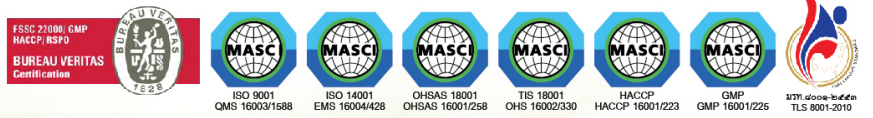


Annual Report 2019

RESPONSIBILITY / QUALITY / HEALTHY / WELLNESS



ANNUAL REPORT 2019 OF LAM SOON (THAILAND) PLC.

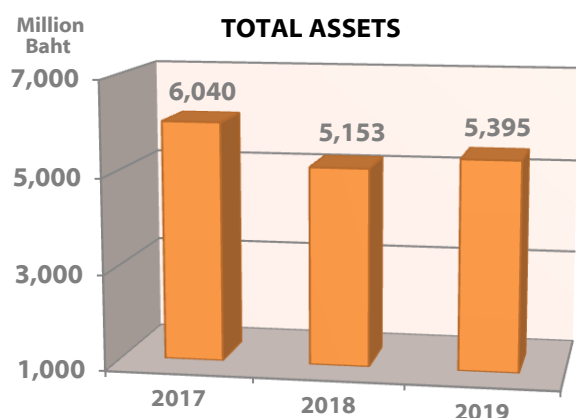
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**Investors may study more information on the Company from
the Annual Registration Statement (FORM 56-1) published on
www.sec.or.th or www.lamsoon.co.th**

FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

(Unit : Million Baht)

	2017	2018	2019
Total Assets	6,040	5,153	5,395
Total Liabilities	2,310	1,192	1,190
Shareholders' Equity	3,730	3,961	4,205
Sales	8,551	7,204	6,398
Total Revenues	8,639	7,309	6,457
Gross Profit	1,300	1,132	1,282
Net Profit of equity holders of the Company	404	382	482

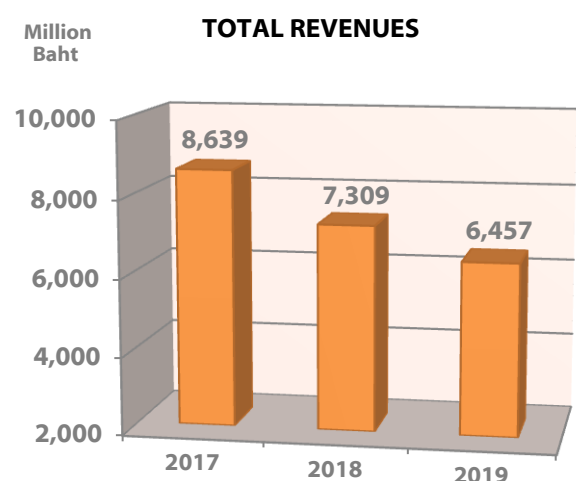


Total assets increased by 4.7% mainly because:-

- 1) Cash and cash equivalents at Group level was 664.2 million Baht, increasing by 466.8 million Baht or 236.5%.
- 2) Property, plant, and equipment increased by 43.9 to 2,284.3 million Baht.
- 3) Trade and others receivables increased by 7.4 million Baht or 0.8%.
- 3) Inventory decreased by 237.5 million Baht or 22.0%



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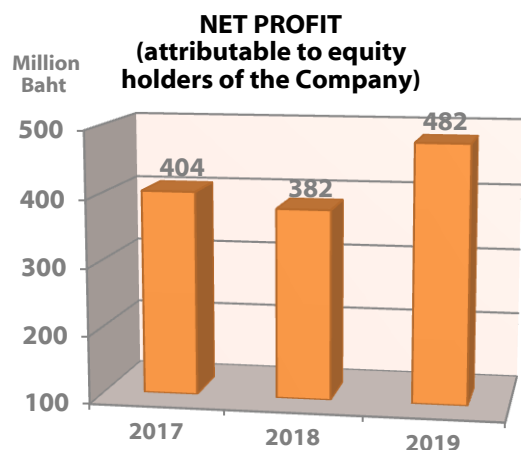


Total revenues decreased by 852.2 million Baht from:

- 1) Sales of the Company and its subsidiaries decreased by 806.6 million Baht or 11.2%.
- 2) Other income decreased by 6.4 million Baht or 9.7%.



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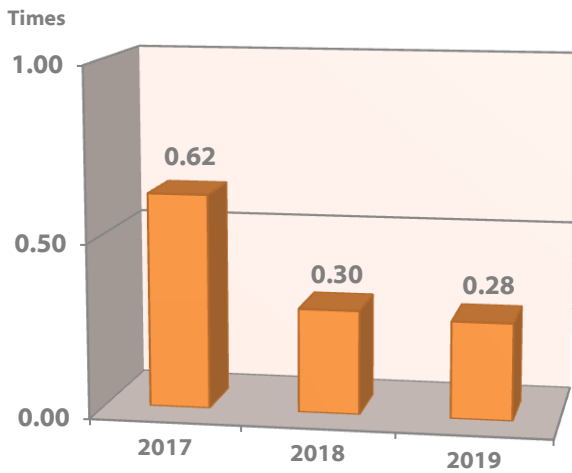
Net profit (attributable to equity holders of the Company) increased by 100.4 million Baht or 26.3%, with higher net profit margin of 7.47%.



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FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

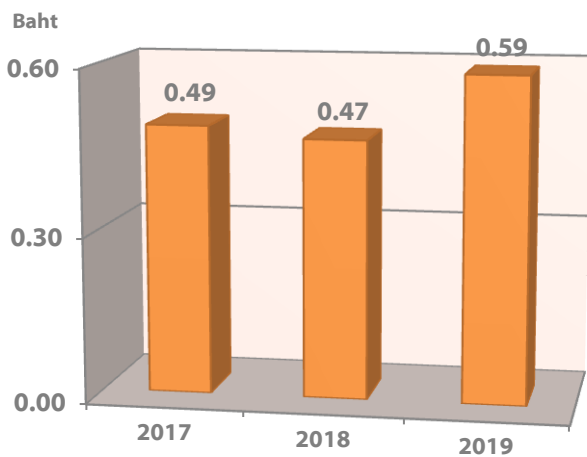
TOTAL DEBT TO EQUITY RATIO



Total debt to equity ratio decreased to 0.28 times in 2019 (2018 : 0.30 times).

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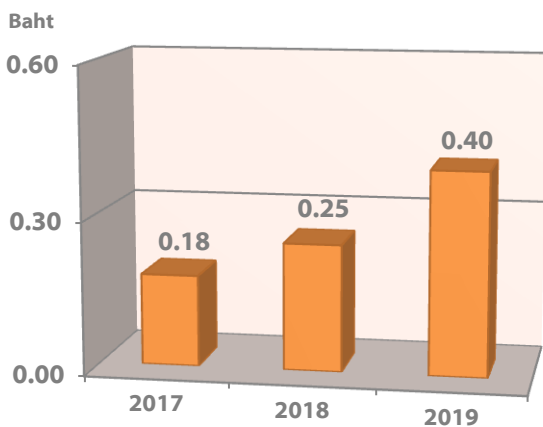
EARNINGS PER SHARE



Earnings per share: Increased from 0.47 in 2018 to 0.59 Baht per share.

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DIVIDEND PER SHARE



Dividend per share: Pursuant to the resolution of BOD meeting on 21 February 2020, dividend per share of 0.40 Baht is proposed to be paid for the financial year 2019, subject to approval at AGM no. 1/2020.

This would represent a payout ratio of 64.4% 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 : %)

	2017	2018	2019
Profit Margin Contributable to Equity holders	4.68	5.22	7.47
Return on Equity (Average)	11.91	10.52	12.41
Return on Total Assets (Average)	6.69	6.94	9.11

PER SHARE DATA

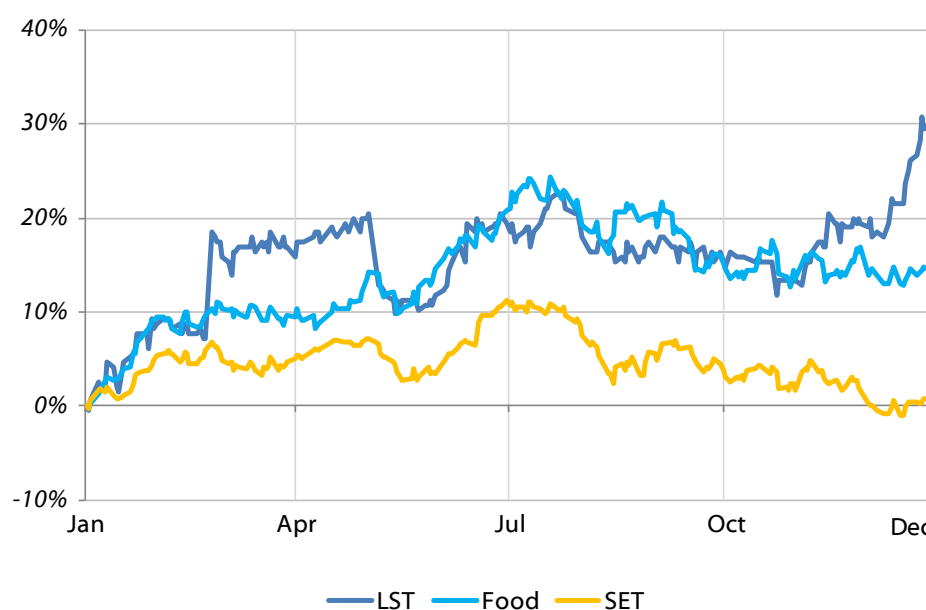
(Unit : Baht)

	2017	2018	2019
Earnings per Share	0.49	0.47	0.59
Dividend Paid per Share	0.10	0.18	0.25
Dividend per Share (operational year)	0.18	0.25	0.40 ⁽ⁱ⁾
Book Value per Share	3.60 ⁽ⁱⁱ⁾	3.83 ⁽ⁱⁱ⁾	4.20 ⁽ⁱⁱ⁾

Notes : ⁽ⁱ⁾ According to the resolution of BOD meeting on 21 February 2020, to be proposed to AGM no.1/2020

⁽ⁱⁱ⁾ Based on the Company only

2019 STOCK PRICE PERFORMANCE





2019 Overview

In 2019, the global supply of FFB and CPO remained abundant. CPO production increased by 5-6% to 74 million MT (2018 : 70 million MT).

The output of FFB in the Kingdom was around 16.66 million MT, increasing by 8.2% compared to the previous year. In 2019, total CPO production in the Kingdom was the highest recorded at 3 million MT (2018 : 2.8 million MT). Monthly CPO price in the Kingdom in 2019 ranged between 14.76 – 29.75 Baht/Kg. The annual average CPO price was 18.23 Baht/Kg (2018 : 19.57 Baht/Kg).

During the first nine months, CPO stock nationwide was maintained at a high level and the average monthly price was as low as 16.72 Baht/Kg. The key concerns pressing down the market included the palm oil stock nationwide maintaining at a high level, anti-palm oil campaigns in EU and the West, the EU applying a new biodiesel levy on biofuel produced from Indonesia, trade tension between the United States and China, and hike in the import duty of palm oil in India.

However, CPO price in the Kingdom started rising from mid-October onwards in tandem with global CPO price. This was due to several factors. One was the decision of Indonesia and Malaysia to increase the biodiesel mandate from the current to B20 and B30 respectively. Domestically, the announcement of the CPO purchased for electricity production by Electricity Generating Authority of Thailand (EGAT), and enforcing B10 biodiesel to become the primary diesel from 1 January 2020 onwards with B7 and B20 as alternatives enhanced the stability of CPO price.

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. do research and development to 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. Besides, there are plans to extend the product range into the organic food categories.
3. work with other brand owners to widen our product offering and enhance distribution synergies. In addition, your Company intends to explore new markets overseas. It is expected that such a move would enhance the existing businesses and further create sustainable growth of your Company.

Company's Performance

In 2019, your Company recorded sales revenue at 4,563.0 million Baht, a decrease of 481.1 million Baht or 9.54% (2018: 5,044.1 million Baht); dividends received by the Company from two subsidiaries amounted to 80.4 million Baht, a decrease of 4.5 million Baht.

Your Company recorded gross profit at 916.3 million Baht, an increase of 255.4 million Baht (2018 : 660.9 million Baht). As a consequence, your Company recorded a net profit of 509.0 million Baht, an increase of 169.1 million Baht or 49.8% (2018 : 339.9 million Baht).

United Palm Oil Industry Public Company Limited (UPOIC), a 69.96% subsidiary of the Company, recorded a net loss of 3.6 million Baht (2018 : net profit at 14.0 million Baht) on revenue of 545.8 million Baht (2018 : 628.6 million Baht). FFB crops from its own plantations increased by 18.3% and that from the concession lands increased by 2.0%. As such, the total own crops was higher by 11.4% when compared with the previous year.

At Universal Food Public Company Limited (UFC), a 98.83% subsidiary of the Company, sales revenue decreased by 11.9% to 1,719.6 million Baht (2018 : 1,952 million Baht). Domestic sales revenue fell as demand for juices and canned fruit contracted. Export revenue was adversely impacted by the depreciation of the USD versus Baht (by about 4 %) and intense price pressures from competitors. Consequently, the net profit from operation dropped by 59.42 % to 61.2 million Baht (2018 :151 million Baht).

MESSAGE FROM THE CHAIRMAN AND THE MANAGING DIRECTOR

Overall, the consolidated profit for the year increased from 388.3 million Baht in 2018 to 480.5 million Baht, or an increase of 23.7%.

Production and Investment

To maintain your Company's competitiveness, the management has been focused on improving and enhancing operational efficiency. To this end, your Company continued to carry out its investment programme in 2019 namely the improvement of energy-saving in its Bangpoo Refinery. A project to reduce consumption of raw material was implemented. The commissioning of all projects was completed and started running in 2019.

UFC invested in an automatic pick-n-place of cans to carton box, fill-n-seal machine for new products in plastic EVOH cups and a new homogenizer for beverages and plant-based milk drinks. All the projects were successfully completed in 2019.

Marketing

Healthy and organic food categories are expected to grow rapidly not only in the global market but also in Thailand. Accordingly, your Company continues to develop product with the perspective and needs of customer.

In response to the trend, your Company, as a leader in the vegetable oil market under the "Yok" brand, seize this opportunity by extending "Naturel" range to healthy products such as Extra Virgin Olive Oil and Olive Oil spray.

Besides, margarine and shortening products have been developed for bakery applications, which have also been identified as a growing market trend. In 2019, your Company launched the new Margarine Zest Gold (fresh butter-flavored formula) in a smaller pack size under the "Convenient and Compact" concept. The value-added product highlights Zest's leadership in the market segment.

Additionally, your Company aims to create more business opportunities by collaborating with business partners who have the potential to offer product by using our access to a broad channel.

Sustainability and Community

Your Company is committed to operate with integrity, transparency, fair treatment towards stakeholder and recognise the importance on the concern for society, and the environment. It is also determined to enhance the quality of the community where it operates. The major projects which have been always conducted on every year include:-

- Local activities to enhance your Company's image and develop relationship between its factories and nearby communities
- Activities to promote and preserve the cultural heritage of Thailand
- Local youth sports day
- Donation to various local causes

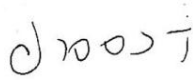
Human Resources and Corporate Culture

Your Company emphasises human resource management by focusing on supporting and enhancing the employees' working potential to achieve the Company's business goals. Your Company implements Pay for High Performance System to drive the organisation towards an organisation with efficient work and High-Performance Driving Culture.

Taking care of employees is consistently and equally applied at all levels. In 2019, your Company was granted the Outstanding Labour Relations and Labour Welfare Award for the second consecutive year and certified the management system of Thai labour for the fifth straight year. To enhance employee skill with knowledge and ability is a part of Company's goal by encouraging employee to take on new challenging tasks through various projects in order to develop their potential to be ready for competition and change in the present day.

MESSAGE FROM THE CHAIRMAN AND THE MANAGING DIRECTOR

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

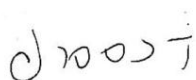
The Audit Committee comprised three independent directors as follows:

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 2019, 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 2019, 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 2019 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 2019 annual audit plan;
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 2020 Annual General Meeting of Shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2020 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
21 February 2020

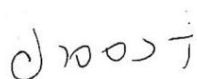
REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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 2019 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, 2019.

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 who 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.

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

Be 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 2019, 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	3/4
(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 2019, 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	2019-2022	2/2
(2) Mr. Banchong Chittchang	Independent Director	2019-2022	2/2
(3) Mr. Whang Shang Ying	Executive Director	2019-2022	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 2019, the Nomination Committee held 6 meetings, 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	5/6
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2017-2020	5/6
(3) Mr. Banchong Chittchang	Independent Director	2017-2020	6/6
(4) Lackana Leelayouthayotin, Ph.D.	Independent Director	2019-2020	5/5
(5) Mr. Whang Shang Ying	Executive Director	2017-2020	5/6

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.

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

1. To assist the Board in setting a policy of risk management, including annually agreeing risk tolerance and appetite levels, in liason with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
2. 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;
3. 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;
4. 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;
5. 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;
6. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;
7. 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;
8. 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;
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

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- 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.

In 2019, the Risk Management Committee held 2 meetings, with the attendance of each member shown as below:-

Name	Position	Service Period	Attendance / Total Meetings
(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer	2019-2022	2/2
(2) Ms. Piyathida Sukchan	Executive Director	2019-2022	2/2
(3) Mr. Virat Suwannarat	Vice President Human Resources	2019-2022	2/2
(4) Mr. Nattapong Mathakun	Bangpoo Plant Manager	2019-2022	2/2

On 8 August 2019, the Board of Directors approved the appointment of Mr. Nattapong Mathakun, Bangpoo Plant Manager, to be a member of the Risk Management Committee.

4. Board of Directors' Meeting

The Company shall arrange the board meeting of more than 6 times a year, or 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 within 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. Furthermore, the Chairman allows each director to express his/her opinions freely. In case of a director having a stake in a matter being considered, the director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter. At least 2/3 of the total number of directors shall be presented to form a quorum at the time of the Board passing a resolution.

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In 2019, the Board of Directors held 7 meetings. The attendance of each member is as follows:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Independent Director and Chairman of Board of Directors	2017-2020	6/7
(2) Ms. Anchalee Suebchantasiri	Managing Director	2018-2021	7/7
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2018-2021	7/7
(4) Mr. Banchong Chittchang	Independent Director	2017-2020	7/7
(5) Lackana Leelayouthayotin, Ph.D.	Independent Director	2019-2022	7/7
(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director	2017-2020	4/7
(7) Mr. Whang Shang Ying	Executive Director	2018-2021	7/7
(8) Ms. Piyathida Sukchan	Executive Director and Company Secretary	2019-2022	7/7
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant	2019-2022	7/7

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 2019, 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 2019, 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

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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 2019, overall evaluation results of the six categories indicated **"Very Good"**.

The average score of 2019 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.

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	2018		2019	
	No. of Persons	Baht	No. of Persons	Baht
Board of Directors	9	4,184,400	9	4,323,880
Audit Committee	3	1,252,800	3	1,294,560
Remuneration Committee	3	131,100	3	137,655
Nomination Committee	4	87,600	5	114,975

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.

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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 2019 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	2018		2019	
	No. of Persons	Baht	No. of Persons	Baht
Executives	9	73,493,440	8	77,962,410

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

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

Remuneration received from subsidiary Companies	2018		2019	
	No. of Persons	Baht	No. of Persons	Baht
As directors of subsidiaries	4	2,069,256	3	1,802,800
As executives of subsidiaries	3	6,990,000	2	6,855,000

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.

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In 2019, 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	Asian Financial Forum 2019 in Hong Kong AICD Australian Governance Summit 2019 Conference in Sydney, Australia Thai IOD Independent Director Forum Thai IOD Directors' Briefing: Strategic Foresight Thai IOD National Conference: Boards of the Future Thai IOD Audit Committee Forum National Conference on Collective Action Against Corruption Thai IOD Talk: Internal Audit in Digital Age Visit Lam Soon - An Long Food in Vietnam	To follow up the economic and financial trends of Asian and global To study the problems and practices for director regarding good governance and business sustainability To study good practices for independent director To study director role to get ready for the strategic changes To study practices to be an effective director to get ready for the future To study good practices for the audit committee To study good practices for the Collective Action Against Corruption To study new practices regarding internal control To visit the business in Vietnam, in which Lam Soon Singapore invested
2.	Ms. Piyathida Sukchan	Executive Director	Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2019) in Kuala Lumpur, Malaysia	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.	Ms. Somrak Krajangsod	Vice President – Account and Finance and Secretary to the Audit Committee	Company Secretary Program (CSP) 97/2019 from Thai Institute of Directors (IOD)	The program touches upon responsibilities of company secretaries and other pivotal functions to help them carry out their board supporting roles successfully, including the introduction of corporate governance framework along with key issues which may occur in their works.

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. Vice President – Account and Finance Manager 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 sensitivity. Procedures are stated as the Company's policy namely Policy and Practice toward stakeholders, and published on the Company's website as follows:-

- Policy and Practice toward 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
- 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 2019, 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 2019, the average training hours of employees was 7.23 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.

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.

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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.

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).

The Audit Committee has appointed Dr. Virach & Associates Office to be the Company's outsourced internal auditor. The service contract is subject to the renewal every 2 years. The internal auditor shall report directly to the Audit Committee every quarter.

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

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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 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;

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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 which will be reviewed by the Audit Committee before presenting 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 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-

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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. One or more shareholders holding shares in aggregate of at least ten (10) percent of the total number of issued shares may together join the name list in writing to request to the Board of Directors to call for an extraordinary meeting at any time. However, it is necessary to specify the subject and the reasons for calling such meeting to be clearly stated in such request. The Board of Directors shall proceed to call a shareholders' meeting to be held within forty-five days from 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 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.

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- 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 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).

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The Implementation of Corporate Governance Code for Listed Companies

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.

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 : 2
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, 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).

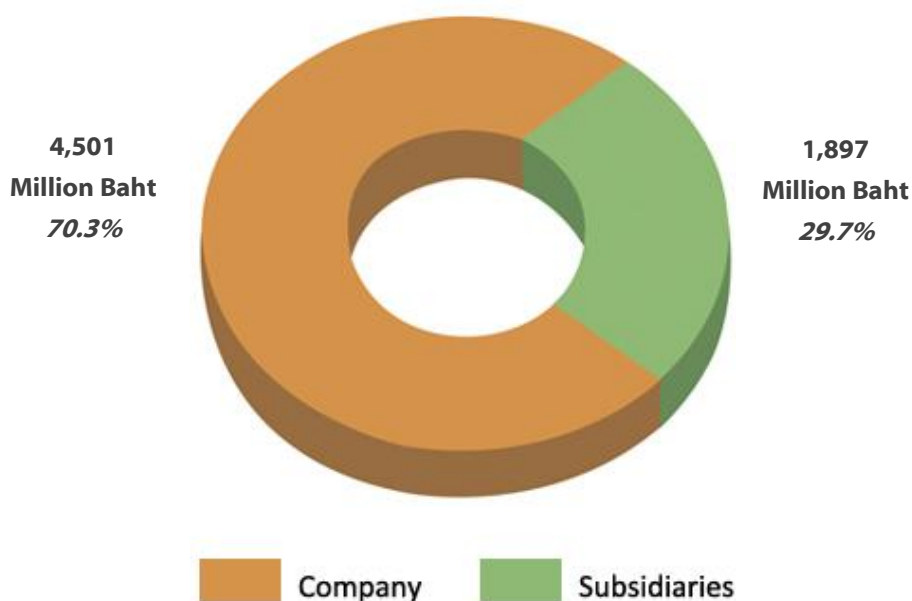
For the Company's above product line, Processed Palm Oil has contributed 59.4% of its total sales, while the Company currently has approximately 10 - 15% market share in the palm oil business (measured by CPO volume purchase).



NATURE OF BUSINESS

Revenue structure

	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Company	5,733	67.0	4,973	69.0	4,501	70.3
Subsidiaries	2,818	33.0	2,231	31.0	1,897	29.7
Total	8,551	100.0	7,204	100.0	6,398	100.0



Product/Services by Group	Operated by	2017		2018		2019	
		Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Crude Palm Oil	LST and UPOIC	487	5.69	206	2.86	103	1.61
Other Vegetable oil		4,547	53.18	4,272	59.30	3,802	59.42
Margarine and Shortening	LST	675	7.89	635	8.81	655	10.24
Other palm based products	LST and UPOIC	471	5.51	56	0.78	39	0.61
Selling Electricity power to PEA	LST and UPOIC	9	0.11	6	0.09	9	0.15
Beverages	UFC and LST ⁽ⁱ⁾	1,470	17.19	1,264	17.55	1,094	17.10
Fruits and Vegetables		776	9.07	654	9.07	586	9.16
Sauces and Seasonings and others		117	1.36	111	1.54	110	1.71
Total Sales - Net		8,551		7,204		6,398	

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 NC Member and RMC Member

- 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. Following this appointment, the Nomination Committee now comprises a majority of independent directors.
- On 8 August 2019, the Board of Directors approved the appointment of Mr. Nattapong Mathakun, Bangpoo Plant Manager, to be a member of the Risk Management Committee.

2. Litigation : Krabi Prosecutor Filed a Lawsuit Against the Subsidiary

In July 2018, the Krabi prosecutor filed a lawsuit against a subsidiary, United Palm Oil Industry Public Company Limited, alleging that it utilised 4,376 rai of land reform area for oil palm plantation, in a violation of Section 9, 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 content has been disclosed in the Notes to interim financial statements for the three-month and six-month periods ended 30 June 2018 onwards.

On 2 August 2019, the Krabi Provincial Court ordered the dismissal of the case but the subsidiary is ordered by the Court to return the land. Currently, the appeal is on process as presented in Note 36.5. However, the damage which arises from the cost of land and palm plantation is 28.5 million Baht. The subsidiary has made an allowance for the full amount of such damage.

3. Order of Krabi Provincial Agricultural Land Reform Office : The Subsidiary to Vacate The Land With Title No. 601

On 24 December 2019, the Board of Directors of United Palm Oil Industry Public Company Limited resolved for the subsidiary to proceed as indicated in the Order of Krabi Provincial Agricultural Land Reform Office, whereby the subsidiary needs to vacate the land with title No. 601, having approximate area of 973 rai, located at Krabi Noi Sub District, Muang District, Krabi Province, held in possession without title documents issued by governmental authorities and to remove all of its properties from such Land within 31 December 2019 as presented in Note 36.4 (3).

Vacating the Land results in the reduction of the subsidiary's land area and depreciation of its assets by 8 million Baht being its book value. Furthermore, there are plantations of palm trees, which the subsidiary invested in, on the Land, accounting for 4.50% of the subsidiary's total own harvested palm fruits, or 2.10% of the total palm fruits supplied as raw material input for the subsidiary's crushing mill. As a consequence, the subsidiary would have to buy oil palm fruits from outgrowers to compensate for the shortfall in palm fruits, which is expected to lead to a higher cost of raw materials for the subsidiary.

4. Amendment of the Articles of Association : The Article Number 27

To be in line with Section 100 of the Public Limited Companies Act. B.E. 2535, which is amended according to the Order of the Head of National Council for Peace and Order No. 21/2560 regarding the amendment to the law for the facilitation of doing business, the Annual General Meeting of Shareholders No. 1/2019 on 26 April 2019 resolved to approve the amendment of the Article 27 of the Company's Articles of Association as follows:

From

"Article 27 : The Board of Directors shall convene the Annual General Meeting of Shareholders within four months from the last date of the fiscal year of the Company.

Other meetings of shareholders in addition to the above shall be called as Extraordinary Meeting of Shareholders.

The Board of Directors may convene an extraordinary meeting of shareholders any time it deems appropriate, or shareholders holding shares in an aggregate number of shares not less than one-fifth of the total number of issued shares or shareholders in a number not less than twenty-five holding an aggregate number of shares not less than one-tenth of the total number of issued shares may together join the name list in writing to request to the Board of Directors to call for an extraordinary meeting of shareholders at any time but they must also specify reasons for such request in the notice. The Board of Directors must arrange for a meeting of shareholders within one month from the date of receipt of the notice."

Amend to

"Article 27 : The Board of Directors shall convene the Annual General Meeting of Shareholders within four months from the last day of the fiscal year of the Company.

Other meetings of shareholders in addition to the above shall be called as Extraordinary Meeting of Shareholders. The Board of Directors may convene an extraordinary meeting at any time it deems as appropriate.

One or more shareholders holding shares in aggregate of at least ten (10) percent of the total number of issued shares may together join the name list in writing to request to the Board of Directors to call for an extraordinary meeting of shareholders at any time. However, it is necessary to specify the subject and the reasons for the meeting request to be precise in such a case. The Board of Directors must arrange a meeting of shareholders within forty-five days from the date of receipt of the letter from the shareholders.

In case the Board does not arrange a meeting within the period specified in the third paragraph, the shareholders, who have been nominated or the other shareholders collectively have the required number of shares, may convene such meeting forty-five days from the date of the expiration of the period under the third paragraph. Such case is considered as Shareholders' Meeting which is called by the Board of Directors. The Company shall be responsible for facilitating convenience and any expenditure incurred during the meeting as it deems as appropriate.

In case the meeting of shareholders is convened by the shareholders under the fourth paragraph and the number of shareholders attending the meeting does not constitute a quorum as stipulated in Article 30 of this Articles of Association, the shareholders under the fourth paragraph shall be jointly and severally liable for the costs incurred by such meeting."

5. Production and Investment : Investment in New Machinery at Lam Soon (Thailand) PLC and UFC

- In Q3/2019, the Company has improved the system to reduce steam consumption by installing Heat Exchanger.
- In Oct 2019, the Company has installed a cap injection machine and mould installation for 1 liter bottle for "Naturel" and "Yok Extra".
- In Q2/2019, the automatic pick-n-place of cans to carton box was installed at UFC Lampang.
- In Q2/2019, the Soup in Plastic EVOH cup line was installed in UFC Lampang to extend new product "Soup in cup".



for more information



for more information

6. Marketing : New Products Launched

Your Company has developed various products under "YOK", "Naturel", and "Zest" brands to capture the potential markets including healthy food and bakery segments. They include :-

- "Naturel" Extra Virgin Olive Oil in 250 ml. and 500 ml.
- The new size of "Naturel" Light & Mild Olive Oil and Olive Oil Classic 100% Pure in 250 ml. bottle which is suitable for small families.
- "Naturel" Extra Virgin Olive Oil and Olive Oil mixed with Avocado Oil in the innovative form of "Spray Oil".
- "Zest Gold" Margarine with butter flavor packed in 150 grams and 454 grams.



for more information



for more information

UFC continues to grow the business in line with the trend for non-dairy product with new products in 1 litre Tetra Prisma pack including :-

- UFC Velvet coconut milk drinks (Original and Unsweetened)
- UFC Velvet Oat Milk.

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 2019 ranged between 14.76 – 29.75 Baht/Kg (2018 : 16.22 – 23.20 Baht/Kg). The average price in 2019 was 18.23 Baht/Kg, decreasing by 6.85% from 2018, compared with the average price in global market at 16.13 Baht/Kg. The high volatility of local price during the year is considered a major difficulty for 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, which can be seen during the last quarter of previous year when CPO price had been recovered from 16 Baht/Kg at the beginning of October to hit the highest level of the year at 35 Baht/Kg. on 27 December 2019.

2. Palm Oil and FFB as Controlled Goods

Palm oil is a controlled goods according to the announcement of the Central Committee on Goods and Services Prices No. 53 B.E. 2562, Article 38. However, the current measures to control palm oil are only applicable to transportation, no longer price controls or price ceiling. The Department of Internal Trade only requires companies to notify the details of purchased and sales of palm oil, stock, and storage location, and announces the price calculation structure to estimate FFB price as a guideline for determining the price for industries. Furthermore, the import of palm oil is restricted. Therefore, inventory management might be limited.

On 4 September 2016, the Sub-Committee of Oil Palm had announced the draft 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.

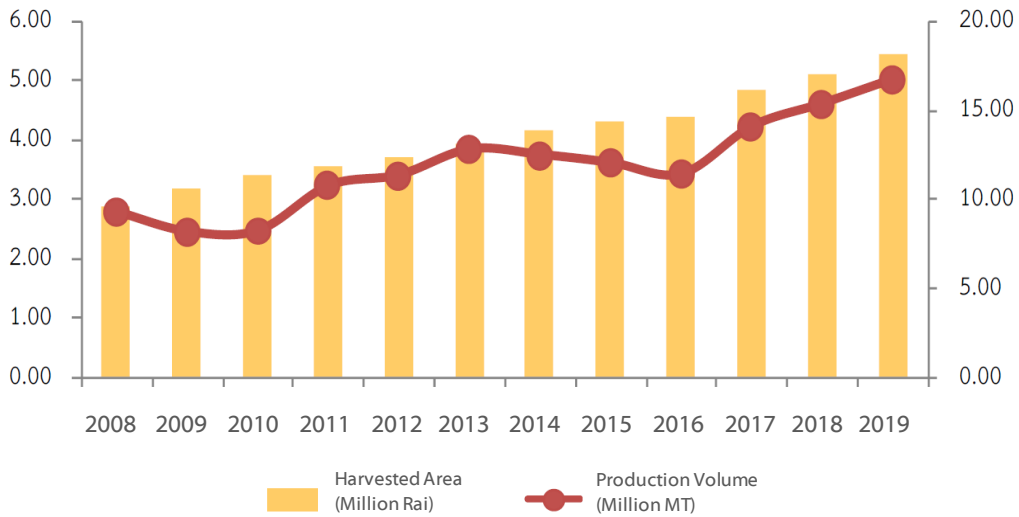
3. Climate

Because the major raw material of the Company comes from agricultural product, its future operating 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.

INDUSTRY OVERVIEW AND COMPETITIVENESS

The oil palm and palm oil industry in Thailand during the past 10 years has an average growth rate of 9% per annum, the production of FFB and CPO increased from 8 million MT and 1.3 million MT in 2010 to 16.7 million MT and 3 million MT in 2019 respectively. As such reason, oil palm has become an important economic crop generating more than 60 Billion Baht in revenue annually. The oil palm harvesting area in the Kingdom is currently around 5.5 million rai, about 90% of which is located in southern provinces due to the weather suitability. Since the late 2016 through 2019, the FFB output in the Kingdom improved significantly due to suitable weather condition with continual raining, and the significant expansion of harvesting areas.

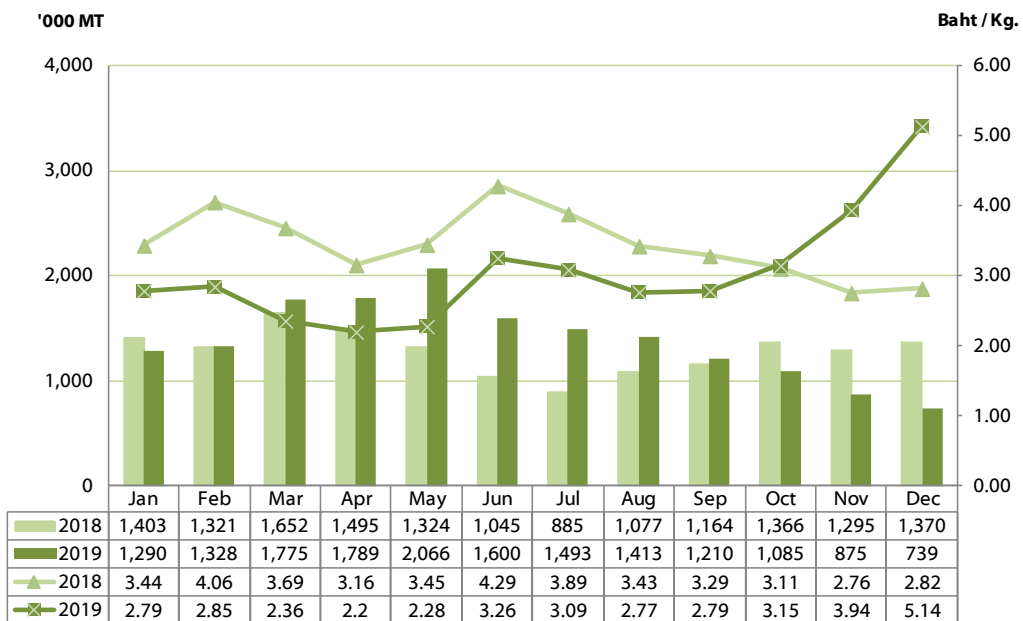
Figure 1 : Oil Palm Harvesting Area and FFB Output



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

Monthly FFB output ranged from its peak of 2.07 million MT in May and to its lowest at around 0.7 million MT in Dec. The annual average FFB price was at 3.05 Baht/Kg (2018 : 3.45 Baht/Kg), with the highest monthly average at 5.14 Baht/Kg in December and lowest at 2.20 Baht/Kg in April. The average price in 2019 was recorded at the lowest level in 13 years.

Figure 2 : Monthly FFB Output and FFB Price (OER 18%)



Source : Internal Trade Department

INDUSTRY OVERVIEW AND COMPETITIVENESS

Figure 3 : Highlights by Quarter

2019	Production ('000 MT)		Price (Baht/Kg)		Highlights
	FFB	CPO	FFB (OER 18%)	CPO	
Q1	4,392 (4,376)	795 (778)	2.67 (3.73)	16.04 (20.34)	The government introduced a measure to absorb 160,000 MT of CPO from the system for the first phase power generation at the end of 2018. As a consequence, the CPO stock in Thailand began declining in Q1/2019 and stood at 375,741MT at the end of March. Nevertheless, the price of FFB and CPO did not increase at all, partly due to the low global market price level.
Q2	5,455 (3,864)	967 (695)	2.58 (3.63)	17.23 (20.76)	Price continued to decrease. Some periods during April – May, FFB price was less than 2 Baht/Kg. which is the lowest level in 18 years. Therefore, according to the Cabinet resolution in May, the Ministry of Energy by EGAT ordered to purchase additional 200,000 MT of CPO dividing into the first lot of 100,000 MT (within May) which can be purchased at only 66,250 MT. However, the price of CPO dropped continuously in the global market due to the concerns over the trade war between the United States and China.
Q3	4,116 (3,126)	766 (566)	2.88 (3.54)	16.87 (20.24)	The price of FFB and CPO in the Kingdom remained at the low level. The government therefore announced measures to support the FFB price, including the guaranteed price of FFB at 4 Baht/Kg, encouraging the replacement of B7 by B10 and promoting B20 as an alternative. (The Ministry of Energy had extended the period determining the retail price of B20 being lower than B7 for 5 Baht/litre for another 2 months ending 30 September 2019). EGAT also came out to absorb the remaining of CPO to generate electricity. Other measures include tightening palm oil smuggling, export acceleration and installing meters at CPO storage tanks nationwide.
Q4	2,699 (4,031)	506 (739)	4.08 (2.90)	22.79 (16.94)	The CPO price in the global market increased sharply since mid October as a consequence of the announcement of B30 and B20 in Indonesia and Malaysia, respectively. CPO price in Thailand rose in line with the global market, lower domestic production, and EGAT purchasing 110,000 MT of CPO (from the remaining 133,750 MT) to generate electricity according to Cabinet resolutions in May and August. Finally, the enforcement of B10 as primary diesel in Thailand took effect on 1 January 2020.
Total	16,662 (15,396)	3,034 (2,778)	3.05 (3.45)	18.23 (19.57)	

() 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

Total CPO production in the Kingdom in 2019 was 3,033,473 MT (2018 : 2,778,108 MT). CPO demand was shared between :-

(MT)	2018	2019	% Change
Consumption	1,227,350	1,462,953	19.20
Biodiesel	1,199,671	1,337,160	11.46

The excess supply caused by the continuously increasing of oil palm production, especially in the first three quarters of the year, coupled with the decline in global market price due to series of negative news, pushed the FFB and CPO prices lower. The government has taken efforts and launched several measures to balance palm oil stock in the Kingdom. These include:-

1. The use of CPO to generate electricity: The Electricity Generating Authority of Thailand (EGAT) issued plan to purchase another 200,000 MT of CPO according to the Cabinet resolution in May, which was divided into 2 lots, which could absorb CPO from the system totally of 167,950 MT. The final lot of CPO was planned to be drawn from the system within April 2020. However, the CPO price rose sharply at the late of 2019 due to the low FFB output and CPO stock in the Kingdom thus decreased significantly. Consequently, EGAT did not have a plan to buy the remaining CPO.

However, to maintain the balance of palm oil and keep up the price stability of oil palm and palm oil in the Kingdom, the Ministry of Energy, by EGAT, therefore sets out a plan to purchase 100,000 - 150,000 MT of CPO annually for use as fuel to generate electricity, which is flexible according to the crop season as well as CPO stock level in the Kingdom. This is to reduce the pressure on CPO price for consumption.

2. Promoting the use of CPO for biodiesel production: The Ministry of Energy has designated biodiesel B10 as the primary diesel since 1 January 2020. The intention is to sell B10 at all petrol service stations nationwide from 1 March 2020 onwards, and promote B20 and B7 as alternative biodiesel (retaining) including the promotion of the use of B100 among farmers and agricultural institutions for the purpose of usage in the agriculture sector. The retail price of B10 is set lower than B7 by two Baht per litre while the gap between B20 and B7 is set at 3 Baht per litre. By doing so, the government estimates that it will be able to absorb about 2.2 million MT of CPO from the system annually. This equilibrium will help stabilise the price of oil palm, resulting in higher price as well as helping reduce the amount of PM2.5 dust particles and also reduce petroleum import by about 1.8 million litres/day.

In the past 6 years, the Government (c/o the Ministry of Energy) adjusted 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.

Figure 4 : Summary of Mandate for Biodiesel (2013 – 2020)

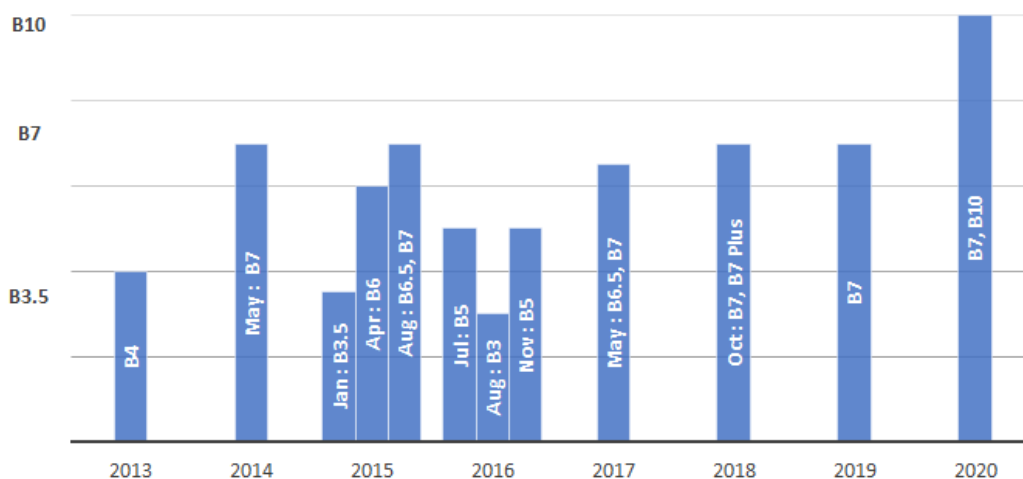
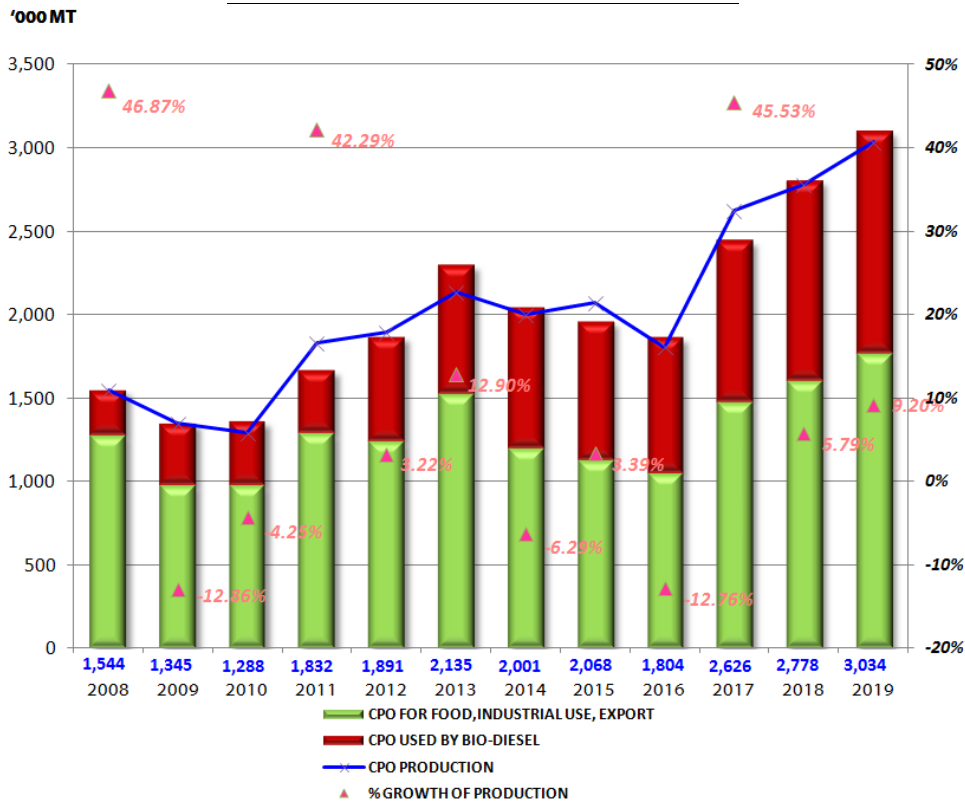


Figure 5 : CPO Production in Thailand

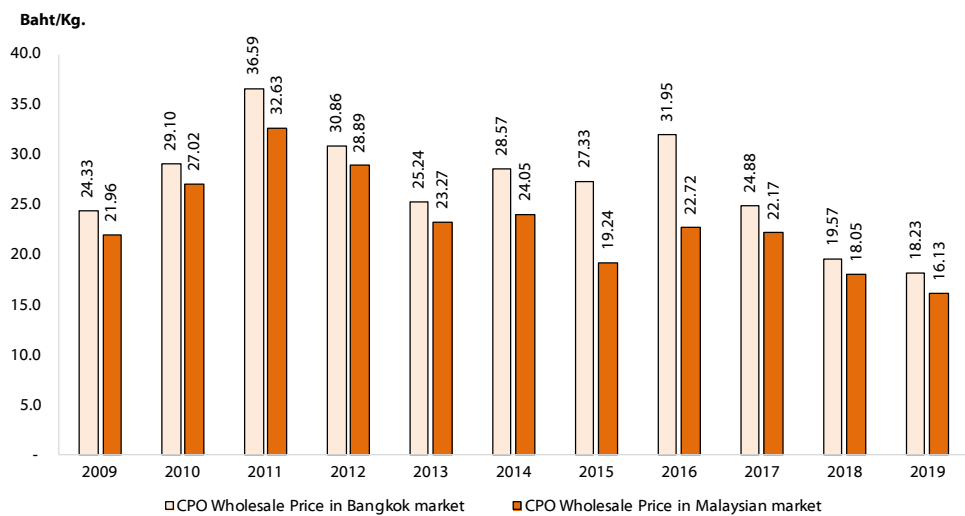


Source : Internal Trade Department

Monthly CPO price in the Kingdom in 2019 varied between 14.76 – 29.75 Baht/Kg (2018 : 16.22 – 23.20 Baht/Kg). The annual average CPO price was 18.23 Baht/Kg (2018 : 19.57 Baht/Kg). CPO price in the Kingdom had reached its highest in December and lowest in March. The average price gap from the global market was at 2.10 Baht/Kg (2018 : 1.52 Baht/Kg).

During the 1H 2019, when the local price of CPO was close to that of Malaysia, palm oil crushing mills started to export CPO mainly to India, with the total export volume of 250,000 MT. In 2H 2019 however, CPO price in Thailand started increasing while CPO price in Malaysia remained at the low level, the price gap between local and global market widened, setting back the export volume.

Figure 6 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market



Source : Internal Trade Department

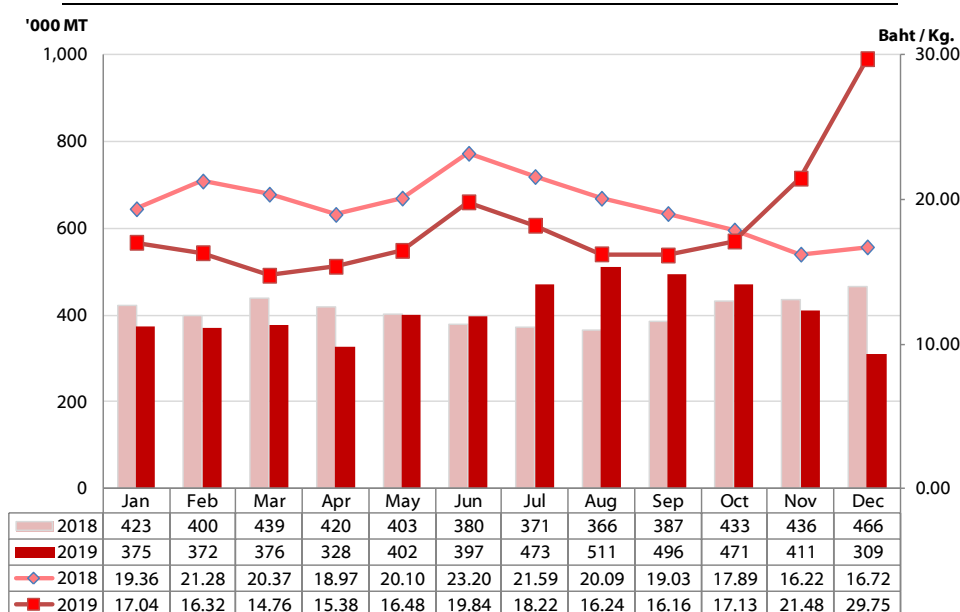
INDUSTRY OVERVIEW AND COMPETITIVENESS

In the last quarter of the year, the price gap between local and global market reached the highest point at 8.81 Baht/Kg in December due to the substantial reduction in FFB output while the demand of palm oil for consumption remained stable. On the other hand, the demand of palm oil for primary diesel B10 in the Kingdom increased continuously. The Ministry of Energy had set guidelines and timeframe as follows:-

1. Request for cooperation from oil traders to increase trading B10 biodiesel in petrol service stations from 1 October 2019.
2. Announcement of specifications and quality of biodiesel B100, and classified to be only one type by 1 December 2019.
3. On 1 January 2020, every oil trader must produce B10.
4. Biodiesel B10 must be available for sale at all service stations from 1 March 2020 onwards.

As a result, the CPO stock equivalent rapidly decreased to 309,181 MT at the year-end (2018 : 466,076 MT).

Figure 7 : CPO Stock Equivalent and Monthly CPO Price Movement



Source : Internal Trade Department

Remark : CPO Stock Equivalent in 2019 was after deducting the volume bought by EGAT.

Summary of key events

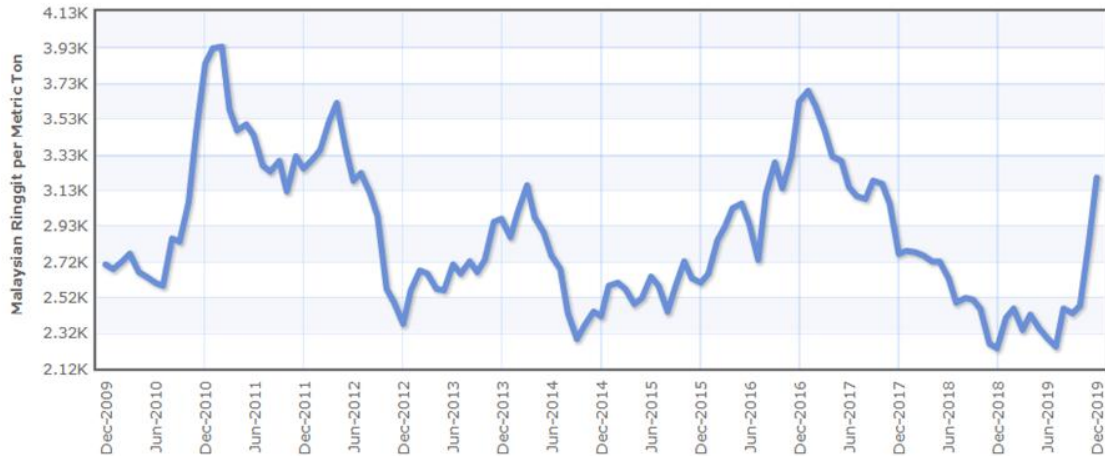
- (1) **The Announcement to implement B30 biodiesel in Indonesia and B20 biodiesel in Malaysia** : After the European parliament issued a resolution in 2017 to phase out palm oil in biofuel, Indonesia set to roll out its B30 biodiesel mandate beginning 1 Jan 2020 while Malaysia would implement its B20 programme in the transport sector. Indonesia annually produces 50 million MT. of palm oil, while Malaysia produces 19 million MT. With the decision to increase palm oil content on biodiesel, Indonesia will additionally use around 3-4 million MT. of palm oil for blending purpose. Similarly, Malaysia will take out about 1 million MT. of palm oil. This means that supplies of palm oil available for the purpose of foods will come down. The biodiesel mandate in Indonesia and Malaysia, the world's largest palm oil producers is expected to cause a deficit in palm oil stocks and push up crude palm oil (CPO) price in 2020. Dry weather in 2019 and lower fertiliser application, a move adopted by some growers to save costs against FFB price dropping for two consecutive years, have affected output in 2019 at both countries, and will continue to be an influent factor in 2020. Therefore, Malaysian palm oil futures rallied during the last quarter of 2019 and hit near 3-year high, on fears of a sharp fall in supply.

Global palm oil stockpiles at the end of 2019 was about 6 million MT. (2018 : 8 million MT.), mainly contributed by 4 million MT. from Indonesia and 2 Million MT. from Malaysia. The average CPO price in

INDUSTRY OVERVIEW AND COMPETITIVENESS

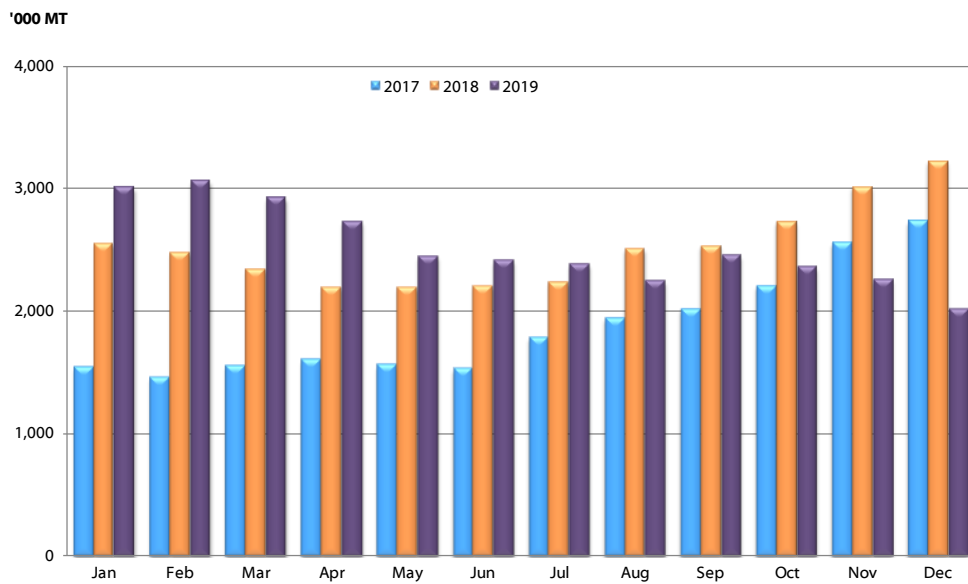
global market in 2019 was a bit higher than 2018. The average closing price of CPO as benchmarked by the Bursa Malaysia Derivatives : 3rd Month price was at 2,329 RM/MT. (2018 : 2,299 RM/MT.). The price escalated during the last quarter and hit its highest of the year on 30 December 2019 at 3,100 RM/MT.

Figure 8 : Malaysian Palm oil Monthly Price



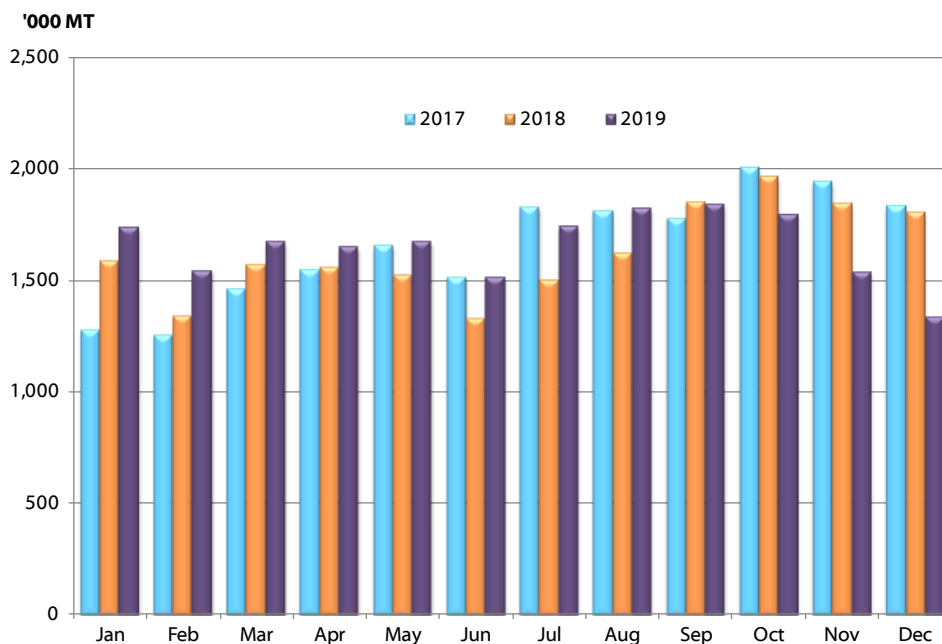
Source : <https://www.indexmundi.com/commodities/?commodity=palm-oil&months=120¤cy=myr>

Figure 9 : Malaysia Palm Oil Stock



Source : Malaysian Palm Oil Board

Figure 10 : Malaysia CPO Production



Source : Malaysian Palm Oil Board

(2) The Announcement to implement B10 biodiesel in Thailand : The Energy Ministry has determined to announce the availability across the country for biodiesel B10 as the primary diesel from 1 January 2020 onwards, replacing B7. This is expected to increase the use of CPO to around 2.2 million MT a year. Nevertheless, out of 10 million diesel-powered automobiles in total, 5.2 million automobiles or accounting for 50% might have some limitation on using B10, even though the quality and specification of biodiesel B100 is improved for example a monoglyceride reduction from 0.7% to not higher than 0.4% by weight.

Furthermore, in the next phase there will be a higher demand in Thailand derived from transportation sector focusing more on vehicles compatible with electricity system, including electric vehicles, also known as EV. The draft of Alternative Energy Development Plan (AEDP), 2018 - 2037 set the target to reduce the usage of ethanol and biodiesel while promoting usage of all types of alternative energy in order to maintain the proportion of alternative energy at 30% at the end of the Plan. The target of B100 biodiesel usage at 14 million Liters per day will be reduced to 7 million Liter. Starting from 1 January 2024, biodiesel standard in Thailand will be upgraded to be compatible with EURO 5 (currently compatible with only B7). These measures will likely have an impact to the promotion of B10 usage in the future.

(3) Impact 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. Until now, the trade war has been prolonged for over 1 year and without any conclusion. Nevertheless, the phase-one trade deal on 13 December 2019 resulting in China buying soybeans from the United States is expected to relieve the uncertainty of world trade policy as well as reduce the negative impact from trade war as China committed to import more US agricultural products particularly soybeans and poultry. The future price of soybean in Chicago Board of Trade could rebound in line with the incoming demand. In any cases, uncertainty remains over details and implementation to follow the structural changes of China. It is expected that the trade war probably ends before the 2020 United States presidential election scheduled on 3 November 2020. Continuous reduction of interest can be seen during the year to boost up the economy of the United States.

(4) EU phasing out of palm oil by 2030 : The EU announced Renewable Energy Directive (RED II) 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.

- (5) Concern over the epidemic situation of Corona Virus Infection 2019 (COVID-19) :** The rapid spread of serious cases of COVID-19 infection from February 2020 onwards is weakening global economic growth and commodity demand. Because of the outbreak of virus, demand for palm oil in particular from China, where the outbreak first originated, is dramatically decreasing and putting pressure on the price. The decline of petroleum prices recently also lowered the vegetable oil’s attractiveness as a mixture of biofuel. During 1H 2020, the palm oil market is likely to be under pressure due to worries that the spread of the COVID-19 will hinder the demand in both food and non-food sectors.

Processing capacity

1. Crushing mills : The number of CPO crushing mills has increased from 91 in 2013 to about 128 mills at present (of which only 101 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 2019 at about 17 million MT; capacity utilisation rate of crushing mills was about 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 palm oil 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 market share.

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 2020

The annual planting area in the Kingdom is expanding by an average of about 0.3 million rai as farmers had been encouraged to grow oil palm replacing other crops especially para rubber plantation which in the past 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 oil palm yield overall. However, FFB output in 2020 is expected to increase continuously but in diminishing growth rate when compared with 2019 to be about 17.5 - 18 million MT, or equivalents to CPO production approximately at 3.2 - 3.5 million MT in 2020. This was due to over production output in 2019, reducing the output of palm fruit over the rest period in 2020. Furthermore, dry weather and less fertilisation used by farmers due to the low price of FFB will reduce yield per rai productivity. The effect will be partly compensated by new planted area that can be harvested at the palm age of 3 - 6 years old.

In terms of demand, the local edible consumption in 2020 is estimated to maintain at 1 million MT, and the usage from biodiesel will be at 2 - 2.2 million MT. Since the Ministry of Energy has designated biodiesel B10 as the primary diesel of the Kingdom as of 1 January 2020, the over-supply in palm oil market has come to an end, approaching the equilibrium. In other words, almost all production output of 2020 would be consumed locally, and exports may occur in small promotion periodically when seasonal production coming. The main export market continues to be India, while the export to EU remains limited. The RED II regulation therefore doesn’t directly impact Thailand’s palm oil industry. Nevertheless, Thailand should shift its focus of palm oil production to be certified sustainable palm oil in order to keep up with the consumer expectations and commitment to corporate social and environment responsibility. Thai businesses planning to export palm oil or palm oil related products should also commit to the international standard of sustainable palm oil production. This includes

INDUSTRY OVERVIEW AND COMPETITIVENESS

production traceability that aligns with the demand from both domestic and international market, which will inevitably help promote the consumer confidence in palm oil products. In addition to the RED II regulation and the growing environmentally conscious market, palm oil industry still faces risks and challenges from increasing usage of the electric vehicles and decreasing consumption in saturated fat. These challenges adversely impact the price of palm oil products. In any cases, with the advantage that palm oil price remain the lowest among other vegetable oils, we strongly believe that with the efficient market mechanism under the optimum conditions coupled with the effective stock management, the palm oil industry will continue to expand in a sustainable way.

Overall, both local and global CPO prices in 2020 expected to increase aligning with the higher demand for palm oil to produce biodiesel in Indonesia, Malaysia, and Thailand. Local CPO price is expected at range around 25 - 30 Baht/Kg and FFB price at 4.50 - 6 Baht/Kg. Assuming petroleum price at 60 - 65 USD/barrel, the average global CPO price in 2020 is estimated to trade between 2,500 - 2,800 RM/MT (2019 : 2,329 RM/MT).

Business Overview

1. Product Highlights

1.1 Cooking Oil

Naturel, positioned as a healthy vegetable oil, expanded the product line of Naturel brand with the additional of "Extra Virgin Olive Oil" from Spain. Made through a cold-pressing process without adding any heat or using any chemicals to preserve benefits of extra virgin olive oil, it is rich in monounsaturated fatty acids. As such it is considered as a healthy dietary fat, olive oil could help to reduce cardiovascular diseases including high blood pressure, stroke, high blood cholesterol and triglyceride levels. Available in two sizes 250 mL and 500 mL.

To correspond with modern society, Naturel launches a new size of olive oil "Light & Mild Olive Oil" and "Olive Oil Classic 100% Pure" in 250 mL bottle for a small family or consumer who starts taking care of their health. The product is suitable for various menus, whether healthy food or western food such as pasta, stir-fried food and salad dressing.



Besides, Naturel releases "Extra Virgin Olive Oil" and "Olive Oil mixed with Avocado Oil". The new innovative packaging "Spray Oil" which does not contain gas allows for the safe use and easily control of the amount of oil used. As such it is suitable for use and suitable to meet the need for the health-conscious customer.

1.2 Margarine and Shortening

Lam Soon (Thailand) Public Company Limited is a leader in margarine and shortening in the industrial group, restaurants, grocery, bakery shop. In 2019, the Company has expanded the customer base to household consumers by launching Margarine Zest Gold with butter flavor packed in 150 grams and 454 grams. It offers consumers a butter aroma and ease of spreading on bread, steak, fried rice and western dishes.



1.3 Beverages and Packed fruits and vegetables

Domestic consumption was flat in 2019. Sales of canned fruits were adversely affected by the short supply of the raw material including rambutan, lychee and longan. The introduction of a sugar tax and excise tax negated the growth of beverages in Thailand. To address this issue, original recipes had to be reformulated.

With increasing operating business cost and more demanding terms from conventional retailers and e-retail banners, UFC expanded into omnichannel management. This is to improve consumer communication and engagement to drive growth and gain direct contacts with loyal consumers.

UFC continues to prioritize our brand investment in our 21st Century brands and new product developments. With the increasing worldwide demand for plant-based food and beverages, UFC Velvet coconut milk drink was launched to complement Almond milk drink introduced earlier. Additional capital expenditure was also invested in the production of Oat Milk in Q4.

UFC made preparation for a new filling line for single-serve packs which will be commissioned in Y2020. This will give UFC beverages access to new distribution channels and support sales growth in convenience stores and vending machines catering to the on-the-go consumers.



2. Sales & Distribution

2.1 Domestic

a) Hypermarkets and Convenience Stores: In 2019, retail sales faced an economic slowdown as consumers continue to tighten their belt by selective buying on necessary items, reduction in trip frequency and with smaller basket size.

As a result, competition of mass cooking oil segment was in tougher compared to previous years. Your Company therefore focused heavily on smaller formats, including convenience as well as cash and carry stores. Altogether your Company managed to achieve 15% growth versus bricks and mortar sales decline of 12%. At the same time, your Company's attention to other products rather than mass cooking oil enabled our sales to grow by 25% year on year. The momentum of "Naturel" in the premium segment has brought your Company more newcomers with price cut strategy. Your Company will continually capture more opportunities via new segments and ranges while at the same time differentiate and uplift Naturel brand image in the years to come.

b) Traditional Trade: In 2019, although economic slowdown affects nationwide consumption, however, thanks to the government introduction of various measures to boost consumption in the Kingdom and stimulate the economy through many essential policies such as the welfare card scheme for low-income earners or Chim-Shop-Chai (eat-buy-spend). The traditional trade channel was still growing both in retail and wholesale.

Your Company has focused on improving its distribution to effectively compete in the market. In addition, your Company also put in the effort to expand the customer base of the bakery segment by working closely with customers to develop and offer products and services in response to market demand.

Moreover, consumers have become health-conscious continuously. Naturel brand health oil products have gained wide acceptance enabling sales in traditional trade channels to grow consistently and steady.

c) Food Service: Disruptions to the traditional economy as well as the market and rules for competition have changed rapidly directly affects the industry as it moves towards the era of new business landscape. This can be evidenced by the closing down of many traditional restaurants without sufficient traffic and being replaced by new platform restaurants. Restaurant physical space now require less square footage due to the increase in online-delivery and takeout, Awards and influencer marketing has resulted in significant changes in consumer and tourist behavior. At the same time, there are few big movers actively penetrate this market by acquiring small players or extend with new brands /menus throughout the year.

You Company is fully recognisant of these changes and is ready to respond to them by working closer and faster than competitors in capturing demand in this competitive market. Not only that, your Company has taken steps to diversify into other non-palm oil businesses by striving to seek investment opportunities in potential markets to mitigate the high volatility of the local palm oil price.

Bakery business is a crucial trend and your Company, therefore, launched a few more categories mainly bakery ingredients. All of this has resulted in your Company to reach to “all-time-high” sales with 25% growth in 2019.

2.2 Export

a) Oils and Fats : In 2019, overseas markets expanded gradually. Your Company continued to expand sales of its cooking oil into CLMV 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 “Naturel” premium oil to the export market.

b) UFC Products : The strong Thai Baht versus USD adversely affected total export sales volume and revenue, which declined in a challenging global environment. USA continues to be the largest export market with the OEM of coconut water for a few major retail chains. The decline in volume consumption of coconut water led to intense price competition. Consequently, FOB prices had to be reduced to keep the customers sales.

UFC Refresh coconut water maintains its market leadership in New Zealand and Singapore with aggressive marketing and brand investments.

Consumer interest in plant-based food and beverages continues to increase in many countries. The earlier launch of the UFC Velvet Almond milk drink was followed by the addition of Coconut milk drink and Oat milk drink in Q2 and Q3 respectively. Initial responses in the addressable markets have been encouraging.

With increasing demand for smaller portion of RTD beverages, UFC took steps to invest in a single serve filling line which will be ready for production in 2020. This will augment our current range of products and enhance distribution channel further.

Operations Overview

1) Productivity improvements

Bangpoo Refinery

- Q3/2019, the Company has improved the system to reduce steam consumption by installing Heat Exchanger which can reduce steam usage by 7%.
- In Oct 2019, the Company has installed a cap injection and mould for 1 liter bottle for Naturel and Yok Extra which could reduce raw material cost and enhance the potential for competition in the market.

Trang Crushing Mill

- In January 2019, Trang Crushing Mill welcomed Mrs. Nitta Sawangthong, Deputy Governor of Trang Province and Mrs. Rapeephan Changyenchuen, office commercial affairs of Trang Province, visiting key sections of palm oil operations for pushing forward the RSPO standard procedure. In this occasion, Mr. Supoch Pangjan, Mill Manager, extended his hospitality.



- In June 2019, Trang Crushing Mill in collaboration with the Faculty of Natural Resources, Prince of Songkla University organised training on oil palm plantation management and palm leaf sample collection for analysis. The project was organised for for the Sustainable Palm Oil and Palm Oil Grower Community Group (Sikao - Wang Wiset).



- In October 2019, Trang Crushing Mill joined the Palm Oil Production Efficiency Improvement Project to increase the potential of people and entrepreneurs to the organisation 4.0 (Digital Economy). The project was organised by the Industrial Promotion Center Region 10, Department of Industrial Promotion. The objective is to enable personnel in palm oil industry in the southern region to develop

MANAGEMENT DISCUSSION AND ANALYSIS

their capabilities and apply knowledge in the organisation, as well as to provide knowledge among personnel within the organisation efficiently.



UFC Lampang

- In Q2/2019, the automatic pick-n-place of cans to carton box was installed which could increase productivity up to 100% from 2,000 to 4,000 cartons per day.



- In Q2/2019, the Soup in Plastic EVOH cup line was installed to extend new product “soup in cup” with Pumpkin , Baby Corn and Mushroom flavours.



UFC Nakhon Pathom

- In Q2/2019, UFC NP built the car park using lighting from eco friendly solar panels.



- In Q2/2019, an “Air shower” was installed for filler room entrance to prevent the cross-contamination from clothes.



- In Q3/2019, the new homogeniser for canned fruit beverage line has been installed to improve the product quality.



- In Q3/2019, the automatic sticking machine was installed to increase the production efficiency and productivity which can stick up to 3 stickers in one package.



MANAGEMENT DISCUSSION AND ANALYSIS

- In Q3/2019, the new processing line for Oat Milk product has been installed comprising hydrolyzed tank, new pasteurizer, etc. to prepare for new range of product.



- In Q3/2019, UFC NP installed automatic sprinklers inside the warehouse to comply with standards and laws.



2) Awards and Standard Certifications

Bangpoo Refinery

- In July 2019, Lam Soon (Thailand) Public Company Limited was granted the “FDA Quality Award 2019” by the Office of the Food and Drug Administration (FDA) for its achievement for a morally and ethically relevant workplace in food manufacturing based on the quality standards with the system to respond the customer need, and implementing corporate social responsibility (CSR). The ceremony was held at The Berkeley Hotel Pratunam, presided over by Mr. Kittisak Klabdee M.D., M.P.H, Advisor to the Minister of Public Health.

“FDA Quality Award 2019” is granted by the Office of the Food and Drug Administration. The awards were granted to companies from various industries classified into food, drug, cosmetic, medical device and household and public health hazardous products with morality and ethics in producing healthy products. The awards are granted based on the criteria of reliable standard focusing on quality systems and responsibility to society.



- In November 2019, 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 Mr. Narin Boonprom, Head of Samut Prakan Labor Protection and Welfare Office on 15 November 2019.



Trang Crushing Mill

- In October 2019, Trang Crushing Mill received an award for outstanding labour welfare and labour relations management for the year 2019 for the 4th consecutive year.

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

- In May 2019, UFC has received a certificate from 7&I Japanese at 5 star level for its CSR activity representing commitment to take good care of society and employees.



Sustainability and Community

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 Vision and Mission below 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.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Responsibility to customers and consumers

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

- ISO 9001 being a quality management system, aiming to the quality assurance and conformity.
- 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.
- FDA Quality Award being an award for product quality control and production methods in accordance with good food production criteria.

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. Sustainability and Community projects

In 2019, the Company contributed a total of 196,368 Baht (2018: 218,903 Baht) to projects related to communities and society.

<p>QUARTER 1</p> 	<p>Donation on National Children’s Day</p> <p>In January 2019, Trang Crushing Mill donated 5 bicycles to Khuan Kun Municipality School on National Children's Day which was received by Mr. Kheaw Un-Teng, Kuankun Sub-District Mayor. Trang Crushing Mill also supported the National Children’s Day to Kalase Sub-district Administration Organisation by donating funds amounting 5,000 Baht, received by Mr. Prasit Teehor, Chief Executive of the SAO (Sub-District Administration Organisation), Kalase Sub-District.</p>
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Allocated Decanter Cake To Ban Thung Khi Lek School

In February 2019, Trang Crushing Mill allocated Decanter cake, by-product from own production process to Ban Thung Khi Lek School to be used as material to make vegetable plot for students.

Participated in Community Sport Event, “20th Kalase Sport Against Drug Addiction 2019”

In March 2019, the “20th Kalase Sport against drug addiction 2019” was arranged by Kalase Sub-District Administrative Organisation, Sikao District, Trang Province, to promote youth, people, and factories nearby to get healthy alert and stay clear from drug. Staff at Trang Crushing Mill were encouraged to participate in the community sport event.

Supported Srichandra Pradith Temple in the Summer Novice Ordination Event

On 22 March 2019, Bangpoo Refinery supported the products to Srichandra Pradith Temple in the summer novice ordination event as the royal charity of King Bhumibol Adulyadej Borommanathabophit and in honor of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun during 22 March - 7 April 2019

QUARTER 2



Cultivating Healthier Lifestyle Seminar

On 3 April 2019, UFC organised a training on eating for better health and hygienic with the cooperation of Nakhon Pathom Hospital to be a guest speaker and gave advice to staff.

Internship for Local Students

On 22 April 2019, officers from Lampang Employment, Lampang Labor Protection and Welfare and the Lampang Office of Skill Development visited UFC’s factory to consider partnership for the young worker project. This project is to provide opportunities to the students to work as intern during the semester break, which will help them to earn income to release the financial burden of their parents and at the same time to gain practical industry experience.



Support Cloth Hat for the Coronation Ceremony

In May 2019, Bangpoo Refinery supported cloth hat for Samut Prakan Labor Protection Welfare Office, Bang Na Labor Protection and Welfare Office and related agencies under the department to distribute to people during the coronation ceremony (between 4 - 6 May 2019).



Blood Donation

On 17 May 2019, Bangpoo Refinery in cooperation with Samutprakran Hospital, held the 34th Blood Donation Event. The Company will continue this activity to further help people and society.



Allocated Decanter Cake To Farmers

In May 2019, Trang Crushing Mill allocated Decanter cake, by-product from own production process to farmers nearby the mill area to be used in palm plantation.



Volunteer for Local Community

On 18 June 2019, UFC and staff joined the local community to trim tree branches along the road nearby factory to make it clean and safe for driving.

QUARTER 3



Joined Walk & Run for Charity

In July 2019, Trang Crushing Mill supported the budget 10,000 Baht for the 1st Trang Marathon organised by the Trang Provincial Industry Council. Earnings after expenses from this activity would be donated to Sikao Hospital located nearby the mill. The Company's executives and staff participated the event.



Volunteer for Local Community

On 26 July 2019, UFC staff participated in the project of afforestation and community development to present as a royal charity King Rama 10.



Release of Fish on the Occasion of 12 August

In August 2019, 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.



Restored Mangrove Forest Activity




On 16 August 2019, staff from Bangpoo Refinery participated in the activity of planting mangrove forests, in honor of the auspicious occasion of the coronation and focus on the sustainability of the environment, community and society. The activities have been conducted for many years consecutively. In this occasion executives and employees joined the event at the resting place, Department of the Army Quartermaster (Bangpoo Recreation Center).



Volunteer for the Community

In September 2019, Trang Crushing Mill participated in the Buddhism Protection Volunteer project which organised by Trang Provincial Industrial Office at Sikao Temple and Khao Mai Kaew Temple located nearby the mill. The objective is to inspect the electrical safety system. In this occasion, the Company assigned its electrical engineer and electrician to support the project.



 	<p>Blood Donation</p> <p>On 20 September 2019, Bangpoo Refinery, in cooperation with Samut Prakran Hospital, held the 35th Blood Donation Event. The Company will continue arranging this activity to further help people and society.</p> <p>Allocated Decanter Cake to Trang Land Development Station</p> <p>In August 2019, Trang Crushing Mill allocated decanter cake, by-product from own production process to Trang Land Development Station to make compost bio-fertiliser in demonstration vegetable bed. The activity aims to encourage farmers to add value from waste and reduce household expenses.</p>
<p style="text-align: center;">QUARTER 4</p> 	<p>Support Buddhism Activity</p> <p>In November 2019, Trang Crushing Mill, co-hosted the Kathin Ceremony at Kamolsri Temple, Sikao District. Earnings from the event will be used to build bathrooms and temple renovation.</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

For the 2019 financial year, the Company's sales revenue decreased by 481.1 million Baht or 9.5% compared to the year 2018. While sales volume of vegetable oil products increased by 5.2%, it was not enough to offset the 12.9% decline in the average selling price of vegetable oil products (palm oil in particular). The supply and demand of CPO in the Kingdom increased from 2018 by 15% and 9% respectively (Source : Internal Trade Department). The oil palm harvesting areas increased to around 5.5 million rai. As a result, the supply of fresh fruit bunch (FFB) in the Kingdom grew by 8% in 2019 (Source : Internal Trade Department). During the first nine months, CPO stock nationwide was maintained at a high level pressing down the average monthly price to as low as 16.72 Baht/Kg. The key concerns in the market included the high CPO stock nationwide, anti-palm oil campaigns in EU and the West, the EU applying a new biodiesel levy on biofuel produced from Indonesia, trade tension between the United States and China, and hike in the import duty of palm oil in India.

However, CPO price in the Kingdom started rising from mid-October onwards in tandem with global CPO price. The reasons are explained in detail in **INDUSTRY OVERVIEW AND COMPETITIVENESS**. This in turn led to the CPO stock being reduced to the equivalent of 309,181 MT at the end of 2019. In the circumstances, the average CPO price in the Kingdom for 2019 was 18.23 Baht/Kg (2018 : 19.57 Baht/Kg). Because of the lower raw material cost in average, the Company's gross profit in 2019 increased by 255.4 million Baht, and the net profit by 169.1 million Baht or 49.8% from previous year.

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

The Company

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

* From the date of first earning operating income

MANAGEMENT DISCUSSION AND ANALYSIS

Joint Venture

BOI Certificate No.	Operation	Validity Period*	Scope of Exemption
1262(2)/2550	Oil palm seed propagation	8 years	corporate income tax on income

* From the date of first earning operating income

Sales of the subsidiary company (UPOIC) in 2019 decreased by 82.8 million Baht or 13.2% from previous year. This was mainly due to average selling prices of CPO and CPKO decreasing by 6.8% and 32.5% respectively. Although sales volume of CPKO increased by 15.0%, total sales revenue still decreased.

In 2019, the total volume of own crop was higher than previous year by 11.4%. FFB from own estates increased by 18.3% as a result of newly planted palm trees and that from concession land increased by 2.0%. Furthermore, UPOIC's management strictly controlled the plantation operation which enabled the cost of FFB from our own estates to be reduced by 8.3%.

The Company's concession area is approximately 15,103 rai. The details are as below:-

Location and Land Area	Expiry Date	Current Status
1) Khiansa estate 1.1 4,294 rai 1.2 4,294 rai	8 July 2044 when the land allocation to poor people is completed	<ul style="list-style-type: none"> The Treasury Department had entered into the lease agreement with the Company's subsidiary for 30 years and is valid from 9 July 2014 to 8 July 2044. 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 6,515 rai	14 May 2020	<ul style="list-style-type: none"> The subsidiary's request to the Forest Department to grant a permit to exploit an area is now under consideration. In the meantime, the subsidiary was granted permission to gather forest product in the National Reserved Forest upon the obligation to pay official royalty fee at the rate of 10% of market price of oil palm and forest maintenance fee at a double rate of official royalty fee. However, permission was granted for a period of one year and will be renewed on yearly basis.

The sales revenue of Universal Food Public Company Limited (UFC) in 2019 was at 1,719.6 million Baht representing a 11.9% decrease (2018 : 1,952.0 million Baht).

Total export sales revenue contracted by 11.7% to 1,259.0 million Baht in 2019. This was partly due to the depreciation of the USD by 4%. In addition, to maintain sales in key accounts, price discounts and additional trade support were given in line with the downward price pressures on coconut water from competitors.

Nevertheless, UFC Refresh coconut water maintained its market leadership in Singapore and in New Zealand. Marketing investments have been cost-efficiently managed to grow the brand presence in key markets against the backdrop of aggressive competition.

Total domestic sales fell by 12.3% to 460.7 million Baht. Canned fruit remains the largest category accounting for 44.9% of total domestic sales. The short supply of fresh fruit, price pressures from local competitors and the trend towards lower consumption of canned fruit and sugar related products led to the year on year canned fruit's sales decline of 11.3%. The total UFC beverage sales value in particular the juice category declined by 18.5%. Sugar tax and the growing awareness of the detriments of sugar led to the decline in juice consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

In response to increasing demand for healthier plant-based food and beverages, a new variant, UFC Velvet oat milk, was launched in several markets by end 2019.

For reasons stated above, profit attributable to equity holders of the Company for year 2019 was 482.1 million Baht, increasing by 100.4 million Baht or 26.3% (2018: Baht 381.7 million). Profit ratio for the period was 7.5% (2018: 5.2%).

Other major components and changes in 2019 consolidated financial statements are as follows:-

Revenues

Sales and service income : Sales and service income under LST decreased by 481.1 million Baht or 9.5%, resulted from the decrease in the average selling price 10.2%, while sales volume increased 0.7%. Sales and service income under the Company and its subsidiaries for the period decreased by 806.6 million Baht or 11.2%. Sales revenue in each product group is as table below.

The Company and subsidiaries

Product/Services by Group	2018	2019	Increase (Decrease)
	Mil. Baht	Mil. Baht	Mil. Baht
Vegetable oil	4,478.7	3,904.2	(574.5)
Margarine and Shortening	634.6	655.0	20.4
Other palm based products	56.3	39.2	(17.1)
Selling Electricity power to PEA	6.4	9.4	3.0
Beverages	1,264.0	1,094.0	(170.0)
Fruits and Vegetables	653.6	586.3	(67.3)
Sauces and Seasonings and others	110.7	109.6	(1.1)
Total Sales - Net	7,204.3	6,397.7	(806.6)

Other income : The Company and its subsidiaries had income other than those generated by normal operation at 59.2 million Baht or 0.9% of total revenues (2018: 65.5 million Baht). Details are set out below.

Company	Mil. Baht	Sources
LST	26.8	Sales of palm shell and scrap
UPOIC	17.8	Sales of palm shell and fixed assets
UFC	19.7	Volume rebate from packaging supplier

Expenses

Cost of sales and service : The Company and its subsidiaries recorded cost of sales and service for the period at 80.0% of total sales (2018: 84.3%). Cost of sales and service under LST was 79.9% (2018: 86.9%) because average unit cost of CPO declined by 9.6%.

UPOIC recorded cost of sales and service at Baht 443.4 million, decreasing by Baht 126.3 million or 22.2% from 2018 because the average FFB and CPO cost dropped by 15.5% and 16.2% respectively.

UFC recorded cost of sales and service at 84.5% of total sales (2018: 79.0%).

Selling expenses : The Company and its subsidiaries recorded selling expenses at 471.2 million Baht (2018: 518.5 million Baht), decreasing by 47.2 million Baht. UFC's selling expenses decreased by 49.2 million Baht due to lower expenses on advertising and promotion and transportation cost which were aligned with sales decline from previous year. Selling expenses under LST increased by 4.6 million Baht mainly from bonus and provision for long-term employee benefits. Under the new regulation on severance pay rate, employees who have worked for a period of 20 years or more are entitled to receive compensation from 300 to 400 days.

Administrative expenses : Administrative expenses of the Company and its subsidiaries were Baht 234.8 million (2018: Baht 209.2 million), increasing by 25.6 million Baht mainly from bonus and provision for long-term employee benefits under the new regulation on severance pay referred to above. UPOIC's administrative expense increased by 12.1 million Baht due to returning of 973 rai of land and palm trees to Sor Por Kor and various land expenses.

Loss from change in fair value of biological assets : UPOIC realised loss from change in fair value of biological assets of 26.9 million Baht (2018: profit 39.3 million Baht) because cost of out-grower FFB decreased by 20.1%, and the average selling price of CPO and CPKO decreased by 6.8% and 32.5% respectively.

Share of profit (loss) from investment in joint venture : In 2019, UPOIC recorded loss from investment in joint venture at 6.8 million Baht (2018: profit 9.5 million Baht). This was attributable to the average FFB price in the Kingdom at 3.05 Baht/Kg (2018: 3.45 Baht/Kg), decreasing by 11.6%. This circumstance caused the farmers to delay the planting of palm, resulting in the decrease of palm seed sales.

Finance cost : Finance cost of the Company and its subsidiaries was recorded at 13.1 million Baht (2018: 22.7 million Baht), decreasing by 9.5 million Baht. Finance cost under LST decreased by 5.3 million Baht with the average unit cost of CPO declining by 9.6%. The company utilised less working capital from outside than previous year, as a result, the finance cost declined and operating profit increased accordingly. UFC's finance cost decreased by 4.3 million Baht since long-term loans were paid off, and interest expenses decreased as a result.

Profits

Gross profit (GP) : GP of the Company and its subsidiaries increased by 149.7 million Baht or 13.2%. The consolidated GP was 20.0% of total sales (2018: 15.7%). GP of the Company increased by Baht 255.4 million whereas GP of UFC decreased by 142.3 million Baht.

Profit before income tax expenses : The profit before income tax expenses of the Company and its subsidiaries increased by 119.9 million Baht.

Profit for the year : Profit attributable to equity holders of the Company for the year ended 31 December 2019 was Baht 482.1 million (2018: Baht 381.7 million), increasing by Baht 100.4 million or 26.3%. The profit attributable to equity holders was 7.5% of total revenues (2018: 5.2%).

Dividend payout ratio : In 2019, the Company paid dividend for the operational year 2018 at the rate of 0.25 Baht per share, representing a payout ratio of 60.3% of net profit. 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 in 2017. This rate is higher than the Company's policy to pay dividends to shareholders not less than 40% of net earnings after tax.

In 2019, UPOIC paid dividend for the operational year 2018 at the rate of 0.08 Baht per share. In 2018, the Company paid dividend for the operational year 2017 at the rate of 0.10 Baht per share,

In 2019, UFC paid dividend for the operational year 2018 at the rate of 1.20 Baht per share. In 2018, the Company paid dividend for the operational year 2017 at the rate of 1.20 Baht per share.

Book value (weighted average number of ordinary shares) : As at 31 December 2019, the book value per share of LST was 4.20 Baht (weighted average number of shares at 820 million shares) (2018: 3.83 Baht). Profit attributable to equity holders of the Company was 0.59 Baht per share, and dividend paid was 0.25 Baht per share.

2. Financial position

Assets : At the end of 2019, the total asset value of the Company and its subsidiaries was 5,395.4 million Baht, an increase of 242.7 million Baht or 4.7%. The major reasons are as follows:

- **Cash and cash equivalents** : The Company and its subsidiaries' cash and cash equivalents was 664.2 million Baht (2018: 197.4 million Baht), increasing by 466.8 million Baht or 236.5%. Cash and cash equivalents under LST increased by 465.9 million Baht since the average unit cost of CPO declined by 9.6%, resulting in the decrease of trade receivable and inventory during the year, and operating profit also increased. As a result, the company utilized less working capital than previous year, leading to the increase of cash and cash equivalents.

- **Trade and other receivables** : The Company and its subsidiaries recorded trade receivables–unrelated parties (after an allowance for doubtful debt) at 857.6 million Baht, accounting for 15.9% of total assets (2018: 827.1 million Baht accounting for 16.1% of total assets), increasing by 30.5 million Baht. Such increment was from higher A/R which was not yet due at 44.5 million Baht and A/R aging 3-6 months at 9.6 million baht, while A/R up to 3 months decreased by 19.0 million Baht. The average collection period was at 50 days in 2019. (2018: 50 days)

The Company and its subsidiaries recorded A/R aging more than 12 months and returned cheques at 41.1 million Baht (2018: 48.1 million Baht), accounting for 4.8% of trade receivables–unrelated parties (2018: 5.8%). In the meantime, the Company already set the allowance for doubtful accounts at 96.2% of the value of A/R aging more than 12 months and returned cheques (2018: 99.2%).

- **Inventory** : At the end of 2019, the Company and its subsidiaries' inventory was worth 841.7 million Baht or 15.6% of total assets, decreasing by 237.5 million Baht (2018: 1,079.2 million Baht or 20.9% of total assets). At the Company level, there was a decrease of 126.1 million Baht caused by lower stock volume. Because CPO price significantly increased from November to the end of year, the company delayed to buying CPO in that period.

- **Biological assets** : The Company at the group level recorded biological assets at 90.9 million Baht, accounting for 1.7% of total assets, decreasing by 27.6 million Baht (2018 : 118.5 million Baht accounting for 2.3% of total assets which was affected by the decrease of gain arising from change in fair value of seedling and FFB.

- **Property, plant and equipment** : The Company at the group level recorded the net value of 2,284.3 million Baht, an increase of 43.9 million Baht or 2.0% from 2018. The net value of LST increased by 26.6 million Baht mainly from assets under instruction and installation. UFC's net value (after an allowance of impairment) increased by 26.5 million Baht due to the investment in machinery and equipment

- **Bearer plants** : The value of bearer plants possessed by the Company and its subsidiaries decreased by 9.2 million Baht due to writing-off of palm trees returned to Sor Por Kor.

3. Source of Fund

Structure of Fund : Under the consolidated financial statements, source of fund comprised 4,205.4 million Baht from shareholders' equity and 1,190.0 million Baht from liabilities or 77.9% and 22.1% of total liabilities and equities respectively. Such liabilities were mainly derived from loans from financial institutions amounted to 486.6 million Baht, comprising short-term loan and current portion of long-term loan. In addition, there was trade and other payables at 440.9 million Baht. The debt to equity ratio was 0.28 times at the end of 2019 (2018: 0.30 times). Further details are set out below:-

- **Shareholders' equity**: The Company group's shareholders' equity increased by 244.8 million Baht or 6.2% because of net profit at 480.5 million Baht and dividend paid at 213.4 million Baht. Also, there was actuarial loss and income tax effect at 22.3 million Baht.

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

Short-term loans from financial institutions of 486.6 million Baht, of which:

- 1) 470.0 million Baht was short-term loan of subsidiaries.
- 2) 16.6 million Baht was current portion of long-term loan of subsidiaries.

Financial liquidity

In 2019, the Company and its subsidiaries had higher financial liquidity than 2018 as cash and cash equivalents was 664.2 million Baht, increasing by 466.8 million Baht (2018: 197.4 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 2019, the Company and its subsidiaries had net cash received from operating activities at 1,031.7 million Baht (2018: 1,087.2 million Baht), decreasing by 55.5 million Baht. Profit from operating activities before changes in operating assets was 904.1 million Baht, increasing by 190.3 million Baht. The key factors for changes during the year were as follows:

- Inventory decreased by 237.0 million Baht.
- Trade and other payables increased by 23.7 million Baht.
- Provision for long-term employee benefits decreased by 18.8 million Baht.
- Cash paid for corporate income tax 101.6 million Baht.

Cash flows from investing activities : In 2019, the Company and its subsidiaries recorded net cash used in investing activities at 241.9 million Baht (2018: 127.8 million Baht). This was because of the investment in machinery, new trucks to replace the old ones, and tracked excavator used in gardening.

Cash flows from financing activities : In 2019, the Company and its subsidiaries recorded net cash used in financing activities at 323.1 million Baht (2018: 1,176.2 million Baht), decreasing by 853.1 million Baht. This circumstance was because short term loan from financial institution declined by 20.0 million Baht in 2019, but that loan increased by 1,030.0 million baht in 2018, while dividend paid increased by 55.4 million Baht from previous year.

Financial ratios

Current ratio was at 2.50 times (2018: 2.23 times).

Quick ratio was at 1.54 times (2018: 1.04 times).

Return on total assets (Average) was 9.1% in 2019 (2018: 6.9%) as net profit for the year increased by 23.7%, whereas total assets increased by 4.7%.

Return on total equity (Average) was 12.4% in 2019 (2018: 10.5%) as net profit for the year increased by 23.7%, whereas total shareholders' equity increased by 6.2%.

Total debt to equity ratio decreased to 0.28 times in 2019 (2018: 0.30 times) since loans from financial institutions were paid off.

Accounts receivables turnover was at 7.22 times in 2019 (2018: 7.25 times) with the average collection period at 50 days (2018: 50 days).

Inventory turnover of finished goods was 11.45 times in 2019 (2018: 11.84 times) with the inventory turnover period at 31 days (2018: 30 days).

Accounts payables turnover was 12.1 times in 2019 (2018: 13.49 times); average payment period was at 30 days (2018: 27 days).

4. Capital Expenditure

In 2019, 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.
- UPOIC invested in buying trucks and tracked excavator to replace the old ones and enhance the machinery efficiency.

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 audit fee was determined as follows:-

Audit Fee (Baht)	2019	2020
for the Company	1,710,000	1,710,000
for 2 subsidiaries	2,200,000	2,200,000
for 5 related companies	710,000	710,000
Total	4,620,000	4,620,000

2) Non-Audit Fee

Apart from the Audit Fee, a fee for verifying BOI project including imported machineries and corporate income tax submission was determined as follows:-

Non-Audit Fee (for BOI project) (Baht)	2019	2020
for the Company	120,000	-0-*
for 2 subsidiaries	-0-	-0-
for 2 related companies	100,000**	100,000
Total	220,000	100,000

Note : * In 2020, BOI certificates of the Company were expired.

** no actual payment of a fee for verifying BOI project due to loss operating performance of a related company (Siam Elite Palm) in 2019

SHAREHOLDERS AND MANAGEMENT

Shareholders

As at 8 May 2019, 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	2.88
7	CGS-CIMB Securities (Hong Kong) Limited	1.62
8	Mrs. Supaporn Samitthinant	1.20
9	Thai NVDR Co., Ltd.	0.99
10	Ms. Nalin Chongsawadchai	0.65

Source : Thailand Securities Depository Co., Ltd.

Note :

(i) Lam Soon Holding Co., Ltd. is an investment holding company. As at 31 December 2019, 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 Shang Ying.)	50.00
2	Mr. Whang Shang Ying (Mr. Whang Shang Ying does not 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 2019 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 2019, 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 Simarajana	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) Lackana Leelayouthayotin, Ph.D.	Independent Director and Member of Nomination Committee
(5) 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
(4) Mr. Nattapong Mathakun	Bangpoo Plant 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 2020 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 2019, the Board of Directors held 7 meetings, with attendance shown of each member as below:-

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

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) Ms. Somrak Krajangsod	Vice President - Account and Finance
(5) Mr. Komkris Siriwongpairat	Vice President - Modern Trade and Food Solution
(6) Mr. Sirichai Navasettavorn	Vice President - Traditional Trade and Industrial
(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 79 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
- Shareholdings (Ordinary Shares)
 - Held personally None
 - Held by spouse or minor children None
- The number of directorships in listed companies
 - Chairman 1 company
 - Director 1 company
- Number of years as a director 13 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, member of Audit Committee, member of Nomination, Remuneration and Corporate Governance Committee, SPCG Plc.
- Position in companies with relating business (specify only non-executive director)
 - might have a conflict of interest with the Company None
 - others 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 2019
 - Attended the Board Meeting 6 times out of 7 times
 - Attended the AC Meeting 3 times out of 4 times

Note : present past

SHAREHOLDERS AND MANAGEMENT

- (2) **Ms. Anchalee Suebchantasiri**
 Managing Director and Chief Risk Officer
 Age 61 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
- 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 25 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 2019
 - Attended the Board Meeting 7 times out of 7 times
- (3) **Assoc. Prof. Preecha Jarungidanan, Ph.D.**
 Independent Director, Member of Audit Committee, Chairman of Remuneration Committee, and Member of Nomination Committee
 Age 73 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
- 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 13 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)
 - might have a conflict of interest with the Company None
 - others 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)

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

- 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 2019
- Attended the Board Meeting 7 times out of 7 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 5 times out of 6 times

(4) Mr. Banchong Chittchang

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

- | | |
|-------------|--|
| Age | 71 years |
| Nationality | Thai |
| Address | 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260 |
- 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 13 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)
- might have a conflict of interest with the Company None
 - others 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 2019
- Attended the Board Meeting 7 times out of 7 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 6 times out of 6 times

(5) Lackana Leelayouthayotin, Ph.D.

Independent Director and Member of Nomination Committee

- | | |
|-------------|--|
| Age | 66 years |
| Nationality | Thai |
| Address | 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260 |
- Shareholdings (Ordinary Shares)
- Held personally None
 - Held by spouse or minor children None
- The number of directorships in listed companies
- Chairman 0 company
 - Director 4 companies
- Number of years as a director 5 years (date of appointment : 1 April 2015)
- Family relation with management None

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

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
Position in other listed companies	<ul style="list-style-type: none"> ■ Independent Director, The Siam Commercial Bank Plc. ■ 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)	
- might have a conflict of interest with the Company	None
- others	None
Other Experience	<ul style="list-style-type: none"> ■ Chairman of the Board of Directors, Aisance Co., Ltd. ■ Consultant, Brand's Suntory (Thailand) Co., Ltd. ■ Independent Director and Audit Committee, Shera 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 ■ Vice President, Chulalongkorn University Alumni Association under Royal Patronage of His Majesty the King ■ Committee, The Fund for patients and hospitals of Somdet Phra Nyanasamvara Somdet Phra Sangharaj Wat Bovoranives Vihara Foundation under Royal Patronage of His Majesty the King <input type="checkbox"/> Director and Chairman of the Audit Committee, Thailand Institute of Nuclear Technology (TINT) <input type="checkbox"/> Director, The ONE Enterprise Co., Ltd. <input type="checkbox"/> Executive Director, Cerebos Pacific Limited, Singapore <input type="checkbox"/> Chief Executive Officer of Health Supplement Division, Cerebos Pacific Limited, Singapore <input type="checkbox"/> Executive Vice President & Chief Executive Officer of South East Asia, Cerebos Pacific Limited, Singapore <input type="checkbox"/> Chief Executive Officer, Cerebos (Thailand) Co., Ltd. <input type="checkbox"/> Executive Product Manager, Diethelm Co., Ltd. <input type="checkbox"/> President of the Marketing Association of Thailand (MAT)
Meeting Attendance in 2019	<ul style="list-style-type: none"> - Attended the Board Meeting 7 times out of 7 times - Attended the NC Meeting 5 times out of 5 times

(6) Datuk Simon Shim Kong Yip	
Non-Independent Non-Executive Director and Chairman of Nomination Committee	
Age	63 years
Nationality	Malaysian
Address	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
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	13 years (date of appointment : 25 April 2007)
Family relation with management	None
Education	Master in Law, University College London, London University, United Kingdom

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

Director Training Programme None
 Position in other listed companies None
 Position in companies with relating business (specify only non-executive director)
 - might have a conflict of interest with the Company None
 - others
 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 2019
 - Attended the Board Meeting 4 times out of 7 times
 - Attended the NC Meeting 5 times out of 6 times

(7) Mr. Whang Shang Ying

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

Age 59 years
 Nationality Singaporean
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

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 22 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 2019
 - Attended the Board Meeting 7 times out of 7 times
 - Attended the RC Meeting 2 times out of 2 times
 - Attended the NC Meeting 5 times out of 6 times

(8) Ms. Piyathida Sukchan

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

Age 51 years
 Nationality Thai

Note : *present* *past*

SHAREHOLDERS AND MANAGEMENT

Address	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
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	7 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 2019	
- Attended the Board Meeting 7 times out of 7 times	

(9) Mr. Ampol Simarojana

Non-Executive Director and Operations Consultant	
Age	63 years
Nationality	Thai
Address	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
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	25 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 2019	
- Attended the Board Meeting 7 times out of 7 times	

(10) Ms. Somrak Krajangsod

Vice President – Account and Finance and Secretary to the Audit Committee	
Age	48 years
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

Family relation with management	None
Education	Master of Business Administration (MBA) in Finance National University, USA.
Director Training Programme	Bachelor of Accountancy, Bangkok University Certificate of Company Secretary Program (CSP) 97/2019 from Thai Institute of Directors (IOD)
Position in other listed companies	
<input checked="" type="checkbox"/> Company Secretary and Secretary to the Audit Committee, United Palm Oil Industry Plc. Other Experience	
<input type="checkbox"/> Deputy Chief Financial Officer, Union Frozen Products Co., Ltd. <input type="checkbox"/> Commercial Manager-Pre-Engineering Building & Residential Solutions, BlueScope Lysaght (Thailand) Limited <input type="checkbox"/> Financial Services Manager, BlueScope Steel (Thailand) Limited	
(11) Mr. Komkris Siriwongpairat	
Vice President - Modern Trade and Food Solution	
Age	47 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	
<input type="checkbox"/> Sales Manager, SC Johnson & Son Co., Ltd. <input type="checkbox"/> Sr. Customer Development Manager, Johnson & Johnson (Thailand) Co., Ltd. <input type="checkbox"/> Key Account Manager & Trade Marketing Manager, Diethelm Co., Ltd	
(12) Mr. Sirichai Navasettavorn	
Vice President - Traditional Trade and Industrial	
Age	46 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	
<input type="checkbox"/> National Field Sales Manager, Siam Winery Trading Plus Co., Ltd. <input type="checkbox"/> Business Development Manager, Fonterra Brands (Thailand) Co., Ltd. <input type="checkbox"/> Distribution Account Specialist, Nestle (Thai) Co., Ltd. <input type="checkbox"/> Area Sales Manager, Boonrawd Asia Beverage Co., Ltd. <input type="checkbox"/> Business Development Manager, Thai Pure Drink Co., Ltd.	
(13) Mr. Virat Suwannarat	
Vice President - Human Resources and Member of Risk Management Committee	
Age	52 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	
<input type="checkbox"/> HR Director, Sara Lee (Thailand) Co., Ltd. <input type="checkbox"/> HR Director, Moccona (Thailand) Co., Ltd. <input type="checkbox"/> Plant HR Manager, Cadbury Adams (Thailand) Co., Ltd.	

Note : present past

6. Directors and Executives holding shares in the Company

Name	No. of shares as of 31 December 2018	Increase (Decrease) in no. of shares during the financial year	No. of shares as of 31 December 2019
(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) Ms. Somrak Krajangsod	-	-	-
(11) Mr. Komkris Siriwongpairat	-	-	-
(12) Mr. Sirichai Navasettavorn	-	-	-
(13) Mr. Virat Suwannarat	-	-	-

7. Remuneration of Directors and Executives

The Annual General Meeting of Shareholders No. 1/2019 resolved to approve the remuneration payments for 2019 to the Company's directors as proposed by the Board. The remuneration was thoroughly and carefully considered by the Remuneration Committee all factors including comparison with other companies in the same industry as well as growth of business and operating results of the Company, as follows:

(Baht/Person/Year)	2019
• Chairman of the Board	687,960
• Independent Directors	577,080
• Non Independent Non Executive Director	577,080
• Executive Director	273,420
• Non-Executive Director	577,080
• Audit Committees	438,480
• Nomination Committee	22,995
• Remuneration Committee	45,885

The above fee is fixed to be paid monthly, except the remuneration for Nomination Committee and Remuneration Committee, which shall be paid on yearly basis.

SHAREHOLDERS AND MANAGEMENT

Monetary Remuneration

- Director's fees : Total fees to all 9 members of the Board **5,871,070** Baht
- Director's fees paid to the Company's Directors as Directors of Subsidiaries for 3 persons : **1,802,800** Baht

Name	Position	Director's fees as the Company's Directors in 2019	Director's fees as Directors of Subsidiaries in 2019
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Board, Independent Director, and Chairman of Audit Committee	1,108,560	-
(2) Ms. Anchalee Suebchantasiri	Managing Director	269,080	567,600
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director Member of Audit Committee Chairman of Remuneration Committee Member of Nomination Committee	1,068,320	-
(4) Mr. Banchong Chittchang	Independent Director Member of Audit Committee Member of Remuneration Committee Member of Nomination Committee	1,068,320	-
(5) Lackana Leelayouthayotin, Ph.D.	Independent Director	590,915	-
(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director and Chairman of Nomination Committee	590,915	-
(7) Mr. Whang Shang Ying	Executive Director Member of Remuneration Committee Member of Nomination Committee	337,960	667,600
(8) Ms. Piyathida Sukchan	Executive Director	269,080	567,600
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant	567,920	567,600
Total		5,871,070	1,802,800

- Remuneration (salary and bonus) of all 9 Executives : **77,962,410** Baht*
- Remuneration (salary and bonus) paid to the Company's Executive Directors and Executives as the Executives of Subsidiaries for 2 persons : **6,855,000** 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).

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. 1/2020 held on 21 February 2020, 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 7, 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	:	49 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., 20 years■ Internal auditor, Lam Soon (Thailand) Public Co., Ltd., 15 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 2019 at the rate of 0.40 Baht/share representing 64.4% of net profit after tax, compared with that of 2018 at 0.25 Baht/share representing 60.3% 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
		2019	2018		
Subsidiary company	Purchase of raw materials	432	423	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	458	519	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.
	Dividend income	80	85	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.
	Administrative service income	3	4	On actual basis	This is administrative expenses from being the distributor for UFC.

The balances of the accounts as at 31 December 2019 and 2018 between the Company, subsidiaries, and those related companies have been declared in Notes to financial statements item no. 7.

Measures or criteria to approve connected transactions

In 2019, the Company's purchases of CPO, CPKO, PKS and FFB from UPOIC accounted for 17.89% (2018 : 15.33%) 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 2019, 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 2019

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 2019, 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 2019, 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 12.4 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 5.11 and Note 11 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: 21 February 2020

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Current assets					
Cash and cash equivalents	8	664,166,740	197,382,396	589,021,161	123,132,668
Trade and other receivables	7, 9	889,805,942	882,371,771	776,842,419	751,467,141
Current portion of finance lease receivables		330,650	-	-	-
Short-term loans to related parties	7	-	-	-	-
Inventories	10	841,677,086	1,079,191,775	453,081,876	579,145,263
Biological assets	11	90,928,591	118,519,826	-	-
Other current assets		38,888,478	38,904,870	5,843,643	9,992,998
Total current assets		2,525,797,487	2,316,370,638	1,824,789,099	1,463,738,070
Non-current assets					
Financial lease receivables - long-term portion		640,732	-	-	-
Investments in subsidiaries	12	-	-	1,333,966,824	1,333,966,824
Investment in joint venture	13	26,709,841	38,601,652	-	-
Investment in associated company	14	-	-	-	-
Other long-term investments	15	23,425	23,425	23,425	23,425
Long-term loans to other companies	16	19,320,000	20,240,000	-	-
Investment properties	17	63,488,229	63,029,305	5,614,752	5,614,752
Property, plant and equipment	18	2,284,262,773	2,240,354,272	772,543,549	745,985,163
Bearer plants	19	204,212,237	213,389,162	177,471	189,235
Goodwill	12	196,376,189	196,376,189	-	-
Intangible assets	20	6,162,427	7,846,265	3,712,101	4,590,632
Deferred tax assets	30	63,018,787	51,214,460	19,622,079	17,297,064
Other non-current assets		5,405,278	5,297,647	513,346	404,930
Total non-current assets		2,869,619,918	2,836,372,377	2,136,173,547	2,108,072,025
Total assets		5,395,417,405	5,152,743,015	3,960,962,646	3,571,810,095

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		<u>31 December 2019</u>	<u>31 December 2018</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	21	470,000,000	450,000,000	-	-
Trade and other payables	7, 22	440,899,357	404,927,022	377,940,259	333,599,235
Current portion of long-term loans	24	16,600,000	112,540,000	-	-
Current portion of liabilities under finance lease agreements	25	-	473,775	-	-
Income tax payable		59,071,532	46,781,981	50,474,803	25,495,318
Other current liabilities	23	<u>22,307,191</u>	<u>24,964,158</u>	<u>2,656,007</u>	<u>3,574,831</u>
Total current liabilities		<u>1,008,878,080</u>	<u>1,039,686,936</u>	<u>431,071,069</u>	<u>362,669,384</u>
Non-current liabilities					
Long-term loans - net of current portion	24	-	33,266,666	-	-
Provision for long-term employee benefits	26	<u>181,099,166</u>	<u>119,151,107</u>	<u>89,241,410</u>	<u>68,011,904</u>
Total non-current liabilities		<u>181,099,166</u>	<u>152,417,773</u>	<u>89,241,410</u>	<u>68,011,904</u>
Total liabilities		<u>1,189,977,246</u>	<u>1,192,104,709</u>	<u>520,312,479</u>	<u>430,681,288</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Shareholders' equity					
Share capital					
Registered					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
Issued and fully paid-up					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
		241,970,265	241,970,265	241,970,265	241,970,265
Share premium					
Other surpluses (deficits)					
		5,269,100	5,269,100	5,269,100	5,269,100
Premium on treasury stock					
		(6,579,077)	(6,579,077)	-	-
Deficit on changes in shareholding in subsidiary					
Retained earnings					
	27	125,247,619	122,223,881	82,000,000	82,000,000
Appropriated - statutory reserve					
		2,697,554,289	2,445,153,625	2,291,410,802	1,991,889,442
Unappropriated					
		3,883,462,196	3,628,037,794	3,440,650,167	3,141,128,807
Equity attributable to owners of the Company					
		321,977,963	332,600,512	-	-
Non-controlling interests of the subsidiaries					
		4,205,440,159	3,960,638,306	3,440,650,167	3,141,128,807
Total shareholders' equity					
		5,395,417,405	5,152,743,015	3,960,962,646	3,571,810,095
Total liabilities and shareholders' equity					
		-	-	-	-

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
Profit or loss:					
Revenues					
Revenue from contracts with customers	28	6,397,739,394	7,204,319,153	4,563,024,066	5,044,077,159
Dividend income	7, 12	2,324	315	80,400,881	84,933,175
Gain from change in fair value of biological assets		-	39,271,402	-	-
Other income		59,167,799	65,542,208	26,815,367	46,319,506
Total revenues		6,456,909,517	7,309,133,078	4,670,240,314	5,175,329,840
Expenses					
Cost of sales	29	5,115,762,168	6,072,059,033	3,646,762,610	4,383,213,324
Selling and distribution expenses		471,246,686	518,490,235	301,357,648	296,766,424
Administrative expenses		234,756,868	209,164,663	120,349,741	106,025,734
Loss from impairment of assets		698,969	28,536,004	-	-
Loss from change in fair value of biological assets		26,864,185	-	-	-
Total expenses		5,849,328,876	6,828,249,935	4,068,469,999	4,786,005,482
Profit before share of gain (loss) from investment in joint venture, finance cost and income tax expenses					
Share of gain (loss) from investment in joint venture	13	(6,813,861)	9,507,253	-	-
Profit before finance cost and income tax expenses					
Finance cost		(13,145,305)	(22,659,265)	(1,444,016)	(6,756,823)
Profit before income tax expenses		587,621,475	467,731,131	600,326,299	382,567,535
Income tax expenses	30	(107,143,699)	(79,407,827)	(91,302,895)	(42,670,068)
Profit for the year		480,477,776	388,323,304	509,023,404	339,897,467

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
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	-	521,635
Less: Income tax effect	30	-	(104,328)	-	(104,328)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		-	417,307	-	417,307
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(27,740,711)	-	(5,777,396)	-
Income tax effect	30	5,548,142	-	1,155,479	-
Share of other comprehensive income of investment in joint venture - actuarial loss	13	(77,952)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(22,270,521)	-	(4,621,917)	-
Other comprehensive income for the year		(22,270,521)	417,307	(4,621,917)	417,307
Total comprehensive income for the year		<u>458,207,255</u>	<u>388,740,611</u>	<u>504,401,487</u>	<u>340,314,774</u>
Profit attributable to:					
Equity holders of the Company		482,062,908	381,677,475	<u>509,023,404</u>	<u>339,897,467</u>
Non-controlling interests of the subsidiaries		(1,585,132)	6,645,829		
		<u>480,477,776</u>	<u>388,323,304</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		460,340,384	382,094,782	<u>504,401,487</u>	<u>340,314,774</u>
Non-controlling interests of the subsidiaries		(2,133,129)	6,645,829		
		<u>458,207,255</u>	<u>388,740,611</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	32	<u>0.59</u>	<u>0.47</u>	<u>0.62</u>	<u>0.41</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

(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					
		Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on changes in shareholding in subsidiary	Retained earnings Appropriated - statutory reserve	Unappropriated	Surplus (deficit) 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
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	35	-	-	-	-	-	(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 2019

(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			Equity		
		Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on changes in shareholding in subsidiary	Retained earnings Appropriated - statutory reserve	Unappropriated	Surplus (deficit) 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
Balance as at 1 January 2019		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
Profit for the year		-	-	-	-	-	482,062,908	-	-	482,062,908	(1,585,132)	480,477,776
Other comprehensive income for the year		-	-	-	-	-	(21,722,524)	-	-	(21,722,524)	(547,997)	(22,270,521)
Total comprehensive income for the year		-	-	-	-	-	460,340,384	-	-	460,340,384	(2,133,129)	458,207,255
Dividend paid	35	-	-	-	-	-	(205,000,000)	-	-	(205,000,000)	-	(205,000,000)
Reversal of prior year dividend		-	-	-	-	-	119,873	-	-	119,873	-	119,873
Appropriation of statutory reserve of subsidiary		-	-	-	-	3,023,738	(3,059,593)	-	-	(35,855)	35,855	-
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(8,525,275)	(8,525,275)
Balance as at 31 December 2019		820,000,000	241,970,265	5,269,100	(6,579,077)	125,247,619	2,697,554,289	-	-	3,883,462,196	321,977,963	4,205,440,159

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 2019

(Unit: Baht)

		Separate financial statements							
				Retained earnings		Other components of equity			
		Issued and		Premium on	Appropriated -		Other		
		paid up		treasury stock	statutory reserve	Unappropriated	comprehensive		
		share capital	Share premium				income		
							Surplus (deficit)		
							on changes	Total other	
							in value of	components of	
							available-for-sale	shareholders'	
Note		share capital	Share premium	treasury stock	statutory reserve	Unappropriated	investments	equity	
								Total	
								shareholders'	
								equity	
		820,000,000	241,970,265	5,269,100	82,000,000	1,799,512,318	(417,307)	(417,307)	2,948,334,376
		-	-	-	-	339,897,467	-	-	339,897,467
		-	-	-	-	-	417,307	417,307	417,307
		-	-	-	-	339,897,467	417,307	417,307	340,314,774
	35	-	-	-	-	(147,600,000)	-	-	(147,600,000)
		-	-	-	-	79,657	-	-	79,657
		820,000,000	241,970,265	5,269,100	82,000,000	1,991,889,442	-	-	3,141,128,807

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 2019

(Unit: Baht)

Separate financial statements									
						Other components of equity			
						Other comprehensive income			
						Surplus (deficit) on changes in value of available-for-sale investments		Total other components of shareholders' equity	Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings					
				Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2019	820,000,000	241,970,265	5,269,100	82,000,000	1,991,889,442	-	-	-	3,141,128,807
Profit for the year	-	-	-	-	509,023,404	-	-	-	509,023,404
Other comprehensive income for the year	-	-	-	-	(4,621,917)	-	-	-	(4,621,917)
Total comprehensive income for the year	-	-	-	-	504,401,487	-	-	-	504,401,487
Dividend paid	35	-	-	-	(205,000,000)	-	-	-	(205,000,000)
Reversal of prior year dividend		-	-	-	119,873	-	-	-	119,873
Balance as at 31 December 2019	820,000,000	241,970,265	5,269,100	82,000,000	2,291,410,802	-	-	-	3,440,650,167

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	587,621,475	467,731,131	600,326,299	382,567,535
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	222,899,974	233,488,794	95,421,264	96,527,362
Loss (gain) from change in fair value of biological assets	26,864,185	(39,271,402)	-	-
Share of loss from investment in joint venture	6,813,861	(9,507,253)	-	-
Increase (decrease) in allowance for doubtful accounts	(8,989,509)	561,250	(9,324,430)	(23,814)
Decrease in allowance for diminution in inventory value	516,812	(1,486,406)	-	-
Reversal of allowance for impairment loss of investment in subsidiary	-	-	-	(21,095,880)
Increase (decrease) in allowance for impairment of assets	(836,131)	28,536,004	-	-
Loss on disposals of other long-term investment	-	492,539	-	492,539
Gain on disposals/write-off of equipment and investment properties	(1,840,260)	(2,242,278)	(520,989)	(1,123,321)
Gain on financial lease agreements	(1,022,998)	-	-	-
Loss on write-off of bearer plants	5,948,638	860,757	-	-
Unrealised loss (gain) on exchange	1,420,108	328,169	(68,513)	299,734
Provision for long-term employee benefits	53,003,812	14,060,920	20,012,358	6,937,210
Dividend income from subsidiaries	-	-	(80,398,557)	(84,932,860)
Dividend income from other companies	(2,324)	(315)	(2,324)	(315)
Interest expenses	11,701,289	20,259,502	-	5,220,454
Profit from operating activities before changes in operating assets and liabilities	904,098,932	713,811,412	625,445,108	384,868,644
Decrease (increase) in operating assets				
Trade and other receivables	(8,977)	222,036,724	(16,100,592)	204,350,146
Cash received from financial lease receivables	51,616	-	-	-
Inventories	236,997,877	374,756,234	126,063,387	343,529,490
Biological assets	727,050	(8,632,028)	-	-
Other current assets	212,608	(750,240)	4,149,355	(929,163)
Other non-current assets	542,369	(761,519)	(108,416)	80,306
Increase (decrease) in operating liabilities				
Trade and other payables	23,663,864	(87,620,930)	38,113,418	(137,003,966)
Other current liabilities	(2,654,384)	(15,547,485)	(916,241)	(13,264,580)
Provision for long-term employee benefits	(18,796,464)	(27,247,904)	(4,560,248)	(9,730,953)
Cash from operating activities	1,144,834,491	1,170,044,264	772,085,771	771,899,924
Cash paid for interest expenses	(11,803,055)	(20,721,783)	-	(5,588,038)
Income tax refund	245,887	2,065,129	-	-
Cash paid for corporate income tax	(101,552,436)	(64,172,257)	(67,492,946)	(31,279,129)
Net cash from operating activities	1,031,724,887	1,087,215,353	704,592,825	735,032,757

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Dividend received from subsidiaries	-	-	80,398,557	84,932,860
Dividend received from joint venture	4,999,998	2,499,999	-	-
Dividend received from other companies	2,324	315	2,324	315
Decrease in long-term loans to other companies	920,000	920,000	-	-
Acquisitions of property, plant and equipment	(246,232,432)	(122,838,345)	(115,578,728)	(33,634,918)
Advance payments for plant and equipment	(650,000)	(50,000)	-	-
Proceed from disposals of other long-term investments	-	1,007,461	-	1,007,461
Proceeds from disposals of equipment	7,427,668	7,413,617	1,356,225	5,442,606
Increase in bearer plants	(7,840,675)	(16,455,104)	-	-
Increase in intangible assets	(479,000)	(282,695)	-	(93,990)
Net cash from (used in) investing activities	(241,852,117)	(127,784,752)	(33,821,622)	57,654,334
Cash flows from financing activities				
Decreases (increase) in short-term loans from financial institutions	20,000,000	(1,030,000,000)	-	(570,000,000)
Repayment of liabilities under finance lease agreements	(473,775)	(482,718)	-	-
Cash received from long-term loans	-	200,000,000	-	-
Repayment of long-term loans	(129,206,666)	(187,706,481)	-	(96,013,147)
Dividend paid	(213,407,985)	(158,002,454)	(204,882,710)	(147,530,523)
Net cash used in financing activities	(323,088,426)	(1,176,191,653)	(204,882,710)	(813,543,670)
Net increase (decrease) in cash and cash equivalents	466,784,344	(216,761,052)	465,888,493	(20,856,579)
Cash and cash equivalents at beginning of the year	197,382,396	414,143,448	123,132,668	143,989,247
Cash and cash equivalents at end of the year (Note 8)	664,166,740	197,382,396	589,021,161	123,132,668

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

19,342,922 6,788,478 7,779,049 1,433,186

Dividend payable

117,290 69,477 117,290 69,477

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 2019

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>2019</u> Percent	<u>2018</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>2019</u> Percent	<u>2018</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, 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 Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the 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 Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

The Group adopted TFRS 15 using the full retrospective method of adoption. The Group elected to apply the following practical expedients.

- Not disclose the effect of the transition on the current year.

The effect of the change is described in Note 4 to the financial statements.

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations

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

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

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

TFRS 16 Leases

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

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

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

The management of the Group expects the effect of the adoption of this accounting standard to the consolidated statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 69 million and the Group's liabilities by approximately Baht 69 million. However, the management of the Company believes that adoption of this standard will not have any significant impact on the separate financial statements

4. Effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. The change in accounting policy has no impact to the statement of financial position, changes in shareholders' equity and cash flows.

The amounts of the adjustments affecting the reclassifications of accounts in statement of comprehensive income are summarised below:

(Unit: Million Baht)

	Increase (decrease) in profit for the year ended 31 December 2018	
	Consolidated financial statements	Separate financial statements
Statement of comprehensive income		
Profit or loss:		
Revenue from contracts with customers	(96)	(528)
Other income	(6)	(52)
Cost of sales	-	519
Selling and distribution expenses	102	61
Profit for the year	-	-

The nature of these adjustments are described below:

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 Group has determined that certain promotion expenses which are considered as variable consideration will be recorded as deduction from sales. Under the previous accounting policy, the Group recognises such promotion expenses as selling expenses.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts to customers.

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.

5.2 Cash and cash equivalents

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

5.3 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.

5.4 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.

5.5 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.

5.6 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 year when the asset is derecognised.

5.7 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	-	5, 20 and 30 years
Building improvement	-	5 - 20 and 30 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	3 - 20 and 30 years
Furniture, fixtures and office equipment	-	3 - 15 and 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.

5.8 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 palm trees is generally 25 years).

Amortisation is included in determining income.

No amortisation is provided on bearer plants not ready for harvest.

Costs of supplying palm vacancies and infilling mature areas are recognised as expenses in profit or loss.

5.9 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.

5.10 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

5.11 Agriculture

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.

5.12 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.

5.13 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.

5.14 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.

5.15 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.

5.16 Impairment of assets

At the end of each reporting period, the Group performs 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 Group 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 Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.17 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.

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

Post-employment benefits and other long-term employee benefits

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

The obligation under the defined benefit plan and other long-term employee benefit 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 defined benefit plans are recognised immediately in other comprehensive income.

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

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

5.19 Provisions

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

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

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

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.21 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.

5.22 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 Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting 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:

Agriculture

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 price of palm fruit at the front of the subsidiary's factory, 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.

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
				(Restated)	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	432	423	Market prices on the contract date
Purchases of goods	-	-	458	519	Market prices less fixed margin
Dividend income	-	-	80	85	At the declared rate
Rental income	-	-	2	2	Market price
Administrative service income	-	-	3	4	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	184	177	-	-	Price approximates market price
Purchases of goods	8	6	6	3	Price less marketing expenses and margin
Selling expenses	19	20	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	1	15	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	5	3	-	-	As declared by joint venture

As at 31 December 2019 and 2018, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables - related parties</u> (Note 9)				
Subsidiaries	-	-	22,830	20,829
Associated company	452	452	-	-
Related companies (related by common shareholders)	46,856	53,607	-	-
Total trade and other receivables - related parties	47,308	54,059	22,830	20,829
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	26,528	33,279	22,830	20,829
 <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 22)				
Subsidiaries	-	-	78,146	86,708
Related companies (related by common shareholders)	4,942	4,093	-	-
Total trade and other payables - related parties	4,942	4,093	78,146	86,708

Short-term loans to related parties

Short-term loans to associated and related companies of subsidiary carry interest at a rate of 7 percent per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has ceased from the date the Central Bankruptcy Court accepted the bankruptcy suits. The Central Bankruptcy Court ordered the closing of the Union Fresh Co., Ltd. (associated company of subsidiary) on 7 January 2016 and the case of Siam Unizon co., Ltd. (related company of subsidiary) on 24 February 2017.

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 2019 and 2018, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 142 million and Baht 145 million, respectively (the Company only: Baht 87 million and Baht 88 million, respectively).

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	2,489	2,321	1,038	895
Bank deposits	661,678	195,061	587,983	122,238
Total	<u>664,167</u>	<u>197,382</u>	<u>589,021</u>	<u>123,133</u>

As at 31 December 2019, bank deposits in savings accounts and time deposit accounts carried interests between 0.04 and 1.10 percent per annum (2018: between 0.05 and 0.50 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	26,528	30,484	-	8
Past due				
Up to 3 months	-	2,789	-	-
6 - 12 months	-	5	-	-
Over 12 months	452	452	-	-
Total	26,980	33,730	-	8
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	26,528	33,278	-	8
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	16,955	24,219	16,955	24,219
Cheque returned	12,581	18,667	7,618	13,704
Not yet due	679,808	635,354	599,959	546,836
Past due				
Up to 3 months	146,645	165,679	130,365	138,606
3 - 6 months	10,786	1,162	54	1,004
6 - 12 months	1,879	333	787	256
Over 12 months	28,523	29,487	2,391	3,655
Total	897,177	874,901	758,129	728,280
Less: Allowance for doubtful accounts	(39,538)	(47,774)	(7,737)	(16,308)
Total trade receivables - unrelated parties - net	857,639	827,127	750,392	711,972
Total trade receivables - net	884,167	860,405	750,392	711,980
<u>Other receivables</u>				
Other receivables - related parties	-	1	4,474	3,366
Other receivables - unrelated parties	5,278	22,640	4,329	20,128
Accrued income - related parties	-	-	18,356	17,455
Accrued income - unrelated parties	167	305	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	903	483	-	-
Total	26,676	43,757	27,159	40,949
Less: Allowance for doubtful accounts	(21,037)	(21,790)	(709)	(1,462)
Total other receivables - net	5,639	21,967	26,450	39,487
Total trade and other receivables - net	889,806	882,372	776,842	751,467

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Finished goods	412,632	520,654	(20,427)	(19,192)	392,205
Work in process	298,950	413,049	-	-	298,950	413,049
Raw materials	41,393	50,404	(6,122)	(6,147)	35,271	44,257
Inventories in transit	12,094	5,632	-	-	12,094	5,632
Supplies and spare parts	107,589	119,918	(4,432)	(5,126)	103,157	114,792
Total	872,658	1,109,657	(30,981)	(30,465)	841,677	1,079,192

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Finished goods	87,809	106,406	-	-	87,809
Work in process	299,094	409,302	-	-	299,094	409,302
Raw materials	15,265	23,765	-	-	15,265	23,765
Inventories in transit	11,779	5,632	-	-	11,779	5,632
Supplies and spare parts	39,135	34,040	-	-	39,135	34,040
Total	453,082	579,145	-	-	453,082	579,145

During the current year, the Group reduced the cost of inventories to net realisable value by Baht 0.5 million, which was included in cost of sales (2018: 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).

11. Biological assets

Movements of the biological assets account for the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
Balance as at 1 January 2018	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
Gain (loss) from changes in fair value	(4,047)	173,965	169,918
Increases from cultivate	767	-	767
Decreases from harvest	-	(176,954)	(176,954)
Decreases from sales	(11,522)	(3,946)	(15,468)
Decrease from write-off	(5,855)	-	(5,855)
Balance as at 31 December 2019	59,890	31,038	90,928

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 5 percent (2018: 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 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2019		2018	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Prices of palm fruit at the point of harvest	8,352	(8,352)	7,391	(7,391)
Weight of palm fruit on tree	8,352	(8,352)	7,391	(7,391)

12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht)	
							Dividend received during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96 Percent	69.96 Percent	748,344	748,344	18,137	22,672
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623	62,261	62,261
Total					1,333,967	1,333,967	80,398	84,933

As at 31 December 2019, 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 794 million (2018: Baht 988 million).

12.2 Details of investment in subsidiary that has material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(%)	(%)						
United Palm Oil Industry Public Company Limited	30.04	30.04	308	319	(2)	5	(8)	(10)

(Unit: Million Baht)

12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling

Summarised information about financial position

	As at 31 December	
	<u>2019</u>	<u>2018</u>
Current assets	238	231
Non-current assets	1,102	1,131
Current liabilities	302	298
Non-current liabilities	19	13

(Unit: Million Baht)

Summarised information about comprehensive income

	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Revenue	564	683
Profit (loss)	(4)	14
Other comprehensive income	(1)	-
Total comprehensive income	(5)	14

(Unit: Million Baht)

Summarised information about cash flow

	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Cash flow from operating activities	50	119
Cash flow used in investing activities	(31)	(46)
Cash flow used in financing activities	(21)	(162)
Net decrease in cash and cash equivalents	(2)	(89)

(Unit: Million Baht)

12.4 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 2019		
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited	Total
Goodwill	84,585	111,791	196,376

The recoverable amount of the CGUs 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)

	As at 31 December 2019	
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited
Long-term growth rate	2.0	2.0
Pre-tax discount rates	5.3	6.5

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.

13. Investment in joint venture

13.1 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)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	26,710	38,602
Total				25,000	25,000	26,710	38,602

13.2 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Siam Elite Palm Co., Ltd.	(6,814)	9,507	(78)	-
Total	(6,814)	9,507	(78)	-

During the year ended 31 December 2019, the subsidiary received dividend from investment in the joint venture of approximately Baht 5.0 million (2018: Baht 2.5 million).

13.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

(Unit: Thousand Baht)

As at 31 December

	<u>2019</u>	<u>2018</u>
Current assets	28,554	47,239
Non-current assets	35,260	36,838
Total assets	63,814	84,077
Current liabilities	(5,935)	(3,793)
Non-current liabilities	(4,459)	(3,080)
Total liabilities	(10,394)	(6,873)
Net assets	53,420	77,204
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	26,710	38,602

Summarised information about comprehensive income

(Unit: Thousand Baht)

For the years ended 31 December

	<u>2019</u>	<u>2018</u>
Revenue	12,939	34,947
Cost of sales	(7,619)	(12,356)
Gain (loss) from change in fair value of biological assets	(5,543)	14,689
Selling and administrative expenses	(13,362)	(18,138)
Income tax expenses	113	(128)
Profit (loss) for the year	(13,472)	19,014
Other comprehensive income	(156)	-
Total comprehensive income	(13,628)	19,014
Shareholding percentage (%)	50	50
Share of comprehensive income of investment in joint venture	(6,814)	9,507

14. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2019	2018	2019	2018
			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	
	2019	2018	2019	2018	2019	2018	2019	2018
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

15. Other long-term investments

(Unit: Thousand Baht)

Consolidated financial statements
and Separate
financial statements

Other long-term investments

Equity securities

	<u>2019</u>	<u>2018</u>
Datamat Pcl.	16	16
Standard Chartered Bank (Thai) Pcl.	2	2
Phracharat Laksammakkee Trang	5	5
Other long-term investments	23	23

16. Long-term loans to other companies

As at 31 December 2019, a subsidiary had unsecured loans to other companies, amounting to approximately Baht 19.3 million (2018: Baht 20.2 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.

Movement in long-term loans to other companies during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2018	20,240
Less: Receipts	(920)
Balance as at 31 December 2019	<u>19,320</u>

17. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)					
	As at 31 December 2019					
	Consolidated financial statements			Separate financial statements		
	Office		Total	Office		Total
	Land	building		Land	building	
Cost	63,795	138,810	202,605	5,615	33,973	39,588
Less: Accumulated depreciation	-	(77,059)	(77,059)	-	(33,973)	(33,973)
Allowance for impairment	(3,303)	(58,755)	(62,058)	-	-	-
Net book value	<u>60,492</u>	<u>2,996</u>	<u>63,488</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

	(Unit: Thousand Baht)					
	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Office		Total	Office		Total
	Land	building		Land	building	
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>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	63,029	63,691	5,615	5,615
Write-off during the year	(430)	-	-	-
Depreciation for the year	(646)	(662)	-	-
Reversal of allowance for impairment	1,535	-	-	-
Net book value at end of year	<u>63,488</u>	<u>63,029</u>	<u>5,615</u>	<u>5,615</u>

The fair value of land and office building of the Company as at 31 December 2019 was determined at approximately Baht 26 million (2018: Baht 24 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 2019, the fair value of the land was determined to be Baht 137 million on the basis of market approach, while that of the building was determined to be Baht 51 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 (2018: 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Yield rate (%)	-	-	7.0	7.5	Decrease in fair value	Decrease in fair value
Price per square wah (Baht)	290 - 12,000	160 - 7,200	290	290	Increase in fair value	Increase in fair value

18. 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 2018	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
Additions	-	-	27,492	82,796	2,235	10,374	135,423	258,320
Capitalised interest	-	-	-	-	-	-	468	468
Disposals/write off	(2,844)	-	(254)	(20,176)	(4,685)	(25,937)	-	(53,896)
Transfer in (transfer out)	19,112	-	11,341	54,316	1,058	3,126	(88,953)	-
31 December 2019	790,230	90,357	1,212,780	3,183,992	127,009	234,794	79,589	5,718,751

(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 2018	-	-	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
Depreciation for the year	-	-	53,498	136,868	4,835	13,821	-	209,022
Depreciation on disposals/write off	-	-	(254)	(18,281)	(4,655)	(25,539)	-	(48,729)
31 December 2019	-	-	823,802	2,215,811	112,495	199,021	-	3,351,129
Allowance for impairment								
1 January 2018	14,638	-	-	61,962	159	37	-	14,638
Decrease during the year	5,873	-	-	-	-	-	-	5,873
31 December 2018	20,511	-	-	61,962	159	37	-	82,669
Increase during the year	699	-	-	-	-	-	-	699
Decrease from write-off during the year	-	-	-	(2)	(7)	-	-	(9)
31 December 2019	21,210	-	-	61,960	152	37	-	83,359
Net book value								
31 December 2018	753,451	90,357	403,643	907,870	15,927	36,455	32,651	2,240,354
31 December 2019	769,020	90,357	388,978	906,221	14,362	35,736	79,589	2,284,263

Depreciation for the year

2018 (Baht 208.3 million included in manufacturing cost, and the balance in administrative expenses)

219,635

2019 (Baht 198.2 million included in manufacturing cost, and the balance in administrative expenses)

209,022

(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 2018	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
Additions	-	15	16,172	684	3,875	101,179	121,925
Disposals/write off	-	-	(8,577)	(1,075)	(2,836)	-	(12,488)
Transfer in (transfer out)	-	9,221	43,401	1,044	395	(54,061)	-
31 December 2019	25,836	427,004	1,532,814	41,872	46,362	54,226	2,128,114

(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 2018	-	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
Depreciation for the year	-	13,846	75,796	1,425	3,464	-	94,531
Depreciation on disposals/write off	-	-	(7,742)	(1,075)	(2,836)	-	(11,653)
31 December 2019	-	293,360	987,626	38,267	36,287	-	1,355,540
Allowance for impairment							
1 January 2018	-	-	-	-	-	-	-
Increase during the year	-	-	30	-	-	-	30
31 December 2018	-	-	30	-	-	-	30
31 December 2019	-	-	30	-	-	-	30
Net book value							
31 December 2018	25,836	138,254	562,216	3,302	9,269	7,108	745,985
31 December 2019	25,836	133,644	545,158	3,605	10,075	54,226	772,544
Depreciation for the year							
2018 (Baht 88.3 million included in manufacturing cost, and the balance in administrative expenses)							95,568
2019 (Baht 87.7 million included in manufacturing cost, and the balance in administrative expenses)							94,531

During the year 2019, the subsidiary capitalised borrowing costs amounting to Baht 0.5 million (2018: Baht 0.8 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 1.72% - 2.37% per annum (2018: 1.95% - 2.99% per annum).

As at 31 December 2019, certain plant and equipment items of the Group had 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 2,262 million (2018: Baht 1,946 million) and for the Company amounted to approximately Baht 810 million (2018: Baht 780 million).

As at 31 December 2018, a subsidiary had vehicles with net book value of Baht 1.0 million (2019: None) which were acquired under finance lease agreements.

19. Bearer plants

	Consolidated financial statements			Separate financial statements
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total	Bearer plants ready for harvest
	(Unit: Thousand Baht)			
Cost				
1 January 2018	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
Additions	7,841	-	7,841	-
Write off	(12,204)	-	(12,204)	-
Transfer in (out)	44,018	(44,018)	-	-
31 December 2019	625,424	6,565	631,989	294
Accumulated amortisation				
1 January 2018	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
Amortisation for the year	11,069	-	11,069	12
Amortisation on write off	(6,255)	-	(6,255)	-
31 December 2019	405,114	-	405,114	117
Allowance for impairment				
31 December 2018	22,663	-	22,663	-
31 December 2019	22,663	-	22,663	-
Net book value				
31 December 2018	162,806	50,583	213,389	189
31 December 2019	197,647	6,565	204,212	177
Amortisation for the year (included in manufacturing cost)				
2018			10,473	12
2019			11,069	12

Approximately 13,630 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 of such government unit. However, on 15 May 2019, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 14 May 2020 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

On 11 December 2014, the subsidiary entered into a lease agreement with the Treasury Department for an area of 4,294 rai for 15 years. However, on 15 February 2019 the subsidiary was granted the leasehold right to this area for an additional 15 years by the Treasury Department, which terminated the original agreement and made a new agreement for 30 years, effective from 9 July 2014 to 8 July 2044. The leasehold right has been used to secure a credit facility of Baht 30 million and the subsidiary is required to comply with prescribed terms and conditions.

20. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost	65,245	64,766	28,216	28,216
Less: Accumulated amortisation	(59,083)	(56,920)	(24,504)	(23,625)
Net book value	<u>6,162</u>	<u>7,846</u>	<u>3,712</u>	<u>4,591</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	7,846	10,283	4,591	5,444
Acquisitions - cost	479	283	-	94
Amortisation for the year	(2,163)	(2,720)	(879)	(947)
Net book value at end of year	<u>6,162</u>	<u>7,846</u>	<u>3,712</u>	<u>4,591</u>

21. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(percent per annum)		Consolidated	
			financial statements	
	2019	2018	2019	2018
Short-term loans from financial institutions	1.65 - 1.90	1.85 - 2.25	470,000	450,000
Total			470,000	450,000

Movement in short-term loans from financial institutions during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Balance as at 31 December 2018	450,000
Add: Additional borrowings	290,000
Less: Repayment	(270,000)
Balance as at 31 December 2019	470,000

The short-term loans from financial institutions of the Group are unsecured loans.

22. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	2019	2018	2019	2018
Trade payables - related parties	308	330	77,988	86,634
Trade payables - unrelated parties	218,785	195,525	160,376	132,771
Other payables - related parties	4,472	3,763	-	-
Other payables - unrelated parties	66,556	87,942	43,581	45,986
Advance received from related parties	162	-	158	74
Other payables for purchases of machinery	19,343	6,789	7,779	1,433
Accrued expenses	131,273	110,578	88,058	66,701
Total trade and other payables	440,899	404,927	377,940	333,599

23. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advance income	1,267	13,357	1,267	2,409
Accrued dividend	2,719	3,112	578	580
Others	18,321	8,495	811	586
Total other current liabilities	<u>22,307</u>	<u>24,964</u>	<u>2,656</u>	<u>3,575</u>

24. Long-term loans

(Unit: Million Baht)

Loan facilities	Consolidated		Interest rate (Percent per annum)	Repayment schedule	Security
	<u>2019</u>	<u>2018</u>			
1	-	12.50	THBFIX	Repayment every 3 months from September 2015 to June 2019	No collateral
2	16.60	66.64	2.80	Repayment every month from May 2018 to April 2020	No collateral
3	-	66.67	BIBOR + 0.85%	Repayment every month from May 2018 to April 2020	No collateral
Total long-term loans	<u>16.60</u>	<u>145.81</u>			
Less: Current portion	<u>(16.60)</u>	<u>(112.54)</u>			
Long-term loans - net of current portion	<u>-</u>	<u>33.27</u>			

The subsidiary has borrowed long-term loans from many banks and were unsecured loans.

Movement of the long - term loan account during the year ended 31 December 2019 are summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u> </u>
Balance as at 1 January 2019	145,807
Less: Repayment	<u>(129,207)</u>
Balance as at 31 December 2019	<u>16,600</u>

The loan agreements contain covenants which, among other things, require the subsidiary to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

25. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	-	491
Less: Deferred interest expenses	<u>-</u>	<u>(17)</u>
Total	-	474
Less: Portion due within one year	<u>-</u>	<u>(474)</u>
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>-</u>

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

26. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2019			2018		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	116,791	2,360	119,151	129,952	2,386	132,338
Included in profit or loss:						
Current service cost	15,672	165	15,837	10,348	204	10,552
Interest cost	5,144	49	5,193	3,459	50	3,509
Past service costs	31,974	-	31,974	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	19,805	87	19,892	-	-	-
Experience adjustments	7,849	-	7,849	-	-	-
Benefits paid during the year	(18,382)	(415)	(18,797)	(26,968)	(280)	(27,248)
Provision for long-term employee benefits at end of year	178,853	2,246	181,099	116,791	2,360	119,151

(Unit: Thousand Baht)

	Separate financial statements					
	2019			2018		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	65,652	2,360	68,012	68,420	2,386	70,806
Included in profit or loss:						
Current service cost	5,728	165	5,893	5,135	204	5,339
Interest cost	1,846	49	1,895	1,548	50	1,598
Past service costs	12,224	-	12,224	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	5,690	87	5,777	-	-	-
Benefits paid during the year	(4,145)	(415)	(4,560)	(9,451)	(280)	(9,731)
Provision for long-term employee benefits at end of year	86,995	2,246	89,241	65,652	2,360	68,012

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 32 million (The Company only: Baht 12.2 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in profit or loss in the statements of comprehensive income of the current year.

The Group expects to pay Baht 13.3 million of long-term employee benefits during the next year (Separate financial statements: Baht 5.2 million) (2018: Baht 9.1 million, separate financial statements: Baht 3.4 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 9 - 15 years (Separate financial statements: 9 years) (2018: 13 - 19 years, separate financial statements: 10 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.50 - 1.84	2.50 - 4.80	1.50	2.50
Salary increase rate	2.0 and 5.0	2.0 and 5.0	5.0	5.0

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

(Unit: Million Baht)

	As at 31 December 2019			
	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	(6.62)	6.90	(2.74)	2.89
Salary increase rate	7.74	(6.12)	3.24	(2.96)

(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)

27. 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.

28. Revenue from contracts with customers

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u> (Restated)
Type of goods:				
Sales of goods	6,397,739	7,204,319	4,500,516	4,977,572
Revenue from distribution of goods	-	-	62,508	66,505
Total revenue from contracts with customers - revenue recognised at point in time	<u>6,397,739</u>	<u>7,204,319</u>	<u>4,563,024</u>	<u>5,044,077</u>

29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)
Raw materials and consumables used	4,040,195	4,847,168	3,037,662	3,639,391
Changes in inventories of finished goods and work in process	(244,514)	(316,446)	(128,803)	(304,305)
Salary and wages and other employee benefits	754,569	719,938	307,616	271,216
Depreciation and amortisation	222,864	233,489	95,385	96,527
Promotion expenses	66,263	81,911	58,453	59,629
Transportation expenses	135,289	175,927	115,030	105,800
Repair and maintenance expenses	113,508	105,653	30,374	18,158
Rental expenses from operating lease agreements	51,693	47,456	5,728	6,276

30. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	113,222	78,935	92,473	42,129
Adjustment in respect of income tax expenses of previous year	179	(222)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,257)	695	(1,170)	541
Income tax expenses reported profit or loss	<u>107,144</u>	<u>79,408</u>	<u>91,303</u>	<u>42,670</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to gain or loss on change in value of available-for-sale investments	-	104	-	104
Deferred tax relating to actuarial loss	(5,548)	-	(1,155)	-
Income tax charged directly to other comprehensive income	<u>(5,548)</u>	<u>104</u>	<u>(1,155)</u>	<u>104</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	<u>587,621</u>	<u>467,731</u>	<u>600,326</u>	<u>382,567</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	134,487	114,126	120,065	76,513
Adjustment in respect of current income tax of previous year	179	(222)	-	-
Effects of:				
Promotional privileges (Note 31)	(14,895)	(12,566)	(14,895)	(12,566)
Share of gain (loss) from investment in joint venture	1,363	(1,901)	-	-
Non-deductible expenses	3,244	1,175	2,373	460
Additional expense deductions allowed	(17,520)	(21,972)	(16,215)	(21,601)
Tax loss for the year unrecognised as deferred tax assets	546	910	-	-
Others	(260)	(142)	(25)	(136)
Total	<u>(27,522)</u>	<u>(34,496)</u>	<u>(28,762)</u>	<u>(33,843)</u>
Income tax expenses reported in the profit or loss	<u>107,144</u>	<u>79,408</u>	<u>91,303</u>	<u>42,670</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	17,224	19,022	1,689	3,554
Allowance for diminution in inventory value	4,880	4,777	-	-
Allowance for impairment loss of investment in associated company	2,400	2,400	-	-
Allowance for asset impairment	9,024	8,939	85	85
Provision for long-term employee benefits	36,220	23,885	17,848	13,658
Provision for land rental	1,039	247	-	-
Unused tax loss	7,066	6,937	-	-
Total	77,853	66,207	19,622	17,297
Deferred tax liabilities				
Change in fair value of biological assets	14,640	14,992	-	-
Revenue recognition under finance leases	194	-	-	-
Total	14,834	14,992	-	-
Total deferred tax assets - net	63,019	51,215	19,622	17,297

As at 31 December 2019, the subsidiary had deductible temporary differences and unused tax losses totaling Baht 158 million (2018: Baht 207 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 two subsidiaries amounting to Baht 72 million will gradually expire by 2022 and 2024.

31. Promotional privileges

The Group has 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

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 and 1043(2)/2548, 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 2019 and 2018 were as follows:

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			(Restated)		(Restated)	
Sales income						
Domestic sales						
income	1,622,982	3,180,922	2,795,023	1,567,952	4,418,005	4,748,874
Export sales	<u>21,504</u>	<u>51,542</u>	<u>123,515</u>	<u>243,661</u>	<u>145,019</u>	<u>295,203</u>
Total sales and						
services	<u>1,644,486</u>	<u>3,232,464</u>	<u>2,918,538</u>	<u>1,811,613</u>	<u>4,563,024</u>	<u>5,044,077</u>

32. 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	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to equity holders of the Company				
(Thousand Baht)	482,063	381,677	509,023	339,897
Weighted average number of ordinary shares				
(Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.59	0.47	0.62	0.41

33. 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 Group is organised into business units based on its 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 Group's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Million Baht)

	Segment				Total		Elimination of inter-segment transactions		Consolidated	
	Palm oil		Processed fruits and vegetables		2019	2018	2019	2018	2019	2018
	2019	2018	2019	2018						
Revenues from external customers	4,677	5,250	1,721	1,954	6,398	7,204	-	-	6,398	7,204
Intersegment revenues	432	423	458	519	890	942	(890)	(942)	-	-
Interest expenses	(8)	(14)	(5)	(9)	(13)	(23)	-	-	(13)	(23)
Depreciation and amortisation	(144)	(161)	(79)	(72)	(223)	(233)	-	-	(223)	(233)
Income tax expenses	(91)	(43)	(16)	(36)	(107)	(79)	-	-	(107)	(79)
Segment profit	1,019	720	267	410	1,286	1,130	(4)	2	1,282	1,132
Segment total assets	5,739	5,399	1,335	1,463	7,074	6,862	(1,679)	(1,709)	5,395	5,153
Investment in associates and joint ventures accounted for by the equity method	27	39	-	-	27	39	-	-	27	39
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	(5)	(116)	26	(16)	21	(132)	-	-	21	(132)
Segment total liabilities	841	742	450	558	1,291	1,300	(101)	(108)	1,190	1,192

Transfer prices between business segments are as set out in Note 7 to the financial statements.

Geographic information

During the year 2019, the Group's sales represent domestic sales of 78 percent (2018: 76 percent) and export sales of 22 percent (2018: 24 percent).

Major customers

For the years 2019 and 2018, the Group has no major external customer with revenue of 10 percent or more of an entity's revenues.

34. Provident fund

The Group and its employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Group and its employees 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.

During 2019, the contributions of the Group amounting to Baht 12.5 million (2018: Baht 12.2 million), of which Baht 5.8 million (2018: Baht 5.5 million) is from the Company, were recognised as expenses.

35. Dividends

During the years ended 31 December 2019 and 2018, the Group 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 2019</u>			
Dividend on 2018 profit	Annual General Meeting of the shareholders on 26 April 2019	205.00	0.25
Total dividends for the year 2019		<u>205.00</u>	<u>0.25</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		<u>147.60</u>	<u>0.18</u>

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>Subsidiaries</u>			
<u>For the year 2019</u>			
Dividend on 2018 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2019	25.90	0.08
Total dividends for the year 2019		25.90	0.08
Dividend on 2018 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 25 April 2019	63.00	1.20
Total dividends for the year 2019		63.00	1.20
<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

36. Commitments and contingent liabilities

36.1 Capital commitments

As at 31 December 2019, the Group had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to Baht 143.5 million (2018: Baht 48.3 million), the Company only: Baht 52.1 million (2018: Baht 16.1 million).

36.2 Operating lease commitments

The Group has 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 30 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>2019</u>	<u>2018</u>
Payable:		
Within 1 year	33.2	34.0
In over 1 year and up to 5 years	16.3	38.4
In over 5 years	58.0	13.0

36.3 Guarantees

As at 31 December 2019, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performances bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 15.4 million to guarantee electricity use, among others (2018: Baht 10.5 million) and for the Company: Baht 4.4 million to guarantee electricity use, among others (2018: Baht 1.5 million).

36.4 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 2019 totally Baht 8 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 land and the net book value of palm plantation development on such land in 2009.

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

- (3) On 3 December 2019, the subsidiary received notice from ALRO in Krabi, informing them of vacating a land plot of title deed No. 601 in Karbi Noi Sub-district, Muang District, Krabi, covering a total area of 973 rai and demolishing all constructions thereon within 30 days from the date the notice was served since the subsidiary lacked land ownership documents issued by the governmental authorities. In the Board of Director's Meeting No. 7/2019 dated 24 December 2019, the board of directors passed a resolution acting on the notice issued by the Krabi's ALRO to remove all properties from the controversial land by 31 December 2019. The vacating of the premises resulted in the reduction in the area and value of assets. The subsidiary wrote-off the cost of land and net book value of oil palm plantation development on the land of Baht 8 million as expenses in the current year financial statements.

36.5 Litigation

In July 2018, Krabi prosecutor filed a lawsuit against 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.

On 2 August 2019, the Court dismissed the case and gave the subsidiary an order for the handover of the land. On 4 December 2019, the subsidiary appealed the judgement of the Court of First Instance. The case is currently under the consideration of the Appeals Court. However, the management has determined to set aside allowance for such damages from the cost of land and palm plantation in the full amount in the financial statements.

37. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	60	31	91
Assets for which fair value is disclosed				
Investment properties	-	-	188	188
				(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)
	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	794	-	-	794
Investment properties	-	-	26	26

(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

38. Financial instruments

38.1 Financial risk management

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans, short-term and long-term borrowings. Most of the Group's 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 2019 and 2018 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 2019						
	Fixed interest rate within one year	Fixed interest rate	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	200	-	431	33	664	0.04 - 1.10
Trade and other receivables	-	-	-	890	890	-
Financial lease receivables	-	1	-	-	1	1.80
Long-term loans to other companies	-	-	19	-	19	THBFIX + 1
	<u>200</u>	<u>1</u>	<u>450</u>	<u>923</u>	<u>1,574</u>	
Financial liabilities						
Short-term loans from financial institutions	470	-	-	-	470	1.65 - 2.25
Trade and other payables	-	-	-	441	441	-
Long-term loans	-	-	17	-	17	2.80
	<u>470</u>	<u>-</u>	<u>17</u>	<u>441</u>	<u>928</u>	

(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
	<u>-</u>	<u>205</u>	<u>894</u>	<u>1,099</u>	
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
	<u>270</u>	<u>326</u>	<u>405</u>	<u>1,001</u>	

Foreign currency risk

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

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	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.4	3.7	0.2	0.4	30.1540	32.4498
Euro	0.3	0.3	-	-	33.3775	36.7620

Forward exchange contracts outstanding as at 31 December 2019 and 2018 are summarised below.

As at 31 December 2019				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.05	-	30.09 - 30.19	March - April 2020
Euro	0.03	-	33.90	January 2020

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

38.2 Fair values of financial instruments

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

39. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.28:1 (2018: 0.30:1) and the Company's was 0.15:1 (2018: 0.14:1).

40. Events after the reporting period

On 21 February 2020, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2019 profit of Baht 0.40 per share, or a total of Baht 328 million.

On 20 February 2020, 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 2019 profit of Baht 0.025 per share, or a total of Baht 8 million.

On 20 February 2020, 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 2019 profit of Baht 0.40 per share, or a total of Baht 21 million.

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

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2020.