

Annual Report 2018

RESPONSIBILITY / QUALITY / HEALTHY / WELLNESS



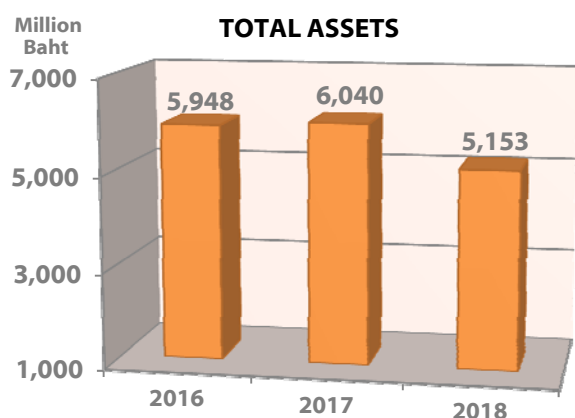
ANNUAL REPORT 2018 OF LAM SOON (THAILAND) PLC.

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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)		
	2016	2017	2018
Total Assets	5,948	6,040	5,153
Total Liabilities	2,455	2,310	1,192
Shareholders' Equity	3,492	3,730	3,961
Sales	8,245	8,551	7,300
Total Revenues	8,329	8,639	7,411
Gross Profit	1,260	1,300	1,228
Net Profit of equity holders of the Company	331	404	382

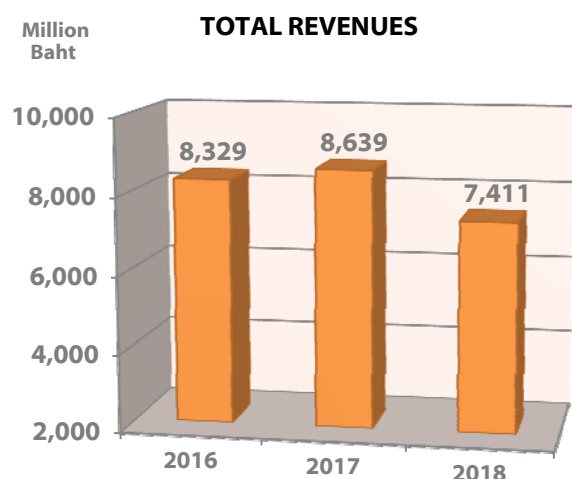


Total assets decreased by 14.7% mainly because:-

- 1) Cash and cash equivalents at Group level was 197.4 million Baht, decreasing by 216.8 million Baht or 52.3% as the Group utilised cash to pay off short-term loans.
- 2) Trade and others receivables decreased by 222.9 million Baht to 882.4 million Baht.
- 3) Inventory decreased by 373.3 million Baht or 25.7%
- 4) Property, plant, equipment, and bearer plants decreased by 127.7 million Baht.



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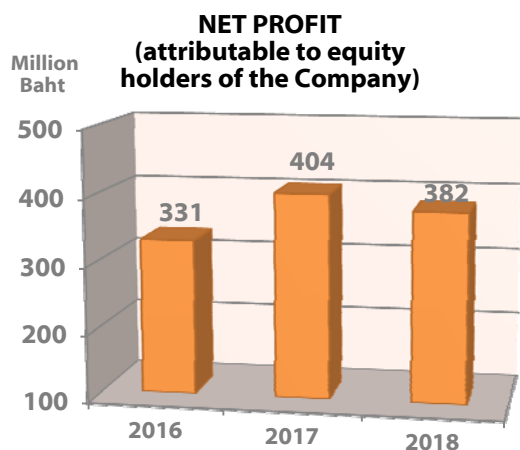


Total revenues decreased by 1,227.8 million Baht from:

- 1) Sales of the Company and its subsidiaries decreased by 1,250.6 million Baht or 14.6%.
- 2) Other income decreased by 16.4 million Baht or 18.7%.



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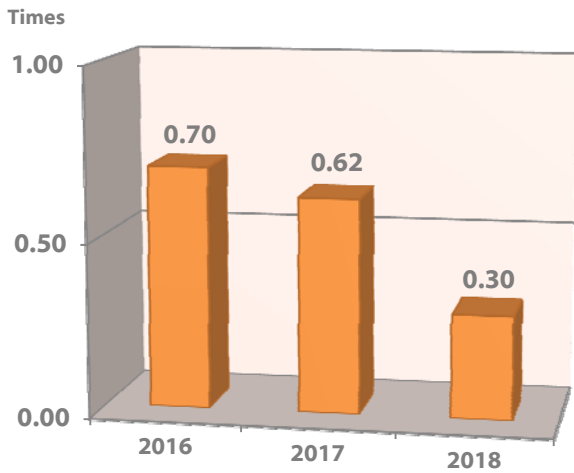
Net profit (attributable to equity holders of the Company) decreased by 22.4 million Baht or 5.6%, with higher net profit margin of 5.23%.



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FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

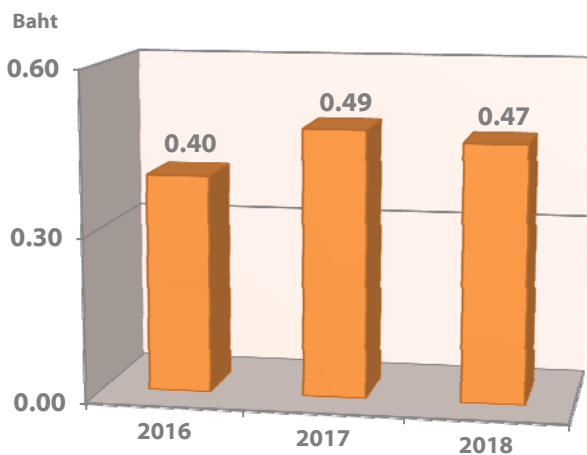
TOTAL DEBT TO EQUITY RATIO



Total debt to equity ratio decreased to 0.30 times in 2018 (2017 : 0.62 times).

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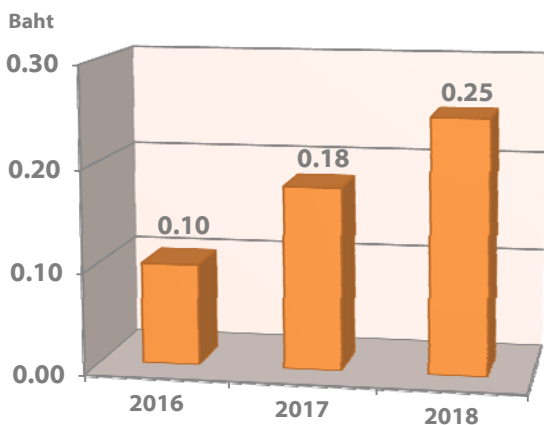
EARNINGS PER SHARE



Earnings per share: Decreased from 0.49 in 2017 to 0.47 Baht per share.

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DIVIDEND PER SHARE



Dividend per share: Pursuant to the resolution of BOD meeting on 22 February 2019, dividend per share of 0.25 Baht is proposed to be paid for the financial year 2018, subject to approval at AGM no. 1/2019.

This would represent a payout ratio of 60.3% 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 : %)

	2016	2017	2018
Profit Margin Contributable to Equity holders	3.97	4.68	5.15
Return on Equity (Average)	10.57	11.91	10.52
Return on Total Assets (Average)	6.01	6.69	6.94

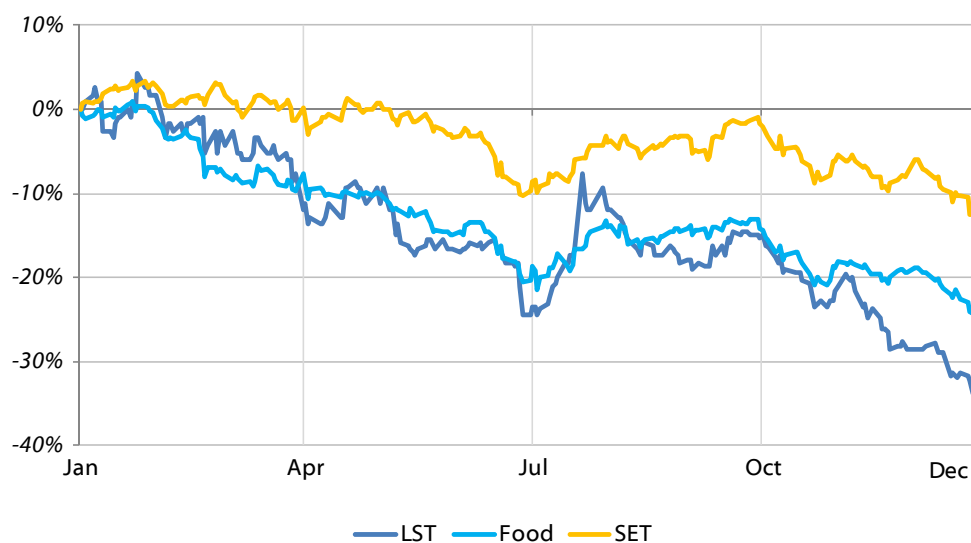
PER SHARE DATA

(Unit : Baht)

	2016	2017	2018
Earnings per Share	0.40	0.49	0.47
Dividend Paid per Share	0.15	0.10	0.18
Dividend per Share (operational year)	0.10	0.18	0.25 ⁽ⁱ⁾
Book Value per Share	3.45 ⁽ⁱⁱ⁾	3.60 ⁽ⁱⁱ⁾	3.83 ⁽ⁱⁱ⁾

Notes : ⁽ⁱ⁾ According to the resolution of BOD meeting on 22 February 2019, to be proposed to AGM no.1/2019
⁽ⁱⁱ⁾ Based on the Company only

2018 STOCK PRICE PERFORMANCE





2018 Overview

In 2018, as the global supply of FFB and CPO remained abundant, CPO price softened and inventory piled up. The global supply of CPO increased by 13% to 70 million MT in 2018 (2017 : 62 million MT).

The output of FFB in the Kingdom was around 15 million MT, about the same level as the previous year, while total CPO production in the Kingdom was the highest recorded at 2.8 million MT (2017 : 2.6 million MT). The CPO stock nationwide was maintained at a high level throughout the year. Monthly CPO price in the Kingdom in 2018 ranged between 16.22 - 23.20 Baht/Kg. The annual average CPO price was 19.57 Baht/Kg (2017 : 24.88 Baht/Kg), the lowest average level in 12 years, and in some months lower than or close to global market price. During the year 372,950 MT of palm oil was exported to overseas markets, mainly to India.

Several negative factors dampened industry sentiment namely anti-palm oil campaigns in EU and the West, trade tension between the United States and China, and hike in the import duty of palm oil in India. As a result, global CPO price reached a two-year low since 2016. Moreover, in July the Ministry of Public Health announced the prohibition of partially hydrogenated oils, being the main components of trans fatty acids for import or distribution in the Kingdom. However, your Company has been aware of trans fat issue for quite some time, and has undertaken the necessary product reformulation; margarine, shortening and cooking oil are safe from trans fat. Such issue could be turned to a good opportunity to promote and communicate to consumers, in both online and offline media, to build consumer trust in the healthy products.

To mitigate the volatility of the palm oil business, your Company has taken steps to diversify into other non palm oil businesses. Under the Corporate Strategic Direction, your Company aims to:-

1. add value to the bakery ingredient channel with its margarine and shortening,
2. be a leader in healthy consumer food products in the retail channel, under the Yok Extra and Naturel brands for our core grocery range, and the UFC sub-brands for fruit and vegetable based products, and
3. work with third party brand owners to widen our product offering and enhance distribution synergies. In addition, your Company intends to explore new markets overseas along with expanding its product portfolio. It is expected that such move would enhance the existing businesses and further create sustainable growth of your Company.

Company's Performance

In 2018, your Company recorded sales revenue at 5,572.6 million Baht, a year on year decrease of 881.0 million Baht or 13.65% (2017 : 6,453.6 million Baht); gross profit at 670.0 million Baht, an increase of 11.1 million Baht (2017 : 658.9 million Baht). In 2018, your Company received dividends from two subsidiaries amounting to 84.9 million Baht, an increase of 50.1 million Baht. As a consequence, your Company recorded a net profit of 339.9 million Baht, an increase of 99.4 million Baht or 41.3% (2017 : 240.4 million Baht).

United Palm Oil Industry Public Company Limited (UPOIC), a 69.96% subsidiary of the Company, recorded a net profit of 14 million Baht (2017 : net loss at 18.3 million Baht) on revenue of 628 million Baht (2017 : 763 million Baht). FFB crops from its own plantations decreased by 9.4% and that from the concession lands increased by 21.5%. As such, the total own crops was approximately same as the previous year. During the year, Krabi prosecutor filed a lawsuit against UPOIC in connection with 4,376 rai of land reform area, currently, the case is in process of scheduling dates for witness examination. As a matter of prudence, UPOIC has set aside the allowance amounting to 28.5 million Baht. The Company does not otherwise expect the litigation to have a material impact on the Company.

At Universal Food Public Company Limited (UFC), a 98.83% subsidiary of the Company, sales revenue decreased by 10.3 % to 2,039.1 million Baht (2017 : 2,271.9 million Baht). Domestic sales revenue dropped significantly while export revenue was adversely impacted by the depreciation of the USD versus Baht (by about 4.3 %) and more intense price pressures from competitors. Consequently, the net profit from operation dropped by 26% to 150.8 million Baht (2017 : 204.0 million Baht).

Overall, the consolidated net profit decreased from 400.8 million Baht in 2017 to 388.3 million Baht, or a decrease of 3.12%.

Production and Investment

Your Company is committed to ensure compliance with the international standards of quality and safety, and to establish operating principles through continuous training and development of working process and operating procedures. In 2018, your company qualified for the new version of ISO 9001 (Version 2015) from Management System Certification Institute (MASCI). This will facilitate your Company to achieve significant gains in terms of quality, operational efficiency and customer satisfaction.

Furthermore, to maximise production efficiency, in Q2/2018, its Bangpoo refinery completed major maintenance for blowing machine, packing line and label machine.

UFC invested in the color sorter machine and robot for carton palletising at its Lampang plant. This will reduce labour costs and increase productivity. All projects were completed and operational in 2018.

Marketing

Over the past few years, health and wellness concerns continue to increase steadily. With greater awareness that what we consume affects our bodies from the inside out, consumers are placing more importance on their nutrition.

As a leader in the vegetable oil market under the "Yok" brand, your Company has moved forward by expanding the line of Naturel healthy product to include "Corn oil", better choice for health conscious consumers, good for health and suitable for all menus.

At the same time, products under the Margarine and Shortening segment have been developed to meet the needs of small to large customers. In 2018 we launched the new Margarine Zest Gold (fresh butter flavor formula) in the bucket packing size of 2 kg, being easy to use under the concept "Convenience and Easy". Without trans fat but good taste, the product is value added highlighting Zest's leadership in the market segment.

We continue in our marketing communications and campaigns via several media channels including radio, printed matter, and online, with a focus on providing knowledge regarding the wise consumption of fats and building confidence that your Company's products are free from partially hydrogenated oils and as such safe from trans fat.

In doing so we are reaffirming that your Company's products are harmless for consumers, and the importance we have placed on product quality and food safety over the past 40 years.

Responsibility to Community, Society and the Environment

Besides conducting the business with integrity, your Company recognises the importance of community, social and environmental responsibility. In September 2018, your Company was granted Carbon Footprint Certification for products under the "Yok", "Yok Extra" and "Naturel" brands at the 100 Hearts Effort to Reduce Global Warming Event, organised by Thailand Greenhouse Gas Management Organization (Public Organization). Your Company is committed to play its part in helping to reduce greenhouse gas emissions in every stage of production. This award is another step in reaffirming its leadership in the palm oil business, along with our commitment to the principles of sustainability.

Furthermore, in Q2/2018, your Company qualified for the new version of ISO 14001 certification (Version 2015) from Management System Certification Institute (MASCI) that can assure that environmental management system meets international industry standards.

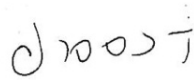
Human Resources and Corporate Culture

Your Company considers human resource as a major asset for the success and long-term growth. To retain quality employees with integrity and cut down on staff turnover, your Company has developed strategies to foster a more productive and satisfying work environment. It supports and encourages employees to expand their responsibilities for their individual growth and career advancement. This will build their motivation and working spirit, lead to great productivity, loyalty and create driving force for seamless transfer of working knowledge and skills between generations. Your Company also supports employees to plan a career path with the Company.

To ensure new employees comply with the established policy, vision and mission, and the Corporate values, the Code of Business Conduct is contained as a part of the orientation, your Company also provides relevant and disciplinary rules and regulations for both levels of supervisor and sub-ordinate as measures of good practices.

In 2018, your Company received the Outstanding Labor Relations and Labor Welfare Award from the Department of Labour Protection and Welfare, Ministry of Labour, proving that your Company respects the importance of taking care of people as well as building trust and our continuous aim to be the best place to work.

We wish to express our 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. All of you are a crucial part of Lam Soon eminent standing today in the palm oil business in the Kingdom. We look forward to your continued support in the future.



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



Ms. Anchalee Suebchantasiri
Managing Director

REPORT OF THE AUDIT COMMITTEE

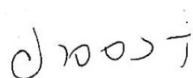
The Audit Committee comprised three independent directors as follows:

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. Somrak Krajangsod	Secretary to the Audit Committee and Vice President – Account and Finance

In 2018, 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 and risk management as set out in the annual audit plan, with proposals to the management to take necessary actions. In 2018, the Company was found to have exercised an appropriate and effective internal control and risk management 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 2018 the AC had 2 meetings with the external auditors without the management attending. The information disclosed by the management to the auditors 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. Proposal to the Board of Directors to consider the 2018 annual audit plan and renewal of the appointment of Dr. Virach and Associates to be outsourced internal auditor for a further two-year term, to 31 December 2019, including appropriate remuneration;
6. 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;
7. Reports to the Board of Directors the results of the meetings and all activities undertaken by the Audit Committee;
8. Proposal to the Board of Directors for approval at the 2019 Annual General Meeting of Shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2019 including appropriate remuneration;
9. 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 Audit 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
22 February 2019

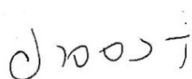
REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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 2018 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, 2018.

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

The Securities and Exchange Commission (SEC) with the collaboration of the Task Force for Sustainability in Listed Companies has developed the Corporate Governance Code 2017 (the "CG CODE") by integrating Environmental, Social, and Governance issues (ESG) into the business process for the Board of Directors, as the leader and governing body of a listed company, who can apply as a guideline to supervise the listed company to conduct the business with integrity, respect for the rights, responsibilities for stakeholders, development or reduction of negative impacts on the environment as well as the adaptation to any changing conditions. This is in accordance with sustainable development under the philosophy of Sufficiency Economy.

Lam Soon (Thailand) Public Company Limited (LST) recognises the importance of Corporate Governance Code in promoting transparency in LST's operations, fair and equitable treatment to all stakeholders as well as an efficient management system in parallel with Corporate Social Responsibility aiming at the Company's long-term sustainable value creation. The Board of Directors therefore considered the application of the CG CODE Principles as deemed appropriate, and resolved to apply the Principles by means that are suitable for the Company's business. If any of the Principles cannot be applied or are not applicable, an explanation shall be provided at the Board Meeting.

8 Principles of the Corporate Governance Code

Principle 1	Establish Clear Leadership Role and Responsibilities of the Board
Principle 2	Define Objectives that Promote Sustainable Value Creation
Principle 3	Strengthen Board Effectiveness
Principle 4	Ensure Effective CEO and People Management
Principle 5	Nurture Innovation and Responsible Business
Principle 6	Strengthen Effective Risk Management and Internal Control
Principle 7	Ensure Disclosure and Financial Integrity
Principle 8	Ensure Engagement and Communication with Shareholders

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 CG CODE as appropriate.

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

1. Structure of the Board

According to the Articles of Association of the Company, the Board composes of not exceeding 9 directors. The Board of Directors must be qualified and not subject to the prohibitions under the law of public company limited and other relevant laws. In addition, the Board composition shall have a wide range of skills, experiences, abilities and specific characteristic as well as gender and age. At least one-third of the total number of directors are independent directors. Independent directors shall not be less than 3 persons, and must be complied with the qualification announced by SEC.

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 Code and encourage every employee in the organisation to implement the Code, assessment of Code implementation and reviewing the Code 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. To appoint sub-committees, assignment of roles, 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, Risk Management 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

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- 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 arrange the board meeting of more than 6 times a year, at least once in every quarter, and convene the shareholders' meeting at least once a year;
 11. At a meeting of the Board of Directors, there must be present not less than one half of the total number of directors to form a quorum. At least two-third of the total number of directors shall be presented at the time when the Board passing a resolution;

In the event that the Chairman is absent or is unable to perform his duties, if there is a Vice-Chairman, the Vice-Chairman shall be the chairman of the meeting. In the absence of the Vice-Chairman or if the Vice-Chairman is unable to perform his duties, the directors present at the meeting shall elect one among themselves to be the chairman of the meeting.

12. Such other duties and responsibilities stipulated by law, the Articles of Association, and resolutions passed at shareholders' meeting.

3. Scope of Authority of the Board of Directors

1. Each director shall have one vote and decisions of the meeting shall be by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have an additional casting vote. In case of a vacancy on the Board of Directors otherwise than by rotation, the resolution of the Board of Directors must be passed by a vote of not less than three-fourths of the number of subsisting directors.
2. Director who has a personal interest in any matter shall have no right to vote on such matters.
3. Two directors shall be authorised to jointly sign together with the Company's seal affixed. However, the Board of Directors may specify names of the directors authorised to sign and bind the Company together with the Company's seal affixed.
4. The Board of Directors may appoint other persons to carry out the Company's business under the Board of Directors' supervision or may confer upon such other persons such powers as they think fit and for such time as they think expedient and any revoke, withdraw, alter or vary any such powers.
5. The Board of Directors may pay interim dividends to the shareholders from time to time when the Board of Directors finds the Company has sufficient profit and a report thereof shall be made to the shareholders' meeting at the next meeting.
6. Although various transactions are under the authority of the Board of Directors, there are the following cases stated in the Articles of Association to be conducted at the shareholders' meeting.
 - (1) Reviewing the report of the Board of Directors covering the work done during the preceding year as proposed to the meeting by the Board of Directors;
 - (2) Considering and approving the statements of financial position and statements of comprehensive income of the preceding fiscal year;
 - (3) Considering the appropriation of profits, reviewing directors' remuneration and the appropriation of a reserved fund;
 - (4) Election of new directors in place of those who must retire on the expiration of their terms;
 - (5) Appointment of the auditor and fixing his remuneration;
 - (6) The sales or transfer of the whole or substantial part of the business of the Company to other persons;
 - (7) The purchase or acceptance of transfer of business of other companies or private companies to the Company;
 - (8) The making, amendment or termination of contracts relating to the leasing out of the whole or substantial part of the businesses of the Company, the assignment to any other persons to manage the businesses of the Company, or the consolidation of the business with other persons with an objective towards profit and loss sharing;
 - (9) The amendment of Memorandum or Articles of Association;
 - (10) The increase or decrease in the Company's capital or the issuance of debentures;
 - (11) The amalgamation or dissolution of the Company;
 - (12) Other businesses.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

4. The Chairman of the Board

The Chairman of the Board shall 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. The duties and responsibilities are as follows:-

1. In calling a board meeting, the Chairman or assigned delegate shall serve a written notice calling for such meeting to members of the Board not less than 7 days prior to the date of the meeting so that the directors may have adequate time to study, review, and make proper decisions. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed;
2. Jointly with the Managing Director, defines the agenda of each meeting;
3. To ensure the efficiency of each meeting by allocating enough time for the executives to present information, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarising the meeting's resolutions;
4. To play a key role in encouraging the Board of Directors' conformance to corporate governance principles, including identifying themselves, refraining from voting, and leaving the meeting in case of having conflicts of interest in any agenda;
5. To inform the Board of Directors all significant matters;
6. To encourage the Board of Directors to attend shareholders' meeting and preside over such meeting to ensure the meeting efficiency and address shareholders' queries;
7. To encourage the Board of Directors to perform their duties under the scope of authority given by laws, and the corporate governance.

5. The Managing Director

The Managing Director is assigned by the Board of Directors to conduct the Company business under the approved plans and budgets with rigour, integrity and the duty of good corporate governance to ensure that the Company, shareholders and stakeholders are properly and fairly engaged in the business including the disclosure of general information and financial information of the Company in accordance with good practices and does not have any interest or conflict of interest with the Company and its subsidiaries.

6. Company Secretary

The Company shall appoint 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. To prepare and keep the following documents:-
 - a register of directors;
 - a notice calling the Board and shareholders' meetings;
 - a minute of meeting of the Board of Directors and meeting of shareholders;
 - an annual report of the Company.
2. To follow-up and ensure implementation of the resolutions of the Board and shareholders' meetings;
3. To keep a report on interest filed by a director or an executive and submit a copy of report to the Chairman of the Board 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, the Board of Directors, and the executives comply to all the laws and regulations;
5. To ensure the disclosure of information according to the regulations of the SET, the SEC 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.

In addition, the Company Secretary is assigned to function as a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act, and other related laws.

7. Qualification of Independent Directors

The Board has set the qualification of the independent directors as follow:-

- a) holding shares not exceeding 0.5% of the total number of voting rights of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling persons, 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 the Company, its parent company, subsidiary, associate, joint venture, subsidiary in the same level, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of application filing with the Office. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company;
- 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 other directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiary;
- d) not having a business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person 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' in the preceding paragraph shall include 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 Company 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 Company 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 the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person 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 the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person 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 undertake any business in the same nature and in competition with the business of the Company or its subsidiary, neither being nor having been a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 0.5% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary;

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

In the case where the person appointed by the Company as independent director has or used to have a business relationship or provide professional service exceeding the value specified under (d) or (f) of the first paragraph, the Company shall be granted an exemption from such prohibition only if the Company has provided the opinion of the Company's Board of Directors indicating that, by taking into account the provision in Section 89/7, the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders' meeting under the agenda for the appointment of independent director.

- a) The nature of the business relationship or professional service which such person's qualification not in compliance with the prescribed rules;
- b) The reason and necessity for maintaining or appointing such person as independent director;
- c) The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

For the purpose of (e) and (f) of the first paragraph, the term "partner" shall mean a person assigned by audit firm or a provider of professional service to sign on the audit report or the professional service report (as the case may be) on behalf of such juristic person.

The Board has set the criterion for the amount of shareholding allowed to an independent director to be more stringent than laid out by the SEC i.e. the Company's independent directors are allowed to hold the Company's shares not exceed 0.5%.

8. 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.

9. 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.

10. Executives Holding Directorship in Other Companies

Executives may hold directorship or executive positions in subsidiary, affiliate, 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.

Principle 2 Define Objectives that Promote Sustainable Value Creation

The Board defined the Company's objectives and goals to promote sustainable value creation in the form of the Company's vision, mission, corporate culture, and code of business conduct, including encouraging the communication among personnel at every level to move forward the Company in the same direction. Furthermore, the Board of Directors monitors and ensures that the Company's strategies are put into practice. At least once a year, the Board of Directors follows up on the management performance and requires that there must be a report on the Company's operation and business performance, especially the performance against financial targets and action plans, to make sure that the established strategies are being accomplished.

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1. Vision

The leading food and food-related Company with sustainable growth and development.

2. Mission

- 1) Manufacturing high quality and nutritious food product together with innovative production 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.

3. Corporate Culture

- 1) **Accountability** : Being responsible of assigned duties and work together towards a common goal
- 2) **“Can-do” attitude** : Having a positive attitude, being enthusiastic and motivated, and working with happiness and enjoyment
- 3) **Teamwork** : Being reliable, communicate openly and work together by taking into account the best result
- 4) **Continuous improvement** : Striving to improve working procedure and exploring new method to develop products and services
- 5) **Take care of people** : Being a caregiver, having senses of fairness and equality and creating work-life balance

4. 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. The Company has updated its code of business conduct as a codification of good behaviour 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.

Code of Business Conduct was first compiled in officially written format in 2009. This current version is the first revision (R.01) which was clearly divided into categories, and its content was improved to cover relevant comprehensive regulations and policy with wider range of practical guidelines for stakeholders. This version was also included the policy of Anti-Corruption to accommodate the current business implementation.

Principle 3 Strengthen Board Effectiveness

1. Procedure for Director Nomination

The Nomination Committee shall have the duty to recommend names of suitable candidates for the Board and shareholders' 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.

2. Criteria

The foremost criteria for nominating director candidates shall be the candidates' skills and experiences, professional qualification, business knowledge and experience as well as personal qualities and integrity. Consideration shall also be given to the benefits of diversity such as gender, age, ethnicity, and nationality.

3. Sub-committees

3.1 Audit Committee

The Audit Committee shall comprise at least 3 independent directors. The members of the Audit Committee must be appointed by the Board of Directors with at least 1 committee member possessing sufficient knowledge and experience in order to perform his/her/their duties of reviewing the credibility of the financial statements. The members of the Audit Committee must be directors of the Company who are qualified as "independent directors" pursuant to the definition announced by the Company and in accordance with the stipulations of the Capital Market Commission and the regulations of the Stock Exchange of Thailand. 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, ending at the annual general meeting of shareholders. Nevertheless, a retiring member is eligible for re-appointment.

Finance and Accounting Manager shall be designated as Secretary to the Audit Committee to provide support to the Audit Committee's proceedings, including setting up meeting appointments, preparing meeting agendas, distributing meeting documents, taking minutes of meeting, and other tasks as assigned by the Audit Committee.

Duties and Responsibilities of the Audit Committee

1. To review the credibility and sufficiency of the financial reporting;
2. To approve the disclosure of quarterly financial statements to the SET;
3. 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;
4. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws;
5. To consider, select, propose the appointment of, and terminate 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;
6. To consider all connected transactions or the conflict-of-interests transactions disclosures in compliance with the laws and regulations of the SET, to ensure that the transaction is justified and for the best benefit of the Company;
7. To report the operating results of the internal audit to the Board of Directors on quarterly basis, which including the Audit Committee's opinion on the internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate;
8. 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:-
 - (8.1) Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible
 - (8.2) Comments on the adequacy of the Company's internal control systems
 - (8.3) Comments on compliance with the Securities and Exchange Acts, regulations of the SET, and any other relevant laws
 - (8.4) Comments on whether the Company's auditor is suitable
 - (8.5) Comments on the transaction with potential conflicts of interest
 - (8.6) The number of Audit Committee's meetings and meeting attendance of each member
 - (8.7) General comments or observation from the performing of duties according to the Charter
 - (8.8) 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
9. To ensure that the management has a mechanism to receive complaints and supervise the proper handling of complaint receipt;
10. To ensure that the Chairman and the members of Audit Committee shall attend the shareholders' annual general meeting in order to classify issues associated with the Audit Committee or appointment of the external auditors;
11. To assess its own performance (Self-Assessment) and report the findings to the Board of Directors for acknowledgment as a whole and on individual basis;
12. To regularly review the Charter of Audit Committee;
13. To take care of any other matters assigned by the Board of Directors;

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14. There shall be at least 4 meetings of the Audit Committee per year. At a meeting, at least half the number of the members of the Audit Committee must be present to constitute a quorum;
15. The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

In 2018, 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	2017-2020	4/4
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2017-2020	4/4
(3) Mr. Banchong Chittchang	Independent Director	2017-2020	4/4

3.2 Remuneration Committee

The Remuneration Committee shall comprise at least 3 independent directors, majority of whom should be independent directors. The Chairman of the Remuneration Committee must be 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, ending at the annual general meeting of shareholders. Nevertheless, a retiring member is eligible for re-appointment.

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 shareholders' meeting for approval;
2. To consider the remuneration of the Board of Directors and executives, as compared to the remuneration offered by other listed companies operating in the same business, to motivate them to foster the Company's continuous development;
3. To propose guidelines for assessing the performance outcomes and compensation for managing director for the Board's approval;
4. To report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee;
5. To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis;
6. To regularly review the Charter of Remuneration Committee;
7. To take care of any other matters assigned by the Board of Directors;
8. Meetings of the Remuneration Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Remuneration Committee, at least half the number of the members of the Remuneration Committee who should be independent director, must be present to constitute a quorum.

In 2018, the Remuneration Committee held 2 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	2016-2019	2/2
(2) Mr. Banchong Chittchang	Independent Director	2016-2019	2/2
(3) Mr. Whang Shang Ying	Executive Director	2016-2019	2/2

3.3 Nomination Committee

The Nomination Committee shall comprise at least 3 independent directors, majority of whom should be independent directors. The Chairman of the Nomination Committee 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, ending at the annual general meeting of shareholders. Nevertheless, a retiring member is eligible for re-appointment.

Duties and Responsibilities of the Nomination Committee

1. To consider and 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;
2. To define nomination process and criteria in accordance with the composition and qualifications stated in 1;
3. To assess director independence qualification in accordance with the SEC regulations;
4. To select, 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;
5. 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;
6. 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;
7. To consider the characteristics of the nominees for the Board members by following guidelines in selecting director candidates:-
 - (7.1) General 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
 - (7.2) 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
8. To consider and review Board members development programme in order 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, the annual budget of which should be set at an appropriate amount;
9. To supervise and ensure that the Company arranges orientation programmes and provide welcoming package that is beneficial to the newly appointed director(s) to perform the roles and responsibilities;
10. To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis;
11. To regularly review the Charter of Nomination Committee;
12. To be responsible for establishing a succession plan the Company's Managing Director and propose to the Board of Directors;
13. To be responsible for recruiting suitable executive candidates, providing training programme and retaining the executives;
14. To take care of any matters assigned by the Board of Directors;
15. Meetings of the Nomination Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Nomination Committee, at least half the number of the members of the Nomination Committee who should be independent director, must be present to constitute a quorum.

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In 2018, 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	2017-2020	0/1
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2017-2020	1/1
(3) Mr. Banchong Chittchang	Independent Director	2017-2020	1/1
(4) Mr. Whang Shang Ying	Executive Director	2017-2020	1/1

On 22 February 2019, the Board of Directors approved the appointment of Lackana Leelayouthayotin, Ph.D., Independent Director, to be a member of the Nomination Committee. The Nomination Committee therefore comprises a majority of independent directors.

3.4 Risk Management Committee

The Board of Directors, on 11 August 2016, approved to formalise the Risk Management Committee (RMC) with the below duties and responsibilities. At present, the RMC includes the following 3 members.

Name	Position	Service Period	Attendance / Total Meetings
(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer	2016-2019	1/1
(2) Ms. Piyathida Sukchan	Executive Director	2016-2019	1/1
(4) Mr. Virat Suwannarat	Vice President - Human Resources	2016-2019	1/1

The Risk Management Committee shall comprise a minimum of 3 members who are appointed by the Board from non-executive directors, senior management, together with the Managing Director. The term of office shall be 3 years. The Committee reports directly to the Board through Audit Committee review.

Duties and Responsibilities of the Risk Management Committee

- To assist the Board in setting a policy of risk management, including annually agreeing risk tolerance and appetite levels, in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
- To ensure that an appropriate policy and plan for a system of risk management is developed by the management, approved by the Board and distributed throughout the Company;
- To annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;
- To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;
- To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;
- To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;
- To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;
- To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;

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9. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
10. To provide an independent and objective oversight and view of the information on corporate accountability and specifically associated risk, also proposing to the Audit Committee and then to the Board on all categories of identified risks facing the Company.
11. To review the strategy, policy and risk tolerance and appetite recommended by the management. The Committee will ensure compliance with such policies in accordance with the overall risk profile of the Company. Risk in the widest sense, i.e. enterprise-wide risk, will be considered by the Committee;
12. To review the management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations and confirm that appropriate action has been taken;
13. To address key risk areas and key performance indicators (KPI) of the Company, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control;
14. To assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function.

4. Board of Directors' Meeting

The Company shall arrange the board meeting of more than 6 times a year, at least once in every quarter. The Chairman of the Board may call special meetings as he deems necessary. Two or more directors may ask the Chairman of the Board to convene a Board of Directors' meeting. In the event a meeting is required by at least 2 directors, the date of the meeting shall be fixed with 14 days from the date of receipt of the request.

In case of regular meetings, 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 agendas 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. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed. During the meeting, the Chairman will allocate sufficient time for the management to present detail information and answer additional questions from the directors, and allow sufficient time for the directors to the matters.

In 2018, the Board of Directors held 5 regular meetings. The attendance of each member is as follows:-

Name	Period of Directorship	Attendance / Total Meetings		
		Regular	Extra	Total
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	2017-2020	4/5	-	4/5
(2) Ms. Anchalee Suebchantasiri	2018-2021	5/5	-	5/5
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	2018-2021	5/5	-	5/5
(4) Mr. Banchong Chittchang	2017-2020	5/5	-	5/5
(5) Lackana Leelayouthayotin, Ph.D.	2016-2019	4/5	-	4/5
(6) Datuk Simon Shim Kong Yip	2017-2020	4/5	-	4/5
(7) Mr. Whang Shang Ying	2018-2021	5/5	-	5/5
(8) Ms. Piyathida Sukchan	2016-2019	5/5	-	5/5
(9) Mr. Ampol Simarojana	2016-2019	5/5	-	5/5

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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 2018, there were 2 meetings of non-executive directors which were not attended by Executive Directors, in relation to, new accounting standards that would affect the Company including the collaboration of the management team working with the external auditor, and other general matters.

5. 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.

5.1 Self Assessment of the Board of Directors and Sub-Committees (individual basis)

Principles

Self-Assessment form of the Board of Directors and sub-committees (individual basis) has been implemented to evaluate performance of individual director as a tool for reviewing his/her own duty and further enhancing the efficiency and effectiveness. Categories of the assessment, in compliance with good corporate governance principles, are as follows:-

1. Board structure and qualifications
2. The Board Meeting
3. Roles, duties and responsibilities of the Board

In 2018, overall evaluation results of the three categories indicated **"Very Good"**

5.2 Self Assessment of the Board of Directors and Sub-Committees as a whole

Principles

Self-Assessment form of the Board of Directors and Sub-Committees as a whole has been implemented to evaluate performance of the Board and Sub-Committees as a whole by applying the guideline from the SET with the nature and structure of the Board and Sub-Committees. The result of the assessment is served as a tool for the Board of Directors and Sub-Committees to review its own duty and further enhancing the efficiency and effectiveness. Six categories of the assessment of opinion and action level are as follows:-

1. Board structure and qualifications
2. Roles, duties and responsibilities of the Board and Sub-Committees
3. The Board and Sub-Committees Meeting
4. Duties of directors
5. Relationship with management
6. Director's self improvement and management training

In 2018, overall evaluation results of the six categories indicated **"Very Good"**

The average score of 2018 assessment of the Board of Directors and Sub-Committees were summarised as follows:-

1. The Board of Directors was **"Very Good"**
2. The Audit Committee was **"Very Good"**
3. The Remuneration Committee was **"Very Good"**
4. The Nomination Committee was **"Very Good"**.

Remark: "Very good" has scored in the range of 81-100 scores.

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5.3 Assessment of Managing Director

The Board of Directors conducts an annual performance assessment of Managing Director by determining the Key Performance Indicators reflected by the Company's operating performance in both quantitative and qualitative terms. The Remuneration Committee, comprises majority of whom are independent directors and its Chairman is an independent director, is responsible to consider such key indicators which are transparent and suitable with the business of the Company. Categories of the assessment are as follows:-

1. Leadership
2. Strategic planning and performance
3. Financial planning and financial performance
4. Relationship with the Board of Directors
5. Risk management and internal control
6. Wealth creation to shareholders

Principle 4 Ensure Effective CEO and People Management

1. Remuneration of Directors and Executives

1.1 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 shareholders' 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 the Board of Directors and Sub-Committees	2017		2018	
	No. of Persons	Baht	No. of Persons	Baht
Board of Directors	9	4,184,400	9	4,184,400
Audit Committee	3	1,252,800	3	1,252,800
Remuneration Committee	3	131,100	3	131,100
Nomination Committee	4	87,600	4	87,600

Besides monetary remuneration, overseas directors attending the meeting shall be reimbursed for air-tickets, food 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.

1.2 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. The remuneration structure rewards individual performance and incentivises the Executive Directors, Managing Director and key executives to act in support of the Company's objectives and goals, and fosters the long-term commitment of the Company performance.

In 2018 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.

Remuneration	2017		2018	
	No. of Persons	Baht	No. of Persons	Baht
Executives	11	82,817,568	9	73,493,440

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.

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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	2017		2018	
	No. of Persons	Baht	No. of Persons	Baht
As directors of subsidiaries	4	2,270,400	4	2,069,256
As executives of subsidiaries	3	7,389,000	3	6,990,000

2. Board and Management Training

The Company arranges orientation for new directors and management, which includes factory tour 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, restrictions that directors should not do as they are prohibited by relevant law, roles and responsibilities of sub-committees
2. Principles of Good Corporate Governance 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 Board of Directors has a policy to encourage and promote continuous training and development of directors, Managing Director, executives, and employees, which is relevant to their roles to enhance their knowledge, skills and useful experiences related to the operation including useful information related to the business that will drive the Company toward its goals.

In 2018, directors and executives who attended the major training sessions were as follows:

No.	Directors and Executives	Position	Training Session	Objectives
1.	Mr. Banchong Chittchang	Independent Director Member of Audit Committee Member of Remuneration Committee Member of Nomination Committee	<ol style="list-style-type: none"> 1. TMA Executive Forum on Competitiveness 8 March 2018 2. TMA Innovation Trip to Japan 27 May – 1 June 2018 3. Thai IOD National Director Conference 2018: "Rising Above Disruptions" 21 June 2018 4. Thai IOD Class: "Board That Makes a Difference" 24-25 July 2018 5. Thai IOD Audit Committee Forum 2018: "Audit Committee in the Age of Disruption" 12 December 2018 	<p>To acknowledge government policies in enhancing competency of business and Thailand</p> <p>To visit and study on innovation and up to date technology from the leading companies in Japan</p> <p>To update tendency of director roles in preparing to deal the disruption in the global situation</p> <p>To study director roles in leading the change</p> <p>To update tendency of the modern Audit Committee</p>
2.	Lackana Leelayouthayotin, Ph.D.	Independent Director	Advanced Audit Committee Program AAC30/2018 from Thai Institute of Directors (IOD)	Programme for Independent Directors and Audit Committee for acknowledgement of the roles, duties and responsibilities of the Audit Committee in reviewing and monitoring various aspects

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No.	Directors and Executives	Position	Training Session	Objectives
				In to meet the expectations of stakeholders as well as in accordance with the expectations of the SET and the SEC
3.	Ms. Piyathida Sukchan	Executive Director	<ol style="list-style-type: none"> 1. Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2018) in Kuala Lumpur, Malaysia 2. 14th Indonesian Palm Oil Conference and 2019 Price Outlook (IPOC 2018) in Bali, Indonesia 	To update the situation of palm oil in the global market in the current year including factors that determine the direction of future palm oil prices.

3. 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 assigns the following persons to take charge and act on behalf in case the Managing Director is unable to function, namely,

1. Ms. Somrak Krajangsod to act and make decision regarding the finance and accounting of the Company and its subsidiaries;
2. Ms. Piyathida Sukchan to act and make decision in other matters of the Company and its subsidiaries.

Principle 5 Nurture Innovation and Responsible Business

1. Nurture Innovation

The Board of Directors prioritises and promotes research & technology development and innovation that create value for the business together with the benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company. The Board also supervises the management to allocate and manage resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives with sustainability.

2. Role of Stakeholders

The Company 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, the Company shall ensure that the rights of each group will be protected according to relevant laws and handled carefully and with sensitively. 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 shareholders
- Policy and Practice toward customers
- Policy and Practice toward business partners
- Policy and Practice toward competitors
- Policy and Practice toward creditors
- Policy and Practice toward employees
- Policy and Practice toward community, society, and environment
- Policy and Practice toward human-right respect
- Policy and Practice toward the intellectual property and copyright
- Policy and practice towards quality, safety, and occupational health

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- Policy and Practice toward anti-corruption and bribery

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

- ISO 9001, 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;
- GMP being a good manufacturing practice for food processing with the sanitary standard requirements including the preventive measures from food contamination due to the unhygienic conditions;
- HACCP being a standard for Hazard Analysis and Critical Control Point in food processing;
- 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 14001, an environmental management system that enhances organisation improve and develop the environment continuously;
- Roundtable on Sustainable Palm Oil (RSPO) being a good practice to promote sustainable palm oil production in aspects of economic, social, communities, environment, and law conformity of various stakeholders from upstream to downstream.

The Company conducts its activities with the concern of safety, health and environment. Management and employees at all levels have committed to carry out their functions with responsibility. In 2018, there was no serious injury or death in workplace.

3. Human Resources Development Policy

The Company commits to support and maintain working environment enhancing their efficient contributions. The Company engages in teamwork building and continuous improvement to ensure high performance of human resources as it is believed that the continuous development would strengthen their capability and competence, following an increase in efficiency of the operation and serving customer satisfaction along with building awareness of all employees on the professional ethic. In 2018, the average training hours of employees was 7.78 hours / person and there were a total of 34 training courses provided to employees including the training on environmental management.

4. Anti-Corruption Policy

The Company Group has announced an official anti-corruption policy which was reviewed and approved by the Board of Directors. The details are as follows:

“Directors, management, and employees of the Group are prohibited from requesting, performing or accepting corruption in any form, whether directly or indirectly. This shall be applicable to all business units of the Group. Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, and laws. In case of breach of the policy, any act considered as facilitative to, or implicated in corruption, shall be subject to penalties as stipulated by the Group policies.”

Communication and public relation activities under anti-corruption policy including complaint/suggestion making and whistle-blowing channels are carried out via both internal and external media e.g. electronic mail, announcement, the Group’s website, annual report, orientation for directors and employees including arranging a discussion on yearly basis to ensure mutual understanding among employees. Such policy is complied with the law of Thailand for the actions against corruption.

In each year, the risk management committee evaluates the potential risk of corruption and reports the concerns to the Audit Committee and the Board.

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5. Practice towards oversight and control for safeguarding and monitoring the corruption risk

The Company establishes the practice towards oversight and control for safeguarding and monitoring the corruption risk summarised as follows:-

1. To provide internal control system, internal audit function, and risk management covering key business functions such as accounting, payment, procurement in order to prevent and monitor the corruption risk as well as to recommend any appropriate solutions
2. To put in place complaint-making and whistle-blowing channels, covering complaint-filing, verification, and summary of findings, together with protection of the complainants and related parties. The purpose is to handle complaints, comments, or suggestions from stakeholders that are affected or potentially affected by the Group's business or conduct of its directors, executives, or employees resulting from law-breaking or violation of the code of conduct, as well as suspected corrupt practices.

The Group will keep their complaints confidential and not disclose them to unrelated parties except when required by law.

Those with knowledge of complaints or related information must maintain confidentiality and not disclose it except when required by law. If this is intentionally violated, the Group will punish them under its regulations or the law, or both, as seen fit.

3. Executives in each unit are responsible for monitoring the progress of the complaint and report to the Audit Committee and the Board of Directors for acknowledgement.

6. Guidelines for monitoring and evaluating the actions to prevent the involvement in Corruption

The Company establishes the following guidelines for monitoring and evaluating the actions to prevent the involvement in corruption.

1. The Company's internal audit unit is assigned to conduct auditing according to the annual audit plan which is approved by the Audit Committee, and report any significant issues including provide recommendations to the Audit Committee.
2. Relevant business unit is required to regularly monitor and evaluate the corruption risk to ensure the effective implementation of the anti-corruption policy including follow up, review, and improve the policy from time to time. The risk evaluation result must be reported to the Risk Management Committee, the Audit Committee and the Board of Directors respectively in a timely and consistent manner.
3. In fact-finding process, if the information from the investigation or complaints have shown an explicit evidence which may have a significant impact on the financial position and the operating performance of the Company including the violation of law or code of business conduct, or any suspicious issues in the financial report or internal control system, the Audit Committee shall report the concerns to the Board of Directors for further improvement and correction.

Principle 6 Strengthen Effective Risk Management and Internal Control

1. Risk Management

The Board of Directors realised the importance of the Risk Management. Therefore, in 2016, the Board approved to formalise the Risk Management Committee comprising senior managements and Managing Director being the Chief Risk Officer. Duties and responsibilities of the Risk Management Committee were presented in Principle 3 item 3.4. The Management then has to evaluate the risk in every unit and work process, assess the efficiency and existing control measure, and propose plan and method to reduce risk to the Board of Directors.

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2. 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 2018 the Audit Committee approved the Company to renew the contract with Dr. Virach & Associates Office to be the Company's internal auditor. 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 2019.

3. Conflict of Interests

3.1 Prevention of use of inside information

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

- Executives shall report their holding of LST's shares and report change of holding to the 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, managers or first 4 management officers ranking immediately below the Managing Director. This shall include management level of accounting or finance officers or equivalence who have the duty to prepare and file report of shareholding 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 one month prior to the Company's financial statements being announced and at least one day after the date of financial statements being disclosed.
- Directors and executives shall report to the Board of Directors or the delegated person about their transaction (buy and sell) of the Company's shares at least 1 day before the transaction date and notify SEC within 3 business days after transaction date as specified by the Securities and Exchange Act.
- Directors, executives, managers and employees shall be prohibited from using inside information that may materially affect the LST share price, which has not yet disclosed to the public, for personal gains and/or persuading other persons to buy or sell LST 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. In case the violator is a director, the matter shall be submitted to the shareholders' 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 shareholders' meetings.

3.2 Approval of transaction containing conflict of interest

Directors, executives, or other persons, who enter into related party transaction or transaction containing potential conflict of interest and transaction regarding acquisition or disposal of

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material assets as defined by the Notifications of the SEC and the SET which are in force on the date of such transaction, shall strictly follow the Notifications. The Company has set the criteria to approve the transaction as follows:-

- (1) Person with interest or potential conflict of interest shall refrain from approving such related 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 to review the matter before submitting to the Board and the shareholders' 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 falls 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.

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

In order for the Board to make decision based on the common benefit of the Company and to have directors, executives who have transaction with interest involving the Company business to comply with the Notification of the Capital Market Supervisory Board no. Tor Jor. 2/2552 re: Reporting of interest of directors, executives and related persons, the Company sets 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 1 million Baht or more, or 0.03% 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 when 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 any meeting agenda item which is under consideration 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.

3.4 Mechanism for stakeholders to do whistle blowing or make complaints

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

1. **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

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financial report, violation of the law or ethics or deficiency of internal control system, etc. may address his communication directly to the Audit Committee.

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

Principle 7 Ensure Disclosure and Financial Integrity

1. 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 shareholders' meeting. The Company periodically assesses the efficiency of information disclosure. The following information is regularly disclosed.

- Disclosure of the following in Thai and English and update of the information in the Company's website
 - Principles of Good Corporate Governance
 - Policy and Practice toward stakeholders including environment policy; anti-corruption policy; quality, safety, and occupational health policy etc.
 - 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 Shareholders' Meeting
 - News published by the Company
- Periodically submit 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 the share price according to the regulations of the SET
- The Board of Directors assumes the responsibility for the accuracy, completeness and timely manner of the Company's financial reporting and information disclosure in accordance with relevant guidelines including rules and generally accepted accounting standards with appropriate accounting policies which are applied and consistently conformed. The report shall be audited by an external auditor and reviewed by the Audit Committee to ensure that sufficient disclosure is made and it can reflect the Company's financial status and operating performance.

- The Executive Directors shall be responsible for communicating with investors both individual and institutional, shareholders, security 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.

2. Financial Liquidity and Solvency

The Board of Directors assigns the management to regularly monitor and evaluate the Company's financial status and report to the Board of Directors on regular basis. The Board of Directors and the management will ensure that any potential threats to the Company's financial liquidity and solvency are promptly addressed and remedied.

The Company emphasises its trustworthiness and therefore, strictly conforms with conditions and agreements made with creditors in order to create reliability. The Company always pays all interest and principle accurately, timely, and completely. Also, the Company shall not use loans proceeds in the way that is contrary to its objectives nor conceal any information that may be harmful to creditors.

In the event that the Company is unable to comply with any condition of an agreement, the Company will immediately inform the creditor so as to find a reasonable and mutually-acceptable solution. The Company strives to maintain good relationships and mutual trust with creditors. However, the Company has controlled the capital management at appropriate level to prevent the Company from experiencing difficulties in repaying creditors. There is also a liquidity management on debt repayment to meet the maturity in a timely manner. The management is responsible for planning, monitoring and controlling the financial position of business sector to cover the significant risks under either normal circumstances or crisis.

Principle 8 Ensure Engagement and Communication with Shareholders

1. Right of Shareholders

- The Company shall hold an Annual General Meeting of Shareholders (AGM) within 4 months of the end of the Company'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), the Company 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.
- The Company 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 shareholders' 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 shareholders' meeting to be held within one month of the date of receipt of such request from the said shareholders.
- The Company 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 shareholders' meeting, the Company 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 details 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

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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 shareholders' 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 the 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.
- The Company 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.
- The Company's policy to facilitate and encourage shareholders to attend and participate at the shareholders' meeting has been established and posted on its website.
- The Company 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.
- The Company 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.
- The Company shall disclose the resolutions together with voting result through the SET online system within the next day after the meeting date.
- The Company shall post a draft minutes of the shareholders' meeting on the Company'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.
- The Company participates in SET Opportunity Day, arranged by the Stock Exchange of Thailand. The objective of the event is to provide an opportunity for listed companies to carry out investor relations activities and to clarify information about the business and operations to security analysts, investors and the media who attending the event. The Company always joins the activity at least once a year with approximately 20-30 participants attended the meeting (excluding audience participation through online channel).

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 by protecting their fundamental rights equally and fairly, including applies the one share one vote principle to ensure the investment confidence.
- The Company shall provide a proxy form B, 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 to attend the meeting. A shareholder who cannot attend the meeting in person but would like to exercise his voting right may appoint

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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 Principle 6 item 3.1).
- The Company discloses business connected transactions with its subsidiary, which is normal business on fair and at arm's length basis (details in Principle 6 item 3.2).

The Implementation of Corporate Governance Code for Listed Companies 2018

The Company has reviewed the Corporate Governance Policy, developed from the 2012 Good Corporate Governance Principles for listed Companies in aligning with the guideline set by the Stock Exchange of Thailand, and the 2017 Corporate Governance Code for Listed Companies as prescribed by the Office of Securities and Exchange Commission. After consideration, the Board of Director founded that the Company has adopted most of 8 principles that are suitable for the Company's business. If any of the Principles cannot be applied or are not applicable, an explanation shall be provided at the Board Meeting.

However, there are some principles that the Company has not adopted or put into practice, which the management clarified the reasons at the Board Meeting to adjust and ensure the suitability for the Company's business at the next step. The key non-conformed principles are included as follows:-

Principles not exercised	Reasons for not exercising
The Board of Directors to determine that independent directors can continually assume director positions for not longer than 9 years since the date of the first appointment	Every Director has knowledge, capability, experience and an understanding in the business operation, with independence in expressing opinions deemed beneficial for the Company. The experience of Directors from long-term tenure will support them to understand the Company's operation which has the particular nature of business.
Chairman of Nomination Committee should be an independent director.	Although the Chairman of the Nomination Committee is not independent director, he is not an executive director. Furthermore, the consideration of recruitment must be proposed to the Board of Directors, the Chairman of which is an independent director. Thus the consideration of the recruitment deems as being balance of power and independent.
The appointment of the Corporate Governance Committee (CG Committee)	The Company does not establish CG Committee in particular but assigns the Audit Committee to oversee the matters including to determine the CG principles and business ethics. This is to encourage everyone in the organisation to conform to the principles. The Company believes that is adequate for the current business scope of the Company while still ensuring efficiency of its operation.
The Board members not comprise independent directors more than 50%	The Board of Directors comprises 9 members, 4 of whom are independent directors (representing less than 50% but more than one-third of the total number of Directors), and the Chairman of the Board is an independent director. Such composition is considered to reflect the appropriate balance of power. In addition, independent directors are able to work effectively with all directors with independence in expressing their opinions.

GENERAL INFORMATION

Company Profile

Name of Company	:	Lam Soon (Thailand) Public Company Limited
No. of Registration	:	0107538000568 (formerly Bor Mor Jor 579)
Website	:	www.lamsoon.co.th
Corporate Headquarters	:	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet 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 Samut Prakarn 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 075-270 690-1 Fax 075-270 692-3
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 Soi Bangna-Trad 25, Khwaeng Bangna Nuea Khet 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, Khwaeng Bangna Nuea Khet Bangna, Bangkok 10260
		Tel 02-398 8555 Fax 02-744 0860-2
Factory Address (1)	:	64 km. 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 034-229 397-9, 034-388 262-3 Fax 034-388 264
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)	:	51,884,457 shares or 98.83%

Other references

1. Register

Name : Thailand Securities Depository Co., Ltd.
Address : 93 The Stock Exchange of Thailand Building,
Ratchadapisek Road, Khwaeng Din Daeng, Khet Din Daeng,
Bangkok 10400
Tel 02-009 9000
Fax 02-009 9991

2. Auditor

Name : Ms. Satida Ratananurak
Certified Public Accountant No. 4753
Address : EY Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 Rajadapisek Road,
Klong Toey, 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 : 1
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 700 MT per day or 255,500 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 Distillate
 - 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).

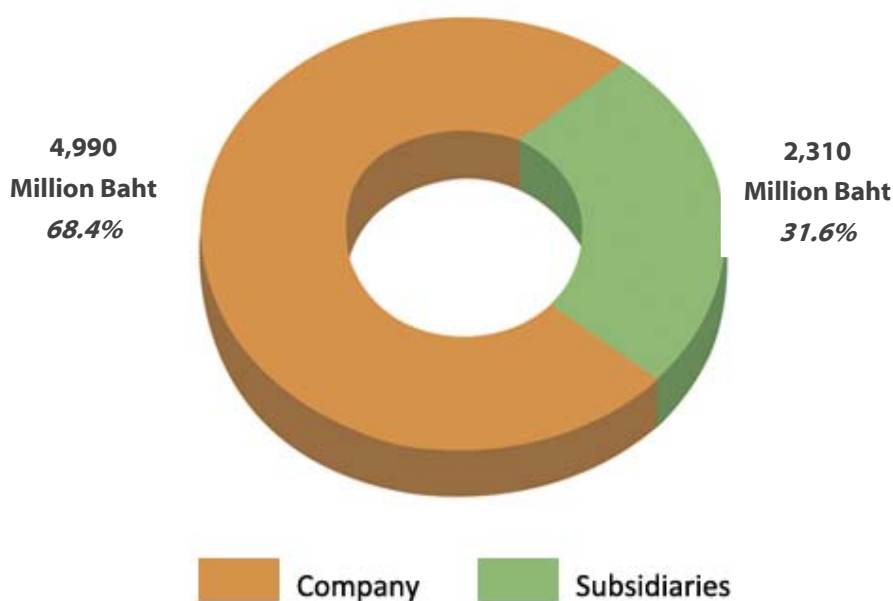
For the Company's above product line, Processed Palm Oil has contributed 58.7% of its total sales, while the Company currently has approximately 10 - 15% market share in the palm oil business (measured by CPO volume purchase).



NATURE OF BUSINESS

Revenue structure

	2016 (Reclassified)		2017		2018	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
LST	5,331	64.7	5,733	67.0	4,990	68.4
Subsidiaries	2,914	35.3	2,818	33.0	2,310	31.6
Total	8,245	100.0	8,551	100.0	7,300	100.0



Product/Services by Group	Operated by	2016 (Reclassified)		2017		2018	
		Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Crude Palm Oil	LST and UPOIC	406	4.92	487	5.69	207	2.84
Other Vegetable oil		4,278	51.88	4,547	53.18	4,286	58.71
Margarine and Shortening	LST	624	7.56	675	7.89	638	8.74
Other palm based products	LST and UPOIC	440	5.34	471	5.51	56	0.76
Selling Electricity power to PEA	LST and UPOIC	13	0.16	9	0.11	6	0.09
Beverages	UFC and LST ⁽ⁱ⁾	1,420	17.22	1,470	17.19	1,330	18.23
Fruits and Vegetables		953	11.56	776	9.07	663	9.09
Sauces and Seasonings and others		111	1.35	117	1.36	114	1.56
Total Sales - Net		8,245		8,551		7,300	

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

News Highlights of Previous Year

1. Board of Directors : The Appointment of a New Company Secretary

On 10 August 2018, the Board of Directors approved the appointment of Ms. Piyathida Sukchan, Executive Director, to be the Company Secretary, replacing Ms. Jirasuda Sumpaotong with effect from 10 August 2018.

2. Audit Committee : The Appointment of a New Secretary to the Audit Committee

On 10 August 2018, the Audit Committee approved the appointment of Ms. Somrak Krajangsod, Vice President – Account and Finance, to be the Secretary to the Audit Committee, replacing Ms. Jirasuda Sumpaotong with effect from 1 July 2018.

3. Litigation : Krabi Prosecutor Filed a Lawsuit Against a Subsidiary

In July 2018, Krabi prosecutor filed a lawsuit against United Palm Oil Public Company Limited, a subsidiary, with the Court, alleging that the subsidiary utilised 4,376 rai of land reform area for oil palm plantation. The content has been disclosed in the Notes to interim financial statements for the three-month and six-month periods ended 30 June 2018 onwards. However, the auditor has not expressed its concern on material impact to the subsidiary's financial position caused by the Complaint.

According to the lawsuit, in case the subsidiary is ordered by the Court to return the disputed land, the damages which will arise from the cost of land and palm plantation is 28.5 million Baht. The subsidiary made an allowance for the full amount of such potential damages as in the consolidated financial statements for the current period as presented in Note 34.5.

4. Award and Certification : Carbon Footprint Certification and Golden Stars Award from The International Quality Taste Institute

- Lam Soon (Thailand) Public Company Limited was granted Carbon Footprint Certification for products under the "Yok", "Yok Extra" and "Naturel" brands at the 100 Hearts Effort to Reduce Global Warming Event which organized by Thailand Greenhouse Gas Management Organization (Public Organization) or TGO.
- UFC Refresh 100% coconut water from the coconut belt of Thailand was granted the 2 Golden Stars award from iTQi (The International Quality Taste Institute - Belgium) for the 2nd time consecutively

5. Production and Investment : Major Maintenance and Bangpoo Refinery and Investment in New Machinery at UFC

- In Q2/2018, Bangpoo Refinery completed the major maintenance for blowing machine, packing line 250 ml & 1 litre and label machine.
- In Q1/2018, the color sorter was installed to replace the high number of labour in soybean sorting process for fermented soy bean production at UFC Lampang.
- In Q1/2018, the robot for carton palletising was installed at UFC Lampang.



for more information



for more information

6. Marketing : New Products Launched

Your Company had developed various products under “YOK” and “Naturel”, “Zest” and “Daisy” brands to capture the potential markets including healthy and bakery segments. The new products include :-

- Naturel 100% Corn Oil
- Margarine Zest Gold, fresh butter flavor formula in the package size 2 kg.

UFC continued to grow the business in line with the trend for non-dairy product with new products including :-

- UFC Velvet coconut milk drinks (Original and Unsweetened) in 1 litre Tetra Prisma pack.
- UFC Velvet coconut milk drinks (coconut milk with coffee and coconut milk with chocolate) in 180 ml. aluminum can.



for more information



for more information

1. Palm Oil Price Volatility and Interventions from the Government Sector

Being a commodity, the price of CPO is highly volatile. In some periods, there is a shortage while in other years there is an oversupply. The monthly average price of CPO in 2018 ranged between 16.22 – 23.20 Baht/Kg (2017 : 19.12 – 31.97 Baht/Kg). The average price in 2018 was 19.57 Baht/Kg, decreasing by 21.34% from 2017, compared with the average price in global market at 18.05 Baht/Kg. The high volatility of local price during the year 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 2017, the Office of Central Commission on Prices of Goods and Services continued to issue the Notifications in approximately every 30 days to recommend the minimum purchase prices of Fresh Fruit Bunch (FFB) and Fresh Fruit Loose (FFL). Later, starting from May 2018, the meeting of Subcommittee of Oil Palm and Palm Oil Marketing Management Board resolved to revoke the Notifications. It clarified that recommendation of the minimum purchase prices did not create any benefit to farmers or buyers because the monthly announcements of recommended prices were not made in real time and as such did not reflect the actual purchase prices in the market which is constantly changing.

2. Bottled Palm Olein and FFB as Price 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 could not increase the selling price freely to align with the raw material cost in the circumstance of shortage pushing up the price of raw material. Furthermore, the import of palm oil is restricted. Such price control could result in the volatile operating performance of the industry.

On 4 September 2016, the Sub-Committee of Oil Palm had announced the 20-year Roadmap for Thai Oil Palm and Palm Oil Industry Development (2016 – 2036). Under the Roadmap, it is expected that all kinds of intervention in oil palm and palm oil markets will be terminated within 2022 including abandoning the price control of bottled palm olein from the current level at 42 Baht/Liter.

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 volume 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.

Figure 1 : Highlights by Quarter

2018	Production ('000 MT)		Price (Baht/Kg)		Highlights
	FFB	CPO	FFB (OER 18%)	CPO	
Q1	4,376 (2,501)	778 (431)	3.73 (5.80)	20.34 (30.78)	<p>The output of FFB in the Kingdom was up 75% when compared with Q1/2017. This caused the monthly average prices of FFB and CPO to sharply decreased, to 3.73 and 20.34 Baht/Kg respectively.</p> <p>The Indian central government announced on 1 March 2018 the fourth increase of import tax on palm oil within six months to protect own local farmers. Furthermore, the European Parliament banned palm oil blended in biofuel by 2021 as oil palm plantation led to deforestation.</p> <p>(Page 46 - 47)</p>
Q2	3,864 (4,026)	695 (706)	3.63 (4.66)	20.76 (25.84)	<p>To manage CPO stock, the government passed a resolution to the Palm Oil Balance Measure by accelerating CPO export, amounting to 300,000 MT. In addition, it encouraged the usage of Biodiesel B20 for large trucks, effective on 1 July 2018.</p> <p>Crude oil price has declined due to the concern over the trade war between the United States and China.</p> <p>(Page 42)</p>
Q3	3,126 (3,695)	566 (657)	3.54 (4.18)	20.24 (22.43)	<p>The monthly average price of CPO in Malaysia was as low as 17.36 Baht/Kg (Q3/2017: 21.12 Baht/Kg) (Source: Internal Trade Department). CPO stocks in both Malaysia and Indonesia are in the high range of 7.5-8.0 million MT while stock in Thailand was at 387,162 MT in September 2018 which was still higher than the optimum level.</p> <p>(Page 43 - 44)</p>
Q4	4,031 (4,694)	739 (832)	2.90 (3.81)	16.94 (20.48)	<p>The government launched three measures to reduce abundant palm oil stock and tackle low palm oil prices, including using 160,000 MT of CPO to produce electricity, increasing the blending ratio of palm oil used in biodiesel fuel from 6.5% to 7%, and restating to encourage CPO exports of 300,000 MT by subsidising expenses at 1.75 Baht/Kg.</p> <p>(Page 42)</p>
Total	15,396 (14,916)	2,778 (2,626)	3.45 (4.62)	19.57 (24.88)	

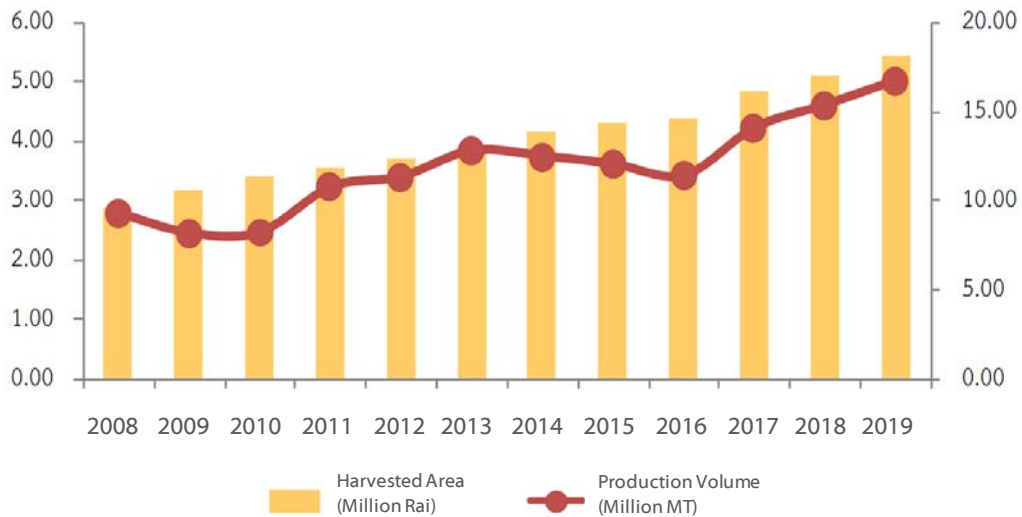
() refers to same period (quarter or year, as the case may be) in the preceding year

Source: Figures from Internal Trade Department

INDUSTRY OVERVIEW AND COMPETITIVENESS

The oil palm harvesting areas in the Kingdom is currently around 5 million rai. About 90% of the area is in southern region of the Kingdom due to the weather suitability. Since the late 2016 through 2018, the output of FFB in the Kingdom was improved significantly, mainly from 5 provinces i.e. Surat Thani, Krabi, Chumporn, Nakhon Si Thammarat, and Phang Nga, due to good weather condition with continual raining, and the expansion of harvesting areas. The FFB volume produced in 2018 overall was over 15 million MT (2017 : 14.91 million MT), and expected to increase further in 2019.

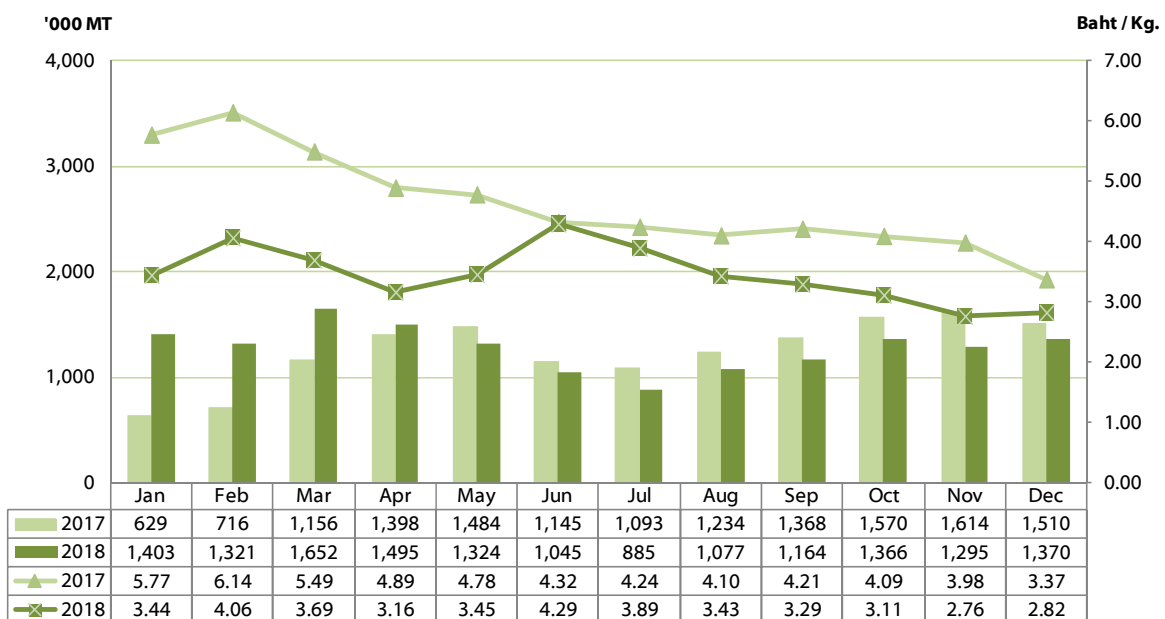
Figure 2 : Oil Palm Harvesting Area and FFB Output



Source : Office of Agricultural Economics, the Ministry of Agriculture and Cooperatives

Monthly FFB output ranged from its peak of 1.7 million MT in March and to its lowest at around 0.9 million MT in July. The annual average FFB price was at 3.45 Baht/Kg (2017 : 4.62 Baht/Kg), with the highest monthly average at 4.29 Baht/Kg in June and lowest at 2.76 Baht/Kg in November. The average price in 2018 was recorded at the lowest level in 12 years.

Figure 3 : Monthly FFB Output and FFB Price (OER 18%)



Source : Internal Trade Department

INDUSTRY OVERVIEW AND COMPETITIVENESS

Total CPO production in the Kingdom in 2018 was 2,778,108 MT (2017 : 2,626,006 MT). CPO demand was shared between :-

(MT)	2017	2018	% Change YOY
Consumption	1,165,633	1,227,350	5.29
Biodiesel	971,177	1,199,671	23.53

The excess supply caused by the higher production together with a series of negative news from global market, pushed the FFB and CPO price lower. The Government has taken efforts and launched several measures to reduce pressure on prices and bring the CPO stock to an optimum level about 250,000 MT, which include:-

1. encouraging CPO exports of 300,000 MT by subsidising expenses at 1.75 Baht/Kg,
2. encouraging the usage of Bio-diesel B20 for large trucks, effective on 1 July 2018,
3. using 160,000 MT of CPO to produce electricity.

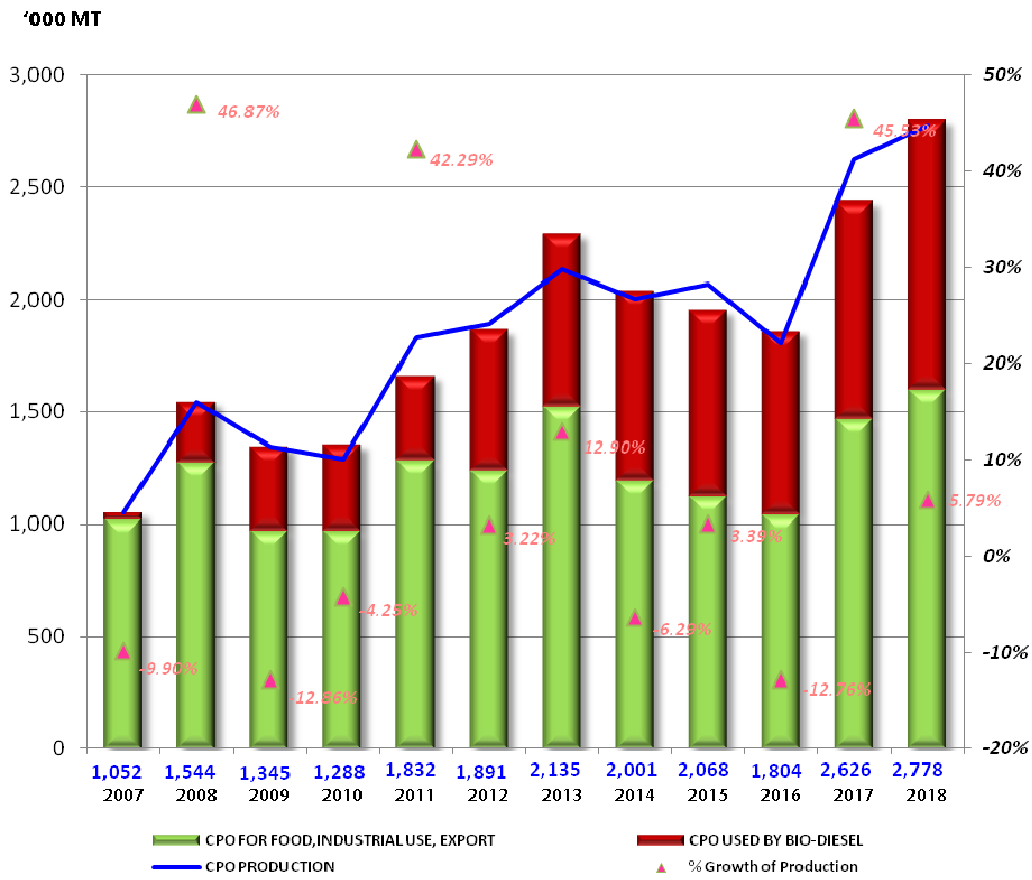
Moreover, in the past 5-6 years, the Government (c/o the Ministry of Energy) could successfully manage to adjust the palm oil blending in biodiesel from time to time to optimise CPO stock level and balance pricing between palm oil consumption and biodiesel usage. The present the mandate of biodiesel B7 is the maximum warranty level of most automotive groups. To further increase the palm oil blending had to be on voluntary basis. Effective on 1 July 2018, the Ministry of Energy encouraged the usage of biodiesel B20 for large trucks but it delivered insignificant effectiveness. Furthermore, to accelerate the mandatory usage of B10 biodiesel within 2019 does not appear feasible due to technical challenges as well as the warranty becoming void.

The adjustments of mandate for biodiesel during 5-6 years are summarised as follows:-

Year	Effective Date	Palm oil blending in biodiesel
2013	At the year end	delay in implementation of B7, instead applying B4
2014	In early of May January	raise to B7 reduce to B3.5
2015	April August July	raise to B6 raise to B6.5-7 reduce to B5
2016	August November	reduce to B3 raise to B5
2017	May	raise to B6.5-7
2018	October	raise to B7 or B7 plus

Most of such measures were launched as a short-term solution so it is inevitable that the problem would be prolonged to 2019 when the FFB crop output is foreseen to increase further.

Figure 4 : CPO Production in Thailand

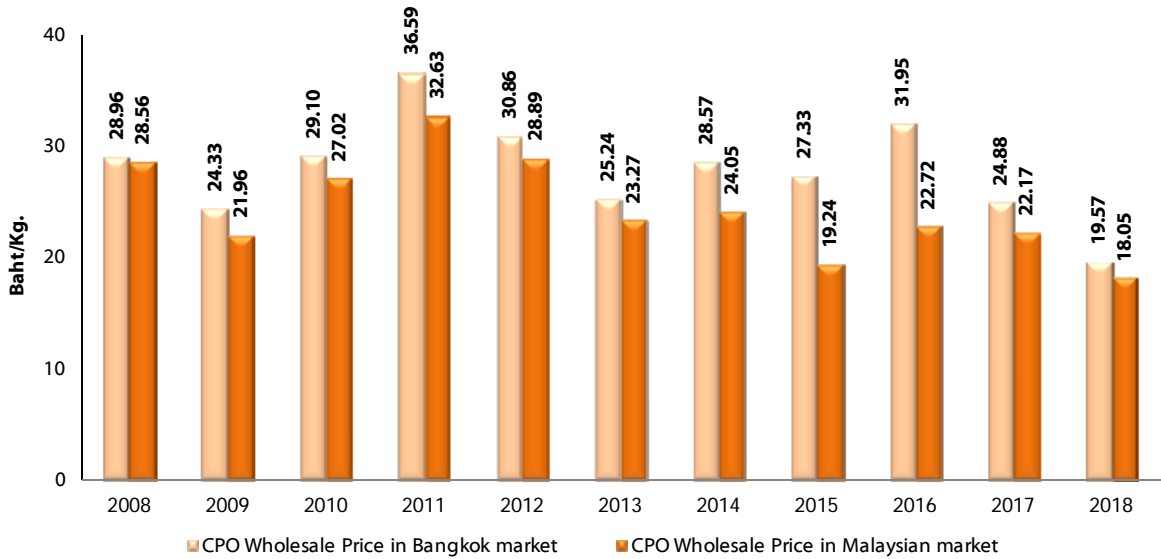


Source : Internal Trade Department

Monthly CPO price in the Kingdom in 2018 varied between 16.22 – 23.20 Baht/Kg (2017 : 19.12 – 31.97 Baht/Kg). The annual average CPO price was 19.57 Baht/Kg (2017 : 24.88 Baht/Kg), the lowest average level in 12 years. CPO price in the Kingdom had reached its lowest at around 14 Baht/Kg in November. The average price gap from the global market decreased to 1 – 2 Baht/Kg (2017 : 2 – 3 Baht/Kg).

Particularly during the 1H2018 when the local price of CPO closed to that of Malaysia, palm oil crushing mills hence started to export CPO mainly to India, with the total export volume of 300,000 MT. Later, during the 2H2018, Malaysian price came down further, the price gap between local and global market was widened, setting back the export volume.

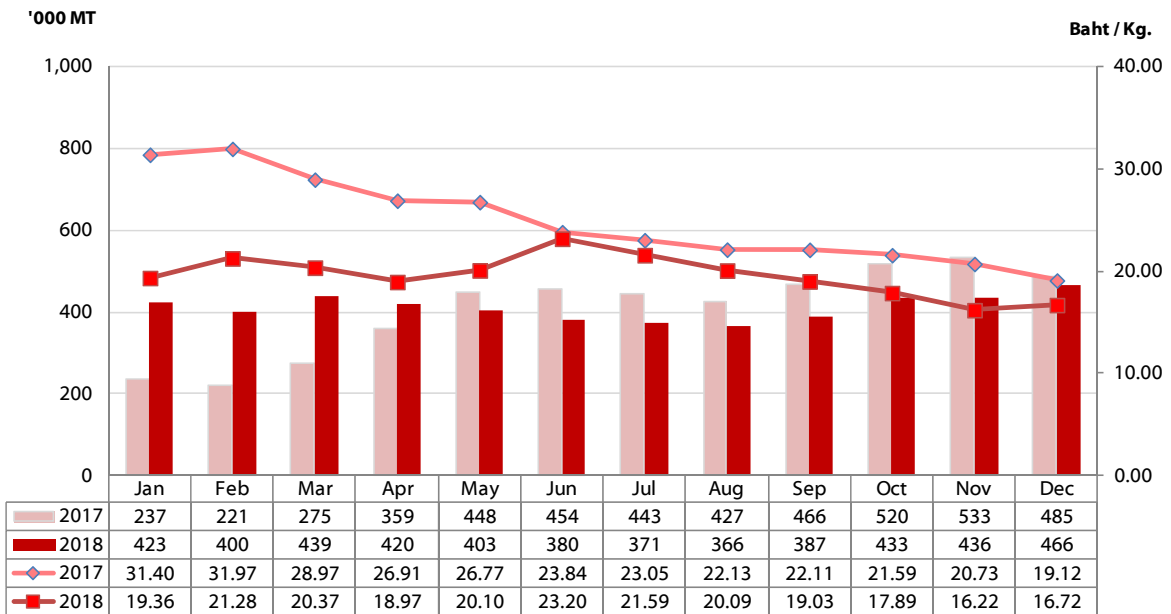
Figure 5 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market



Source : Internal Trade Department

There was significantly less export volume of CPO during the 2H2018 when compared with 1H2018, while local consumption and B100 usage to blend for B7 Bio-diesel mandatory remained the same. As a result, the CPO stock equivalent was accumulated up to 466,076 MT at the year-end.

Figure 6 : CPO Stock Equivalent and CPO Price Movement



Source : Internal Trade Department

Summary of key events

(1) Palm oil stocks at highest record : Global palm oil stockpiles at the end of 2018 rose above 8 million MT., mainly contributed by 4 million MT. from Indonesia and 3.2 Million MT. from Malaysia which was the highest record. In the circumstances, the average CPO price in global market in 2018 was lower than 2017. The average closing price of CPO as benchmarked by the Bursa Malaysia Derivatives : 3rd Month price at 2,299 RM/MT was 15% lower than in 2017 which was 2,703 RM/MT. The price hit its rock bottom level on 26 November 2018 at 1,965 RM/MT.

Figure 7 : Malaysian Palm oil Monthly Price



Figure 8 : Malaysia Palm Oil Stock

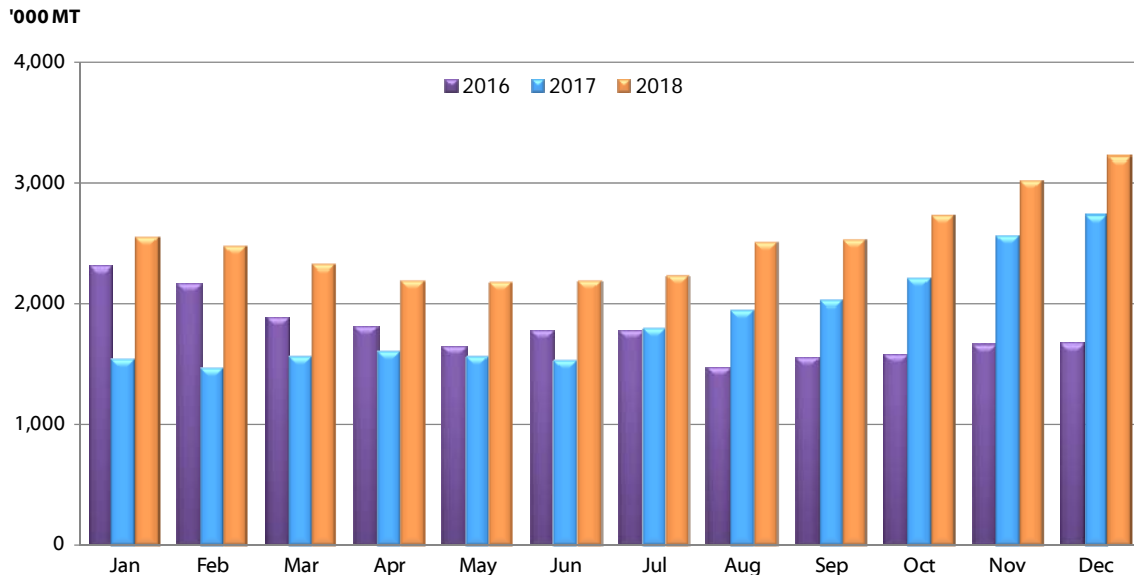
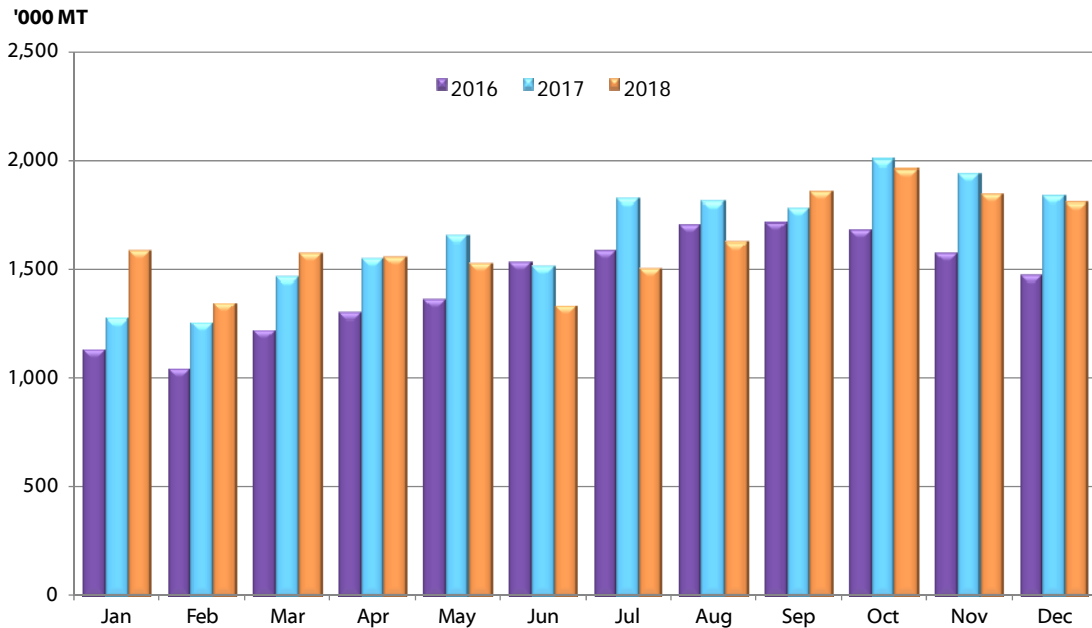


Figure 9 : Malaysia CPO Production



Source : Malaysian Palm Oil Board

(2) Petroleum price : Another important factor is petroleum price. Global oil supply surged in 2018 with the top-three producers — the United States, Russia and Saudi Arabia, growing ahead of demand. However, during the year, global oil prices rose to their highest close in nearly four years at 76 USD/barrel for WTI and 81 USD/barrel for Brent at the end of September – early of October 2018, fuelled by the imposition of US sanctions against oil exports from Iran which has emerged as one of the world’s fastest growing oil producers in recent years, while OPEC and its allies deciding to hold their production steady. Later oil prices came down again due to higher supply from the U.S. flooding the market. The average closing price for WTI Crude Oil in 2018 decreased by 25% from 2017 to 65 USD/barrel. EIA expects WTI Crude Oil price will average at 54 USD/barrel in 2019 and that Brent price will average about 7 USD/barrel higher than WTI price in 2019.

(3) India changed import duties on vegetable oils : To protect local farmers in India, in 2018 the Indian central government announced an increase of import tariffs imposed on almost types of vegetable oil, CPO in particular.

However, effective since 1 January 2019, the Indian government announced a reduction in import duties on CPO from Malaysia, Indonesia and other members of ASEAN to 40% from 44%, while the duty on refined palm oil was slashed to 45% from 54% if imported from Malaysia, and to 50%, if imported from Indonesia. The cut in import duties is a fulfillment of a commitment made in comprehensive economic cooperation agreement signed between Malaysia and India years ago.

As long as the Indian government keeps import duties of other vegetable oils unchanged, it would increase palm oil exports, lower stockpile, and lift palm oil prices. So there is a good chance that palm oil may regain some market share it lost previously.

(4) Impacts of Trade War China-USA : The trade war between China and the United States leading to higher tariffs on soybean has impacted the international market of vegetable oils. China, the world's top soybean buyer, usually gets most of its soybean imports from the United States. But its soybean imports from the United States plunged to zero in November 2018, the first time since the trade war started. Instead, China bought in 5.07 million MT. of soybeans from Brazil in November, up more than 80% from 2.76 million MT. a year ago. However, China resumed buying soybean from the U.S. in December, after the two countries agreed on 1 December to a truce in their trade war. This had the effect of reducing soybean oil price.

(5) EU postponed phasing out of palm oil until 2030 : Further to the EU policy framework for biofuels set for pre-2020, the European Parliament voted on 13 November 2018 on the post-2020 EU Renewable Energy Directive (RED II) by setting the EU-wide overall target of 32% for renewable energy in 2030, and the binding target of minimum 14% for renewables in transport in 2030, but capping crop-based biofuels at member states' 2020 levels, with a maximum of 7%. In addition, biofuels that produced from crops for which a significant expansion of the production area into land with high carbon stock is observed, shall decrease gradually to zero by 2030, implying the implementation of “zero palm oil” from transport fuel by 2030. The objective is to reform the energy market and reduce energy consumption for an attempt to meet the environmental conservation goal. According to an EU-funded study published in 2016, biodiesel produced from palm oil was three times more polluting than traditional diesel. This finding however is misleading conclusion as not all oil palm plantations produced from deforestation. Therefore, capping crop-based biofuels at 2020 levels unfairly penalises sustainable crop-based biofuels. Apart from the trend of “zero palm oil” in transport, “palm oil free” on food label in Europe has been widely implemented in 2018 arising from the perception of palm oil as the agent of high saturated fat, high contaminants, and high carcinogenic substance.

Processing capacity

1. *Crushing mills* : The number of CPO crushing mills has increased from 91 in 2013 to about 142 mills at present (of which only 108 mills are still in operation), giving rise to a current total milling capacity of about 30 - 35 million MT of FFB per year. This remains significantly higher than the FFB output recorded in 2018 at about 15 million MT; capacity utilisation rate of crushing mills was below 50%. Because 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 17 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 the Company ranked no.1 in the retail bakery channel.

Production and Price Outlook for 2019

The annual planting area in the Kingdom is expanding by an average of about 0.3 million rai as farmers had been promoted to grow oil palm replacing other crops especially para rubber plantation which affected by the long term low price. This factor increased the average FFB output year on year. Furthermore, influences from climatic phenomenal would significantly deliver benefit overall oil palm yield. Therefore, FFB output is expected to increase continuously from 2018 to be about 16 million MT equivalents to CPO production approximately at 2.8 - 3 million MT in 2019.

In terms of demand, the local edible consumption in 2019 is estimated to maintain at 1 million MT, and the usage from biodiesel will be at 1 million MT as well. The usage of biodiesel B20 for large trucks and to adjust the mandatory usage of B10 to start enforcing within 2019 is still facing challenging. Therefore, the situation of abundant CPO stock level will persist in 2019 especially in the first half. Hence, to export CPO seems to be the only solution to reduce the stock level under suitable market mechanism. Otherwise, the prompt actions from Government is required to manage balancing stock in nationwide.

Meanwhile, global CPO production in 2019 will remain high as well. The United States Department of Agriculture (USDA) reported that favorable growing conditions in Southeast Asia and surprisingly high yields on palm oil plantations are seen to lead to a 4.5% rise from 2017/18 to 72.8 million MT., mainly contributed by Indonesia.

INDUSTRY OVERVIEW AND COMPETITIVENESS

Overall, it is expected that the local CPO price in 2019 would have the similar movement to the global CPO price at range around 16 - 18 Baht/Kg and FFB price at 3.00-3.50 Baht/Kg. Assuming petroleum price at 55-60 USD/barrel, the average global CPO price in 2019 is estimated at around 2,000 -2,300 RM/MT (2018 : 2,299 RM/MT). Other factors are expected to contribute to a industry sentiment; these include the anti-palm oil campaigns in EU and the West, trade tension between the United States and China, and high import duty of palm oil in India.

Business Overview

1. Product Highlights

1.1 Cooking Oil

Naturel consolidated its leadership in the healthy cooking oil segment by extending the product line of Naturel Brand with "Corn Oil". A better choice for health conscious consumer, essential with Polyunsaturated fat, Corn Oil could enhance aroma in food and suitable for all cooking and baking menus e.g. deep fry, stir fry, salad and also as an ingredient for dessert.



1.2 Margarine and Shortening



To ride on the bakery trend, your Company launched the new Zest Gold Margarine with fresh butter flavor formula, packed in 2 kg. tub. It is targeted at chain restaurants.



Under Government Gazette, the Ministry of Public Health No. 388 B.E.2561 (2018), partially hydrogenated oil and food products containing partially hydrogenated oil are prohibited to be produced, imported, or sold.

Lam Soon (Thailand) Public Company Limited has been aware of the issue of trans fat and has accordingly taken steps to develop product of each category free from trans fat including margarine, shortening and cooking oil. The Company also continuously promotes and communicates to consumers both online and offline media to build consumer trust in its products.



1.3 Beverages and Packed fruits and vegetables

2018 was a challenging year for most brands in our industry. Consumption of canned vegetable and canned fruit was flat. The fruit juice category contracted significantly. To reduce our dependency on these commoditised categories, UFC entered the non-dairy milk category. Its latest innovation is the UFC Velvet coconut milk drinks (Original and Unsweetened) with added natural plant-based marine calcium in 1 litre Tetra Prisma pack.

To cater to the on premise single serve market, UFC Velvet coconut milk drinks (coconut milk with coffee and coconut milk with chocolate) in 180 ml. aluminium cans were also launched. These new products were well- received.



MANAGEMENT DISCUSSION AND ANALYSIS

UFC Refresh 100% coconut water from the coconut belt of Thailand was granted the 2 Golden Stars award from iTQi (The International Quality Taste Institute - Belgium) for the 2nd time consecutively



Positive feedbacks on the taste profile of the new UFC Refresh 100% watermelon was also received from various international market.



UFC products are also widely available in the on-line sales channel with various top e-retailers in both international and domestic markets with digital marketing support.



UFC continued marketing investment in the 21st century brands, which will be made cost-efficiently.



21st Century Brands
... and how they differentiate

UFC Refresh Coconut Water (500 ML) is now available on-board Singapore Airlines again on Suites and First Class cabins from May 2018. It is served on routes from Singapore to London, Frankfurt, San Francisco, Los Angeles, New York, Sydney, and Melbourne.



2. Sales & Distribution

2.1 Domestic

a) Hypermarkets and Convenience Stores: Concerned over the economy, job security, and debt in 2018 had a direct impact on the retail landscapes. Some big retailers started to tighten their belt by closing down branches, reduce operating costs, and most importantly reduce frequency of promotions throughout the year. However, cooking oil being an essential item tends to be less affected. Palm bottle oil still shows 4% growth in volume and at the same time your Company also extended "Yok Extra" in the Mass Premium segment which grew by 1.5 times compared to 2017. Naturel in particular has pushed us to all time high sales with 35% growth driven by new products and stronger brand acceptance. Expansion of items sold in modern grocery also lifted our margarine and shortening sales by 20% compared to 2017.

b) Traditional Trade: The highly volatile economy in 2018 has had the most influence on the market. The government introduced various measures to stimulate the economy especially the welfare card scheme for low-income earners that can somehow increase cash inflow to the traditional trade market.

For the past year, the Company emphasised on product distribution at all levels in the channels by setting up new distributorships in strategic provinces, and expansion of distribution channel to medium and small wholesale shop. Furthermore, the Company implemented many marketing activities including road shows, product demonstration, and increasing area of on shelf product display in local supermarket.

The concern among consumers for their health and wellness delivered a positive response to "Naturel" premium oil products, which continues to grow steadily in the traditional trade channel.

c) Food Service: Unlike previous years, QSR in general shifted their focus to operating efficiency instead of opening new branches. Targeting medium and lower groups, they therefore implemented more frequency of promotion and reduced the price per meal to sustain their businesses under current economic situation. Your Company benefited from these trends and successfully collaborated with our strategic partners to achieve 18% growth in overall. Along with that, we widened our penetration of premium oils especially in fusion & health restaurants enabling us to double our sales compared to 2017. With the announcement of Government Gazette, the Ministry of Public Health Notification, the sale of partially hydrogenated oils which is the main component of trans fatty acids is prohibited. Your Company has been well prepared and has reformulated its products to be fully compliant with the new regulation.

2.2 Export

a) Oils and Fats: In 2018, your Company continued to expand sales of its cooking oil into neighboring countries such as Myanmar, Cambodia, and Laos where the Company sees an opportunity and potential. In addition, your Company also expanded product line including margarine, shortening and premium oil "Naturel" to the export market. The Company will seek ways to expand this market with continuous effort.

b) UFC Products: Total export sales volume was flat while sales revenue contracted. Besides the decision not to bid for unprofitable OEM canned fruit and vegetable businesses, the downward price pressures on coconut water as a consequence of much cheaper Vietnamese products in particular adversely affected sales revenue.

USA continues to be the largest export market due to the OEM business for a few major retail chains. More resources are now required to comply with the introduction of new USFDA requirements and other non-tariff barriers.

UFC Refresh coconut water maintains its market leadership in New Zealand and in Singapore. Marketing investments have been stepped up to grow the brand presence against the backdrop of increasingly aggressive competitors.

New product introductions are the drivers of business growth. In light of increasing demand for healthier non-dairy milk and beverages, UFC Velvet coconut milk drink range of 4 variants was launched in several markets by end 2018. The reformulated Thai watermelon water will also be available in the region in early 2019. More innovative products are planned for commercialisation in 2019.

In the present circumstance, the overall export performance has been satisfactory. Cost-efficient marketing investments will be directed to develop new channels and markets to enhance the UFC brand and grow the business.

Operations Overview

1) Productivity improvements

Bangpoo Refinery

- In Q2/2018, the plant completed the major maintenance for blowing machine, 250 ml & 1 litre packing line and label machine. After the process, production performance increased from 75% to 85% in Q3/2018 and up to 88% in Q4/2018.



Trang Crushing Mill

- In August 2018, Mrs. Vachira Na Ranong, President of Thai Investors Association (TIA), and team visited Trang Crushing Mill. On this occasion, Mr. Banchong Chittchang, (Independent Director) together with Ms. Piyathida Sukchan (Executive Director), cordially welcomed guests from TIA.

The visit included the key sections of palm oil crushing mill together with a briefing on the RSPO standard procedure and viewing palm oil plantation of distinguished agriculturist in Trang province.



UFC Lampung

- In Q1/2018, a colour sorter was installed to improve productivity in soy bean sorting process for production of fermented soy bean. The commissioning was successfully completed and started running in 2018.



- In Q1/2018, a robot for carton palletising was installed. This robot will increase the productivity up to 50% for a total investment of approximately 6 million Baht. Commissioning was completed and started running in February 2018.



UFC Nakhon Pathom

- UFC Nakhon Pathom invested in the second mixing system for beverage line in order to support the new UHT system. The installation was started in Q4/2017 and the commissioning was completed in 2018. This system will increase total plant capacity up to 10 - 20 MT/hour.



- In Q1/2018, landscape improvement was carried out by providing concrete fence at front and backyard in order to meet the GMP standard and enhance safety in workplace area.
- In Q2/2018, the car park area was renovated by installing concrete ground.



MANAGEMENT DISCUSSION AND ANALYSIS

- In Q4/2018, fire escape doors were added in many departments/areas such as vegetable and fruit production area, engineer office and steam-boilers building to use as emergency exit and to comply with law and regulation.



2) Awards and Standard Certifications

Bangpoo Refinery

- On 19 September 2018, Lam Soon (Thailand) Public Company Limited was granted Carbon Footprint Certification for products under the "Yok", "Yok Extra" and "Naturel" brands at the 100 Hearts Effort to Reduce Global Warming Event which organized by Thailand Greenhouse Gas Management Organization (Public Organization) or TGO at Centara Grand Hotel at Central Plaza Ladprao, Bangkok. The event aims to promote low carbon footprint activities and mitigate global warming issues in Thailand through encouraging participation and recognizing organizations that are taking proactive and effective measures.

The Company places importance for such environmental problems by developing products to generate lower greenhouse gas emission by calculating from product life cycle such as material acquisition, transportation, component assembly, usage and disposal of post-consumer products.

This award is another step in reaffirming LST's leadership in the palm oil business along with the commitment to be a part of Thailand's push toward a low-carbon economy and society with its eco-efficient operation for our sustainable growth and development.



MANAGEMENT DISCUSSION AND ANALYSIS

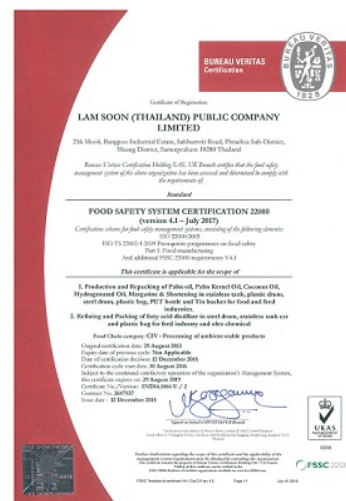
- In August 2018, Lam Soon (Thailand) Public Company Limited received the Outstanding Labor Relations and Labor Welfare Award granted by the Department of Labor Protection and Welfare, Ministry of Labor. This award aims to promote better management among organisations in terms of Thai labour standards, employee relations, welfare and occupational health, safety and environmental measures; thus the award ceremony was launched to honour outstanding organisations. Mr. Virat Suwannarat, Human Resources Manager received the award from General Abdul Sangsingkeo, Minister of Labour on 23 August 2018 at the ceremony which took place in Impact Arena, Muangthong Thani.



- In September 2018, Lam Soon (Thailand) Public Company Limited was granted the standard of prevention and correction of drug problems award.



- On 12-15 February 2018, your Company qualified for the new version of ISO 9001:2015 and ISO14001:2015 from Management System Certification Institute (MASCI).
- On 3-4 July 2018, your Company qualified for the new version of food safety standard FSSC 22000 Version 4.1 from Bureau Veritas (Thailand).



Trang Crushing Mill

- Trang Crushing Mill received an award for outstanding labour welfare and labour relations management for the year 2018. On this occasion, Mr. Supoch Pangjan, Mill Manager, received the award from the Governor of Trang Province.

This award, granted by the Department of Labour Protection and Welfare, Ministry of Labour, is an endorsement of the Company in making itself as the Best Place to Work (BPW). It reflects the Company's commitment to strictly comply with the local labour law and strive for sustainable development by creating awareness of social and environmental responsibility.



Universal Food Public Company Limited

- UFC Refresh 100% coconut water received Superior Taste Award, winning 2 Golden Stars award (out of 3 Stars) from The International Taste & Quality Institute (iTQi), Brussels, Belgium. UFC won the award twice in 2015 and 2018 qualifying based on blind taste from renowned chefs and the committee composed of prestigious European Culinary and Drink experts from iTQi, the world's leading taste certification organisation.



MANAGEMENT DISCUSSION AND ANALYSIS

- In 2018 ,UFC achieved various certifications including OU Kosher , Kosher Parve, Halal, SMETA (Social and Ethical), BRC, IFS, HACCP Codex Alimentarius, GMP Codex Alimentarius, ISO9001:2015, ISO14001:2015, and OSHAS18001:2007.



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 and food related 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.

Realising the importance of the environmental problems, the Company develops products generating lower greenhouse gas emission under "Yok", "Yok Extra" and "Naturel" brands that have been granted Carbon Footprint Certification.

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.

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.
- GMP being a good manufacturing practice for food processing with the sanitary standard requirements including the preventive measures from food contamination due to the unhygienic conditions.
- HACCP being a standard for Hazard Analysis and Critical Control Point in food processing.
- 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 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 confidential all customer information and transactions. The customers' complaints are addressed by an ombudsman office to ensure customers' confidence and maximize customer satisfaction.








6. Care for the environment

It is the Company's policy to conduct its business with full consideration of the environment. It will abide by laws and regulations pertaining to the environment. Accordingly, the Company always :-

- encourage its employees to be fully conscious of their responsibility toward the environment;
- 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;
- 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. CSR projects with surrounding communities and society

In 2018, the Company contributed a total of 218,903 Baht (2017: 208,408 Baht) to CSR projects with the surrounding communities and society.

CSR Activities	
<p>QUARTER 1</p>       	<p>Donation on National Children’s day</p> <p>On 11 January 2018, Bangpoo Refinery donated toys and gifts for children in community nearby on the occasion of the National Children's Day 2018.</p> <p>Blood Donation</p> <p>On 12 January 2018, Bangpoo Refinery, in cooperation with Samut Prakran Hospital, held the 30th – 32nd Blood Donation Event. The Company will continue arranging this activity to further help people and society.</p> <p>Joined Walk & Run for Charity</p> <p>On 18 February 2018, representatives from Bangpoo Refinery joined “Walk & Run Mini Marathon” to celebrate the 40th Anniversary of Bangpoo industrial Estate, Samut Prakarn. Earnings after expenses from this activity would be donated to Samutprakarn Technical College as educational support.</p> <p>Cooperated with Chiang Mai University in the Energy Saving Programme</p> <p>On 25 January 2018, UFC cooperated with Chiang Mai University in the energy saving programme for all SMEs factory in upper Northern of Thailand. In this programme, UFC supported information relating to the operation for further analysis which will be presented later.</p>

CSR Activities

QUARTER 2



The Safe Drive Project

On 11-17 April 2018, UFC Nakhon Pathom joined the campaign namely "Driving with thoughtfulness and respecting the traffic rules" with Department of Disaster Prevention and Mitigation of Nakhon Pathom province.



Volunteer for Local Community

On 23 May 2018, UFC Nakhon Pathom and staff joined the local community in the campaign "Sharing Love from Company to Community" by participating in canal-dredging activity in the area nearby factory.

QUARTER 3



Join "The Buddhist Lent Day" Activity

On 21 July 2018, staff at Bangpoo refinery joined religious activities in community in the event of "The Buddhist Lent Day" at Srichandra Pradith Temple, located nearby the mill as the merit practice doing together with community.



Product Donation for Law & Regulation Seminar

On 4 July 2018, representatives of UFC Lampang supplied soya milk products "Homesoy" to monks and people who participated in the seminar "Interesting law and regulation for local organisation" organised by the local authority in Lampang.

CSR Activities



Supported Empty Cans to Phrae Vocational Education College

On 14 August 2018, UFC Lamphang supported the donation of empty cans to teachers from Phrae Vocational Education College for use as instructional equipment.



Volunteer for Local Community

On 20 August 2018, UFC Lamphang collaborated with the Federation of Thai Industries and Pong Sang Thong Community to clean up area around the factory and nearby area for the Royal visit of **Her Royal Highness Princess Maha Chakkri Sirindhorn**.



Restored Mangroove Forest and Canal

On 30 August 2018, staff from Bangpoo Refinery collaborated with Bangpoo Community and Bangpoo Industrial Estate to restore the mangrove forest and canal.



Release of Fish on the Occasion of 12 August

In August 2018, Trang Crushing Mill arranged the activity to release fish into canal in the occasion of Mother's Day 12th August at Kuan Kun Chalermprakiat Park. This event was honored by Mr. Mana Thaugsuban, Sikao District Chief Officer, presided over the ceremony.

CSR Activities



Allocation of Decanter Cake to Hua Saphan Community

In August 2018, Trang Crushing Mill allocated its by-product (decanter cake) from own production process to Hua Saphan Community to make compost bio-fertiliser. The activity aims to promote farmers in community to add value from waste and reduce household expenses.



Allocation of Palm Fibre to Phrong Chorakhe Sub-District Administrative Organisation

In September 2018, Trang Crushing Mill allocated its by-product (palm fibre) from own production process to Trang Land Development Station to be used as material for making compost bio-fertiliser for Phrong Chorakhe Sub-District Administrative Organisation, Yan Takhao District, Trang.



Sponsored Fund-raising Activities of Thai Corporate Governance in the Thai Capital Market

To celebrate the 29th anniversary establishment of Thai Investors Association (TIA), LST and UFC sponsored fund-raising activity "29 years -TIA Fun Run 2018" to develop good corporate governance in the Thai capital market as being assigned by the SEC.


The event was held on 30 September 2018 at the Metro Forest Learning Center by PTT Reforestation Institute, Sukhapiban 2 Road, Bangkok. There were 500 runners participating in the run for health event.

QUARTER 4



Volunteer for local community

On 12 October 2018, UFC Nakhon Pathom joined the local activity "We do good thing from heart", dedicated to H.M. the Late King Bhumibol Adulyadej by cleaning up the local area and trimming trees in Chalermprakiat 80 years King Bhumibol Park with people from Don Yai Hom District.

CSR Activities	
	<p>Support for Local Temple</p> <p>On 6 November 2018, UFC Lampang supported the woven sacks to Pong Sang Thong Temple where located nearby the factory in order to contain alms donated from people during the annual ceremony of traditional Khatina and offering of robes and other needs to monks.</p>

8. Develop and publicise innovation created from CSR operations

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

On 19 September 2018, the Company was granted Carbon Footprint Certification for products under “Yok”, “Yok Extra” and “Naturel” brands, being products that support low carbon footprint and mitigate global warming issues in Thailand, from developing products to generate lower greenhouse gas emission by calculating from product life cycle such as material acquisition, transportation, component assembly, usage and disposal of post-consumer products.

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 a source of knowledge for students, learners, and nearby community in respect of waste elimination.

These activities are our commitment to be a part of Thailand’s push toward a low-carbon economy and society with the eco-efficient operation for sustainable growth and development.

Financial Overview

Financial performance analysis and explanation

1. Operating results

Sales revenue decreased from 2017 by 881 million Baht or 13.7% since average selling price of vegetable oil products decreased by 16.3% and sales volume of vegetable oil products decreased by 0.2%. The supply and demand of CPO in the Kingdom increased from 2017 by 5.7% and 13.6% respectively (Source : Internal Trade Department). Because of the good climate and consistent rainfall, and the oil palm planting area in the Kingdom also was expanded; the supply of fresh fruit bunch (FFB) in the Kingdom increased by 3.2% in 2018 (Source : Internal Trade Department). This in turn led to the accumulation of the CPO stock equivalent of up to nearly 466,076 MT at the year-end (Source : Internal Trade Department). Globally palm oil stockpiles at the end of 2018 rose above 8 million MT which was the highest record hence the average CPO price in 2018 was lower than 2017. In the circumstances, the average CPO price in the Kingdom decreased from 24.88 Baht/Kg in 2017 to 19.57 Baht/Kg in 2018 or decreasing by 21.3% (Source : Internal Trade Department). Because of the lower raw material cost, the Company's gross profit in 2018 increased by 11 million Baht. At the same time selling and administrative expenses decreased by 8.4%. As a result, the Company's net profit increased by 99 million Baht or 41.4%.

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as follows:-

The Company

BOI Certificate No.	Operation	Validity Period*	Scope of Exemption
1013(9)/2551	Manufacture of electricity from biogases	8 years	corporate income tax on income maximum of 100 percent of the amount invested, excluding land and working capital
2093(2)/2550	Manufacture refined vegetable oil	8 years	
59-1529-0-05-1-0	Manufacture refined vegetable	3 years	corporate income tax on income maximum of 50 percent of the amount invested, excluding land and working capital

* From the date of first earning operating income

Subsidiaries

BOI Certificate No.	Operation	Validity Period*	Scope of Exemption
1043(2)/2548	Manufacture of electricity from biomass product	8 years	corporate income tax on income maximum of 100 percent of the amount invested, excluding land and working capital

* From the date of first earning operating income

In 2018 its plantation subsidiary (UPOIC) recorded a net profit at 14 million Baht, increasing by 32 million Baht compared with net loss at 18 million Baht in 2017. This was because of the following factors.

The total volume of own FFB in 2018 was approximately the same as 2017 (FFB from own planted area decreased by 9.4% and that from concession area increased by 21.5%). Although the distribution of rainfall was consistent since 2017 throughout the year 2018, UPOIC has replanted for older palm trees from its own planted area and the concession area which has been renewed, in accordance with the replacement plan.

MANAGEMENT DISCUSSION AND ANALYSIS

The concession area of approximately 21,348.94 rai already expired. Based on the current government policy, in case that the concession land is allowed to be renewed, it will only be for 50% of the actual utilised area. The details of the concession area are as below:-

Location and Land Area	Expiry Date	Current Status
1) Khiansa estate 8,588 rai	8 July 2014	<p>Under the rental agreement with the Treasury Department on 11 December 2014 :</p> <ul style="list-style-type: none"> An area of 4,294 rai, accounting for 50% of actual utilised area previously registered with the Forest Department on 9 July 1984 has been renewed by the Company's subsidiary and is valid from 9 July 2014 to 8 July 2029. The other half of the area would be allocated to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee until the land allocation is completed.
2) Chaiburi estate 13,030 rai	1 January 2015	<ul style="list-style-type: none"> The subsidiary's request to the Forest Department to grant a permit to exploit an area of 6,515 rai: is now under consideration On 27 April 2015, the subsidiary was granted 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 official royalty fee. Therefore, the subsidiary could start harvesting FFB from that area of the National Reserved Forest from May 2015 onwards. However, permission was granted for a period of one year and will be renewed on yearly basis. The existing permission will expire on 26 April 2019.

The sales revenue of Universal Food Public Company Limited (UFC) in 2018 was 2,039.1 million Baht, representing a 10.2% decrease (2017 : 2,272.0 million Baht).

Total Export sales revenue contracted by 6.8% to 1,513.3 million Baht in 2018. This was partly due to the depreciation of the USD by 4.3%. In addition, sales revenue was adversely affected by the downward price pressures on coconut water, as a consequence of much lower-priced products.

However, UFC Refresh coconut water has been continued to maintain market leadership in Singapore and in New Zealand. Marketing investments have been in a cost-efficient way stepped up to strengthen the brand presence in our key markets against the backdrop of increasingly aggressive competitions.

Year 2018 was a challenging year for domestic sales which dropped by 18.5%. Canned fruit remained the largest category, accounting for 43.0% of total domestic sales. The short supply of lychee, stiff price pressures from local competitors, and the trend towards lesser consumption of canned fruit and sugar related products led to the sales contraction of 15.9% versus year ago.

With increasing demand for healthier plant-based milk beverages, four new variants of UFC Velvet coconut were launched in several markets by end 2018. The reformulated Thai watermelon water is available in the Asian region from early 2019. More new innovative healthy products are planned for commercialisation in 2019.

For the reasons mentioned above, profit attributable to equity holders of the Company decreased from 404 million Baht in 2017 to 382 million Baht in 2018, decreasing by 5.6%. The Company's net profit margin in 2018 was recorded at 5.2% (2017 : 4.7%).

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

Revenues

Sales and service income : Sales and service income under LST and its subsidiaries decreased by 1,251 million Baht or 14.6%. Sales of vegetable oil declined by 541 million Baht; sales of palm and others were lower by 415 million Baht. Sales of shortening and margarine decreased by 37 million Baht. Sales of beverages declined by 139 million Baht; sales of canned fruit and vegetable decreased by Baht 113 million.

Other income : The Company and its subsidiaries had income other than those generated by normal operation 71 million Baht or 1.0% of total revenues, decreasing by 16 million Baht due to gain from selling assets of its subsidiary.

Expenses

Cost of sales and service : The Company and its subsidiaries recorded cost of sales and service 2018 at 83.2% of total sales (2017: 84.8%). Cost of sales under LST decreased to 88.0% (2017: 89.8%). While CPO price declined by 22.6%, the average selling price decreased by only 12.8%.

Plantation subsidiary UPOIC recorded cost of sales and service at 90.6% of total sales (2017: 92.8%). While the average selling price of CPO decreased by 18.3%, the average cost of sales increased only 1.1%.

Subsidiary UFC recorded cost of sales and service at 75.7% of total sales and service income (2017 : 74.2%).

Selling expenses : The Company and its subsidiaries recorded lower selling expenses at 620 million Baht (2017: 640 million Baht) due to lower promotion expenses. Selling expenses of subsidiary (UPOIC) increased by 5 million Baht due to higher costs of goods transportation.

Administrative expenses : The Company and its subsidiaries recorded lower administrative expenses of the company and its subsidiaries at 209 million Baht (2017: 219 million Baht), arising from cost saving in employee welfare.

Gain from change in fair value of biological assets : The subsidiary (UPOIC) realised gain from the change in fair value of biological assets of 39 million Baht (2017: loss 8.4 million Baht).

Share of profit (loss) from investment in joint venture : In 2018, the subsidiary (UPOIC) recorded loss from investment in joint venture at 9.5 million Baht (2017 : loss at 10.2 million Baht). This was attributable to the loss from the change of biological asset value following the adoption of TAS 41 since 2016.

Finance cost : Finance cost was recorded at 23 million Baht (2017: 40 million Baht).

Profits

Gross profit (GP) : For reasons explained above, the gross profit of the Company and its subsidiaries declined by 71 million Baht or 5.5%, or 16.8% of total sales (2017: 15.2%). For the Company itself, GP increased by 11 million Baht. GP of its subsidiaries (UPOIC) increased 4 million Baht while GP of UFC decreased 91 million Baht.

Profit before income tax expenses : Despite the lower GP, the profit before income tax expenses decreased by only 2 million Baht in 2018 due to the decreasing in SG&A expenses.

Profit for the year : Profit attributable to equity holders of the Company for the year ended 31 December 2018 decreased by 22 million Baht or 5.6% to 382 million Baht (2017: 404 million Baht), or 5.2% of total sales (2017: 4.7%).

Dividend payout ratio : In 2018, the Company paid dividend for the operational year 2017 at the rate of 0.18 Baht per share, representing a payout ratio of 61.4% of net profit (2017 : 0.10 Baht per share, representing a payout ratio of 59.4% of net profit in 2016). It has been the Company's policy to pay dividends to shareholders not less than 40% of net earnings after tax.

In 2018, UPOIC recorded net operating loss so the Company did not pay any interim dividend. However, the Board of Directors resolved to pay dividend for 2017 from retained earnings at the rate of 0.10 Baht per share.

In 2018, UFC paid dividend for the 2017 for the operational year at the rate of 1.20 Baht per share. In 2017, no such dividend was paid for the operational year 2016.

Book value (weighted average number of ordinary shares) : As 31 December 2018, the book value per share of LST was 3.83 Baht (weighted average number of shares at 820 million shares) (2017 : 3.60 Baht).

2. Financial position

Assets : At the end of 2018, the total asset value of the Company and its subsidiaries was 5,153 million Baht, a decrease of 888 million Baht or 14.7%. The major reasons are as follows:-

- **Cash and cash equivalents** : The Company and its subsidiaries' cash and cash equivalents decreased by 217 million Baht, or 52.3% to 197 million Baht (2017 : 414 million Baht) as its subsidiaries utilised 196 million Baht to pay off short-term loans.

- **Trade and other receivables** : Trade A/R – unrelated parties at 827 million Baht was recorded by the Company and its subsidiaries (after an allowance for doubtful debt), accounting for 16.1% of total assets (2017 : 1,058 million Baht, accounting for 17.5% of total assets). Such decrease was from higher A/R which was not yet due and A/R aging not more than 3 months. The average collection period was at 49 days in 2018. (2017 : 43 days)

The Company and its subsidiaries recorded A/R aging more than 3 months and returned cheques at 5.8% (2017 : 5.1%). In the meantime, the Company already set the allowance for doubtful accounts at 96.2% of the value of A/R aging more than 3 months and returned cheques (2017 : 84.6%).

- **Inventory** was worth 1,079 million Baht or 20.9% of total assets, decreasing by 373 million Baht (2017 : 1,452 million Baht, or 24.1% of total assets). At the Company level, there was a decrease of 344 million Baht caused by lower work in process. At subsidiaries, there was a decrease of 29 million Baht. During the year, the Company and its subsidiaries reversed the write-down of cost of inventories by 1.5 million Baht (2017 : 15.2 million Baht). This was included in cost of sales.

- **Biological assets** was recorded at 119 million Baht accounting for 2.3% of total assets, increasing by 48 million Baht (2017 : 71 million Baht accounting for 1.2% of total assets which was affected by the change of financial reporting standards for Agriculture as well).

- **Other current assets** was 39 million Baht increasing by 3 million Baht as prepaid expenses for the Company increased 0.9 million Baht. Other current assets also increased. For subsidiaries, UPOIC recorded +0.6 million Baht while UFC +1.6 million Baht, in both cases due to more other account receivables.

- **Investment properties** decreased by 0.6 million Baht due to annual depreciation.

- **Property, plant and equipment** : The net value of 2,240 million Baht represented a decrease of 110 million Baht or 4.7% from 2017. It derived from the disposal of unused equipments and the annual depreciation.

- **Bearer plants** : The value of bearer plants possessed by the Company and its subsidiaries decreased by 17.5 million Baht since there was transferring out bearer plants not ready to harvest at 26 million Baht. Impairment cost of bearer plants was also set at 28.5 million Baht from litigation in connection with a suit brought by the province attorney against the Company. Furthermore, amortisation for the year was 10.5 million Baht.

- **Intangible assets** decreased by 2.4 million Baht due to amortisation.

3. Source of Fund

Structure of Fund : Under the consolidated financial statements, source of fund comprised 3,961 million Baht from shareholders' equity and 1,192 million Baht from liabilities or 76.9% and 23.1% of total liabilities and equities, respectively. Such liabilities were mainly derived from loans from financial institutions amounted to 596 million Baht or 50.0% of total liabilities, comprising short-term loan and current portion of long term loan at 563 million Baht and long-term loans at 33 million Baht. The debt to equity ratio was 0.30 times at the end of 2018 (2017: 0.62 times). Further details are set out below:-

- **Shareholders' equity** increased by 231 million Baht or 6.2% because of net profit 388.32 million Baht, dividend paid 147.6 million Baht, and appropriated-statutory reserve 7.5 million Baht.

- **Liabilities** : The Company and its subsidiaries had the following loans:-

(a) Short-term loans from financial institutions of 563 million Baht, of which:-

- 1) 180 million Baht was extended to a subsidiary.
- 2) 270 million Baht was extended to a subsidiary due at call.
- 3) 113 million Baht represents the current portion of long-term loan extended to the subsidiary.

(b) Long-term liabilities amounted to 33 million Baht represent the long-term loans net of current portion 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. The other loan is repayable every month starting in May 2018 until April 2020 and bears interest at the rate of 1-month BIBOR +0.85%.

Financial liquidity

In 2018, the Company and its subsidiaries had lower financial liquidity than 2017 as cash and cash equivalents decreased by 217 million Baht to 197 million Baht (2017 : 414 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 2018, the Company and its subsidiaries had net cash received from operating activities at 1,087 million Baht (2017 : 373 million Baht) increasing by 714 million Baht. Such increase was contributed by inventories decreasing by 375 million Baht and trade and other receivables decreasing by 222 million Baht. While trade and other payables decreased by 88 million Baht as CPO price declined 21.3%.

Cash flows from investing activities : In 2018, the Company and its subsidiaries recorded net cash used in investing activities at 128 million Baht (2017 : 104 million Baht). This was because of the investment in machineries from the Company and its subsidiary.

Cash flows from financing activities : In 2018, the Company and its subsidiaries recorded net cash used in financing activities at 1,176 million Baht (2017 : 275 million Baht). Such increase was attributed to the repayment of short-term loans from financial institution.

Financial ratios

Current ratio was at 2.23 times (2017 : 1.43 times).

Quick ratio was at 1.04 times (2017 : 0.71 times).

Return on total assets (Average) was 6.9% in 2018 (2017 : 6.7%) as net profit for the year decreased by 3.1%, whereas total assets decreased by 14.7%.

Return on total equity (Average) was 10.5% in 2018 (2017 : 11.9%) as net profit for the year decreased.

Total debt to equity ratio decreased to 0.30 times in 2018 (2017 : 0.62 times) since loans from financial institutions were paid off.

Accounts receivable turnover was at 7.35 times in 2018 (2017 : 8.39 times) with the average collection period at 49 days (2017 : 43 days).

Inventory turnover of finished goods was 11.84 times in 2018 (2017 : 13.76 times) with the inventory turnover period at 30 days (2017 : 26 days).

Accounts payable turnover was 13.49 times in 2018 (2017 : 14.18 times); average payment period was at 27 days (2017 : 25 days).

4. Capital Expenditure

In 2018, major items of capital expenditure incurred by the Group include:-

- Investments in machinery and equipment by the Company to enhance the production efficiency and replace the old ones.
- The replanting program by the subsidiary (UPOIC) which continued from 2015 and 2016. FFB output from the program in 2016 is expected to be harvested in the middle of 2019. The remaining program is expected to be completed in 2020. Besides, there was the investment in buying trucks to replace the old ones and tracked excavator for using in plantation.
- UPOIC's investment in land in Ranong and Nakhon Si Thammarat provinces to expand oil palm seedling production.

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)	2018	2019
for the Company	1,660,000	1,710,000
for 2 subsidiaries	2,185,000	2,200,000
for 5 related companies	710,000	710,000
Total	4,555,000	4,620,000

2) Non-Audit Fee

The Company, its subsidiaries, and the related companies 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)	2018	2019
for the Company	240,000	120,000
for 2 subsidiaries	-0-	-0-
for 2 related companies	100,000	100,000
Total	340,000	220,000

SHAREHOLDERS AND MANAGEMENT

Shareholders

As at 8 May 2018, the top ten shareholders are as follows:-

No.	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	Lam Soon Cannery Pte Ltd. ⁽ⁱⁱⁱ⁾	7.48
4	CGS-CIMB Securities (Singapore) Pte Ltd	6.47
5	LGT Bank (Singapore) Ltd.	4.65
6	Mr. Suwit Laohapolwattana	2.28
7	CGS-CIMB Securities (Hongkong) Limited	1.62
8	Mrs. Supaporn Samitthinant	1.20
9	Thai NVDR Co., Ltd.	1.00
10	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	0.71

Source : Thailand Securities Depository Co., Ltd.

Note :

- (i) Lam Soon Holding Co., Ltd. is an investment holding company. As at 31 December 2018, shareholders holding not less than 10% of Lam Soon Holding Co., Ltd. are as follows:-

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Bangkok Edible Oil Co., Ltd. (Bangkok Edible Oil Co., Ltd. is an investment holding company in which 49 percent of shares are held, whether directly or indirectly, by Mr. Whang Tar Liang; Mr. Whang Shang Ying; and Ms. Whang Yee Ling.)	50.00
2	Mr. Whang Shang Ying (Neither Mr. Whang Tar Liang nor Mr. Whang Shang Ying own any shares in LST)	49.00

- (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 2018 was 60.83% comprising direct and indirect shareholdings of 54.63% and 6.20% respectively.
- (iii) Lam Soon Cannery Pte. Ltd. is an investment holding company. As at 31 December 2018, its shareholders are as follows:-

No.	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.	Independent Director and Chairman of Board of Directors
(2) Ms. Anchalee Suebchantasiri	Managing Director
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director
(4) Mr. Banchong Chittchang	Independent Director
(5) Lackana Leelayouthayotin, Ph.D.	Independent Director
(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director
(7) Mr. Whang Shang Ying	Executive Director
(8) Ms. Piyathida Sukchan	Executive Director and Company Secretary
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant

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. Somrak Krajangsod	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 and Member of Remuneration Committee
(3) Mr. Whang Shang Ying	Executive Director and Member of Remuneration Committee

Nomination Committee

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

Risk Management Committee

(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer
(2) Ms. Piyathida Sukchan	Executive Director
(3) Mr. Virat Suwannarat	Human Resources Manager

The details of duties and responsibilities of the Board and Sub-committees were presented in Principle 1 and 3 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

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

SHAREHOLDERS AND MANAGEMENT

(2) Mr. Banchong Chittchang

Past experience

- President, Malee Sampran Plc. (1995 – 2004)
- Had led the management team to successfully rehabilitate Malee Sampran Plc. 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 Executives

The Nomination Committee is to recruit the suitable candidates to replace directors whose terms are expired in April 2019 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 Principle 1 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 2018, the Board of Directors held 5 meetings, with attendance shown of each member as below:-

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

4. Names and Positions of Executives

Name	Position
(1) Ms. Anchalee Suebchantasiri	Managing Director
(2) Mr. Whang Shang Ying	Executive Director
(3) Ms. Piyathida Sukchan	Executive Director
(4) Mr. Komkris Siriwongpairat	Vice President - Modern Trade and Food Solution
(5) Mr. Sirichai Navasettavorn	Vice President - Traditional Trade and Industrial
(6) Ms. Somrak Krajangsod	Vice President - Account and Finance
(7) Mr. Virat Suwannarat	Vice President - Human Resources

5. Details of Board of Directors and Executives

(1) Art-ong Jumsai Na Ayudhya, Ph.D.

Chairman of Board of Directors, Independent Director and Chairman of Audit Committee

Age : 78 years

Nationality : Thai

Shareholdings (Ordinary Shares)

- Held personally : None

- Held by spouse or minor children : None

The number of directorships in listed companies

- Chairman : 1 company

- Director : 0 company

Number of years as a director : 12 years (date of appointment : 10 August 2007)

Family relation with management : None

Education : Ph.D. Imperial College of Science and Technology, London University, United Kingdom
Ph.D. Faculty of Education, Chulalongkorn University

Director Training Programme : Certificate of Completion DCP 146/2011 and ACP 38/2012 from Thai Institute of Directors (IOD)

Position in other listed companies :

Independent Director and member of Audit Committee, SPCG Plc.

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

Other Experience :

■ Chief Administrator, Sathya Sai School, Lopburi Province

■ Director, AJ Technology Co., Ltd.

Senior Lecturer, The Faculty of Engineering, Chulalongkorn University

Member of Parliament (Elected 3 times)

Senator, Bangkok

Secretary to the Foreign Minister

Expert in the National Research Council on rockets for use in the Artificial Rain Making Project

Meeting Attendance in 2018 : Attended the Board Meeting 4 times out of 5 times
Attended the AC Meeting 4 times out of 4 times

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

(2) **Ms. Anchalee Suebchantasiri**

Managing Director and Chief Risk Officer

Age : 60 years
 Nationality : Thai
 Shareholdings (Ordinary Shares)
 - Held personally : 9,140 shares (0.0011%)
 - Held by spouse or minor children : None
 The number of directorships in listed companies
 - Chairman : 0 company
 - Director : 2 companies
 Number of years as a director : 24 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 2018 : 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 : 72 years
 Nationality : Thai
 Shareholdings (Ordinary Shares)
 - Held personally : None
 - Held by spouse or minor children : None
 The number of directorships in listed companies
 - Chairman : 0 company
 - Director : 3 companies
 Number of years as a director : 12 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 2018 : Attended the Board Meeting 5 times out of 5 times
 Attended the AC Meeting 4 times out of 4 times
 Attended the RC Meeting 2 times out of 2 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 : 70 years
 Nationality : Thai
 Shareholdings (Ordinary Shares)
 - Held personally : None
 - Held by spouse or minor children : None
 The number of directorships in listed companies
 - Chairman : 1 company
 - Director : 2 companies
 Number of years as a director : 12 years (date of appointment : 14 June 2007)
 Family relation with management : None
 Education : Master of Science in Mechanical Engineering Degree, University of Akron, U.S.A.
 Bachelor of Engineering (Second Class Honors) in Mechanical Engineering, Chulalongkorn University
 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.
- Chairman and Independent Director, TPBI Plc.

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

Other Experience :

- 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 2018 : Attended the Board Meeting 5 times out of 5 times
 Attended the AC Meeting 4 times out of 4 times
 Attended the RC Meeting 2 times out of 2 times
 Attended the NC Meeting 1 time out of 1 time

(5) Lackana Leelayouthayotin, Ph.D.

Independent Director

Age : 65 years
 Nationality : Thai
 Shareholdings (Ordinary Shares)
 - Held personally : None
 - Held by spouse or minor children : None
 The number of directorships in listed companies
 - Chairman : 0 company
 - Director : 3 companies
 Number of years as a director : 4 years (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 : Certificate of Completion for Advanced Audit Committee Program AACP30/2018 from Thai Institute of Directors (IOD)
 Certificate of Completion DCP 225/2016 from Thai Institute of Directors (IOD)
 Certificate of Corporate Governance for Directors and Top Executives of State Enterprises and Public Organizations from Public Director Institute (PDI), King Prajadhipok's Institute, 15/2016

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

Position in other listed companies :

- Director, GMM Grammy Plc.
- Independent Director and Chairman of the Audit Committee, Techno Medical Plc.

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

Other Experience :

- Director, Aisance Co., Ltd.
- Consultant, Cerebos (Thailand) Co., Ltd.
- Director and Chairman of the Audit Committee, Thailand Institute of Nuclear Technology (TINT)
- Independent Director and Audit Committee, Mahaphan Fibre-Cement Plc.
- Independent Director, Bangchak Retail Co., Ltd.
- Managing Director, Adviser and Beyond Co., Ltd
- President of the Foundation for Education of the Marketing Association of Thailand (MAT)
- Consultant, Committee of the Recruitment and Promotion of Voluntary Blood Donor, The Thai Red Cross Society
- Director, The ONE Enterprise 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) Co., Ltd.
- Executive Product Manager, Diethelm Co., Ltd.
- President of the Marketing Association of Thailand (MAT)

Meeting Attendance in 2018 : Attended the Board Meeting 4 times out of 5 times

(6) **Datuk Simon Shim Kong Yip**

Non-Independent Non-Executive Director and Chairman of Nomination Committee

Age : 62 years

Nationality : Malaysian

Shareholdings (Ordinary Shares)

- Held personally : None
- Held by spouse or minor children : None

The number of directorships in listed companies

- Chairman : 0 company
- Director : 1 company

Number of years as a director : 12 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
- 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 2018 : Attended the Board Meeting 4 times out of 5 times
Attended the NC Meeting -0- time out of 1 time

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

(7) Mr. Whang Shang Ying

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

Age : 58 years
Nationality : Singaporean

Shareholdings (Ordinary Shares)
- Held personally : None
- Held by spouse or minor children : None

The number of directorships in listed companies
- Chairman : 0 company
- Director : 2 companies

Number of years as a director : 21 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

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 Chairman, 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 2018 : Attended the Board Meeting 5 times out of 5 times
Attended the RC Meeting 2 times out of 2 times
Attended the NC Meeting 1 time out of 1 time

(8) Ms. Piyathida Sukchan

Executive Director, Company Secretary, and Member of Risk Management Committee

Age : 50 years
Nationality : Thai

Shareholdings (Ordinary Shares)
- Held personally : 100 shares (0.000012%)
- Held by spouse or minor children : None

The number of directorships in listed companies
- Chairman : 0 company
- Director : 2 companies

Number of years as a director : 6 years (date of appointment : 26 April 2013)

Family relation with management : None

Education : M.A. 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, Lam Soon Holding Co., Ltd.
- 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 2018 : Attended the Board Meeting 5 times out of 5 times

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

(9) Mr. Ampol Simarojana

Non-Executive Director and Operations Consultant

Age : 62 years

Nationality : Thai

Shareholdings (Ordinary Shares)

- Held personally : None

- Held by spouse or minor children : None

The number of directorships in listed companies

- Chairman : 0 company

- Director : 2 companies

Number of years as a director : 24 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 :

Non-Executive Director, United Palm Oil Industry Plc.

Executive Director, United Palm Oil Industry Plc.

Other Experience :

Director, Siam Elite Palm Co., Ltd.

Director, Lam Soon Holding Co., Ltd.

Manager of Melting Division, Siam Asahi-Technoglass Co., Ltd.

Meeting Attendance in 2018 : Attended the Board Meeting 5 times out of 5 times

(10) Mr. Komkris Siriwongpairat

Vice President - Modern Trade and Food Solution

Age : 46 years

Shareholdings (Ordinary Shares)

- Held personally : None

- Held by spouse or minor children : None

Family relation with management : None

Education : Master in Financial Management,
University of Exeter, United Kingdom
Bachelor of Business Administration,
Assumption University

Other Experience :

Sales Manager, SC Johnson & Son Co., Ltd.

Sr. Customer Development Manager, Johnson & Johnson (Thailand) Co., Ltd.

Key Account Manager & Trade Marketing Manager, Diethelm Co., Ltd

(11) Mr. Sirichai Navasettavorn

Vice President - Traditional Trade and Industrial

Age : 45 years

Shareholdings (Ordinary Shares)

- Held personally : None

- Held by spouse or minor children : None

Family relation with management : None

Education : MBA (Major in Marketing),
Mahanakorn University of Technology
Bachelor of Business Administration (Major in Marketing),
Bangkok University

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) Co., Ltd.

Area Sales Manager, Boonrawd Asia Beverage Co., Ltd.

Business Development Manager, Thai Pure Drink Co., Ltd.

Note : present past

SHAREHOLDERS AND MANAGEMENT

(12) Ms. Somrak Krajangsod

Vice President – Account and Finance and Secretary to the Audit Committee

Age : 47 years

Shareholdings (Ordinary Shares)

- Held personally : None

- Held by spouse or minor children : None

Family relation with management : None

Education : Master of Business Administration (MBA) in Finance
National University, USA.

Bachelor of Accountancy, Bangkok University

Other Experience :

- Deputy Chief Financial Officer, Union Frozen Products Co., Ltd.
- Commercial Manager-Pre-Engineering Building & Residential Solutions, BlueScope Lysaght (Thailand) Limited
- Financial Services Manager, BlueScope Steel (Thailand) Limited

(13) Mr. Virat Suwannarat

Vice President - Human Resources and Member of Risk Management Committee

Age : 51 years

Shareholdings (Ordinary Shares)

- Held personally : None

- Held by spouse or minor children : None

Family relation with management : None

Education : Master Degree of Public Administration,
Business Management, Burapha University

Other Experience :

- HR Director, Sara Lee (Thailand) Co., Ltd.
- HR Director, Moccona (Thailand) Co., Ltd.
- Plant HR Manager, Cadbury Adams (Thailand) Co., Ltd.

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

6. Directors and Executives holding shares in the Company

Name	No. of shares as of 31 December 2017	Increase (Decrease) in no. of shares during the financial year	No. of shares as of 31 December 2018
(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) Lackana Leelayouthayotin, Ph.D.	-	-	-
(6) Datuk Simon Shim Kong Yip	-	-	-
(7) Mr. Whang Shang Ying	-	-	-
(8) Mr. Ampol Simarojana	-	-	-
(9) Ms. Piyathida Sukchan	100	-	100
(10) Mr. Komkris Siriwongpairat	-	-	-
(11) Mr. Sirichai Navasettavorn	-	-	-
(12) Ms. Somrak Krajangsod	-	-	-
(13) Mr. Virat Suwannarat	-	-	-

7. Remuneration of Directors and Executives

Monetary Remuneration

(a) Director's fees : Total fees to all 9 members of the Board 5,655,900 Baht

Name	Position	Director's fees in 2018
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Board, Independent Director, and Chairman of Audit Committee	1,072,800
(2) Ms. Anchalee Suebchantasiri	Managing Director	260,400
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director Member of Audit Committee Chairman of Remuneration Committee Member of Nomination Committee	1,032,800
(4) Mr. Banchong Chittchang	Independent Director Member of Audit Committee Member of Remuneration Committee Member of Nomination Committee	1,032,800
(5) Lackana Leelayouthayotin, Ph.D.	Independent Director	549,600
(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director and Chairman of Nomination Committee	571,500
(7) Mr. Whang Shang Ying	Executive Director Member of Remuneration Committee Member of Nomination Committee	326,000
(8) Ms. Piyathida Sukchan	Executive Director	260,400
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant	549,600

(b) Remuneration paid to the Company's Executive Directors as Executive Directors of Subsidiaries for 4 persons : 2,069,256 Baht

(c) Remuneration of all 9 persons of the Executives : 73,493,440 Baht*

(d) Remuneration paid to the Company's Executive Directors as the Executives of Subsidiaries for 3 persons : 6,990,000 Baht

*Note : Remuneration of the Executives included 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 the Securities and Exchange Commission).

SHAREHOLDERS AND MANAGEMENT

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.

Other forms of remuneration for the Executives include Company's cars and related expenses, medical expense, and accidental insurance.

As for Provident Fund, the Executives have 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 Executives having positions in subsidiaries and related companies

Name	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	/	/		

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

9. Control system of utilising insider information

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

1. Directors and Executives 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. Executives are obliged 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 Executives may face according to the Securities and Exchange Act B.E. 2535, as a result of their violation;
4. Directors and Executives are prohibited from trading in the Company's shares one month prior to the Company's financial statements being announced and at least one day after the date of financial statements being disclosed.
5. Directors and Executives shall report to the Board of Directors or the delegated person all of their securities trading at least one day in advance in order to notify SEC within three business day after transaction date as specified by the Securities and Exchange Act.

The Company has established the rules for prevention of using inside information including the penalties for violator stated in Principle 6 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 does not set up an internal audit unit but it has employed Dr. Virach & Associates Office to be the Company's internal auditors since 2004 because the proper role of internal auditor is to independently perform auditing services to assist in the attainment of good corporate governance and develop the efficiency and effectiveness of operations. Internal auditing also delivers an advice on the Company's financial, operation and risk management supporting the Company to achieve its objectives and corporate goal. Therefore, internal auditing process requires transparency and real independence by implementing a check and balance measure. It also can provide an early warning sign of misconduct or corporate corruption. As a result, the consideration being given outsourcing the internal auditors to perform internal auditing functions is appropriate. The outsourced internal auditors can be an eligible intermediary between the management team and the operating units. Furthermore, it also mitigates the problem of internal coordination.

During the Board Meeting No. 1/2019 held on 22 February 2019, 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	:	48 years
% of share holding	:	None
Family relation with management	:	None
Education	:	MBA., Ramkhamhaeng University B.B.A. (Accounting), Ramkhamhaeng University LL.B., Thammasat 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
Present 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., 19 years■ Internal auditor, Lam Soon (Thailand) Public Co., Ltd., 14 years

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 2018 at the rate of 0.25 Baht/share representing 60.3% of net profit, compared with that of 2017 at 0.18 Baht/share representing 61.4% 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 40% 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
		2018	2017		
Subsidiary company	Purchase of raw materials	423	308	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	519	638	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	-	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	85	34	At the declared rate	This is the dividend received from investment in UPOIC and UFC.
	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	49	64	On actual basis	This is selling and administrative expenses from being the distributor for UFC.

The balances of the accounts as at 31 December 2018 and 2017 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 2018, the Company's purchases of CPO, CPKO, PKS and FFB from UPOIC accounted for 15.33% (2017 : 8.08%) 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 of each year on CPO stock management in nationwide 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 the average selling and administrative expenses of the group as a whole.

OTHER FACTORS AFFECTING INVESTMENT DECISIONS

Legal conflicts

As at 31 December 2018, 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 2018

Independent Auditor's Report

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

Opinion

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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

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

Revenue recognition

Sales of goods are significant accounting transactions as they represent material amounts in the financial statements and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as traditional trade customers, modern trade customers and overseas customers, pertaining to matters such as sale promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 11.2 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

The fair value measurement of biological assets - palm fruit on trees

As disclosed in Note 4.11 and Note 10 to the financial statements, the subsidiary records biological assets - palm fruit on trees at their fair value less point of harvest cost to sell. The measurement of fair value of biological assets - palm fruit on trees requires the estimating data and assumptions consisting of the estimated harvesting volume and selling price at each point of harvest, considering that they are appropriate and correspond to the nature and circumstances of the biological asset being measured, based on the exercise of the judgement of an internal agriculture expert and management as to the basis and assumptions relevant to the estimations. There may be a risk with respect to the value of biological assets. Thus, I have focused my audit on the fair value measurement of biological assets - palm fruit on trees.

In order to audit this matter, I gained an understanding of, assessed and tested controls of the Group related to the fair value estimation of the biological assets, considered the estimating data preparation, assumptions defining and the valuation method applied by management of the Group. I assessed the estimating data and assumptions used in the valuation by making enquiries of the internal agriculture expert and management, comparing the data used by the Group with historical data, and testing the calculation. Moreover, I reviewed the disclosure made in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

S. Ratananurak

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 22 February 2019

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets					
Current assets					
Cash and cash equivalents	7	197,382,396	414,143,448	123,132,668	143,989,247
Trade and other receivables	6, 8	882,371,771	1,105,297,877	751,467,141	956,093,207
Short-term loans to related parties	6	-	-	-	-
Inventories	9	1,079,191,775	1,452,461,603	579,145,263	922,674,753
Biological assets	10	118,519,826	70,616,396	-	-
Other current assets		38,904,870	35,673,875	9,992,998	9,063,835
Total current assets		2,316,370,638	3,078,193,199	1,463,738,070	2,031,821,042
Non-current assets					
Investments in subsidiaries	11	-	-	1,333,966,824	1,312,870,944
Investment in joint venture	12	38,601,652	31,594,398	-	-
Investment in associated company	13	-	-	-	-
Other long-term investments	14	23,425	1,001,790	23,425	1,001,790
Long-term loans to other companies	15	20,240,000	21,160,000	-	-
Investment properties	16	63,029,305	63,690,592	5,614,752	5,614,752
Property, plant and equipment	17	2,240,354,272	2,350,500,070	745,985,163	813,875,098
Bearer plants	18	213,389,162	230,930,888	189,235	201,000
Goodwill	11	196,376,189	196,376,189	-	-
Intangible assets	19	7,846,265	10,283,172	4,590,632	5,443,899
Deferred tax assets	28	51,214,460	52,013,501	17,297,064	17,941,794
Other non-current assets		5,297,647	4,536,128	404,930	485,236
Total non-current assets		2,836,372,377	2,962,086,728	2,108,072,025	2,157,434,513
Total assets		5,152,743,015	6,040,279,927	3,571,810,095	4,189,255,555

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	450,000,000	1,480,000,000	-	570,000,000
Trade and other payables	6, 21	404,927,022	495,365,164	333,599,235	472,608,013
Current portion of long-term loans	23	112,540,000	103,000,000	-	78,000,000
Current portion of liabilities under					
finance lease agreements	24	473,775	573,000	-	-
Income tax payable		46,781,981	27,695,240	25,495,318	14,644,781
Other current liabilities	22	24,964,158	40,521,823	3,574,831	16,849,591
Total current liabilities		1,039,686,936	2,147,155,227	362,669,384	1,152,102,385
Non-current liabilities					
Long-term loans - net of current portion	23	33,266,666	30,513,147	-	18,013,147
Liabilities under finance lease					
agreements - net of current portion	24	-	383,493	-	-
Provision for long-term employee benefits	25	119,151,107	132,338,091	68,011,904	70,805,647
Total non-current liabilities		152,417,773	163,234,731	68,011,904	88,818,794
Total liabilities		1,192,104,709	2,310,389,958	430,681,288	1,240,921,179

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Shareholders' equity					
Share capital					
Registered					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
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
Share premium		241,970,265	241,970,265	241,970,265	241,970,265
Other surpluses (deficits)					
Premium on treasury stock		5,269,100	5,269,100	5,269,100	5,269,100
Deficit on changes in shareholding in subsidiary		(6,579,077)	(6,579,077)	-	-
Retained earnings					
Appropriated - statutory reserve	26	122,223,881	114,755,441	82,000,000	82,000,000
Unappropriated		2,445,153,625	2,218,553,493	1,991,889,442	1,799,512,318
Other components of shareholders' equity		-	(417,307)	-	(417,307)
Equity attributable to owners of the Company		3,628,037,794	3,393,551,915	3,141,128,807	2,948,334,376
Non-controlling interests of the subsidiaries		332,600,512	336,338,054	-	-
Total shareholders' equity		3,960,638,306	3,729,889,969	3,141,128,807	2,948,334,376
Total liabilities and shareholders' equity		5,152,743,015	6,040,279,927	3,571,810,095	4,189,255,555
		-	-	-	-

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales and service income		7,300,494,105	8,551,131,532	5,572,598,929	6,453,622,019
Dividend income	6, 11	315	21,436	84,933,175	34,028,702
Gain from change in fair value of biological assets		39,271,402	-	-	-
Other income	6	71,187,766	87,580,251	98,088,655	95,422,045
Total revenues		7,410,953,588	8,638,733,219	5,755,620,759	6,583,072,766
Expenses					
Cost of sales and service	27	6,072,059,033	7,251,196,781	4,902,556,448	5,794,656,010
Selling ad distribution expenses		620,310,745	640,238,411	357,714,219	391,297,034
Administrative expenses		209,164,663	219,199,361	106,025,734	114,965,611
Loss from impairment of assets		28,536,004	-	-	-
Loss from change in fair value of biological assets		-	8,425,857	-	-
Total expenses		6,930,070,445	8,119,060,410	5,366,296,401	6,300,918,655
Profit before share of gain (loss) from investment in joint venture, finance cost and income tax expenses		480,883,143	519,672,809	389,324,358	282,154,111
Share of gain (loss) from investment in joint venture	12	9,507,253	(10,191,713)	-	-
Profit before finance cost and income tax expenses		490,390,396	509,481,096	389,324,358	282,154,111
Finance cost		(22,659,265)	(39,719,708)	(6,756,823)	(16,470,069)
Profit before income tax expenses		467,731,131	469,761,388	382,567,535	265,684,042
Income tax expenses	28	(79,407,827)	(68,968,741)	(42,670,068)	(25,234,662)
Profit for the year		388,323,304	400,792,647	339,897,467	240,449,380

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on changes in value of available-for-sale investments		521,635	327,567	521,635	327,567
Less: Income tax effect	28	(104,328)	(65,514)	(104,328)	(65,514)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		417,307	262,053	417,307	262,053
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(83,974,889)	-	(49,848,505)
Income tax effect	28	-	16,794,977	-	9,969,701
Share of other comprehensive income of investment in joint venture - actuarial gain	12	-	182,730	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(66,997,182)	-	(39,878,804)
Other comprehensive income for the year		417,307	(66,735,129)	417,307	(39,616,751)
Total comprehensive income for the year		388,740,611	334,057,518	340,314,774	200,832,629
Profit attributable to:					
Equity holders of the Company		381,677,475	404,105,686	339,897,467	240,449,380
Non-controlling interests of the subsidiaries		6,645,829	(3,313,039)		
		388,323,304	400,792,647		
Total comprehensive income attributable to:					
Equity holders of the Company		382,094,782	341,899,764	340,314,774	200,832,629
Non-controlling interests of the subsidiaries		6,645,829	(7,842,246)		
		388,740,611	334,057,518		
Basic earnings per share					
	30				
Profit attributable to equity holders of the Company		0.47	0.49	0.41	0.29

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 2018

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Equity attributable to the owners of the Company				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	Deficit on changes in shareholding in subsidiary	Retained earnings	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity				
					Appropriated - statutory reserve	Unappropriated						
Balance as at 1 January 2017		820,000,000	241,970,265	5,269,100	(6,579,077)	107,472,798	1,966,151,096	(679,360)	(679,360)	3,133,604,822	358,693,861	3,492,298,683
Profit for the year		-	-	-	-	-	404,105,686	-	-	404,105,686	(3,313,039)	400,792,647
Other comprehensive income for the year		-	-	-	-	-	(62,467,975)	262,053	262,053	(62,205,922)	(4,529,207)	(66,735,129)
Total comprehensive income for the year		-	-	-	-	-	341,637,711	262,053	262,053	341,899,764	(7,842,246)	334,057,518
Dividend paid	33	-	-	-	-	-	(82,000,000)	-	-	(82,000,000)	-	(82,000,000)
Reversal of prior year dividend		-	-	-	-	-	133,686	-	-	133,686	-	133,686
Appropriation of statutory reserve of subsidiary		-	-	-	-	7,282,643	(7,369,000)	-	-	(86,357)	86,357	-
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(14,599,918)	(14,599,918)
Balance as at 31 December 2017		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>(6,579,077)</u>	<u>114,755,441</u>	<u>2,218,553,493</u>	<u>(417,307)</u>	<u>(417,307)</u>	<u>3,393,551,915</u>	<u>336,338,054</u>	<u>3,729,889,969</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 2018

(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	Deficit on changes in shareholding in subsidiary	Retained earnings		Other components of equity on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Appropriated - statutory reserve	Unappropriated					
Balance as at 1 January 2018		820,000,000	241,970,265	5,269,100	(6,579,077)	114,755,441	2,218,553,493	(417,307)	(417,307)	3,393,551,915	336,338,054	3,729,889,969
Profit for the year		-	-	-	-	-	381,677,475	-	-	381,677,475	6,645,829	388,323,304
Other comprehensive income for the year		-	-	-	-	-	-	417,307	417,307	417,307	-	417,307
Total comprehensive income for the year		-	-	-	-	-	381,677,475	417,307	417,307	382,094,782	6,645,829	388,740,611
Dividend paid	33	-	-	-	-	-	(147,600,000)	-	-	(147,600,000)	-	(147,600,000)
Reversal of prior year dividend		-	-	-	-	-	79,657	-	-	79,657	-	79,657
Appropriation of statutory reserve of subsidiary		-	-	-	-	7,468,440	(7,557,000)	-	-	(88,560)	88,560	-
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(10,471,931)	(10,471,931)
Balance as at 31 December 2018		820,000,000	241,970,265	5,269,100	(6,579,077)	122,223,881	2,445,153,625	-	-	3,628,037,794	332,600,512	3,960,638,306

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 2018

(Unit: Baht)

Separate financial statements									
						Other components of equity			
						Other comprehensive income			
						Surplus (deficit) on changes		Total other components of	Total
						in value of		shareholders'	shareholders'
						available-for-sale		equity	equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		investments	equity	equity	
				Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2017	820,000,000	241,970,265	5,269,100	82,000,000	1,680,808,056	(679,360)	(679,360)	2,829,368,061	
Profit for the year	-	-	-	-	240,449,380	-	-	240,449,380	
Other comprehensive income for the year	-	-	-	-	(39,878,804)	262,053	262,053	(39,616,751)	
Total comprehensive income for the year	-	-	-	-	200,570,576	262,053	262,053	200,832,629	
Dividend paid	33	-	-	-	(82,000,000)	-	-	(82,000,000)	
Reversal of prior year dividend		-	-	-	133,686	-	-	133,686	
Balance as at 31 December 2017	<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,799,512,318</u>	<u>(417,307)</u>	<u>(417,307)</u>	<u>2,948,334,376</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 2018

(Unit: Baht)

Separate financial statements									
						Other components of equity			
						Other comprehensive income			
						Surplus (deficit) on changes in value of		Total other components of	Total
						available-for-sale investments		shareholders' equity	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 2018	820,000,000	241,970,265	5,269,100	82,000,000	1,799,512,318	(417,307)	(417,307)	2,948,334,376	
Profit for the year	-	-	-	-	339,897,467	-	-	339,897,467	
Other comprehensive income for the year	-	-	-	-	-	417,307	417,307	417,307	
Total comprehensive income for the year	-	-	-	-	339,897,467	417,307	417,307	340,314,774	
Dividend paid	33	-	-	-	(147,600,000)	-	-	(147,600,000)	
Reversal of prior year dividend		-	-	-	79,657	-	-	79,657	
Balance as at 31 December 2018	<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,991,889,442</u>	<u>-</u>	<u>-</u>	<u>3,141,128,807</u>	

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	467,731,131	469,761,388	382,567,535	265,684,042
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	233,488,794	240,992,536	96,527,362	96,207,808
Loss (gain) from change in fair value of biological assets	(39,271,402)	8,425,857	-	-
Share of loss from investment in joint venture	(9,507,253)	10,191,713	-	-
Increase (decrease) in allowance for doubtful accounts	561,250	(1,047,896)	(23,814)	398,150
Decrease in allowance for diminution in inventory value	(1,486,406)	(15,202,193)	-	(138,977)
Reversal of allowance for impairment loss of investment in subsidiary	-	-	(21,095,880)	-
Increase in allowance for impairment of assets	28,536,004	29,704	-	29,704
Increase in allowance for impairment of intangible assets	-	393,917	-	393,917
Loss on disposals of other long-term investment	492,539	210,059	492,539	210,059
Gain on disposals/write-off of equipment and investment properties	(2,242,278)	(21,197,201)	(1,123,321)	(3,852,109)
Loss on write-off of bearer plants	860,757	112,799	-	-
Unrealised loss (gain) on exchange	328,169	150,455	299,734	(77,306)
Provision for long-term employee benefits	14,060,920	15,828,960	6,937,210	10,228,251
Dividend income from subsidiaries	-	-	(84,932,860)	(34,007,267)
Dividend income from other companies	(315)	(21,436)	(315)	(21,436)
Interest expenses	20,259,502	36,902,813	5,220,454	14,950,003
Profit from operating activities before changes in operating assets and liabilities	713,811,412	745,531,475	384,868,644	350,004,839
Decrease (increase) in operating assets				
Trade and other receivables	222,036,724	(193,008,733)	204,350,146	(171,554,651)
Inventories	374,756,234	(11,368,481)	343,529,490	(7,367,552)
Biological assets	(8,632,028)	4,504,517	-	-
Other current assets	(750,240)	983,873	(929,163)	4,913,708
Other non-current assets	(761,519)	(1,655,821)	80,306	-
Increase (decrease) in operating liabilities				
Trade and other payables	(87,620,930)	(35,781,899)	(137,003,966)	(2,672,006)
Other current liabilities	(15,547,485)	15,394,533	(13,264,580)	8,960,712
Provision for long-term employee benefits	(27,247,904)	(23,943,093)	(9,730,953)	(14,202,739)
Cash from operating activities	1,170,044,264	500,656,371	771,899,924	168,082,311
Cash paid for interest expenses	(20,721,783)	(36,591,597)	(5,588,038)	(14,582,419)
Income tax refund	2,065,129	4,585,145	-	-
Cash paid for corporate income tax	(64,172,257)	(95,424,798)	(31,279,129)	(17,199,712)
Net cash from operating activities	1,087,215,353	373,225,121	735,032,757	136,300,180

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Dividend received from subsidiaries	-	-	84,932,860	34,007,267
Dividend received from joint venture	2,499,999	750,000	-	-
Dividend received from other companies	315	21,436	315	21,436
Decrease in long-term loans to other companies	920,000	39,320,000	-	-
Acquisitions of property, plant and equipment	(122,838,345)	(136,608,209)	(33,634,918)	(40,635,188)
Advance payments for plant and equipment	(50,000)	(1,002,800)	-	-
Proceed from disposals of other long-term investments	1,007,461	764,941	1,007,461	764,941
Proceeds from disposals of equipment	7,413,617	22,240,929	5,442,606	4,177,080
Increase in bearer plants	(16,455,104)	(25,413,392)	-	-
Increase in intangible assets	(282,695)	(4,520,268)	(93,990)	(1,421,583)
Net cash from (used in) investing activities	(127,784,752)	(104,447,363)	57,654,334	(3,086,047)
Cash flows from financing activities				
Decreases in short-term loans from financial institutions	(1,030,000,000)	(75,000,000)	(570,000,000)	40,000,000
Repayment of liabilities under finance lease agreements	(482,718)	(449,490)	-	-
Cash received from long-term loans	200,000,000	-	-	-
Repayment of long-term loans	(187,706,481)	(103,000,000)	(96,013,147)	(78,000,000)
Dividend paid	(158,002,454)	(96,570,228)	(147,530,523)	(81,970,310)
Net cash used in financing activities	(1,176,191,653)	(275,019,718)	(813,543,670)	(119,970,310)
Net increase (decrease) in cash and cash equivalents	(216,761,052)	(6,241,960)	(20,856,579)	13,243,823
Cash and cash equivalents at beginning of the year	414,143,448	420,385,408	143,989,247	130,745,424
Cash and cash equivalents at end of the year (Note 7)	197,382,396	414,143,448	123,132,668	143,989,247

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment that have not been paid	6,788,478	9,143,446	1,433,186	3,070,414
Transfer of deposits for equipment to equipment	-	26,350,127	-	-
Dividend payable	69,477	3,682,863	69,477	590,435

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 2018

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 Nuea, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of 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>2018</u> Percent	<u>2017</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	98.83
<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>2018</u> Percent	<u>2017</u> Percent
<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	100

The frozen vegetable and fruit manufacturing business, which is operated by Union Frost Company Limited (“the subsidiary”), ceased production and laid off most of its employees. At the present, the subsidiary provides the rental of frozen room and managements are in the process of preparing appropriate business plan.

- 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

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of the revised financial reporting standards and interpretations does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of the revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, there are changes in key principles of the new financial reporting standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the related accounting standards together with related Interpretations as follows:

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

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

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

Revenue

The Company has determined that revenue from which the Company is agent to satisfy a performance obligation should be recognised as revenue in the amount of consideration that the entity retains after paying the other the consideration received in exchange for the goods or services to be provided by that party. Under the previous accounting policy, the Company recognises revenue in the gross amount.

Promotion expenses

The Company and its subsidiaries have determined that certain promotion expenses which are considered as variable consideration will be recorded as deduction from sales. Under the previous accounting policy, the Company and its subsidiaries recognise such promotion expenses as selling expenses.

(c) Thai Financial Reporting Standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

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.

Service income

Service revenue is recognised when services have been rendered taking into account the stage of completion.

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 and other accounts receivable

Trade accounts receivable and other 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. The cost of inventories is measured using the standard cost method, which approximates actual cost and 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 Forest land rights and bearer plants and amortisation

Forest land rights and bearer plants 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 bearer plants before the production period.

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

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 recognised as expenses in profit or loss.

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 accumulated amortisation and 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 Biological assets

The subsidiary's biological assets are palm fruit on tree and palm nursery for sale, and agricultural produce is palm fresh fruit brunch.

The fair value of palm fruit on tree is determined based on discounted cash flows reference to price of palm fruit at the front of the factory less estimated point of harvest costs. The palm fresh fruit brunch is determined by reference to price of palm fruit at the front of the factory less estimated selling expenses. The fair value of palm nursery for sale is determined by reference to selling price less estimated selling expenses. Gains or losses on changes in fair value of biological assets and the differences between fair value and costs of agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at fair value less costs to sell.

The agricultural produce is included in inventories.

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 (if any). 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 individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

4.14 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 asset acquired under finance lease 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 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, forest land rights, bearer plants (cost of palm plantation) or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of 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.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.17 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 plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

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 profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

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:

Forest land rights and bearer plants and amortisation

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

In addition, the management is required to review the forest land rights and bearer plants 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.

Biological assets

The subsidiary measures its biological assets - palm fruit on tree at the fair value less costs to sell. Such fair value is calculated using the discounted cash flows reference to fair value less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as prices of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

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.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	423	308	Market prices on the contract date
Purchases of goods and services	-	-	519	638	Market prices less fixed margin
Sales of goods and services	-	-	1	-	Market price
Dividend income	-	-	85	34	At the declared rate
Rental income	-	-	2	2	Market price
Selling and administrative service income	-	-	49	64	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	177	168	-	-	Price approximates market price
Purchases of goods	6	5	3	2	Price less marketing expenses and margin
Selling expenses	20	16	-	-	Actual charge and charge at 4% - 27% of sale (2017: charge at 4% - 15% of sale)
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	15	4	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	3	1	-	-	As declared by joint venture

As at 31 December 2018 and 2017, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	20,829	17,016
Associated company	452	452	-	-
Related companies (related by common shareholders)	53,607	64,956	-	51
Total trade and other receivables - related parties	54,059	65,408	20,829	17,067
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	33,279	44,628	20,829	17,067
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans - related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 21)				
Subsidiaries	-	-	86,708	145,286
Related companies (related by common shareholders)	4,093	6,901	-	-
Total trade and other payables - related parties	4,093	6,901	86,708	145,286

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.

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. The contract expired on 31 December 2016. The Company and UFC agreed to extend the agreement for another 5 years, starting from 1 January 2017 and expiring on 31 December 2021.

Directors and management’s remuneration

During the years ended 31 December 2018 and 2017, 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 145 million and Baht 156 million, respectively (the Company only: Baht 88 million and Baht 91 million, respectively).

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	2,321	4,181	895	1,227
Bank deposits	195,061	379,982	122,238	142,762
Investment in Bank of Thailand bonds	-	29,980	-	-
Total	<u>197,382</u>	<u>414,143</u>	<u>123,133</u>	<u>143,989</u>

As at 31 December 2018, bank deposits in savings accounts and investment in Bank of Thailand bonds carried interests between 0.05 and 0.50 percent per annum (2017: between 0.05 and 1.13 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	30,484	28,638	8	130
Past due				
Up to 3 months	2,789	15,988	-	-
6 - 12 months	5	-	-	-
Over 12 months	452	452	-	-
Total	33,730	45,078	8	130
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	33,278	44,626	8	130
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	24,219	43,327	24,219	43,328
Cheque returned	18,667	19,468	13,704	14,505
Not yet due	635,354	748,338	546,836	657,539
Past due				
Up to 3 months	165,679	257,636	138,606	235,168
3 - 6 months	1,162	6,364	1,004	152
6 - 12 months	333	1,122	256	360
Over 12 months	29,487	29,042	3,655	3,797
Total	874,901	1,105,297	728,280	954,849
Less: Allowance for doubtful accounts	(47,774)	(47,346)	(16,308)	(16,466)
Total trade receivables - unrelated parties - net	827,127	1,057,951	711,972	938,383
Total trade receivables - net	860,405	1,102,577	711,980	938,513
<u>Other receivables</u>				
Other receivables - related parties	1	2	3,366	1,622
Other receivables - unrelated parties	22,640	3,145	20,128	1,971
Accrued income - related parties	-	-	17,455	15,315
Accrued income - unrelated parties	305	429	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	483	474	-	-
Total	43,757	24,378	40,949	18,908
Less: Allowance for doubtful accounts	(21,790)	(21,657)	(1,462)	(1,328)
Total other receivables - net	21,967	2,721	39,487	17,580
Total trade and other receivables - net	882,372	1,105,298	751,467	956,093

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Finished goods	520,654	540,755	(19,192)	(16,192)	501,462
Work in process	413,049	709,394	-	-	413,049	709,394
Raw materials	50,404	106,722	(6,147)	(12,902)	44,257	93,820
Inventories in transit	5,632	3,756	-	-	5,632	3,756
Supplies and spare parts	119,918	123,786	(5,126)	(2,857)	114,792	120,929
Total	1,109,657	1,484,413	(30,465)	(31,951)	1,079,192	1,452,462

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Finished goods	106,406	113,517	-	-	106,406
Work in process	409,302	706,496	-	-	409,302	706,496
Raw materials	23,765	65,244	-	-	23,765	65,244
Inventories in transit	5,632	3,756	-	-	5,632	3,756
Supplies and spare parts	34,040	33,662	-	-	34,040	33,662
Total	579,145	922,675	-	-	579,145	922,675

During the current year, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 1.5 million and reduced the amount of inventories recognised as expenses during the year (2017: Baht 15.2 million).

10. Biological assets

Movements of the biological assets account for the year ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery	Palm fruit	Total
	for sales	on tree	
Balance as at 1 January 2017	53,297	30,250	83,547
Gain from changes in fair value	34,707	234,855	269,562
Increases from cultivate	1,940	-	1,940
Decreases from harvest	-	(247,580)	(247,580)
Decreases from sales	(25,225)	-	(25,225)
Decrease from write-off	(11,628)	-	(11,628)
Balance as at 31 December 2017	53,091	17,525	70,616
Gain from changes in fair value	51,951	228,580	280,531
Increases from cultivate	8,566	-	8,566
Decreases from harvest	-	(196,317)	(196,317)
Decreases from sales	(22,473)	(11,815)	(34,288)
Decrease from write-off	(10,588)	-	(10,588)
Balance as at 31 December 2018	80,547	37,973	118,520

Significant assumptions for the calculation of fair value are as follows:

Prices of palm fruit at the point of harvest are estimated based on the past purchase prices of palm fruit at the front of the subsidiary's factory less estimated estate cost, harvesting cost and transportation cost from each estate.

Weight of palm fruit on tree is estimated with reference to the average weight for each age from historical information when harvesting the palm fruit, taking into consideration the factors affecting fruit bearing and sampling count result.

Discount rate is estimated at the rate of 3 percent by weighted average cost of capital method.

The results of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	2018		2017	
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Prices of palm fruit at the point of harvest	7,391	(7,391)	4,209	(3,899)
Weight of palm fruit on tree	7,391	(7,391)	4,209	(3,899)

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	22,672	34,007
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623	62,261	-
Total					1,333,967	1,333,967	84,933	34,007
Less: Allowance for impairment loss of investments					-	(21,096)		
Total investments in subsidiaries - net					1,333,967	1,312,871		

As at 31 December 2018, 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 988 million (2017: Baht 1,125 million).

During the year 2018, the Company reversed allowance for diminution in value of investment in the subsidiary of Baht 21 million.

11.2 Goodwill

The Company allocated goodwill acquired through business combinations with indefinite useful lives to the cash generating units (CGUs) for annual impairment testing as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2018		
	United Palm Oil	Universal Food	Total
	Industry Public	Public Company	
	Company Limited	Limited	
Goodwill	84,585	111,791	196,376

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2017		
	United Palm Oil	Universal Food	Total
	Industry Public	Public Company	
	Company Limited	Limited	
Goodwill	84,585	111,791	196,376

The recoverable amount of the CGU - United Palm Oil Industry Public Company Limited has been determined based on fair value less costs of disposal using the market approach, which is measured using the bid price as quoted on the Stock Exchange of Thailand as at the end of the year. The fair value measurement is categorised within Level 1 of the fair value hierarchy.

The recoverable amount of the CGUs - Universal Food Public Company Limited have been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation are summarised below.

(Unit: Percent per annum)

	Consolidated financial statements	
	As at	As at
	31 December 2018	31 December 2017
Long-term growth rate	2.0	2.0
Pre-tax discount rates	9.3	9.8

The management determined growth rates based on historical operating results, expected market growth in the industry and the pre-tax discount rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill with indefinite useful lives.

12. Investment in joint venture

12.1 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:

(Unit: Thousand Baht)

		Consolidated financial statements					
Joint venture	Nature of business	Shareholding		Carrying amounts based			
		percentage		Cost		on equity method	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	38,602	31,594
Total				<u>25,000</u>	<u>25,000</u>	<u>38,602</u>	<u>31,594</u>

12.2 Share of comprehensive income and dividend received

During the years, the subsidiary recognised its share of gain (loss) and other comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
		Share of gain (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Siam Elite Palm Co., Ltd.		9,507	(10,192)	-	183
Total		<u>9,507</u>	<u>(10,192)</u>	<u>-</u>	<u>183</u>

During the year ended 31 December 2018, the subsidiary received dividend from investment in the joint venture of approximately Baht 2.50 million (2017: Baht 0.75 million).

12.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	<u>2018</u>	<u>2017</u>
Current assets	47,239	35,475
Non-current assets	36,838	36,934
Total assets	84,077	72,409
Current liabilities	(3,793)	(6,712)
Non-current liabilities	(3,080)	(2,509)
Total liabilities	(6,873)	(9,221)
Net assets	77,204	63,188
Shareholding percentage (%)	50	50
Share of net assets	38,602	31,594
Elimination entries	-	-
Carrying amounts of joint venture based on equity method	38,602	31,594

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue	34,947	26,456
Cost of sales	(12,356)	(15,703)
Gain (loss) from change in fair value of biological assets	14,689	(15,695)
Selling and administrative expenses	(18,138)	(15,741)
Income tax expenses	(128)	(65)
Gain (loss) for the year	19,014	(20,748)
Other comprehensive income	-	365
Total comprehensive income	19,014	(20,383)
Shareholding percentage (%)	50	50
Comprehensive income as shareholding percentage	9,507	(10,191)
Elimination entries	-	-
Share of comprehensive income of investment in joint venture	9,507	(10,191)

13. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2018	2017	2018	2017
			Million Baht	Million Baht	Percent	Percent
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment loss of investment		Carrying amount based on cost method - net		Carrying amount based on equity method	
	2018	2017	2018	2017	2018	2017	2018	2017
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements	
	2018	2017
Other long-term investments - cost		
<u>Equity securities</u>		
Open-ended Kumlai Perm Poon Fund	-	1,000
Open-ended TCM Equity Fund	-	300
Open-ended Kiatnakin Fund	-	200
Datamat Plc.	16	16
Standard Chartered Bank (Thai) Plc.	2	2
Phracharat Laksammakkee Trang	5	5
Total	23	1,523
Less: Unrealised loss on changes in value of investments	-	(521)
Other long-term investments - fair value	23	1,002

15. Long-term loans to other companies

As at 31 December 2018, a subsidiary had unsecured loans to other companies, amounting to approximately Baht 20.2 million (2017: Baht 21.2 million). The loans carry interest at a rate of THBFIX plus 1% per annum and are due for repayment end of June and December of every year with the last payment in June 2040.

16. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795	141,950	205,745	5,615	33,973	39,588
Less: Accumulated depreciation	-	(79,123)	(79,123)	-	(33,973)	(33,973)
Allowance for impairment	(4,838)	(58,755)	(63,593)	-	-	-
Net book value	<u>58,957</u>	<u>4,072</u>	<u>63,029</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

(Unit: Thousand Baht)

	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795	141,950	205,745	5,615	33,973	39,588
Less: Accumulated depreciation	-	(78,461)	(78,461)	-	(33,973)	(33,973)
Allowance for impairment	(4,838)	(58,755)	(63,593)	-	-	-
Net book value	<u>58,957</u>	<u>4,734</u>	<u>63,691</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	63,691	64,354	5,615	5,618
Depreciation for the year	(662)	(663)	-	(3)
Net book value at end of year	<u>63,029</u>	<u>63,691</u>	<u>5,615</u>	<u>5,615</u>

The fair value of land and office building of the Company as at 31 December 2018 was determined at approximately Baht 24 million (2017: Baht 26 million) using the income approach.

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 2018, the fair value of the land was determined to be Baht 95 million on the basis of market approach, while that of the building was determined to be Baht 62 million using the replacement cost approach. The fair value of the building was not determined based on the income approach because it is not used for rental (2017: Baht 95 million and Baht 62 million, respectively).

Key assumptions used in the valuation are summarised below.

	As at 31 December					
	Consolidated		Separate		Result to fair value where as an	
	financial statements		financial statements		increase in assumption value	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Yield rate (%)	-	-	7.5	7.0	Decrease in fair value	Decrease in fair value
Price per square wah (Baht)	160 - 7,200	160 - 7,200	290	290	Increase in fair value	Increase in fair value

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	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	
Cost								
1 January 2017	758,965	90,357	1,109,285	2,995,894	117,464	249,839	89,975	5,411,779
Additions	1,005	-	18,543	51,212	9,027	8,328	77,464	165,579
Capitalised interest	-	-	59	210	-	-	422	691
Disposals/write off	-	-	(445)	(65,848)	(1,545)	(21,238)	(80)	(89,156)
Transfer in (transfer out)	-	-	11,159	87,578	93	-	(98,830)	-
31 December 2017	759,970	90,357	1,138,601	3,069,046	125,039	236,929	68,951	5,488,893
Additions	-	-	17,123	38,343	3,344	13,462	47,417	119,689
Capitalised interest	-	-	141	661	-	-	43	845
Disposals/write off	-	-	(1,728)	(82,184)	(770)	(10,886)	-	(95,568)
Transfer in (transfer out)	13,992	-	20,064	41,190	788	7,726	(83,760)	-
31 December 2018	773,962	90,357	1,174,201	3,067,056	128,401	247,231	32,651	5,513,859

(Unit: Thousand 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
Accumulated depreciation								
1 January 2017	-	-	669,002	1,919,928	104,866	205,724	-	2,899,520
Depreciation for the year	-	-	51,855	152,167	4,865	19,555	-	228,442
Depreciation on disposals/write off	-	-	(445)	(43,676)	(1,537)	(20,707)	-	(66,365)
31 December 2017	-	-	720,412	2,028,419	108,194	204,572	-	3,061,597
Depreciation for the year	-	-	51,865	147,176	4,891	15,703	-	219,635
Depreciation on disposals/write off	-	-	(1,719)	(78,371)	(770)	(9,536)	-	(90,396)
31 December 2018	-	-	770,558	2,097,224	112,315	210,739	-	3,190,836
Allowance for impairment								
1 January 2017	14,638	-	-	83,678	159	37	-	98,512
Decrease during the year	-	-	-	(21,716)	-	-	-	(21,716)
31 December 2017	14,638	-	-	61,962	159	37	-	76,796
Increase during the year	5,873	-	-	-	-	-	-	5,873
31 December 2018	20,511	-	-	61,962	159	37	-	82,669
Net book value								
31 December 2017	745,332	90,357	418,189	978,665	16,686	32,320	68,951	2,350,500
31 December 2018	753,451	90,357	403,643	907,870	15,927	36,455	32,651	2,240,354
Depreciation for the year								
2017 (Baht 216.3 million included in manufacturing cost, and the balance in administrative expenses)								228,442
2018 (Baht 208.3 million included in manufacturing cost, and the balance in administrative expenses)								219,635

(Unit: Thousand 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
Cost							
1 January 2017	25,836	409,984	1,476,476	41,281	50,573	45,555	2,049,705
Additions	-	-	7,402	621	2,702	30,155	40,880
Disposals/write off	-	(445)	(21,278)	(1,270)	(6,585)	-	(29,578)
Transfer in (transfer out)	-	4,972	61,176	93	-	(66,241)	-
31 December 2017	25,836	414,511	1,523,776	40,725	46,690	9,469	2,061,007
Additions	-	91	10,803	431	5,383	15,290	31,998
Disposals/write off	-	(1,123)	(65,416)	(644)	(7,145)	-	(74,328)
Transfer in (transfer out)	-	4,289	12,655	707	-	(17,651)	-
31 December 2018	25,836	417,768	1,481,818	41,219	44,928	7,108	2,018,677

(Unit: Thousand 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
Accumulated depreciation							
1 January 2017	-	253,516	850,876	36,990	39,728	-	1,181,110
Depreciation for the year	-	13,597	75,426	1,433	4,788	-	95,244
Depreciation on disposals/write off	-	(445)	(21,040)	(1,266)	(6,501)	-	(29,252)
31 December 2017	-	266,668	905,262	37,157	38,015	-	1,247,102
Depreciation for the year	-	13,969	76,688	1,404	3,507	-	95,568
Depreciation on disposals/write off	-	(1,123)	(62,378)	(644)	(5,863)	-	(70,008)
31 December 2018	-	279,514	919,572	37,917	35,659	-	1,272,662
Allowance for impairment							
1 January 2017	-	-	-	-	-	-	-
Increase during the year	-	-	30	-	-	-	30
31 December 2017	-	-	30	-	-	-	30
31 December 2018	-	-	30	-	-	-	30
Net book value							
31 December 2017	25,836	147,843	618,484	3,568	8,675	9,469	813,875
31 December 2018	25,836	138,254	562,216	3,302	9,269	7,108	745,985
Depreciation for the year							
2017 (Baht 87.7 million included in manufacturing cost, and the balance in administrative expenses)							95,244
2018 (Baht 88.3 million included in manufacturing cost, and the balance in administrative expenses)							95,568

During the year 2018, the subsidiary capitalised borrowing costs amounting to Baht 0.8 million (2017: Baht 0.7 million) to the costs of plant enlargement and machinery installation. These borrowing costs were determined based on the borrowing costs of the general loans, and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 1.95% - 2.99% per annum (2017: 2.05% - 2.30% per annum).

As at 31 December 2018, 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 1,946 million (2017: Baht 1,845 million) and for the Company amounted to approximately Baht 780 million (2017: Baht 778 million).

As at 31 December 2018, a subsidiary had vehicles with net book value of Baht 1.0 million (2017: Baht 1.5 million) which were acquired under finance lease agreements.

18. Bearer plants

	Consolidated financial statements			(Unit: Thousand Baht)
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total	Separate financial statements Bearer plants ready for harvest
Cost				
1 January 2017	528,438	68,026	596,464	294
Additions	16,821	8,592	25,413	-
Write off	(170)	-	(170)	-
31 December 2017	545,089	76,618	621,707	294
Additions	16,455	-	16,455	-
Transfer in (out)	26,035	(26,035)	-	-
Write off	(1,810)	-	(1,810)	-
31 December 2018	585,769	50,583	636,352	294
Accumulated amortisation				
1 January 2017	381,487	-	381,487	82
Amortisation for the year	9,346	-	9,346	11
Amortisation on write off	(57)	-	(57)	-
31 December 2017	390,776	-	390,776	93
Amortisation for the year	10,473	-	10,473	12
Amortisation on write off	(949)	-	(949)	-
31 December 2018	400,300	-	400,300	105
Allowance for impairment				
31 December 2017	-	-	-	-
Allowance for impairment for the year	22,663	-	22,663	-
31 December 2018	22,663	-	22,663	-
Net book value				
31 December 2017	154,313	76,618	230,931	201
31 December 2018	162,806	50,583	213,389	189
Amortisation for the year (included in manufacturing cost)				
2017			9,346	11
2018			10,473	12

Approximately 13,265 rai of the total area utilised by the subsidiary is with 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 of 6,515 rai, which is 50% of the usable land and the request is under the consideration for the concession extension 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 fee at the rate of 10% of the market price of oil palm and forest maintenance fee at a rate of double the official royalty fee, when harvesting the planted oil palm crops.

19. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost	64,766	64,877	28,216	28,516
Less: Accumulated amortisation	(56,920)	(54,200)	(23,625)	(22,678)
Allowance for impairment	-	(394)	-	(394)
Net book value	<u>7,846</u>	<u>10,283</u>	<u>4,591</u>	<u>5,444</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	10,283	8,697	5,444	5,365
Acquisitions - cost	283	4,520	94	1,422
Allowance for impairment	-	(394)	-	(394)
Amortisation for the year	(2,720)	(2,540)	(947)	(949)
Net book value at end of year	<u>7,846</u>	<u>10,283</u>	<u>4,591</u>	<u>5,444</u>

20. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2018	2017	2018	2017	2018	2017
Short-term loans						
from financial						
institutions	1.85 - 2.25	1.78 - 2.15	450,000	1,480,000	-	570,000
Total			450,000	1,480,000	-	570,000

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

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties	330	255	86,634	145,167
Trade payables - unrelated parties	195,525	266,328	132,771	190,627
Other payables - related parties	3,763	6,561	-	-
Other payables - unrelated parties	87,942	97,844	45,986	58,246
Advance received from related parties	-	85	74	119
Other payables for purchases of machinery	6,789	9,143	1,433	3,070
Accrued expenses	110,578	115,149	66,701	75,379
Total trade and other payables	404,927	495,365	333,599	472,608

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Advance income	13,357	28,613	2,409	15,870
Accrued dividend	3,112	3,683	580	591
Others	8,495	8,226	586	389
Total other current liabilities	24,964	40,522	3,575	16,850

23. Long-term loans

(Unit: Million Baht)

Loan facilities	Consolidated		Separate		Interest rate (Percent per annum)	Repayment schedule	Security
	financial statements 2018	financial statements 2017	financial statements 2018	financial statements 2017			
<u>The Company and its subsidiary</u>							
1. 245.10	-	96.01	-	96.01	3M BIBOR+1	Repayment in 12 quarterly installments, starting 3 months after the last drawdown	No collateral
2. 100.00	12.50	37.50	-	-	THBFIX	Repayment in 15 quarterly installments, starting September 2015	No collateral
3. 100.00	66.64	-	-	-	THBFIX	Repayment in 24 quarterly installments, starting May 2018	No collateral
4. 100.00	66.67	-	-	-	BIBOR + 0.85%	Repayment in 24 quarterly installments, starting May 2018	No collateral
Total long-term loans	145.81	133.51	-	96.01			
Less: Current portion	(112.54)	(103.00)	-	(78.00)			
Long-term loans - net of current portion	33.27	30.51	-	18.01			

Movement of the long - term loan account during the year ended 31 December 2018 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	133,513	96,013
Add: Additional borrowings	200,000	-
Less: Repayment	(187,706)	(96,013)
Balance as at 31 December 2018	<u>145,807</u>	<u>-</u>

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.

24. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Liabilities under finance lease agreements	491	1,026
Less: Deferred interest expenses	(17)	(70)
Total	<u>474</u>	<u>956</u>
Less: Portion due within one year	<u>(474)</u>	<u>(573)</u>
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>383</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: Million Baht)

As at 31 December 2018

	Less than		
	1 year	1 - 4 years	Total
Future minimum lease payments	0.5	-	0.5
Deferred interest expenses	-	-	-
Present value of future minimum lease payments	0.5	-	0.5

(Unit: Million Baht)

As at 31 December 2017

	Less than		
	1 year	1 - 4 years	Total
Future minimum lease payments	0.7	0.4	1.1
Deferred interest expenses	(0.1)	-	(0.1)
Present value of future minimum lease payments	0.6	0.4	1.0

25. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	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	129,952	2,386	132,338	55,325	1,152	56,477
Current service cost	10,348	204	10,552	10,366	213	10,579
Interest cost	3,459	50	3,509	3,556	55	3,611
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	17,380	130	17,510
Financial assumptions changes	-	-	-	15,549	187	15,736
Experience adjustments	-	-	-	51,046	1,322	52,368
Benefits paid during the year	(26,968)	(280)	(27,248)	(23,270)	(673)	(23,943)
Provision for long-term employee benefits at end of year	<u>116,791</u>	<u>2,360</u>	<u>119,151</u>	<u>129,952</u>	<u>2,386</u>	<u>132,338</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	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	68,420	2,386	70,806	23,780	1,152	24,932
Current service cost	5,135	204	5,339	6,562	213	6,775
Interest cost	1,548	50	1,598	1,760	55	1,815
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	7,972	130	8,102
Financial assumptions changes	-	-	-	9,115	187	9,302
Experience adjustments	-	-	-	32,761	1,322	34,083
Benefits paid during the year	(9,451)	(280)	(9,731)	(13,530)	(673)	(14,203)
Provision for long-term employee benefits at end of year	65,652	2,360	68,012	68,420	2,386	70,806

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	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	10,348	204	10,552	10,366	213	10,579
Interest cost	3,459	50	3,509	3,556	55	3,611
Actuarial loss recognised during the year	-	-	-	-	1,639	1,639
Total expenses recognised in profit or loss	13,807	254	14,061	13,922	1,907	15,829
Line items in profit or loss under which such expenses are included						
Cost of sales			7,317			6,618
Selling and administrative expenses			6,744			9,211

(Unit: Thousand Baht)

Separate financial statements

	2018			2017		
	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	5,135	204	5,339	6,562	213	6,775
Interest cost	1,548	50	1,598	1,760	55	1,815
Actuarial loss recognised during the year	-	-	-	-	1,639	1,639
Total expenses recognised in profit or loss	6,683	254	6,937	8,322	1,907	10,229
Line items in profit or loss under which such expenses are included						
Cost of sales			2,196			3,165
Selling and administrative expenses			4,741			7,064

The Company and its subsidiaries expect to pay Baht 9.1 million of long-term employee benefits during the next year (Separate financial statements: Baht 3.4 million) (2017: Baht 18.8 million, separate financial statements: Baht 11.4 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 13 - 19 years (Separate financial statements: 10 years) (2017: 10 - 16 years, separate financial statements: 10 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.50 - 4.80	2.50 - 4.80	2.50	2.50
Salary increase rate	2.0 - 5.0	2.0 - 5.0	5.0	5.0
Staff turnover rate (depending on age)	0 - 50	0 - 50	0 - 40	0 - 40

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

(Unit: Million Baht)

As at 31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4.89)	5.66	(1.98)	2.52
Salary increase rate	5.68	(5.41)	2.29	(2.26)
Staff turnover rate	(2.67)	2.89	(0.20)	0.21

(Unit: Million Baht)

As at 31 December 2017

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(5.40)	6.27	(2.11)	2.69
Salary increase rate	5.57	(5.29)	1.74	(1.70)
Staff turnover rate	(5.59)	6.04	(1.90)	2.01

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 33.6 million (The company only: Baht 12.6 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

26. 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.

27. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	4,847,168	6,236,649	3,639,391	4,711,549
Changes in inventories of finished goods and work in process	(316,446)	(37,128)	(304,305)	(21,409)
Salary and wages and other employee benefits	720,917	746,899	272,195	290,129
Depreciation and amortisation	233,489	240,992	96,527	96,207
Promotion expenses	197,622	218,805	114,925	146,835
Transportation expenses	175,927	168,649	105,800	101,485
Repair and maintenance expenses	109,525	38,114	22,030	16,004
Rental expenses from operating lease agreements	47,456	46,144	6,276	5,480
Loss on exchange	121	14,280	121	417

28. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	78,935	72,820	42,129	24,610
Adjustment in respect of income tax expenses of previous year	(222)	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	695	(3,851)	541	625
Income tax expenses reported in the statements of comprehensive income	79,408	68,969	42,670	25,235

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to gain or loss on change in value of available-for-sale investments	104	66	104	66
Deferred tax relating to actuarial loss	-	(16,795)	-	(9,970)
Income tax charged directly to other comprehensive income	104	(16,729)	104	(9,904)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>467,731</u>	<u>469,761</u>	<u>382,567</u>	<u>265,684</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	114,126	100,801	76,513	53,137
Adjustment in respect of current income tax of previous year	(222)	-	-	-
Effects of:				
Promotional privileges (Note 29)	(12,566)	(23,070)	(12,566)	(21,467)
Share of gain (loss) from investment in joint venture	(1,901)	2,038	-	-
Non-deductible expenses	1,175	1,342	460	869
Additional expense deductions allowed	(21,972)	(7,443)	(21,601)	(7,304)
Tax loss for the year unrecognised as deferred tax assets	910	-	-	-
Tax loss brought forward which was unrecognised as deferred tax assets and utilised during the year	-	(4,167)	-	-
Others	(142)	(532)	(136)	-
Total	<u>(34,496)</u>	<u>(31,832)</u>	<u>(33,843)</u>	<u>(27,902)</u>
Income tax expenses reported in the statements of comprehensive income	<u>79,408</u>	<u>68,969</u>	<u>42,670</u>	<u>25,235</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	19,022	18,910	3,554	3,559
Allowance for diminution in inventory value	4,777	3,797	-	-
Allowance for impairment loss of investment in associated company	2,400	2,400	-	-
Unrealised loss on changes in value of available-for-sale investments	-	104	-	104
Allowance for asset impairment	8,939	3,287	85	85
Provision for long-term employee benefits	23,885	26,500	13,658	14,194
Provision for land rental	247	202	-	-
Unused tax loss	6,937	-	-	-
Total	66,207	55,200	17,297	17,942
Deferred tax liabilities				
Change in fair value of biological assets	14,992	3,186	-	-
Total	14,992	3,186	-	-
Total deferred tax assets - net	51,215	52,014	17,297	17,942

As at 31 December 2018, the subsidiary had deductible temporary differences and unused tax losses totaling Baht 207 million (2017: Baht 302 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 subsidiary amounting to Baht 81 million will gradually expire by 2022.

29. 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>
2093(2)/2550	Manufacture of pure vegetable oil
59-1529-0-05-1-0	Manufacture of 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. 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 and certificate No. 59-1529-0-05-1-0 which has been exempted from corporate income tax on income from the promoted operations for a period of three years from the date of first earning operating income, up to a maximum of 50 percent of the amount invested, excluding land and working capital).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2018 and 2017 were as follows:

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales and service income						
Domestic sales and service income	3,180,922	3,557,055	2,096,474	2,700,506	5,277,396	6,257,561
Export sales	51,542	31,597	243,661	164,464	295,203	196,061
Total sales and services	<u>3,232,464</u>	<u>3,588,652</u>	<u>2,340,135</u>	<u>2,864,970</u>	<u>5,572,599</u>	<u>6,453,622</u>

30. 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		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to equity holders of the Company (Thousand Baht)	381,677	404,106	339,897	240,449
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.47	0.49	0.41	0.29

31. 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 two reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment, which includes the generation of electricity from biogases, the by-products from palm oil manufacturing.
- (2) The manufacture and distribution of processed fruits and vegetables segment

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 revenues, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Segment				Total		Elimination of inter-segment transactions		Consolidated	
	Palm oil		Processed fruits and vegetables		2018	2017	2018	2017	2018	2017
	2018	2017	2018	2017						
Revenues from external customers	5,188	6,189	2,112	2,362	7,300	8,551	-	-	7,300	8,551
Intersegment revenues	423	308	519	638	942	946	(942)	(946)	-	-
Interest expenses	(14)	(24)	(9)	(13)	(23)	(37)	-	-	(23)	(37)
Depreciation and amortisation	(161)	(171)	(72)	(70)	(233)	(241)	-	-	(233)	(241)
Income tax expenses	(43)	(23)	(36)	(46)	(79)	(69)	-	-	(79)	(69)
Segment profit	658	629	568	672	1,226	1,301	2	(1)	1,228	1,300
Segment total assets	5,399	6,133	1,463	1,611	6,862	7,744	(1,709)	(1,704)	5,153	6,040
Investment in associates and joint ventures accounted for by the equity method	39	32	-	-	39	32	-	-	39	32
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	(116)	(131)	(16)	10	(132)	(121)	-	-	(132)	(121)
Segment total liabilities	742	1,692	558	780	1,300	2,472	(108)	(162)	1,192	2,310

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

Geographic information

During the year 2018, the Company's and its subsidiaries' sales represent domestic sales of 76 percent (2017: 79 percent) and export sales of 24 percent (2017: 21 percent).

Major customers

For the years 2018 and 2017, the Company and its subsidiaries have no major external customer with revenue of 10 percent or more of an entity's revenues.

32. 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 2018 by the Company and the subsidiaries amounting to Baht 12.2 million (2017: Baht 11.8 million) were recognised as expenses, the Company only: Baht 5.5 million (2017: Baht 5.4 million).

33. Dividends

During the year ended 31 December 2018 and 2017, the Company and its subsidiaries had dividend payments as follows:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2018</u>			
Dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	147.60	0.18
Total dividends for the year 2018		147.60	0.18
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders on 26 April 2017	82.00	0.10
Total dividends for the year 2017		82.00	0.10

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>Subsidiaries</u>			
<u>For the year 2018</u>			
Dividend on 2017 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 27 April 2018	32.40	0.10
Total dividends for the year 2018		32.40	0.10
Dividend on 2017 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 26 April 2018	63.00	1.20
Total dividends for the year 2018		63.00	1.20
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2017	48.60	0.15
Total dividends for the year 2017		48.60	0.15

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to Baht 48.3 million (2017: Baht 26.3 million), the Company only: Baht 16.1 million (2017: Baht 0.7 million).

34.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the leases of office building space, equipment and motor vehicles. Operating lease agreements are non-cancelable. The terms of the agreement are generally between 1 year and 5 years.

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>2018</u>	<u>2017</u>
Payable:		
Within 1 year	34.0	33.0
In over 1 year and up to 5 years	38.4	63.4
In over 5 years	13.0	15.0

34.3 Guarantees

As at 31 December 2018, 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 10.5 million to guarantee import, electricity use, among others (2017: Baht 12.3 million) and for the Company: Baht 1.5 million to guarantee electricity use, among others (2017: Baht 2.3 million).

34.4 Land exploit right

- (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 2018 totally Baht 9 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 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.

34.5 Litigation

In July 2018, Krabi prosecutor filed a lawsuit against United Palm Oil Industry Public Company Limited ("the subsidiary") with the Court, alleging that the subsidiary utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9 and Section 108 Bis of the Land Code B.E. 2497, Revolutionary Council Decree No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor asked the Court to give an eviction order to the subsidiary. Currently, a date for witness examination in this case will be in June 2019.

According to the law-suit, in the case where the subsidiary is ordered by the Court to return the land, the damage which will arise from the cost of land and palm plantation is Baht 28.5 million. The management of the subsidiary has determined the allowance for such damage and has set aside the full amount of allowance in the consolidated financial statements for the current year.

35. Fair value hierarchy

As at 31 December 2018 and 2017, 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			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	81	38	119
Assets for which fair value is disclosed				
Investment properties	-	-	157	157

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	-	1	-	1
Biological assets	-	53	18	71
Assets for which fair value is disclosed				
Investment properties	-	-	157	157

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	988	-	-	988
Investment properties	-	-	24	24

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	-	1	-	1
Assets for which fair value is disclosed				
Investments in subsidiaries	1,125	-	-	1,125
Investment properties	-	-	26	26

36. Financial instruments

36.1 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 they have 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 2018 and 2017 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 2018					
	Fixed interest				
	rate within one year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	185	12	197	0.05 - 0.50
Trade and other receivables	-	-	882	882	-
Long-term loans to other companies	-	20	-	20	THBFIX + 1
	-	205	894	1,099	
Financial liabilities					
Short-term loans from financial institutions	270	180	-	450	1.85 - 2.25
Trade and other payables	-	-	405	405	-
Long-term loans	-	146	-	146	THBFIX, BIBOR + 0.85
	270	326	405	1,001	

(Unit: Million Baht)

As at 31 December 2017					
	Fixed interest				
	rate within one year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	30	372	12	414	0.05 - 1.13
Trade and other receivables	-	-	1,105	1,105	-
Long-term loans to other companies	-	21	-	21	THBFIX + 1
	30	393	1,117	1,540	
Financial liabilities					
Short-term loans from financial institutions	970	510	-	1,480	1.78 - 2.15
Trade and other payables	-	-	495	495	-
Liabilities under finance lease agreements	1	-	-	1	7.15
Long-term loans	-	134	-	134	3 M BIBOR + 1, THBFIX
	971	644	495	2,110	

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		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.7	5.8	0.4	0.7	32.4498	32.6809
Euro	0.3	0.2	-	0.1	36.7620	39.0273

Forward exchange contracts outstanding as at 31 December 2018 and 2017 are summarised below.

As at 31 December 2018				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.3	0.2	32.4340 - 32.8000	March - June 2018
Euro	0.1	-	37.6100	Within February 2019

As at 31 December 2018				
Foreign currency	Bought amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.1	0.1	32.9860	Within April 2019

As at 31 December 2017				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	1.1	0.5	32.5000 - 32.7500 (Baht per 1 foreign currency unit)	January - June 2018
Euro	0.2	-	38.4500 - 38.9000	March - May 2018

As at 31 December 2017				
Foreign currency	Bought amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.7	0.7	33.0300 - 33.0500 (Baht per 1 foreign currency unit)	Within January 2018

36.2 Fair values of financial instruments

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

37. 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 2018, the Group's debt-to-equity ratio was 0.30:1 (2017: 0.62:1) and the Company's was 0.14:1 (2017: 0.42:1).

38. Events after the reporting period

On 22 February 2019, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2018 profit of Baht 0.25 per share, or a total of Baht 205 million.

On 21 February 2019, 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 in respect of 2018 profit of Baht 0.08 per share, or a total of Baht 25.9 million.

On 21 February 2019, 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 2018 profit of Baht 1.20 per share, or a total of Baht 63 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.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2019.