,119,134	620,619,944	430,852,931	422,353,069
Administrative expenses		219,547,289	261,629,728	110,391,098	125,409,840
Loss on impairment of assets	15, 16	35,000,000	-	-	-
Total expenses		7,844,016,739	7,957,480,903	6,215,249,966	6,834,532,174
Profit before share of profit from investment in joint venture, finance cost and income tax expenses					
		446,795,100	576,509,925	255,338,132	330,982,476
Share of profit from investment in joint venture	11	5,222,219	5,962,937	-	-
Profit before finance cost and income tax expenses					
		452,017,319	582,472,862	255,338,132	330,982,476
Finance cost		(48,033,418)	(52,371,940)	(10,489,059)	(13,197,751)
Profit before income tax expenses					
		403,983,901	530,100,922	244,849,073	317,784,725
Income tax expenses	27	(94,702,679)	(91,210,150)	(40,377,336)	(37,289,230)
Profit for the year		309,281,222	438,890,772	204,471,737	280,495,495
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		(1,263,657)	1,153,236	(1,263,657)	1,153,236
Less: Income tax effect	27	252,732	(230,647)	252,732	(230,647)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		(1,010,925)	922,589	(1,010,925)	922,589
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain		-	24,267,184	-	2,983,044
Less: Income tax effect	27	-	(4,528,782)	-	(596,609)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		-	19,738,402	-	2,386,435
Other comprehensive income for the year		(1,010,925)	20,660,991	(1,010,925)	3,309,024
Total comprehensive income for the year		308,270,297	459,551,763	203,460,812	283,804,519

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2015	2014 (Restated)	2015	2014
Profit attributable to:					
Equity holders of the Company		311,416,392	380,672,695	<u>204,471,737</u>	<u>280,495,495</u>
Non-controlling interests of the subsidiaries		<u>(2,135,170)</u>	<u>58,218,077</u>		
		<u>309,281,222</u>	<u>438,890,772</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		310,405,467	397,939,982	<u>203,460,812</u>	<u>283,804,519</u>
Non-controlling interests of the subsidiaries		<u>(2,135,170)</u>	<u>61,611,781</u>		
		<u>308,270,297</u>	<u>459,551,763</u>		
Basic earnings per share					
	29				
Profit attributable to equity holders					
of the Company		<u>0.38</u>	<u>0.46</u>	<u>0.25</u>	<u>0.34</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other components of equity			Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Other changes by the owners	Surplus (deficit) on changes in value of available-for-sale shareholding in subsidiary			Total other components of shareholders' equity
Balance as at 1 January 2014		820,000,000	241,970,265	5,269,100	103,071,298	1,349,237,654	(545,556)	985,229	439,673	2,519,987,990	331,843,355	2,851,831,345
Profit for the year		-	-	-	-	380,672,695	-	-	-	380,672,695	58,218,077	438,890,772
Other comprehensive income for the year		-	-	-	-	16,344,698	922,589	-	922,589	17,267,287	3,393,704	20,660,991
Total comprehensive income for the year		-	-	-	-	397,017,393	922,589	-	922,589	397,939,982	61,611,781	459,551,763
Dividend paid	32	-	-	-	-	(164,000,000)	-	-	-	(164,000,000)	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	11,585	-	-	-	11,585	-	11,585
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(53,531,890)	(53,531,890)
Balance as at 31 December 2014		820,000,000	241,970,265	5,269,100	103,071,298	1,582,266,632	377,033	985,229	1,362,262	2,753,939,557	339,923,246	3,093,862,803

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Retained earnings				Other components of equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
		Issued and paid up share capital	Share premium	Premium on treasury stock	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Other changes by the owners				Surplus (deficit) on changes in value of available-for-sale investments
Balance as at 1 January 2015		820,000,000	241,970,265	5,269,100	103,071,298	1,582,266,632	377,033	985,229	1,362,262	2,753,939,557	339,923,246	3,093,862,803
Profit for the year		-	-	-	-	311,416,392	-	-	-	311,416,392	(2,135,170)	309,281,222
Other comprehensive income for the year		-	-	-	-	-	(1,010,925)	-	(1,010,925)	(1,010,925)	-	(1,010,925)
Total comprehensive income for the year		-	-	-	-	311,416,392	(1,010,925)	-	(1,010,925)	310,405,467	(2,135,170)	308,270,297
Dividend paid	32	-	-	-	-	(164,000,000)	-	-	-	(164,000,000)	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	4,942	-	-	-	4,942	-	4,942
Appropriation of statutory reserve of subsidiary		-	-	-	4,002,538	(4,050,000)	-	-	-	(47,462)	47,462	-
Acquisition of non-controlling interests of subsidiary		-	-	-	49,147	-	-	(7,564,306)	(7,564,306)	(7,515,159)	7,125,059	(390,100)
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(14,585,069)	(14,585,069)
Balance as at 31 December 2015		820,000,000	241,970,265	5,269,100	107,122,983	1,725,637,966	(633,892)	(6,579,077)	(7,212,969)	2,892,787,345	330,375,528	3,223,162,873

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(Unit: Baht)

Separate financial statements								
						<u>Other components of equity</u>		
						Other comprehensive income		
						Surplus (deficit) on changes in value of available-for-sale investments		
						Total other components of shareholders' equity		Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	<u>Retained earnings</u>		in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2014	820,000,000	241,970,265	5,269,100	82,000,000	1,506,288,490	(545,556)	(545,556)	2,654,982,299
Profit for the year	-	-	-	-	280,495,495	-	-	280,495,495
Other comprehensive income for the year	-	-	-	-	2,386,435	922,589	922,589	3,309,024
Total comprehensive income for the year	-	-	-	-	282,881,930	922,589	922,589	283,804,519
Dividend paid	-	-	-	-	(164,000,000)	-	-	(164,000,000)
Reversal of prior year dividend	-	-	-	-	11,585	-	-	11,585
Balance as at 31 December 2014	<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,625,182,005</u>	<u>377,033</u>	<u>377,033</u>	<u>2,774,798,403</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(Unit: Baht)

Separate financial statements								
						Other components of equity		
						Other comprehensive income		
						Surplus (deficit) on changes in value of available-for-sale investments		
						Total other components of shareholders' equity		Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings				
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2015	820,000,000	241,970,265	5,269,100	82,000,000	1,625,182,005	377,033	377,033	2,774,798,403
Profit for the year	-	-	-	-	204,471,737	-	-	204,471,737
Other comprehensive income for the year	-	-	-	-	-	(1,010,925)	(1,010,925)	(1,010,925)
Total comprehensive income for the year	-	-	-	-	204,471,737	(1,010,925)	(1,010,925)	203,460,812
Dividend paid	32	-	-	-	(164,000,000)	-	-	(164,000,000)
Reversal of prior year dividend		-	-	-	4,942	-	-	4,942
Balance as at 31 December 2015	820,000,000	241,970,265	5,269,100	82,000,000	1,665,658,684	(633,892)	(633,892)	2,814,264,157

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Profit before tax	403,983,901	530,100,922	244,849,073	317,784,725
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	243,803,729	265,383,712	88,344,494	83,621,411
Share of profit from investment in joint venture	(5,222,219)	(5,962,937)	-	-
Gain on disposal of other long-term investment	(225,000)	-	(225,000)	-
Increase (decrease) in allowance for doubtful accounts	1,025,008	5,899,722	246,817	(11,195)
Increase (decrease) in allowance for diminution in inventory value	13,241,926	(26,585,087)	343,396	106,519
Increase (decrease) in allowance for impairment loss of assets	35,000,000	(2,336,416)	-	-
Reversal of provision for land rental charge	-	(20,468,000)	-	-
Loss on write-off of property, plant and equipment	-	4,010,256	-	10
Gain on disposals of property, plant and equipment	(1,398,808)	(5,034,630)	(871,186)	(951,487)
Gain on disposals of intangible assets	-	(361)	-	(361)
Loss on write-off of cost of palm plantation	5,515,730	37,862,605	-	-
Unrealised loss (gain) on exchange	690,096	293,196	551,744	(39,313)
Provision for long-term employee benefits	32,067,862	29,879,207	17,862,574	15,913,284
Dividend income from subsidiary	-	-	(34,007,266)	(124,693,311)
Dividend income from other companies	(190,725)	(95,070)	(190,725)	(95,070)
Interest expenses	44,766,335	49,332,743	8,349,622	11,249,612
Profit from operating activities before changes in operating assets and liabilities	773,057,835	862,279,862	325,253,543	302,884,824
Decrease (increase) in operating assets				
Trade and other receivables	(250,829,564)	103,685,861	(108,220,813)	112,763,645
Inventories	161,337,049	(162,696,626)	78,999,431	(80,608,973)
Other current assets	(4,856,440)	13,141,530	1,482,100	6,477,995
Other non-current assets	4,859,342	(1,045,233)	32,999	(49,800)
Increase (decrease) in operating liabilities				
Trade and other payables	58,331,744	(80,297,795)	30,456,161	(119,241,507)
Other current liabilities	(25,869,330)	25,684,429	(7,172,703)	4,234,277
Provision for long-term employee benefits	(19,668,755)	(28,214,774)	(17,716,870)	(24,319,096)
Cash from operating activities	696,361,881	732,537,254	303,113,848	202,141,365
Cash paid for interest expenses	(45,995,900)	(49,633,023)	(8,332,848)	(11,404,081)
Cash paid for corporate income tax	(83,233,077)	(87,009,169)	(45,491,580)	(29,496,082)
Net cash from operating activities	567,132,904	595,895,062	249,289,420	161,241,202

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014
Cash flows from investing activities				
Increase in investment in subsidiary	(390,100)	-	(380,100)	-
Dividend received from subsidiary	-	-	34,007,266	124,693,311
Dividend received from joint venture	5,625,000	-	-	-
Dividend received from other companies	190,725	95,070	190,725	95,070
Decrease (increase) in other long-term investments	1,200,000	(1,950,000)	1,200,000	(1,950,000)
Increase in long-term loan to unrelated party	(61,740,000)	-	-	-
Cash paid for acquisitions of investment properties	(75,000)	-	-	-
Acquisitions of property, plant and equipment	(579,308,659)	(179,229,346)	(331,553,988)	(79,463,419)
Proceeds from disposals of property, plant and equipment	6,133,256	9,667,609	1,787,152	988,736
Increase in cost of palm plantation	(36,495,392)	(23,771,375)	-	-
Increase in intangible assets	(2,959,770)	(2,702,013)	(680,770)	(592,600)
Proceeds from disposals of intangible assets	-	380	-	380
Net cash from (used in) investing activities	(667,819,940)	(197,889,675)	(295,429,715)	43,771,478
Cash flows from financing activities				
Increase (decreases) in short-term loans from financial institutions	380,000,123	(10,748,983)	115,000,000	(45,000,000)
Decrease in short-term loan from related party	(10,000,000)	(40,000,000)	-	-
Repayment of liabilities under finance lease agreements	(38,941)	-	-	-
Cash received from long-term loans	288,894,370	-	188,894,370	-
Repayment of long-term loans	(112,500,000)	(142,140,000)	-	(15,000,000)
Dividend paid	(178,526,155)	(217,531,890)	(163,941,086)	(164,000,000)
Net cash from (used in) financing activities	367,829,397	(410,420,873)	139,953,284	(224,000,000)
Net increase (decrease) in cash and cash equivalents				
	267,142,361	(12,415,486)	93,812,989	(18,987,320)
Cash and cash equivalents at beginning of the year	212,800,513	225,215,999	27,893,106	46,880,426
Cash and cash equivalents at end of the year (Note 7)	479,942,874	212,800,513	121,706,095	27,893,106

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment that have not been paid	17,226,118	9,922,872	13,444,445	5,587,923
Transferred palm nursery to inventory account	7,312,955	9,040,273	-	-
Transferred property, plant and equipment to investment properties	-	33,210,524	-	-
Purchases of equipment under finance lease agreements	1,869,159	-	-	-

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2015

1. General information

Lam Soon (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Lam Soon Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of palm oil. The registered office of the Company is at 64, Soi Bangna-Trad 25, Bangna, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2015</u> Percent	<u>2014</u> Percent
<u>Subsidiaries directly held by the Company</u>				
United Palm Oil Industry Public Company Limited	Palm oil plantation, crude palm oil and kernel palm oil processing	Thailand	69.96	69.96
Universal Food Public Company Limited	Manufacture and distribution of processed fruits and vegetables, canned juice and drinks	Thailand	98.83	98.76
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2015</u> Percent	<u>2014</u> Percent
<u>Joint venture entity held by United Palm Oil Industry Public Company Limited</u>				
Siam Elite Palm Company Limited	Production and distribution of palm oil seeds	Thailand	50	50
<u>Subsidiaries held by Phansrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	100	97

The frozen vegetable and fruit manufacturing business is operated by Union Frost Company Limited (the subsidiary held by the Company's subsidiary), and because its operating results have not met targets, the management decided that the business would not be beneficial to the subsidiary in the long-term. As a result, the management of the subsidiary had a plan to discontinue these operations and to sell the related assets. The subsidiary has already downsized its production and laid off most of its employees.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same reporting period and the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below.

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

As a result of the adoption of this standard, a subsidiary has had to change the method used to account for its investment in a joint venture from the proportionate consolidation method to the equity method. The Company has restated the prior period's financial statements, presented as comparative information, to reflect the effect of the change.

The amounts of adjustments affecting the statements of financial position and the statement of comprehensive income are summarised below.

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	
	As at	As at
	<u>31 December 2014</u>	<u>1 January 2014</u>
Statements of financial position		
Increase in investment in joint venture	39,684	33,721
Decrease in current assets	(26,010)	(15,564)
Decrease in non-current assets	(19,026)	(19,669)
Decrease in current liabilities	(4,490)	(1,512)
Decrease in non-current liabilities	(862)	-

	(Unit: Thousand Baht)
	<u>Consolidated financial statements</u>
	<u>For the year ended 31 December 2014</u>
Statement of comprehensive income	
Profit or loss:	
Decrease in revenue	(16,047)
Decrease in expenses	(9,649)
Increase in share of profit from investment in joint venture	5,963
Decrease in income tax expenses	(435)

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

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

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards.

The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied except for TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant. The management of the Company is evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. Cost includes all cost of raw materials, labour and factory overheads.

Raw materials, chemicals, packing materials, spare parts and factory supplies are valued at the lower of cost (Moving average method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) 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.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

4.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 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 the straight-line basis over the estimated useful lives as follows:

Building	-	20 and 30 years
Building improvement	-	5 - 25 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 20 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

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

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.

4.8 Cost of forest land rights and cost of palm plantation and amortisation

Cost of forest land rights and cost of palm plantation are stated at cost less accumulated amortisation and impairment losses (if any). The cost includes development costs and expenses which are directly related to forest land rights, and oil palm seeding and plantation activities before the production period.

Amortisation is calculated by reference to cost of forest land rights and cost of palm plantation ready for harvest on a straight-line basis over the estimated remaining productive life of the palm trees (the productive life of palm trees is generally 25 years) or over the remaining period of the forest reserve land concession, whichever is shorter.

Amortisation is included in determining income.

No amortisation is provided on cost of palm plantation not ready for harvest.

Costs of supplying palm vacancies and infilling mature areas are included in determining income.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the 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 and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for 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	5 years

4.11 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is deducted in calculating the carrying amount of the asset. The grant is recognised over the useful life of a depreciable asset by way of a reduced depreciation charge. Government grants related to income are recognised as income over the period necessary to match the grants on a systematic basis to the costs that are intended to compensate.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Related party transactions

Related parties comprise enterprises and individuals 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 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.

4.14 Long-term leases

Leases of property, plant and equipment 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 equipment acquired under finance leases is depreciated over the useful life of the leased asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease term.

4.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's and subsidiaries' functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an 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 and its subsidiaries 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.

4.17 Treasury stock

Treasury stock is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Post-employment benefits and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat this severance payment obligation 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 plans 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 and loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

4.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.20 Income tax

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

Current tax

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

Deferred tax

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

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

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.21 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation 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 categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting 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 from these estimates. 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 risks and rewards of ownership of the leased asset have 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.

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 (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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.

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 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 when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Cost of forest land rights and cost of palm plantation am and amortisation

In determining amortisation of cost of forest land rights and cost of palm plantation, the management is required to make estimates of the useful lives of cost of forest land rights and cost of palm plantation and to review estimate useful lives when there are any changes.

In addition, the management is required to review the cost of forest land rights and cost of palm plantation for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Contingent liabilities

The subsidiary has contingent liabilities as a result of the land issue. The subsidiary's management has used judgement to assess the liabilities that may arise and believes that no significant loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	750	755	Market prices on the contract date
Purchases of goods and services	-	-	688	735	Market prices less fixed margin
Sales of goods and services	-	-	1	3	Market price
Dividend income	-	-	34	125	At the declared rate
Rental income	-	-	2	2	Market price
Selling and administrative service income	-	-	71	70	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	112	29	-	-	Price approximates market price
Purchases of goods	3	2	-	-	Price less marketing expenses and margin
Interest expenses	-	1	-	-	THBFIX + 0.50% per annum
Selling expenses	12	-	1	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	18	6	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	6	-	-	-	As declared by joint venture

As at 31 December 2015 and 2014, the balances of accounts between the Company and those related parties are detailed as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	12,425,543	14,161,878
Associated company	452,280	452,280	-	-
Related companies (related by common shareholders)	<u>51,487,725</u>	<u>25,619,404</u>	<u>13,461</u>	<u>5,250</u>
Total trade and other receivables - related parties	<u>51,940,005</u>	<u>26,071,684</u>	<u>12,439,004</u>	<u>14,167,128</u>
Less: Allowance for doubtful accounts	<u>(20,780,523)</u>	<u>(20,780,523)</u>	<u>-</u>	<u>-</u>
Total trade and other receivables - related parties - net	<u><u>31,159,482</u></u>	<u><u>5,291,161</u></u>	<u><u>12,439,004</u></u>	<u><u>14,167,128</u></u>
<u>Short-term loans to related parties</u>				
Associated company	40,285,836	40,285,836	-	-
Related companies (related by common shareholders)	<u>5,324,565</u>	<u>5,324,565</u>	<u>-</u>	<u>-</u>
Total short-term loans to related parties	<u>45,610,401</u>	<u>45,610,401</u>	<u>-</u>	<u>-</u>
Less: Allowance for doubtful accounts	<u>(45,610,401)</u>	<u>(45,610,401)</u>	<u>-</u>	<u>-</u>
Total short-term loans to related parties - net	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<u>Trade and other payables - related parties</u> (Note 20)				
Subsidiaries	-	-	141,396,403	140,208,273
Related companies (related by common shareholders)	<u>9,567,930</u>	<u>701,335</u>	<u>-</u>	<u>-</u>
Total trade and other payables - related parties	<u><u>9,567,930</u></u>	<u><u>701,335</u></u>	<u><u>141,396,403</u></u>	<u><u>140,208,273</u></u>
<u>Short-term loan from related party</u>				
Related company (related by major shareholder)	-	10,000,000	-	-
Total short-term loan from related party	<u><u>-</u></u>	<u><u>10,000,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

As at 31 December 2015 and 2014, the balance of short-term loan between the Company and the related party and the movements are as follows:

(Unit: Baht)

Company's name	Related by	Consolidated financial statements		
		Balance as at 31 December 2014	Repayment	Balance as at 31 December 2015
Lam Soon Holding Co., Ltd.	Major shareholder	10,000,000	(10,000,000)	-
Total		10,000,000	(10,000,000)	-

Short-term loans to related parties

Short-term loans to associated and related companies of a subsidiary carry interest at a rate of 7% per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has been ceased from the date that the Central Bankruptcy Court accepted the bankruptcy suits which the subsidiary brought against the associated and related companies. Currently, this case is in the state of the Legal Execution Department.

Short-term loan from related party

Short-term loan from related company of subsidiary carries interest at a rate of THBFIX + 0.50% per annum and is repayable on demand.

Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited (“UFC”), a subsidiary, entered into a memorandum related to the agency agreement dated 27 February 2006 whereby both parties agreed to change the terms and conditions on dealer compensation to comply with the general practice in the industry. In addition, the Company and UFC had on 29 December 2011 agreed to extend the agreement for another 5 years, starting from 1 January 2012 and expiring on 31 December 2016.

During the year 2015, the Company had selling and administrative service income from such subsidiary totaling Baht 71 million (2014: Baht 70 million).

Directors and management's remuneration

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 142 million and Baht 153 million, respectively (the Company only: Baht 80 million and Baht 93 million, respectively).

7. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		
Cash	3,892,729	3,863,556	942,976	1,017,524
Bank deposits	476,050,145	208,936,957	120,763,119	26,875,582
Total	<u>479,942,874</u>	<u>212,800,513</u>	<u>121,706,095</u>	<u>27,893,106</u>

As at 31 December 2015, bank deposits in savings accounts and fixed deposits carried interests between 0.05 and 0.85 percent per annum (2014: between 0.10 and 1.25 percent per annum).

8. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	22,402,322	1,012,467	28,462	16,752
Past due				
Up to 3 months	8,730,298	4,260,164	-	-
Over 12 months	452,280	452,280	-	-
Total	<u>31,584,900</u>	<u>5,724,911</u>	<u>28,462</u>	<u>16,752</u>
Less: Allowance for doubtful accounts	<u>(452,280)</u>	<u>(452,280)</u>	-	-
Total trade receivables - related parties - net	<u>31,132,620</u>	<u>5,272,631</u>	<u>28,462</u>	<u>16,752</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	29,468,992	43,908,600	29,468,992	43,908,600
Cheque returned	13,595,088	13,791,546	8,631,774	8,828,233
Not yet due	912,527,182	715,650,026	728,634,253	664,764,157
Past due				
Up to 3 months	171,151,238	124,651,464	152,491,797	89,940,357
3 - 6 months	141,043	2,646,768	74,803	624,614
6 - 12 months	1,206,881	5,067,408	38,379	179,058
Over 12 months	28,422,405	28,714,032	2,314,438	2,845,803
Total	1,156,512,829	934,429,844	921,654,436	811,090,822
Less: Allowance for doubtful accounts	(43,709,128)	(43,227,149)	(10,436,060)	(10,817,772)
Total trade receivables - unrelated parties - net	1,112,803,701	891,202,695	911,218,376	800,273,050
Total trade receivables - net	1,143,936,321	896,475,326	911,246,838	800,289,802
<u>Other receivables</u>				
Other receivables - related parties	26,862	18,530	1,112,724	5,483,396
Other receivables - unrelated parties	7,096,074	4,195,462	1,769,167	2,499,014
Accrued income - related parties	-	-	11,297,818	8,666,980
Accrued income - unrelated parties	1,119,763	926,988	-	-
Advances - related parties	20,328,243	20,328,243	-	-
Advances - unrelated parties	711,993	478,190	-	-
Total	29,282,935	25,947,413	14,179,709	16,649,390
Less: Allowance for doubtful accounts	(20,956,772)	(20,328,243)	(628,529)	-
Total other receivables - net	8,326,163	5,619,170	13,551,180	16,649,390
Total trade and other receivables - net	1,152,262,484	902,094,496	924,798,018	816,939,192

9. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		(Restated)		(Restated)
Finished goods	590,861,799	649,972,038	(19,584,084)	(10,984,945)	571,277,715	638,987,093
Work in process	365,201,562	461,431,585	-	-	365,201,562	461,431,585
Raw materials	91,149,334	88,884,327	(13,742,959)	(11,948,879)	77,406,375	76,935,448
Inventories in transit	2,276,524	18,988,210	-	-	2,276,524	18,988,210
Supplies and spare parts	116,361,038	100,598,191	(5,164,814)	(2,316,107)	111,196,224	98,282,084
Total	1,165,850,257	1,319,874,351	(38,491,857)	(25,249,931)	1,127,358,400	1,294,624,420

(Unit: Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods	100,851,545	70,626,491	-	-	100,851,545	70,626,491
Work in process	363,534,971	459,306,076	-	-	363,534,971	459,306,076
Raw materials	52,098,006	55,820,808	-	-	52,098,006	55,820,808
Inventories in transit	2,276,523	18,988,210	-	-	2,276,523	18,988,210
Supplies and spare parts	31,691,253	24,710,144	(450,661)	(107,265)	31,240,592	24,602,879
Total	550,452,298	629,451,729	(450,661)	(107,265)	550,001,637	629,344,464

During the current year, the Company reduced cost of inventories by Baht 0.3 million (2014: Baht 0.1 million). In addition, the subsidiaries reduced cost of inventories by Baht 12.9 million (2014: reversed the write-down of cost of inventories by Baht 26.2 million). This was included in cost of sales.

10. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050,000	324,050,000	69.96	69.96	748,343,849	748,343,849	34,007,266	124,693,311
Universal Food Public Company Limited	525,000,000	525,000,000	98.83	98.76	585,622,975	585,242,875	-	-
Total					1,333,966,824	1,333,586,724	34,007,266	124,693,311
Less: Allowance for impairment loss of investments					(21,095,880)	(21,095,880)		
Total investments in subsidiaries - net					1,312,870,944	1,312,490,844		

As at 31 December 2015, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 1,056 million (2014: Baht 2,256 million).

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 company. Details of this investment are as follows:

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2015	2014	2015	2014	2015	2014
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000,000	25,000,000	39,280,826	39,683,607
Total				25,000,000	25,000,000	39,280,826	39,683,607

11.2 Share of profit and dividend received

During the years, the subsidiary recognised its share of profit from investment in the joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

Joint venture	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit		Dividend received	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		
Siam Elite Palm Co., Ltd.	5,222,219	5,962,937	5,625,000	-
Total	<u>5,222,219</u>	<u>5,962,937</u>	<u>5,625,000</u>	<u>-</u>

11.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	<u>2015</u>	<u>2014</u>
Current assets	41,901	52,264
Non-current assets	44,033	44,427
Total assets	<u>85,934</u>	<u>96,691</u>
Current liabilities	(4,481)	(9,225)
Non-current liabilities	(2,892)	(1,723)
Total liabilities	<u>(7,373)</u>	<u>(10,948)</u>
Net assets	78,561	85,743
Shareholding percentage (%)	50	50
Share of net assets	39,281	42,872
Elimination entries	-	(3,188)
Carrying amounts of joint venture based on equity method	<u>39,281</u>	<u>39,684</u>

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2015	2014
Revenue	47,137	44,766
Cost of sales	(18,501)	(12,323)
Selling and administrative expenses	(24,008)	(18,948)
Profit before income tax expenses	4,628	13,495
Income tax expenses	(560)	(870)
Profit for the year	4,068	12,625
Other comprehensive income	-	-
Total comprehensive income	4,068	12,625
Shareholding percentage (%)	50	50
Comprehensive income as shareholding percentage	2,034	6,313
Elimination entries	3,188	(350)
Share of comprehensive income from investment in joint venture	5,222	5,963

12. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2015	2014	2015	2014
			Million Baht	Million Baht	Percent	Percent
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment loss of investment		Carrying amounts based on cost method - net		Carrying amounts based on equity method	
	2015	2014	2015	2014	2015	2014	2015	2014
Union Fresh Co., Ltd.	12,000,000	12,000,000	(12,000,000)	(12,000,000)	-	-	-	-

13. Other long-term investments

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Other long-term investments - cost				
<u>Equity securities</u>				
Ichitan Group Plc.	975,000	1,950,000	975,000	1,950,000
Open-ended Kumlai Perm Poon Fund	1,000,000	1,000,000	1,000,000	1,000,000
Open-ended TCM Equity Fund	300,000	300,000	300,000	300,000
Open-ended Kiatnakin Fund	200,000	200,000	200,000	200,000
Datamat Plc.	16,265	16,265	16,265	16,265
Standard Chartered Bank (Thai) Plc.	2,160	2,160	2,160	2,160
Total	2,493,425	3,468,425	2,493,425	3,468,425
Add: Unrealised gain (loss) on changes in value of investments	(792,367)	471,290	(792,367)	471,290
Other long-term investments - fair value	1,701,058	3,939,715	1,701,058	3,939,715

14. Long-term loans to other companies

As at 31 December 2015, a subsidiary had non-collateral loans to other companies, amounting to approximately of Baht 62 million. The loans carry interest at rate of THBFX plus 1% per annum and are due for repayment end of June and December of every year with the last payment at June 2040.

15. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

(Unit: Baht)

	As at 31 December 2015					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795,063	142,295,823	206,090,886	5,614,750	33,973,158	39,587,908
Less: Accumulated depreciation	-	(77,476,304)	(77,476,304)	-	(33,025,363)	(33,025,363)
Allowance for impairment	(4,837,600)	(58,754,924)	(63,592,524)	-	-	-
Net book value	<u>58,957,463</u>	<u>6,064,595</u>	<u>65,022,058</u>	<u>5,614,750</u>	<u>947,795</u>	<u>6,562,545</u>

(Unit: Baht)

As at 31 December 2014

	Consolidated financial statements			Separate financial statements		
	Office		Total	Office		Total
	Land	building		Land	building	
Cost	63,795,063	142,220,823	206,015,886	5,614,750	33,973,158	39,587,908
Less: Accumulated depreciation	-	(72,969,437)	(72,969,437)	-	(31,326,705)	(31,326,705)
Allowance for impairment	(4,837,600)	(41,678,646)	(46,516,246)	-	-	-
Net book value	<u>58,957,463</u>	<u>27,572,740</u>	<u>86,530,203</u>	<u>5,614,750</u>	<u>2,646,453</u>	<u>8,261,203</u>

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	Net book value at beginning of year	86,530,203	51,735,001	8,261,203
Transfers	-	33,210,524	-	-
Acquisition during the year	75,000	-	-	-
Depreciation for the year	(4,506,867)	(751,738)	(1,698,658)	(1,698,658)
Reversal of (recorded) allowance for impairment	(17,076,278)	2,336,416	-	-
Net book value at end of year	<u>65,022,058</u>	<u>86,530,203</u>	<u>6,562,545</u>	<u>8,261,203</u>

The fair value of land and office building of the Company as at 31 December 2015 was determined at approximately Baht 26 million (2014: Baht 26 million) using the income approach. The assumption used in the valuation was based on the Company's internal data.

The fair value of land and building of the subsidiary was determined based on valuation performed by an independent professional valuer. As at 31 December 2015, the fair value of the land was determined to be Baht 95 million (2014: Baht 48 million) on the basis of market price, while that of the office building was determined to be Baht 62 million (2014: Baht 5 million) using the replacement cost approach. The fair value of the office building was not determined based on the income approach because it is not used for rental.

During the current year, the subsidiary recorded allowance for impairment amounting to Baht 17 million for building to reflect value in use.

16. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements							Total
	Land and land improvement	Land awaiting development	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	
Cost								
1 January 2014 (Restated)	698,643,335	76,475,756	1,003,735,980	2,506,088,742	111,294,529	252,561,597	78,667,107	4,727,467,046
Additions	3,511,770	-	5,950,229	50,247,900	3,098,938	8,650,484	110,069,021	181,528,342
Capitalised interest	-	-	39,071	185,014	-	-	98,257	322,342
Disposals/write off	(4,010,245)	-	(339,746)	(39,148,391)	(2,045,978)	(23,319,489)	-	(68,863,849)
Transfer in (transfer out)	-	-	9,789,333	77,551,429	765,784	9,574,264	(97,680,810)	-
Transfer to investment properties	(9,203,577)	-	(127,186,063)	-	-	-	-	(136,389,640)
31 December 2014 (Restated)	688,941,283	76,475,756	891,988,804	2,594,924,694	113,113,273	247,466,856	91,153,575	4,704,064,241
Additions	71,483,500	-	18,375,307	35,587,645	3,225,446	15,506,976	443,767,179	587,946,053
Capitalised interest	-	-	151,531	134,051	-	-	249,429	535,011
Disposals/write off	-	-	-	(17,513,386)	(1,622,354)	(17,273,611)	-	(36,409,351)
Transfer in (transfer out)	-	-	103,540,179	282,612,157	329,045	6,941,057	(393,422,438)	-
31 December 2015	760,424,783	76,475,756	1,014,055,821	2,895,745,161	115,045,410	252,641,278	141,747,745	5,256,135,954

(Unit: Baht)

Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<u>Accumulated depreciation</u>								
1 January 2014 (Restated)	-	-	595,654,047	1,566,778,003	96,026,559	177,203,535	-	2,435,662,144
Depreciation for the year	-	-	44,828,681	150,348,892	5,141,365	25,589,013	-	225,907,951
Depreciation on disposals/write off	-	-	(293,692)	(34,979,692)	(1,973,841)	(22,973,389)	-	(60,220,614)
Depreciation on items transferred to investment properties	-	-	(63,689,822)	-	-	-	-	(63,689,822)
31 December 2014 (Restated)	-	-	576,499,214	1,682,147,203	99,194,083	179,819,159	-	2,537,659,659
Depreciation for the year	-	-	41,655,606	153,092,495	4,871,817	25,823,199	-	225,443,117
Depreciation on disposals/write off	-	-	-	(13,709,466)	(1,587,260)	(16,378,177)	-	(31,674,903)
31 December 2015	-	-	618,154,820	1,821,530,232	102,478,640	189,264,181	-	2,731,427,873
<u>Allowance for impairment</u>								
1 January 2014	14,638,278	-	39,489,294	66,216,486	-	-	-	120,344,058
Decrease during the year on items transferred to investment properties	-	-	(39,489,294)	-	-	-	-	(39,489,294)
31 December 2014	14,638,278	-	-	66,216,486	-	-	-	80,854,764
Increase during the year	-	-	-	17,462,002	159,096	302,624	-	17,923,722
31 December 2015	14,638,278	-	-	83,678,488	159,096	302,624	-	98,778,486

(Unit: Baht)

Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Net book value								
31 December 2014 (Restated)	<u>674,303,005</u>	<u>76,475,756</u>	<u>315,489,590</u>	<u>846,561,005</u>	<u>13,919,190</u>	<u>67,647,697</u>	<u>91,153,575</u>	<u>2,085,549,818</u>
31 December 2015	<u>745,786,505</u>	<u>76,475,756</u>	<u>395,901,001</u>	<u>990,536,441</u>	<u>12,407,674</u>	<u>63,074,473</u>	<u>141,747,745</u>	<u>2,425,929,595</u>
Depreciation for the year								
2014 (Baht 202.5 million included in manufacturing cost, and the balance in administrative expenses)								<u>225,907,951</u>
2015 (Baht 204.6 million included in manufacturing cost, and the balance in administrative expenses)								<u>225,443,117</u>

(Unit: Baht)

Separate financial statements

	Land	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost							
1 January 2014	22,323,875	303,426,959	1,148,020,952	37,579,526	47,267,448	12,447,716	1,571,066,476
Additions	3,511,770	-	19,778,331	605,789	2,485,000	55,872,185	82,253,075
Disposals/write off	-	(272,843)	(22,916,504)	(433,880)	(2,342,960)	-	(25,966,187)
Transfer in (transfer out)	-	3,204,728	17,921,487	605,230	-	(21,731,445)	-
31 December 2014	25,835,645	306,358,844	1,162,804,266	38,356,665	47,409,488	46,588,456	1,627,353,364
Additions	-	23,000	9,833,055	582,067	9,175,260	319,797,128	339,410,510
Disposals/write off	-	-	(3,313,327)	(111,465)	(4,982,330)	-	(8,407,122)
Transfer in (transfer out)	-	78,551,119	221,888,964	329,045	-	(300,769,128)	-
31 December 2015	25,835,645	384,932,963	1,391,212,958	39,156,312	51,602,418	65,616,456	1,958,356,752

(Unit: Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<u>Accumulated depreciation</u>							
1 January 2014	-	209,014,471	687,759,879	33,435,658	33,351,488	-	963,561,496
Depreciation for the year	-	14,578,105	60,025,444	1,770,681	4,882,846	-	81,257,076
Depreciation on disposals/write off	-	(272,836)	(22,881,598)	(431,538)	(2,342,956)	-	(25,928,928)
31 December 2014	-	223,319,740	724,903,725	34,774,801	35,891,378	-	1,018,889,644
Depreciation for the year	-	15,103,937	64,395,445	1,641,996	4,743,968	-	85,885,346
Depreciation on disposals/write off	-	-	(3,009,083)	(111,443)	(4,370,630)	-	(7,491,156)
31 December 2015	-	238,423,677	786,290,087	36,305,354	36,264,716	-	1,097,283,834
<u>Net book value</u>							
31 December 2014	25,835,645	83,039,104	437,900,541	3,581,864	11,518,110	46,588,456	608,463,720
31 December 2015	25,835,645	146,509,286	604,922,871	2,850,958	15,337,702	65,616,456	861,072,918
<u>Depreciation for the year</u>							
2014 (Baht 71.1 million included in manufacturing cost, and the balance in administrative expenses)							81,257,076
2015 (Baht 75.8 million included in manufacturing cost, and the balance in administrative expenses)							85,885,346

During 2015, the subsidiary capitalised interest amounting to Baht 0.5 million (2014: Baht 0.3 million) to the costs of plant enlargement and machinery installation. These borrowing costs were determined based on the borrowing cost of the general loans and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 2.39% - 3.14% per annum (2014: 2.82% - 3.44% per annum).

As at 31 December 2015, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,585 million (2014: Baht 1,362 million) and for the Company amounted to approximately Baht 615 million (2014: Baht 532 million).

As at 31 December 2015, a subsidiary had vehicles with net book value of Baht 2.5 million which were acquired under finance lease agreements.

17. Cost of forest land rights and cost of palm plantation

	Consolidated financial statements			(Unit: Baht)
				Separate
				financial
	Cost of forest land rights and cost of palm plantation ready for harvest	Cost of palm plantation not ready for harvest	Total	statements
				Cost of forest land rights and cost of palm plantation ready for harvest
<u>Cost</u>				
1 January 2014 (Restated)	634,085,461	26,206,271	660,291,732	294,119
Additions	-	23,771,375	23,771,375	-
Write off	(49,064,274)	-	(49,064,274)	-
Transfer in (transfer out)	8,286,571	(17,326,844)	(9,040,273)	-
31 December 2014 (Restated)	593,307,758	32,650,802	625,958,560	294,119
Additions	-	36,495,392	36,495,392	-
Write off	(54,203,878)	-	(54,203,878)	-
Transfer in (transfer out)	2,567,350	(9,880,305)	(7,312,955)	-
31 December 2015	541,671,230	59,265,889	600,937,119	294,119
<u>Accumulated amortisation</u>				
1 January 2014 (Restated)	388,137,552	-	388,137,552	46,060
Amortisation for the year	36,971,579	-	36,971,579	11,765
Amortisation on write off	(11,201,669)	-	(11,201,669)	-
31 December 2014 (Restated)	413,907,462	-	413,907,462	57,825
Amortisation for the year	11,895,157	-	11,895,157	11,765
Amortisation on write off	(48,688,148)	-	(48,688,148)	-
31 December 2015	377,114,471	-	377,114,471	69,590
<u>Net book value</u>				
31 December 2014 (Restated)	179,400,296	32,650,802	212,051,098	236,294
31 December 2015	164,556,759	59,265,889	223,822,648	224,529
<u>Amortisation for the year (included in manufacturing cost)</u>				
2014			36,971,579	11,765
2015			11,895,157	11,765

Approximately 12,494 rai of the total area utilised by the subsidiary has land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

A permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests had expired in January 2015. The subsidiary has used the land of 13,030 rai for palm oil plantation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land, and the request is under the consideration of such government unit.

However, on 27 April 2015, that subsidiary was granted a permission to gather forest product in the Nation Reserved Forest, and started to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees at a rate of double the official royalty fees, when harvesting the planted oil palm crops.

18. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2015 and 2014 is presented below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
Cost	58,840,917	55,881,147	25,942,366	25,261,596
Less: Accumulated amortisation	<u>(49,570,056)</u>	<u>(47,611,468)</u>	<u>(20,945,447)</u>	<u>(20,196,722)</u>
Net book value	<u>9,270,861</u>	<u>8,269,679</u>	<u>4,996,919</u>	<u>5,064,874</u>

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	8,269,679	7,320,129	5,064,874	5,126,205
Acquisitions - cost	2,959,770	2,702,013	680,770	592,600
Disposals - net book value	-	(19)	-	(19)
Amortisation for the year	<u>(1,958,588)</u>	<u>(1,752,444)</u>	<u>(748,725)</u>	<u>(653,912)</u>
Net book value at end of year	<u>9,270,861</u>	<u>8,269,679</u>	<u>4,996,919</u>	<u>5,064,874</u>

19. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2015	2014	2015	2014	2015	2014
Short-term loans						
from financial						
institutions	1.95 - 4.50	2.30 - 4.75	1,610,000,123	1,230,000,000	255,000,000	140,000,000
Total			1,610,000,123	1,230,000,000	255,000,000	140,000,000

The short-term loans from financial institutions of the Company and its subsidiaries are unsecured loans.

20. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
		(Restated)		
Trade payables - related parties	367,614	-	141,082,533	140,195,424
Trade payables - unrelated parties	280,975,865	245,651,567	205,657,053	172,366,883
Other payables - related parties	9,193,005	456,722	-	-
Other payables - unrelated parties	69,696,287	50,582,005	33,246,908	31,663,797
Advance received from related parties	7,311	244,613	313,870	12,849
Other payables for purchase of				
machineries	19,470,368	9,922,872	13,444,445	5,587,923
Accrued expenses	114,317,116	122,176,040	59,488,803	64,640,705
Total trade and other payables	494,027,566	429,033,819	453,233,612	414,467,581

21. Other current liabilities

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
		(Restated)		
Advance income	10,363,383	19,134,631	1,078,933	19,134,631
Accrued dividend	4,340,997	4,141,093	10,363,383	1,024,961
Others	49,278,636	65,973,199	32,825,104	31,226,559
Total other current liabilities	63,983,016	89,248,923	44,267,420	51,386,151

22. Long-term loans

(Unit: Million Baht)

Loan	Consolidated		Separate		Interest rate (Percent per annum)	Repayment schedule	Security
	financial statements 2015	financial statements 2014	financial statements 2015	financial statements 2014			
<u>The Company and its subsidiary</u>							
1	188.89	-	188.89	-	3M BIBOR+1	Repayment in 12 quarterly installments, starting 3 months after the last drawdown	No collateral
2	75.00	175.00	-	-	BIBOR + 1	Repayment in 12 quarterly installments, starting February 2014	No collateral
3	87.50	-	-	-	THBFIX	Repayment in 15 quarterly installments, starting September 2015	No collateral
Total long-term loans	351.39	175.00	188.89	-			
Less: Current portion	(175.00)	(100.00)	(75.00)	-			
Long-term loans - net of current portion	176.39	75.00	113.89	-			

The loan agreements contain covenants that, among other things, require the Company and its subsidiary to maintain condition for dividend payments, the proportion of shareholding of the major shareholders and the maintenance of certain financial ratios at the rate prescribed in the agreements.

23. Liabilities under finance lease agreements

	(Unit: Baht)
	Consolidated financial statements
	<u>2015</u>
Liabilities under finance lease agreements	2,097,430
Less Deferred interest expenses	<u>(267,212)</u>
Total	1,830,218
Less Portion due within one year	<u>(573,000)</u>
Liabilities under finance lease agreements - net of current portion	<u><u>1,257,218</u></u>

The subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

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

	(Unit: Baht)		
	As at 31 December 2015		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	<u>641,224</u>	<u>1,456,206</u>	<u>2,097,430</u>
Deferred interest expenses	<u>(68,224)</u>	<u>(198,988)</u>	<u>(267,212)</u>
Present value of future minimum lease payments	<u><u>573,000</u></u>	<u><u>1,257,218</u></u>	<u><u>1,830,218</u></u>

24. Provision for long-term employee benefits

Provision for long-term employee benefits was presented as follows:

(Unit: Baht)

	Consolidated financial statements					
	2015			2014 (Restated)		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Defined benefit obligations at beginning of year	75,051,958	1,710,493	76,762,451	115,646,412	5,409,989	121,056,401
Current service cost	6,429,445	149,999	6,579,444	7,069,296	178,900	7,248,196
Interest cost	3,796,502	62,635	3,859,137	4,243,208	69,592	4,312,800
Benefits paid during the year	(19,202,755)	(466,000)	(19,668,755)	(27,639,774)	(575,000)	(28,214,774)
Actuarial (gain) loss						
Demographic assumptions changes	-	-	-	(49,831,872)	(180,229)	(50,012,101)
Financial assumptions changes	-	-	-	(20,641,522)	(626,730)	(21,268,252)
Experience adjustments	-	-	-	46,206,210	(2,566,029)	43,640,181
Defined benefit obligations at end of year	66,075,150	1,457,127	67,532,277	75,051,958	1,710,493	76,762,451
Unrecognised transitional provisions	-	-	-	(20,850,676)	(778,605)	(21,629,281)
Provision for long-term employee benefits at end of year	66,075,150	1,457,127	67,532,277	54,201,282	931,888	55,133,170

(Unit: Baht)

	Separate financial statements					
	2015			2014		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Defined benefit obligations at beginning of year	41,641,584	1,710,493	43,352,077	62,291,237	5,409,989	67,701,226
Current service cost	2,720,254	149,999	2,870,253	3,438,772	178,900	3,617,672
Interest cost	2,031,303	62,635	2,093,938	2,638,715	69,592	2,708,307
Benefits paid during the year	(17,250,870)	(466,000)	(17,716,870)	(23,744,096)	(575,000)	(24,319,096)
Actuarial (gain) loss						
Demographic assumptions changes	-	-	-	(20,207,868)	(180,229)	(20,388,097)
Financial assumptions changes	-	-	-	(7,098,957)	(626,730)	(7,725,687)
Experience adjustments	-	-	-	24,323,781	(2,566,029)	21,757,752
Defined benefit obligations at end of year	29,142,271	1,457,127	30,599,398	41,641,584	1,710,493	43,352,077
Unrecognised transitional provisions	-	-	-	(12,119,778)	(778,605)	(12,898,383)
Provision for long-term employee benefits at end of year	29,142,271	1,457,127	30,599,398	29,521,806	931,888	30,453,694

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Baht)

	Consolidated financial statements					
	2015			2014 (Restated)		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	6,429,450	149,999	6,579,449	7,069,296	178,900	7,248,196
Interest cost	3,796,497	62,635	3,859,132	4,243,208	69,592	4,312,800
Actuarial gain recognised during the year	-	-	-	-	(3,372,988)	(3,372,988)
Transitional liability recognised during the year	20,850,676	778,605	21,629,281	20,912,594	778,605	21,691,199
Total expenses recognised in profit or loss	31,076,623	991,239	32,067,862	32,225,098	(2,345,891)	29,879,207
Line items in profit or loss under which such expenses are included						
Cost of sales			19,549,554			20,526,877
Selling and administrative expenses			12,518,308			9,352,330

(Unit: Baht)

	Separate financial statements					
	2015			2014		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	2,720,254	149,999	2,870,253	3,438,772	178,900	3,617,672
Interest cost	2,031,303	62,635	2,093,938	2,638,715	69,592	2,708,307
Actuarial gain recognised during the year	-	-	-	-	(3,372,988)	(3,372,988)
Transitional liability recognised during the year	12,119,778	778,605	12,898,383	12,181,688	778,605	12,960,293
Total expenses recognised in profit or loss	16,871,335	991,239	17,862,574	18,259,175	(2,345,891)	15,913,284
Line items in profit or loss under which such expenses are included						
Cost of sales			10,099,742			9,984,591
Selling and administrative expenses			7,762,832			5,928,693

The Company and its subsidiaries expect to pay Baht 17.1 million of long-term employee benefits during the next year (Separate financial statements: Baht 9.7 million) (2014: Baht 19.7 million, separate financial statements: Baht 17.7 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 14 - 27 years (Separate financial statements: 17 - 27 years) (2014: 14 - 27 years, separate financial statements: 17 - 27 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.30 - 4.80	4.30 - 4.80	4.52, 4.77	4.52, 4.77
Future salary increase rate	5.0	5.0	5.0	5.0
Staff turnover rate (depending on age)	0 - 46	0 - 46	0 - 46	0 - 46

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	Consolidated financial statements		Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(2.55)	2.73	(1.16)	1.22
Salary increase rate	3.39	(3.20)	1.58	(1.51)
Turnover rate	(0.21)	3.98	(1.78)	1.87

(Unit: million Baht)

25. 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 is fully set aside by the Company.

Statutory reserve of the subsidiaries in the consolidated financial statements are presented in proportion to the Company's interest.

26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Restated)			
Raw materials and consumables used	6,066,346,226	6,547,306,566	4,485,809,494	5,120,288,587
Changes in inventories of finished goods and work in process	155,340,262	(152,970,186)	65,546,051	(62,132,974)
Salary and wages and other employee benefits	774,787,933	787,784,314	305,154,676	308,989,649
Depreciation and amortisation	243,803,729	265,383,712	88,344,494	83,621,411
Transportation expenses	129,279,132	165,640,156	97,824,530	101,870,941
Promotion expenses	163,553,135	154,626,393	163,553,135	154,626,393
Repair and maintenance expenses	109,415,407	113,641,379	33,623,797	33,327,029
Rental expenses from operating lease agreements	39,882,083	33,883,761	7,468,962	5,589,748
Loss on impairment of assets	35,000,000	-	-	-

27. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Restated)			
Current income tax:				
Current income tax charge	94,850,444	90,780,198	40,524,518	35,627,132
Adjustment in respect of income tax expenses of previous year	5,804,000	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,951,765)	429,952	(147,182)	1,662,098
Income tax expenses reported in the statements of comprehensive income	<u>94,702,679</u>	<u>91,210,150</u>	<u>40,377,336</u>	<u>37,289,230</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to gain (loss) on change in value of available-for-sale investments	(252,732)	230,647	(252,732)	230,647
Deferred tax relating to actuarial gain	-	4,528,782	-	596,609
Income tax charged directly to other comprehensive income	<u>(252,732)</u>	<u>4,759,429</u>	<u>(252,732)</u>	<u>827,256</u>

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		
Accounting profit before tax	<u>403,983,901</u>	<u>530,100,922</u>	<u>244,849,073</u>	<u>317,784,725</u>
Applicable tax rate	15% and 20%	15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	87,575,817	128,213,885	48,969,815	63,556,945
Adjustment in respect of current income tax of previous year	5,804,000	-	-	-
Effects of:				
Tax loss for the year unrecognised as deferred tax assets	5,774,435	9,405,259	-	-
Share of profit from investment in joint venture	(1,044,444)	(1,192,587)	-	-
Promotional privileges (Note 28)	(8,828,959)	(17,097,167)	(2,817,545)	(1,593,742)
Non-deductible expenses	12,669,451	6,919,630	1,252,084	624,899
Additional expense deductions allowed	(7,205,820)	(35,220,198)	(7,027,018)	(25,298,872)
Others	(41,801)	181,328	-	-
Total	<u>1,322,862</u>	<u>(37,003,735)</u>	<u>(8,592,479)</u>	<u>(26,267,715)</u>
Income tax expenses reported in the statements of comprehensive income	<u>94,702,679</u>	<u>91,210,150</u>	<u>40,377,336</u>	<u>37,289,230</u>

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

(Unit: Baht)

	Statements of financial position as at 31 December			
	Consolidated financial statements		Separated financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for doubtful accounts	20,352,298	19,772,114	2,212,918	2,163,555
Allowance for diminution in inventory value	3,154,604	1,172,291	90,132	21,453
Allowance for impairment loss of investment in associated company	2,400,000	2,400,000	-	-
Unrealised loss on changes in value of available-for-sale investments	158,474	-	158,474	-
Allowance for asset impairment	3,365,525	3,365,525	-	-
Provision for long-term employee benefits	11,469,175	8,989,356	6,119,879	6,090,739
Unused tax losses	909,449	-	-	-
Total	41,809,525	35,699,286	8,581,403	8,275,747
Deferred tax liabilities				
Unrealised gain on changes in value of available-for-sale investments	-	94,258	-	94,258
Total	-	94,258	-	94,258
Net deferred tax assets	41,809,525	35,605,028	8,581,403	8,181,489

As at 31 December 2015, the subsidiary had deductible temporary differences and unused tax losses totaling Baht 480 million (2014: Baht 445 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to Baht 345 million will expire by 2022.

28. Promotional privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment in respect of manufacture of products as stipulated in the promotion certificates as follows:

The Company

<u>Certificate No.</u>	<u>Operation</u>
1815(2)/2549	Manufacture of crude palm oil
1013(9)/2551	Manufacture of electricity from biogases
2093(2)/2550	Manufacture pure vegetable oil

Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>
1043(2)/2548	Manufacture of crude palm oil and palm kernel seed and electricity from biomasses product
2088(2)/2547	Manufacture of fruits and vegetables
2121(2)/2547	Manufacture of fruits and vegetables into products and fermented soybeans
2112(5)/2547	Manufacture of frozen fruits and vegetables
2245(9)/2550	Manufacture of electricity from biogases

The significant privileges include exemption from corporate income tax on income from the promoted operations for a period of eight years, commencing from the date of first earning operating income (except certificate No. 1815(2)/2549, 2093(2)/2550, 1043(2)/2548, 2088(2)/2547, 2121(2)/2547 and 2112(5)/2547, which have been exempted from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2015 and 2014 were as follows:

	Promoted operations		Non-promoted operations		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales						
Domestic sales	1,483,091,071	2,118,585,245	4,657,105,797	4,503,187,149	6,140,196,868	6,621,772,394
Export sales	20,898,195	44,976,459	168,192,887	264,989,585	189,091,082	309,966,044
Total sales	<u>1,503,989,266</u>	<u>2,163,561,704</u>	<u>4,825,298,684</u>	<u>4,768,176,734</u>	<u>6,329,287,950</u>	<u>6,931,738,438</u>

(Unit: Baht)

29. Earnings per share

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

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014
Profit attributable to equity holders of the Company (Thousand Baht)	311,416	380,673	204,472	280,495
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.38	0.46	0.25	0.34

30. 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.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have three reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment
- (2) The manufacture and distribution of processed fruits and vegetables segment
- (3) The generation of electricity from biogases segment

During the year, there were no material activities pertaining to the generation of electricity from biogases segment for the Company and its subsidiaries. Accordingly, most of revenues, profit and assets as reflected in these financial statements pertain to the industry segment (1) and the industry segment (2) mentioned above.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2015 and 2014.

(Unit: Million Baht)

	Segment				Total		Elimination of inter-segment transactions		Consolidated	
	Palm oil		Processed fruits and vegetables							
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Restated)				(Restated)				(Restated)	
Revenue from external customers	6,839	6,626	1,358	1,809	8,197	8,435	-	-	8,197	8,435
Intersegment revenues	750	755	688	735	1,438	1,490	(1,438)	(1,490)	-	-
Interest expenses	(21)	(21)	(27)	(31)	(48)	(52)	-	-	(48)	(52)
Depreciation and amortisation	(172)	(191)	(72)	(74)	(244)	(265)	-	-	(244)	(265)
Income tax expenses	(48)	(71)	(47)	(20)	(95)	(91)	-	-	(95)	(91)
Reversal of loss (loss) on impairment of assets	-	-	(35)	2	(35)	2	-	-	(35)	2
Segment profit	715	869	568	488	1,283	1,357	(1)	3	1,282	1,360

(Unit: Million Baht)

	Segment				Total		Elimination of inter-segment transactions		Consolidated	
	Palm oil		Processed fruits and vegetables							
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Restated)				(Restated)				(Restated)	
Segment total assets	5,454	4,949	1,755	1,405	7,209	6,354	(1,338)	(1,230)	5,871	5,124
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	534	37	(148)	(137)	386	(100)	-	-	386	(100)

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Geographic information

During the year 2015, the Company's and its subsidiaries' sales represent domestic sales of 82 percent (2014: 85 percent) and export sales of 18 percent (2014: 15 percent).

Major customers

For the years 2015 and 2014, the Company and its subsidiaries have no major external customer with revenue of 10 percent or more of an entity's revenues.

31. Provident fund

The Company, its subsidiaries, and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees, the Company and its subsidiaries contribute to the fund monthly at the rates of 2 - 5 percent of basic salary. The Company's fund, which is managed by Kasikorn Asset Management Company Limited, and the subsidiaries' funds, which are managed by Kasikorn Asset Management Company Limited and SCB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

The contributions for the year 2015 by the Company and the subsidiaries amounting to approximately Baht 11.1 million (2014: Baht 10.7 million) were recognised as expenses, the Company only: Baht 5.3 million (2014: Baht 5.4 million).

32. Dividends

	Approved by	Total dividends	(Unit: Baht) Dividend per share
<u>The Company</u>			
<u>For the year 2014</u>			
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	164,000,000	0.20
Total dividends for the year 2014		164,000,000	0.20
<u>For the year 2015</u>			
Final dividends for 2014	Annual General Meeting of the shareholders on 24 April 2015	164,000,000	0.20
Total dividends for the year 2015		164,000,000	0.20
<u>Subsidiary</u>			
<u>For the year 2014</u>			
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	129,620,000	0.40
Interim dividends for the period from January to September 2014	Board of Directors' Meeting on 6 November 2014	48,607,500	0.15
Total dividends for the year 2014		178,227,500	0.55
<u>For the year 2015</u>			
Final dividends for 2014	Annual General Meeting of the shareholders on 24 April 2015	48,607,185	0.15
Total dividends for the year 2015		48,607,185	0.15

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2015, the Company and its subsidiaries had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to approximately Baht 71.1 million, Yen 2.7 million and Euro 0.7 million (2014: Baht 50.0 million, SGD 0.7 million and Euro 39,000), the Company only: Baht 39.8 million, Yen 2.7 million and Euro 0.7 million (2014: Baht 8.3 million, SGD 0.7 million and Euro 39,000).

33.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, equipment and motor vehicles. Operating lease agreements are non-cancelable.

In addition, a subsidiary has entered into lease agreements in respect of land. The terms of the agreements are 14 and 15 years. The subsidiary is required to comply with conditions stipulated in the contracts.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2015</u>	<u>2014</u>
Payable:		
Within 1 year	24.4	21.8
In over 1 year and up to 5 years	71.5	63.8
In over 5 years	16.0	15.4

33.3 Guarantees

As at 31 December 2015, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 32.1 million to guarantee import, electricity use, among others (2014: Baht 16.1 million) and for the Company: Baht 10.1 million to guarantee electricity use, among others (2014: Baht 9.1 million).

33.4 Contingent liabilities

- (1) In 2004, a subsidiary received a letter of invitation from the Agricultural Land Reform Office (ALRO) concerning the issue of land overlapping with ALRO land. On 6 October 2004, the subsidiary attended a fact-finding consultation meeting with the ALRO and handed over various relevant documents for use by ALRO in considering this issue.

On 15 October 2005, the subsidiary submitted related documents to Agricultural Land Reform Office to verify the right over the land.

Consequently, ALRO sent a letter to the subsidiary regarding the distribution of land. The land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the approximately cost of land and the net book value of the palm plantation development on such land as at 31 December 2015 totally Baht 10 million, was in conflict with the subsidiary's land title deed. The subsidiary is now processing with ALRO to nullify the status of being land under Sor Por Kor.

- (2) On 11 April 2008, the subsidiary met with the working committee responsible for reviewing practical methods and negotiations for distributing land belonging to holders of large plots in land reform areas to farmers, which was set up by the Suratthani Land Reform Commission. The purpose of the meeting was to find a practical solution to the land issue arising as a result of the subsidiary holding land amounting to approximately 1,210 rai in designated forest areas and another 276 rai in land reform areas. These plots of land represent 3 percent of the total planted area of the subsidiary. The 276 rai in land reform areas represents a large landholding and a holding in excess of the area that can be owned under Section 30 of the Land Reform for Agriculture Act.

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received a notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of the notice, since the subsidiary has no land ownership documents. The cost of this land and the net book value of the palm plantation development on such land amounted to approximately Baht 0.2 million. The subsidiary has already set aside full allowance for impairment loss on the cost of these assets in 2009.

At present, the subsidiary is in the process of negotiating with the relevant government agencies concerning the land in designed forest areas.

- (3) In 2008, the subsidiary received a notification from the Surat Thani Provincial Office of Natural Resources, ordering it to enter into a memorandum of acknowledgement and consent to comply with the conditions of the Royal Forest Department's 2005 regulation concerning permission to exploit National Forest land, to lodge an application for permission to gather forest produce in accordance with Section 15 of the National Forest Act 1964, and to pay official royalty fees at the rate of 10 percent of the market price of palm oil and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the palm oil crops planted.

On 6 August 2009, the subsidiary entered into a memorandum of acknowledgement and consent to comply with the conditions stipulated by the Royal Forest Department. On 18 December 2009, the subsidiary lodged an application for permission to gather forest produce in a National Forest.

On 8 July 2014, a permit from the Royal Forest Department granted to a subsidiary for the exploitation in the National Reserved Forests expired. As a result, the royalties payable to the Royal Forest Department are terminated. On 11 December 2014, the subsidiary entered into a lease agreement for half of the land that was under the expired permit for land exploitation. The agreement is effective from 9 July 2014 to 8 July 2029.

On 27 April 2015, a subsidiary was granted a permission to gather forest product in the National Reserved Forest.

34. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets that were measured at fair value or for which fair value is disclosed using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	0.9	0.8	-	1.7
Assets for which fair value is disclosed				
Investment properties	-	-	182.5	182.5

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	0.9	0.8	-	1.7
Assets for which fair value is disclosed				
Investments in subsidiaries	1,056.0	-	-	1,056.0
Investment properties	-	-	25.7	25.7

35. Financial instruments

35.1 Financial risk management

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

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans, as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans, short-term and long-term borrowings. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2015 and 2014 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.

(Unit: Million Baht)

	As at 31 December 2015					Interest rate (% p.a.)
	Fixed interest rate				Total	
	Within one year	More than one year but within four years	Floating interest rate	Non- interest bearing		
Financial assets						
Cash and cash equivalents	-	-	421	59	480	0.05 - 0.85
Trade and other receivables	-	-	-	1,152	1,152	-
Long-term loans to other companies	-	-	62	-	62	THBFIX + 1
	-	-	483	1,211	1,694	
Financial liabilities						
Short-term loans from financial institutions						
	655	-	955	-	1,610	1.95 - 4.50
Trade and other payables	-	-	-	494	494	-
Long-term loans	-	-	351	-	351	3M BIBOR+1, THBFIX, BIBOR+1
Liabilities under finance lease agreements						
	1	1	-	-	2	7.15
	656	1	1,306	494	2,457	

(Unit: Million Baht)

As at 31 December 2014 (Restated)						
Fixed interest rate						
		More than one year	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
Within one year	but within four years					
Financial assets						
Cash and cash equivalents	-	-	208	5	213	0.10 - 1.25
Trade and other receivables	-	-	-	902	902	-
	-	-	208	907	1,115	
Financial liabilities						
Short-term loans from financial institutions	340	-	890	-	1,230	2.30 - 4.75
Trade and other payables	-	-	-	429	429	-
Short-term loan from related party	-	-	10	-	10	THBFIX + 0.50
Long-term loans	100	-	75	-	175	BIBOR + 1
	440	-	975	429	1,844	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

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

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	2.1	2.2	0.8	0.9	36.0886	32.9630
Euro	0.4	0.2	0.1	0.1	39.4388	40.0530
Yen	-	-	33.4	-	0.3028	-

Forward exchange contracts outstanding as at 31 December 2015 are summarised below.

Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
Euro	0.6	0.6	(Baht per 1 foreign currency unit) 40.2000 - 41.3640	In April 2016

35.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

36. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 0.82:1 (2014: 0.66:1) and the Company's was 0.35:1 (2014: 0.24:1).

37. Events after the reporting period

On 26 February 2016, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2015 profit of Baht 0.15 per share, or a total of Baht 123 million.

On 25 February 2016, a meeting of the Board of Directors of United Palm Oil Industry Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend from the retained earnings of Baht 0.10 per share, or a total of Baht 32 million.

On 25 February 2016, a meeting of the Board of Directors of Universal Food Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend in respect of 2015 profit derived from the promoted operations of Baht 0.55 per share, or a total of Baht 28.88 million.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company's and the subsidiary's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2016.