



รายงานประจำปี 2557

Annual Report 2014

บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)

Vichitbhan Palmoil Public Company Limited



พัฒนาไม่หยุดยั้ง สร้างสรรค์ความยั่งยืน

We grow. We sustain. Palm today, prospect tomorrow.





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Name

Vichitbhan Palmoil Public Company Limited

Registered Head Office

2044 Chavananand Building Phetburi Extension Road, Bangkabi, Huai kwang, Bangkok 10320 Thailand

Telephone 0-2314-4101-5 Facsimile 0-2319-7989

Factory

Tha-Sae

29 Moo. 3 Petchkasem Road, Sup-anun, Tha-Sae District, Chumphon 86140 Telephone 077-651 - 520 - 2
Facsimile 077-651 - 522

Thung-Kha

170 Moo 6 Thung-Kha, Mueang Chumphon District, Chumphon 86100 Telephone 077 - 641 - 603, 077 -
641-606 Facsimile 077-641-606

Website:

<http://www.vcbpalmoil.com/>

Registered No

0107557000071

Type of Business

Producing and distributing crude palm oil, by-products and electricity produced from the treated waste water disposed from the crude palm oil refinery

Registered Capital

1,070,000,000 common shares

Registered Paid-up Capita

Baht 940 million

Par Value per Share

Baht 1.00

Share Registrar

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand Building, 7th Floor, Rachadapisek Road,
Klongtoey, Bangkok 10110

Telephone: 0-2229-2800 Facsimile 0-2359-1262-3

Auditor

Mr Atipong AtipongSakul Certified Public Accountant Registration (Thailand) No. 3500
of ANS Audit Company Limited

“Investors could get more information about us by annual information form (form 56-1)”





Message from the Chief Executive Officer

VPO is the company that produces crude palm oil, which is classified as the agricultural industry. It is widely known that the agriculture business is vulnerable to weather and seasonal impacts which are difficult to control. Droughts during Q4 of 2013 to Q1 of 2014 led to lower production of palm oil than what we have planned. In the last two quarters of the year 2014, only 11.85 million tons of palm oil was available in the Thai market from what has been forecasted at 13.33 million tons. This factor has led to intense the competition in the palm oil business during the previous year.

Besides that the crude palm oil is classified as a commodity product, which experiences volatility according to economic conditions, palm oil and substitute products' demand and supply, as well as influences of price speculation. For instant, the signs of high volatility and unusual pricing mechanisms were present during the end of Q2 and Q3 in the previous year. In which, crude palm oil prices in international markets experienced a sharp decline due to increased production of soybean oil and decreased in demand for biodiesel that corresponds to crude oil price fluctuations. The supply of crude palm oil remains high due to announcements of the Department of Internal Trade of Thailand. These factors should lead to a decline in crude palm oil prices in tandem with international market price movements. Arbitrage by domestic crude palm oil businesses, however, led to higher prices in Thailand than those of international markets.

The company admits that the previous year has been a challenge for crude palm oil businesses. In which, the lower productivity of palm oil led to lower corporate performance than expected. In the year 2014, the company had a net profit of 93.83 million Baht, equivalent to 4.10% of revenues.

A significant development in the year 2014 was the company's registration in the Stock Exchange of Thailand. The purpose of the registration was to strengthen its financial position and increase its sources of funding to prepare for the economic opportunities of ASEAN Economic Community (AEC.) The company also prepared itself by improving its core competencies and specialization in the crude palm oil business. We begin by building the confidential and specialization according to liberalization. The company aims to develop itself to become the specialist and ready to step become the No. 1 leader in crude oil production in Thailand. Information technology systems were also improved to effectively control business maintenance and minimize future production costs.



For the future of Thailand's crude oil business, the company is confident in the stability and prospects of the crude palm oil business in Thailand. The product is the most popular vegetable oil and serves as key raw materials for over 200 commodities. The geography of Thailand is suitable for palm plantations while the Thai government has policies supporting oil palm trees as an economic crop. Thailand also has advantages over other countries that are major producers of palm oil, such as favorable labor market characteristics and quality infrastructure especially in terms of transportation. Therefore, it is believed that Thailand can be able to compete in the international market. Moreover, European countries are developing demand for importing crude palm oil from Thailand after policies discouraging imports of the commodity from Indonesia and Malaysia due to the countries' deforestation to establish oil palm plantations.

For the year 2015, the company has aimed to expand its palm oil supplier network to develop a stable and strong base of raw materials, both in terms of quality and quantity. The company has planned to develop a stable supply of raw materials, which will create sustainable success for the company's business. The company also plans to efficiently control costs, reduce losses from the production process, and sustain product quality to boost competitiveness and prepare for AEC. The company believes that the upcoming economic integration is a significant opportunity for the company, since the firm has the financial, production, and export capacities to support sustainable growth.

The company believes in its ability to step forward and effectively manage change. Every step and advancement of the company will be for the best interest of all stakeholders, which include shareholders, clients, agriculturalists, communities, and staffs. This will lead to sustainable growth according to the company's vision of "*We are strictly committed to promoting our unstoppable development for versatile sustainability.*"

As a representative of the Board of Directors, executives, and staffs of the company, I would like to thank shareholders, clients, oil palm farmers, and business partners for their continuous interest and support for our business.

Mr. Krisada Chavananand
Chief Executive Officer

Audit Committee Report

The Audit Committee contain the following independent members:

- | | |
|------------------------------|--------------------------|
| 1. Mr. Bandhoon Supakavanich | Audit Committee Chairman |
| 2. Mr. Chakkrit Parapuntakul | Audit Committee |
| 3. Mrs. Sudarat Kongtreekaew | Audit Committee |

In the year 2014, the Audit Committee operated according to the scope and responsibilities stated in the regulations of the Stock Exchange of Thailand (SET) and the authority provided by the company's Board of Directors. Periodically, it had a total of 4 meetings that covered the following key points:

1. Evaluated the quarterly and annual financial statements of the company. Presented information on the financial statements to the Board of Directors to evaluate the correctness and completeness of the financial status, performance, and cash flow of the company and its affiliates. The information on the financial statements must be presented with details according to the standards of financial reporting. Sufficient key information must also be presented under the remarks section of the financial statements.
2. Evaluated the report of the internal auditors' analysis and recommendations pertaining to the company's internal control system. The internal auditing was conducted based on the annual auditing plan and reported to management for appropriate implementation and development. For the year 2014, it can be concluded that the company's internal control system was appropriate and effective, with transparent management and freedom from major risks.
3. Held a meeting between external and internal auditors to develop recommendations useful for management. The Audit Committee presented recommendations for management to implement accordingly, enhancing the effectiveness of the business.
4. Evaluated corporate relationships supporting business activities based on market value. Made conclusions on the company's business practices, evaluating its adherence to the principles of good corporate governance and efforts to prevent conflicts of interest.
5. Reported results of the Audit Committee's meetings and performance to the Board of Directors.
6. Requested the agreement in appointing the selected auditors (PricewaterhouseCoopers ABAS Ltd.) and its remuneration rate for an approval in 2015 Annual General Meeting of Shareholders session.

The Auditing Committee concluded that the company's management effectively performed according to corporate governance policies without violating any rules and regulations.



Mr. Bandhoon Supakavanich
Audit Committee Chairman

23 February 2015

Responsibility of the Board of Directorson Corporate Financial Statements

The Board of Directors was responsible for the financial statements of the company and its affiliates, including the financial information publicized in the company's annual report of the year 2014. The financial reports were prepared according to the financial reporting standards of Thailand, using appropriate and consistent accounting practices. The company exercised prudence and best practices to publicize relevant information for the best interest of shareholders and investors, underscoring the company's transparency.

The Board of Directors established a risk management system and maintained appropriate and effective internal control systems to ensure the completeness and correctness of accounting information. The systems were also developed to protect the company's assets and safeguard against corruption and inappropriate business practices.

The Board of Directors appointed an Audit Committee to evaluate the company's accounting practices, financial statement quality, internal control systems, risk management, and information sharing policies. Results and recommendations of the Audit Committee are included in the annual report.

The financial statements of the company and affiliates were evaluated by independent external auditors. The Board of Directors supported the Audit Committee with necessary information and documents to complete the auditing process according to accounting standards. The analysis results of the auditors were included in the annual report.

The Board of Directors believes that the company's internal control systems are of high quality, assuring the credibility of the financial statements of the company and its affiliates for the year ended 31 December 2014. The company adhered to financial reporting regulations and relevant laws.

A blue ink signature of Mr. Pisanu Chavananand, written in a cursive style.

Mr. Pisanu Chavananand

Prisident

A blue ink signature of Mr. Krisada Chavananand, written in a cursive style.

Mr. Krisada Chavananand

Chief Executive Officer



Company Profile

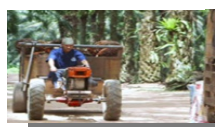
1985: Established VPP with a registered capital of 50 MB. The company currently has a registered capital of 42.5 MB

1987: Established the company with a registered capital of 50 MB. The company currently has a registered capital of 1,070 MB

2008: Established VGE with a registered capital of 1 MB, adding the amount to 470 MB

2012: Established VBL with a registered capital of 3 MB

2014: The firm became a public company, selling shares to the public and registering in the Stock Exchange of Thailand (SET) on 24 November 2014



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1987: Received approximately 29,000 Rai land as a concession, expiring in the year 2015

2002: Commenced the business for commercial purposes at a factory in Tha-Sae district, with a production capacity of 60 tons of processed palm per hour

2007: Commenced the business for commercial purposes at a factory in Tumbon Toong Kha, Muang District, with a production capacity of 60 tons of processed palm per hour

2008: VGE established a contract with the Provincial Electricity Authority (PEA) for a total of 70 MW of electricity

2011: Commenced the business for commercial purposes at additional facilities in Tha-Sae district, with an additional production capacity of 60 tons of processed palm per hour

2013: The company implemented corporate restructuring to increase business effectiveness by purchasing shares from original shareholders in VBL and VPP, causing VPO to

Remarks: VPP = Vichitbhan Palm Oil PCL, VGE = VG Energy Co., Ltd, VBL = Vichitbhan Logistics Co., Ltd



Vision

“ We grow. We sustain. Palm today, prospect tomorrow. ”

Mission

- 1. To be renowned as the biggest leader in the business management and operations conducted by professional human resources.**
- 2. To offer the highest satisfaction to customers from all levels.**
- 3. To generate the highest production efficiency.**
- 4. To control production costs effectively and appropriately.**
- 5. To focus on the consistent technological development of production and human resources.**
- 6. To promote environmental awareness for the surrounding communities.**



Nature of Business





Nature of Business

The company produces and distributes crude palm oil in Chumphon province with two factories and a total production capacity of 180 tons of palm per hour. Moreover, the company conducts business in renewable energy by converting waste water and excess materials from crude palm oil production to generate biogas. The biogas is used as fuel for generating electricity for distributing to the Provincial Electricity Authority (PEA.) The company group currently conducts the following two types of business:

Production and Distribution of Crude Palm Oil

1. Oil Palm Plantation

Vichitbhan Plantation Co., Ltd, an affiliate of Vichitbhan Palmoil PCL, received a written approval to utilize land in the conserved forest area from the Royal Forest Department as a concession. The land is within the areas of Salui and Rab Ro forests, which are damaged forests in Hong Charoen, Tha-Sae district, Chumphon province. The company used the land for developing oil palm plantations within an area of 19,835 Rai and 375 square wah. The approval expired on 11 February 2014 and the company plans to request for approval renewal. The company also received approval from the Royal Forest Department to establish oil palm plantations in a 9,334 Rai and 75 square wah plot of land in Hong Charoen, Tha-Sae district, Chumphon province under the name of Vichitbhan Palmoil PCL. The approval will expire in Q4 of the year 2015. The company uses the oil palms collected from the plantations as raw materials for producing palm oil.

2. Crude Palm Oil Mill

On 31 December 2014, the company has two crude palm oil mills with a total production capacity of 180 tons of palm per hour. This makes the company the palm oil producer with the greatest production capacity in Chumphon province, receiving credibility from agriculturalists and purchasers of palm oil. The large production capacity also creates an opportunity for the company to export products overseas.

The company's crude palm oil mill utilizes the Automation and Monitoring System, which boosts production effectiveness and enhances the quality of the crude palm oil produced, receiving approval by leading companies in the local and international markets. The system provides the company with control over the amount of crude palm oil lost during the production process, ensuring that the amount of oil collected remains in a satisfactory standard.

The company produces crude palm oil (CPO), palm kernels, and palm shells from the crude palm oil mill. The majority of the company's income is generated from the selling of crude palm oil. The international quality of the company's products provides distribution opportunities to both local and international markets.



In the year 2014, the company received export revenues equivalent to 52.45 percent of total corporate revenues.

Generation and Distribution of Electricity

3. Generation and Distribution of Electricity from Biogas

VG Energy Co., Ltd generates electricity from biogas under the sales contract of Very Small Power Producers (VSPP, Power Producers generating no more than 10 Megawatts of electricity) with the Provincial Electricity Authority (PEA.) The company has two biogas power plants in Chumphon province, with a total generation capacity of 8.4 Megawatts. The Thung-Kha power plant has a capacity of 2.8 Megawatts and the Tha-Sae power plant has a capacity of 5.6 Megawatts. The biofuel was generated from biogas produced from treating waste water and utilizing sludge secreted from crude palm oil production. This serves to add value to waste products of the crude palm oil mill while reducing environmental impacts to neighboring communities such as minimizing odor pollution from waste water. The biogas power plants also reduce greenhouse gas emissions, registering as a part of the Clean Development Mechanism (CDM) Project under the United Nations Framework Convention on Climate Change (UNFCCC) in October 2011 and April 2012.

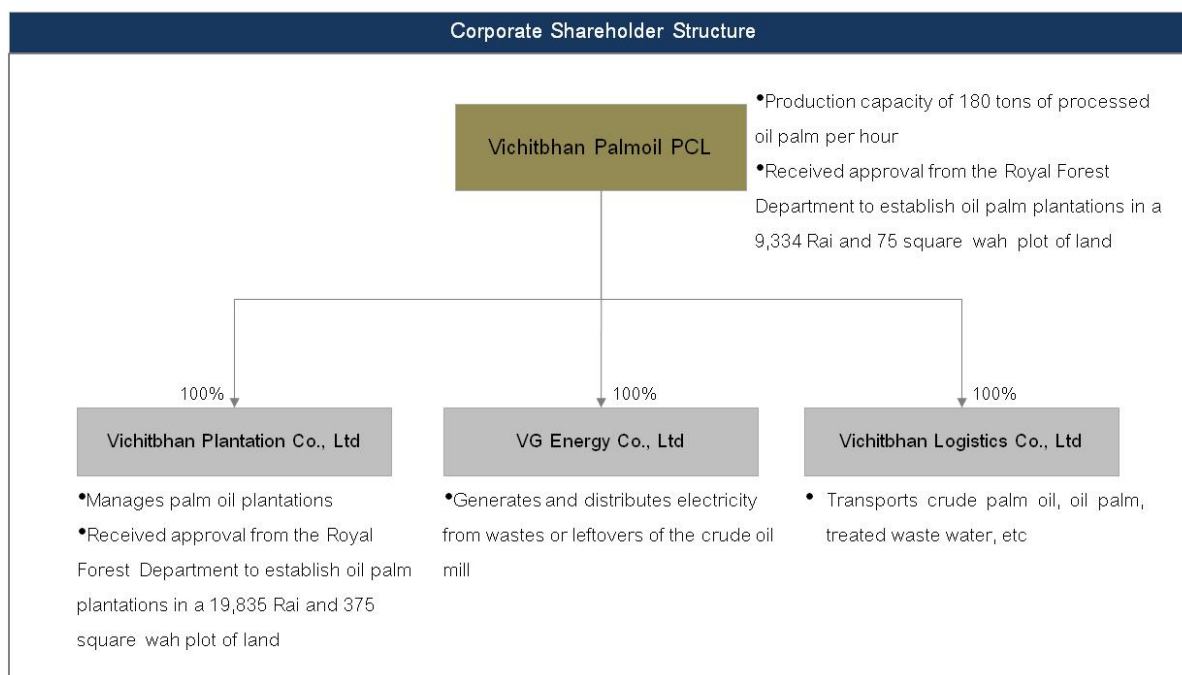
The company also received 8-year (2011 – 2019) corporate tax exemption from the Board of Investment for businesses generating and distributing electricity from biogas and a 5-year (2020 – 2015) corporate tax deduction of 50 percent.

The company group consists of the main company and three affiliates as follow:

Companies	Business Characteristics	Registered Capital	Shareholding Ratio
Vichitbhan Palmoil PCL	Produces and sells crude palm oil and byproducts of the production process	1,070 million Baht	-
Vichitbhan Plantation Co., Ltd (“VPP”)	Palm Oil Plantation	42.5 million Baht	100.0
VG Energy Co., Ltd (“VGE”)	Generates and distributes electricity from wastes or leftovers of the crude oil refinery	470million Baht	100.0
VichitbhanLogistics Co. Ltd (“VBL”)	Transports crude palm oil, oil palm, treated waste water, etc.	3 million Baht	100.0



On 31 December 2014, the company and its affiliates have the following shareholding structure:



Revenue Structure:

The company group generates the bulk of its revenue from selling crude palm oil, which contributes to 80-85 percent of total revenue:

Sources of Revenue	Financial Statements for the Year Ended					
	31-Dec-12		31-Dec.-13		31-Dec.-14	
	Millions of Baht	Percentages	Millions of Baht	Percentages	Millions of Baht	Percentages
Revenue from domestic crude palm oil sales	1,473	40.57	715	22.07	884	38.65
Revenue from international crude palm oil sales	1,546	42.61	2,062	63.65	975	42.63
Total Revenue from Crude Palm Oil Sales	3,019	83.18	2,777	85.72	1,859	81.29
Revenue from palm kernel sales	425	11.71	304	9.41	319	13.95
Revenue from electricity distribution	93	2.56	88	2.71	67	2.93
Revenue from byproducts	84	2.31	70	2.16	42	1.84
Others	9	0.24	0	-	-	-
Total Revenue	3,630	100.00	3,239	100.00	2,287	100.00

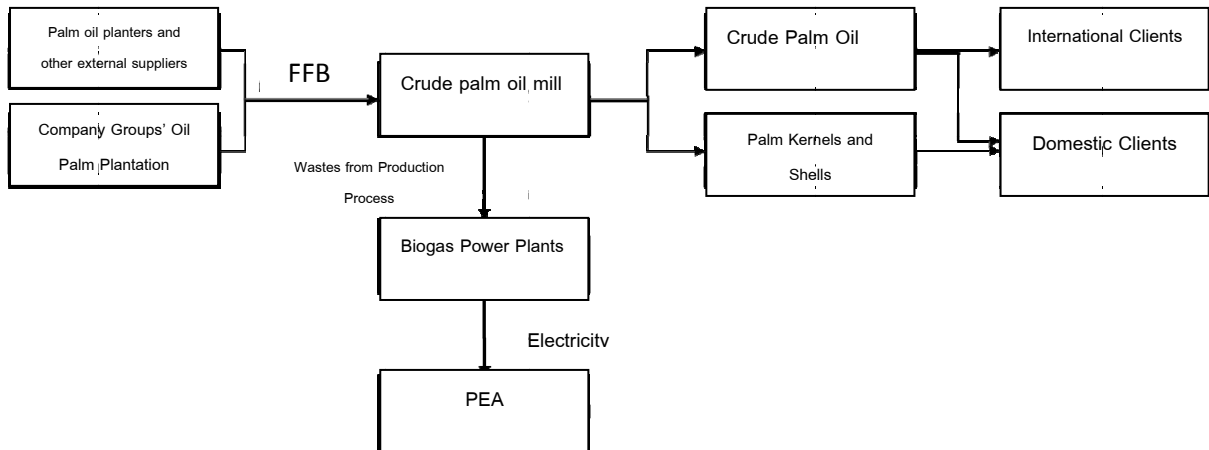


The company classifies its products into the following two categories:

(1) Products from producing and selling crude palm oil: Crude palm oil and byproducts (palm kernels, shells, etc.)

(2) Generation and distribution of electricity: Utilizing wastes and leftovers of crude oil production to generate electricity

The following diagram explains the company's product types in detail:



Palm Oil Production and Sale

Product

1. Crude Palm Oil (CPO)



Crude palm oil is a liquid, brown-and-red colored product generated from squeezing oil palms. The company strictly controls the production process to ensure that the crude palm oil produced meets international standards. The quality standards of crude palm oil and the characteristics of the crude palm oil produced by the company are summarized in the following table:



Characteristics	PORAM Standard ¹	CPO quality produced by the company	Average percentages from the company's laboratory (year 2014)
Free Fatty Acid (as PALMATIC)	No more than 5.00 percent	3.50-4.50 percent	3.81 percent
Moisture & Impurity (M&I)	No more than 0.25 percent	0.12-0.20 percent	0.05 percent
Deterioration of Bleachability Index (DOBI)	No more than 2.30 percent	Greater than 2.50 percent	2.67 percent

Remark¹ Palm Oil Refiners Association of Malaysia - PORAM refers to the quality standards of crude palm oil in Malaysia

Crude palm oil is an essential raw material for many industries. General benefits of crude palm oil are classified into two types: consumption benefits and renewable energy generation benefits. Crude oil usage ratios for the two types of benefits are 56 percent and 44 percent, respectively (source: averaged figures from the information during the years 2012-2014, Office of Agricultural Product Support, Department of Internal Trade). The company produces and distributes crude palm oil to refineries in Thailand and overseas for many applications in food and other industries, including the production of biscuits, margarine, ice cream, shampoos (cosmetics industry), fatty acid methyl esters (oleochemical industry.)

2. Palm Kernel



During the production process of crude palm oil from the fruits of oil palm trees, the company collects greyish-white, hard-surfaced palm kernels from the core of the fruits. The majority of the seeds are used for extracting palm kernel oil used as an ingredient for producing margarine, bread, and fats used for cooking, cosmetics, and health nourishments. The palm kernel oil is also used for oleochemical purposes while the remains of the kernel can be used as an ingredient for preparing animal feed.



3. Byproducts (Palm Shells, Empty Palm Oil Cake, Sludge, Palm Fabric)



Palm Shell

Empty Fresh Fruit bunch

Decanter Cake/ Sludge

Palm Fiber

After the crude palm oil production process, the company collects palm shells, empty fresh fruit bunch, decanter cakes, and palm fiber as byproducts.

- Palm shells are located between the palm fabric of the outermost layer of the fruits' surface and the kernel of the innermost layer. The shells are brown and hard-surfaced, mostly utilized as fuel.
- Empty fresh fruit bunch are used as fertilizers for growing mushrooms
- Decanter cakes is used for preparing animal feed and biogas
- Palm fiber is used as fuel for generating electricity and heat for producing crude palm oil, reducing energy consumption and costs.

Special Privileges from Investment Incentives

The company group received three investment incentive certificates from the Board of Investment. The certificates support the company's investment in crude palm oil and palm kernel businesses, classified as businesses on the production of oil from agricultural products, plants, and animals. The company received corporate tax discounts and exemptions, as well as tariff discounts and exemptions for imports of machinery approved by the Board of Investment. Details are summarized in the following table:

Certificate Number	1459(2)/2548	2115(2)/2551
Approval Date	30 May2005	27 November2008
Subject Company	Vichitbhan Plantation Co., Ltd	Vichitbhan Palmoil PCL
Type of Business Supported	Production of crude palm oil and dried palm fruits; production of oil or fat from plants or animals	Production of crude palm oil and dried palm fruits; production of oil or fat from plants or animals
Date of Receiving Revenues from Operations	8 January2007	24 April2011



Certificate Number	1459(2)/2548	2115(2)/2551
Tax Exemption Expiry Date	7 January 2015	23 April 2019
Rights and Privileges	<ul style="list-style-type: none"> - Granting permission for immigrants and their families to enter Thailand as professional craftsmen or experts, with the duration of stay and number of entrants according to discretion of the BOI. - Receive tariff exemption for imports of machinery approved by the BOI. - Receive 8-year corporate income tax exemption for net income received from operations supported by the BOI accumulating to no more than 100 percent of total investment capital, dating from the first day of generating revenue from business operations. This excludes costs of land and working capital. - If losses are incurred during the period of corporate income tax exemption, the amount of such losses can be used to deduct from the net income generated after the expiration of the tax exemption period. The deduction must be applied within 5 years since the date of tax exemption expiry. The deduction can be applied to net income of a specific year or dispersed to net incomes of numerous years. - Receive exemption from including dividends generated from operations supported by the BOI to calculate taxes during the corporate income tax exemption period. - Receive 25 percent deduction on installation or construction costs of facilities apart from regular deductions of depreciation expense. 	
Terms and Conditions	<ul style="list-style-type: none"> - Tariff-exempted machinery must be imported before 30 November 2007 - Business must commence operations within 36 months after receiving the investment support certificate - Must hold at least 155 million baht worth of paid-in capital - Receive support in the following categories: Product: Crude palm oil and dried palm kernel Business Size: Crude palm oil production capacity of 60 tons of processed palm per hour; dried palm kernel production capacity of approximately 22,464 tons per year. 	<ul style="list-style-type: none"> - Tariff-exempted machinery must be imported before 27 May 2011 - Business must commence operations within 36 months after receiving the investment support certificate - Must hold at least 80 million baht worth of paid-in capital - Receive support in the following categories: Product: Crude palm oil and dried palm kernel Business Size: Crude palm oil production capacity of 60 tons of processed palm per hour; dried palm kernel production capacity of approximately 20,600 tons per year.
	<ul style="list-style-type: none"> - Must comprise of at least 51 percent of shareholders with Thai nationality - Must have an investment size (excluding costs of land and working capital) of at least 1 million Baht 	



Remark: ¹ Investment support certificate number 3-1019/2542 grants 50 percent corporate income tax deduction of the regular tax rate for 5 years after the expiration of the corporate income tax exemption period.

Raw Materials

The key raw material for the business' production is oil palm fruit bunch, accounting for 85-95 percent of production costs during the past 3 years. All the oil palm fruit bunch was sourced from local plantations. Oil palm fruit bunch collected from the company's plantations had a total weight of approximately 65,000-75,000 tons, equivalent to 12-18 percent of total palm used for production. The remaining percentages were oil palm purchased from external suppliers.

Source of Oil Palm fruit bunch	For the Accounting Year Ended					
	31-Dec.-12		31-Dec.-13		31-Dec.-14	
	Quantity (Tons)	Percentage	Quantity (Tons)	Percentage	Quantity (Tons)	Percentage
External Suppliers	502,674	88.29	448,816	85.47	302,491	82.23
Company's Plantations	66,661	11.71	76,285	14.53	65,361	17.77
Total	569,335	100	525,101	100	367,851	100

1. Oil Palm Fruit Bunch from External Suppliers

The company purchased oil palm from external suppliers by cash payments. The purchasing price depends on the quantity of oil palm, market conditions, and company policies during various parts of the year. The company purchased oil palm from external supplier through the following 3 sources:

1. The company purchases oil palm at 6 purchasing locations: Sa Plee, Pak Klong, Ta Kham, Baan Mai, La Mae, and Chum Kho. All of the purchasing locations have large oil palm plantations by numerous minor groups of agriculturalists. The company provides convenience for these suppliers by visiting the purchasing locations to complete the transactions, freeing the suppliers from transportation burdens. These purchasing locations are not affiliated with the company's business partners, freeing the business from risks of conflicts of interest.
2. The company also purchases oil palm from retail partners. These retail partners do not have crude oil palm refineries, selling oil palm to the company at retail prices. The company has policies to foster lasting relationships with the retail partners, such as giving business priorities to partners that complete regular transactions with the company. The retail partners benefit from the company's large production capacity, especially during periods of peak product distribution to the markets. The company developed policies to control the quality of



oil palm, while the marketing department regularly inspects the purchasing locations and randomly tests oil palm quality to maximize production effectiveness.

3. The company purchases oil palm from major agriculturalists with strong relations with the firm. These agriculturalists are capable of delivering the oil palm to the company, dealing business based on foundations of trust. The company purchases oil palm from these agriculturalists continuously and consistently throughout the year.

2. Oil Palm Fruit Bunch from the Company's Plantation

Vichitbhan Palm Oil PLC has approximately 6,804 Rai of land for oil palm plantation, while Vichitbhan Plantation Co., Ltd has approximately 15,984 Rai land allocated for plantation. This provides the company with 15,984 Rai of land for oil palm plantation, yielding approximately 65,000-75,000 tons of oil palm fruit bunch annually.

Production Process

The company currently has two crude palm oil mills based in Chumphon province. The Tha-Sae mills has a production capacity of 120 tons of processed oil palm per hour, while the Thung-Kha refinery has a capacity of 60 tons of processed oil palm per hour (a total capacity of 180 tons of processed oil palm per hour.) Details are presented in the following chart:

Production Information of the Company Group during the years 2012-2014

	2012	2013	2014
Production Capacity (tons of processed oil palm fruit bunch per hour)	180	180	180
Amount of Oil Palm used in the Production Process (tons)	566,094	565,150	367,975
Crude Oil Palm Produced (tons)	99,467	98,825	62,391
Palm Kernel Collected (tons)	29,986	29,629	19,620

Due to the seasonal nature of oil palm which yields different amounts of fruit depending on weather conditions, the company established crude palm oil mill with high capacity to support periods of peak oil palm harvests. With prices of oil palm being low during these peak periods, the company usually earns higher profitability than other times of the year, with lower average crude oil palm production rates than the installed production rate.

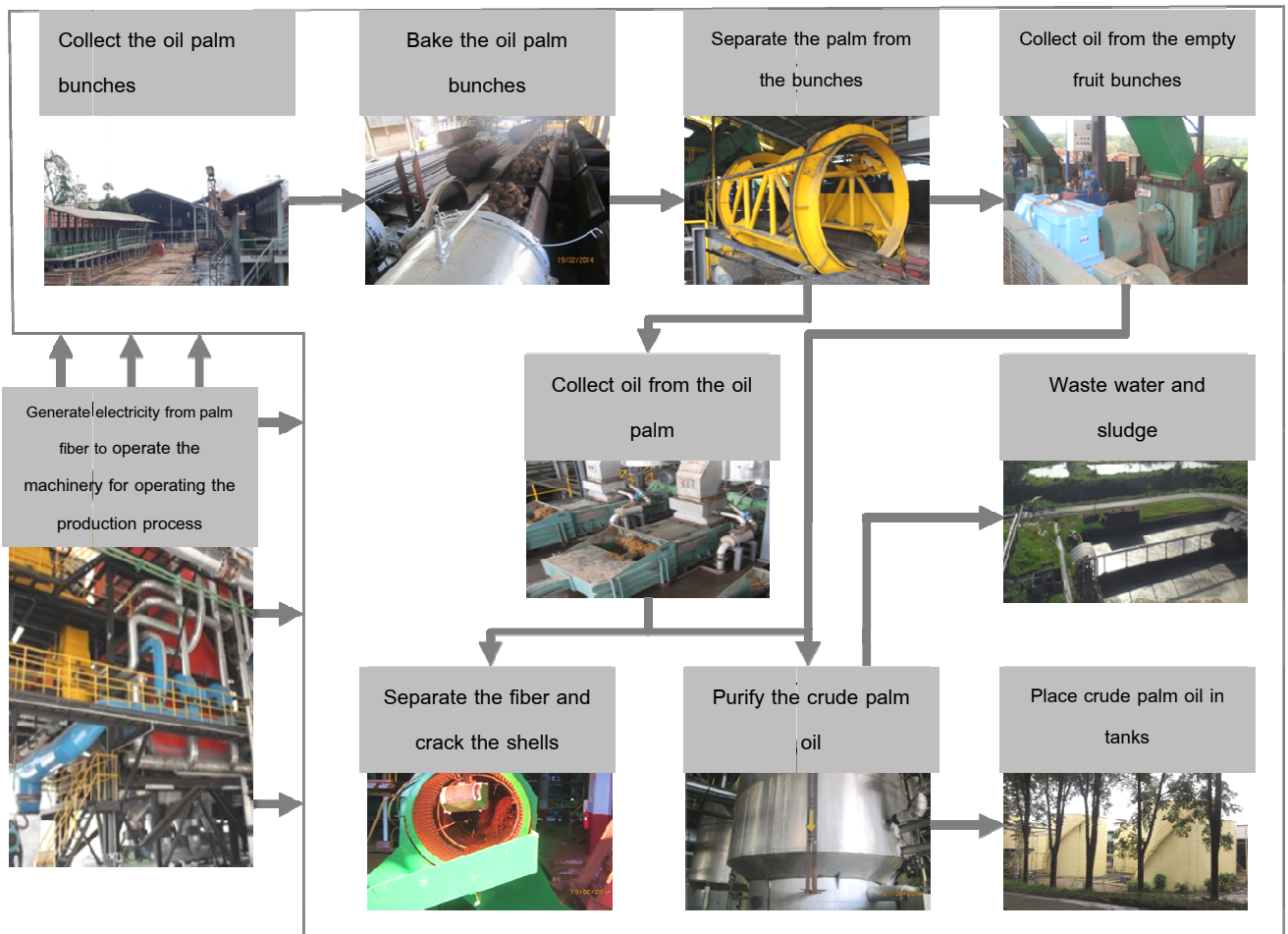
The company utilized advanced technology such as the automation and monitoring system to support production and boost effectiveness, evaluating results and analyzing data at high speeds. On the other hand, other crude palm oil mills using labor to monitor the operation systems face challenges in effectively controlling, inspecting, and analyzing the production process. Taking significant time to monitor the system, the labor approach yields lower productivity and places the business at risk from failure to promptly implement corrective action.

The automation and monitoring system starts from moving oil palm to the sterilizer to bake the palm with vapor, softening the surface of the fruit. The oil palm is then moved to the screw press, being further



processed to separate the palm oil from other components such as water, sand, and sludge. The company uses the oil separator machine for this process, which separates the oil from other contaminants with 5 times the normal speed. This high speed has the positive effect of increasing the crude palm oil's Deterioration of Bleach ability Index (DOBI.) The oil is then placed in a machine that removes moisture to maximize the product quality. Other crude palm oil mills that combine the production process yield inferior product quality due to mixing the crude palm oil with the palm kernel oil.

Crude Palm Oil Production Process





Details of each processing station are as follow:

Visual Aids	Details
	<p>Collect the Oil Palm Bunches: The process involves collecting oil palm bunches from various sources and laying them at the facilities. These bunches will be loaded on conveyer belts to be further processed as a preparation for being baked.</p>
	<p>Baking the Oil Palm: The oil palm bunches will be placed in a sterilizer moderated by an automation system. The sterilizer will bake the oil palm with 3 times the atmospheric pressure. The baked palm will then be transported to a machine that separates the palm from its bunch. The automated system will increase the effectiveness and accuracy of temperature, pressure, and time control to ensure precision in baking according to the predetermined formula. This decreases the risks of human error and enhances employee performance.</p>
	<p>Separate the palm from the bunches: Place the baked oil palm in the tipper, transferring the oil palm onto a conveyor belt that leads to the threshing machine. The machine separates the palm from the bunch. The palm will be transported to the machinery for extracting the oil, while the empty fruit bunches will be transported for another machine for oil extraction.</p>
	<p>Collect oil from the oil palm: The oil palm will be transported to the digester that processes the fruit with steam. The processed oil palm then enters the screw press for oil extraction, which yields fiber and palm kernels as byproducts. The crude palm oil flows into station for oil cleaning, while the fiber and palm kernels will be transported for further processing.</p>



Visual Aids	Details
	<p>Purify the crude palm oil: The crude palm oil will be filtered by a sieve to separate sand and other contaminants. The oil will be placed in a container and further processed to filter out sand before being transferred to the oil separator. When the oil separates by floating on the top layer, the oil will be contained in a tank for purification and moisture removal. The purified oil will be collected in tanks to prepare for distribution. The remaining oil that settled in the bottom will be transported to a system for separating oil, water, and leftovers. The oil will then be transported back to the oil tank to repeat the purification system previously discussed.</p>
	<p>Separate the fiber and crack the shells–The fiber and palm kernels will be transported to an air suction system for separating the fibers. The fibers will be used as fuel for the boiler, while the kernels will be sent to dry at the silo before being cracked to separate the kernels from the shells. The small kernels and shells left intact will be separated by a machine with a specific gravity value. The shells will be collected in a tank to prepare for distribution, while the palm kernels will be dried and stored in a silo to prepare for distribution.</p>
	<p>Oil from Empty Fruit Bunches–The empty fruit bunches will be transported for oil extraction. The crude oil collected will be transferred into tanks to extract sand before being processed for further purification.</p>
	<p>Power Plant–The fiber extracted will be used as fuel for the boiler and converted to electricity to operate the machinery for operating the production process</p>



Selling and Distribution Channels

The company does not engage in long-term or forward sales contracts with local and international clients. Transactions will be based on the spot price to reduce risks of market price volatility. The company does not intentionally hold back crude palm oil supplies for profit speculation, strictly abiding to regulations of selling the crude oil supply according to the amount produced.

Domestic Sales

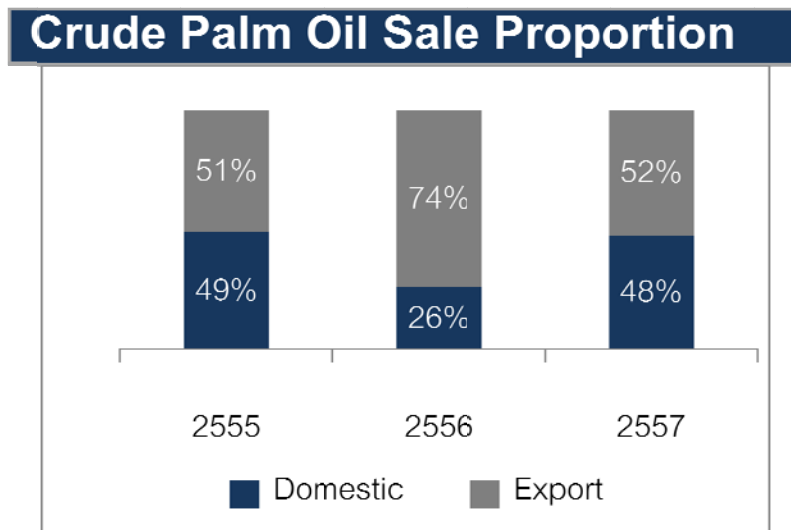
The company sells crude palm oil and palm kernels to refineries, biodiesel businesses, and kernel oil refineries.

Local clients include refineries that purchase the company’s crude palm oil to purify and kernel oil refineries that extract oil from the palm kernels. The company is able to distribute large volumes of products to these clients due to its stable production system, quality products, punctual distribution, and competitive pricing system.

International Sales

The company only exports crude palm oil, receiving international recognition for its high quality products and production capacity. The company evaluates trade conditions and credibility of international partners before entering into export agreements, serving as one of the few firms with the capability to export without having to pool resources with other crude palm oil enterprises for capacity increase. This stems from the company’s effectiveness in gathering raw materials, high production capacity, and exceptional production and quality management.

The company consistently evaluates the sales proportion of domestic and international markets based on factors of selling price, domestic market demand, and international market demand.





Environmental Impacts

The company has clear environmental management policies to ensure that its business operations have minimal impacts on the environment. The firm sees the importance of sustainability management, developing an ethical approach for staffs and executives in operating and managing the enterprise. The company invested in air pollution filter systems and oxygen analyzers to minimize environmental impacts, being prepared to further invest in alleviating environmental problems resulting from production, planting, and other business processes. Such investments also include water management technologies that utilize waste water and other wastes from production to create biogas, serving as fuel for generating electricity. The remaining water from biogas production containing useful organic chemicals will be used to irrigate the oil palm plantation as nourishments. Moreover, the company group is developing the wet land approach to water management, which includes using a mixture of soil and sand for growing water plants and placing layers of rocks to absorb nutrients.

The company considers waste recycling and pollution prevention during the establishment of its crude palm oil mills. For example, the company uses oil palm fiber to fuel boilers, which in turn generate electricity for operating the production machinery.

In the year 2009, the company started using organic fertilizer to reduce pollution, including air pollution from processing oil palm fruit bunches and water pollutants secreted from palm fruit bunches exposed to the rain.

Investments for Environmental Impact Minimization

Year	Information	Facility
2010	- The company installed a new Oxygen Analyzer to control the quality of air entering the boiler for minimizing air pollution.	Tha-Sae
2011	- The company built moats to prevent waste water from leaving factory premises	Tha-Sae
2012	- The company dug ditches in oil palm plantations to collect waste water, using the dregs for producing fertilizers for nourishing the palms. The company also formed a large pool to store treated waste water in the palm plantations. - The company installed water surface aerators to increase the oxygen concentration in the canals, minimizing impacts on nearby communities should the waste water flow out of the company's property.	Tha-Sae Thung-Kha



Generating and Distributing Electricity from Biogas

Product

The company established VG Energy Co., Ltd as an affiliate, possessing 100% shares of ownership, to conduct the business of generating and distributing electricity to the Provincial Electricity Authority (PEA) according to regulations supporting power generation from renewable energy. The company group has two biogas power plants with a total capacity of 8.4 Megawatts located in Chumphon province. The biogas is obtained from treating waste water from the crude palm oil mill process. The waste water, which contains organic chemicals, is processed under an environment lacking oxygen to produce methane – a biogas which can be used as fuel for generating electricity. VG Energy established two sale and purchasing contracts with the PEA for the two power plants, commencing electricity distribution in each power plant on March 2011 and May 2011 respectively.

Information on Biogas Power Plants

Project Name	<ul style="list-style-type: none"> ● Biogas power plant at Sup Anan, Tha-Sae district, Chumphon province ● Biogas power plant at Thung-Kha, Muang district, Chumphon province
Location	<ul style="list-style-type: none"> ● 29 Moo 3 Phet Kasem Road, Sup Anan, Tha-Sae district, Chumphon province, 86140. The biogas power plant was established on a region with high elevation, free from risks of flooding. The project has never experienced floods since its establishment. ● 170 Moo 6 Phet Kasem Road, Thung-Kha, Muang District, Chumphon province, 86100. The biogas power plant was established on a region with high elevation, free from risks of flooding. The project has never experienced floods since its establishment.
Capacity	<ul style="list-style-type: none"> ● Capacity of 5.6 Megawatts (Biogas power plant at Sup Anan, Tha-Sae district, Chumphon province) ● Capacity of 2.8 Megawatts (Biogas power plant at Thung-Kha, Muang district, Chumphon province)
Project Information	<p>The power plants obtain biogas generated from waste water and other waste products from refining crude palm oil. The company seeks to process waste to generate renewable energy, using a closed system of waste treatment. The process yields methane gas used as fuel for generating electricity for distributing to the PEA. The project reduces carbon dioxide and methane emission into the atmosphere – gases which create the greenhouse effect. The materials and technology used in the production process are:</p> <ol style="list-style-type: none"> 1. Waste water from refining crude palm oil (POME) 2. A+CSTR, A+UASB, and A+HCSR treatment systems, which are highly effective 3. Biogas Engine Power Generators 4. Electricity Distribution System
Production Technology	<p>Obtain waste water and decanter cake from crude oil refineries, placing them under a closed treatment system with exposure to an Appropriate Completely Stirred Tank Reactor, an Appropriate Up-flow Anaerobic Sludge Blanker, and an Appropriate High Concentration Sludge Reactor, respectively. The biogas produced will be exposed to water and hydrogen sulfide (H₂S) treatment, purified with a bio-filter before being used as fuel for biogas engine power generators. The electricity generated will then be distributed to the PEA.</p>

The company contracted with Italthai Industrial Ltd to manage operation and maintenance (O&M) of the biogas engine power generators in the power plants for the duration of 59,999 operating hours since the establishment of the project. The work scope include inspection and control of the production capacity to ensure that electricity is generated at a level corresponding to the amount stated in the contract. The contracted company must also maintain the biogas power plants to minimize risks of flaws that can hinder



the production process. On 11 April 2012, Italthai Industrial Ltd transferred the contracted terms to Navigat Energy (Thailand) Ltd to continue all the requirements of the work scope stated in the contract.

The revenue and volume of the company group's electricity generation and distribution business are summarized in the following table:

Product Type	For the Accounting Year Ended					
	31-Dec-12		31-Dec-13		31-Dec-14	
	Revenue (Millions of Baht)	Volume (Kilowatt- Hours)	Revenue (Millions of Baht)	Volume (Kilowatt- Hours)	Revenue (Millions of Baht)	Volume (Kilowatt- Hours)
Electricity generated for distribution	85	25,925,421	81	22,556,215	62	14,597,820
Electricity selling price additions	8		7		5	
Total revenue from selling electricity	93	25,925,421	88	22,556,215	67	14,597,820
<i>Average Electricity Price</i>	3.59		3.89		4.58	
<i>Standard Electricity Price (Baht per Unit)</i>	3.29		3.60		4.26	

Special Privileges from BOI Regulations

The project received special privileges such as corporate income tax deductions and exemptions, as well as tariff deductions and exemptions for machinery imports approved by the BOI. The special privileges are based on the certificate for investment support numbers 1474(1)/2552 and 1662(1)/2552 of the BOI, under the category of biogas power plant businesses, approved on 24 March 2009 and 28 July 2009 respectively. Information is summarized in the table below:

Certificate Number	1474(1)/2552	1662(1)/2552
Date of Approval	24 March 2009	28 July 2009
Subject Company	VG Energy Co., Ltd	VG Energy Co., Ltd
Location	Tha-Sae district, Chumphon province	Thung-Kha, Muang District, Chumphon province
Type of Activity Supported	Generate electricity from biogas	Generate electricity from biogas
Date of Receiving Revenue from	17 July 2011	25 April 2011



Certificate Number	1474(1)/2552	1662(1)/2552
Operations		
Rights and Privileges	<ul style="list-style-type: none"> - Receive tariff exemption for imports of machinery approved by the BOI. - Receive 8-year corporate income tax exemption for net income received from operations supported by the BOI dating from the first day of generating revenue from business operations. - Receive exemption from including dividends generated from operations supported by the BOI to calculate taxes during the corporate income tax exemption period. - Receive 50 percent corporate income tax deduction of the regular tax rate for 5 years after the expiration of the corporate income tax exemption period - Granted permission to deduct twice the amount of expenses from logistics, electricity fees, and water usage fees for 10 years, dating from the first day of generating revenue from business operations. - Receive 25 percent deduction on installation or construction costs of facilities apart from regular deductions of depreciation expense. 	
Terms and Conditions	<ul style="list-style-type: none"> - Tariff-exempted machinery must be imported before 12 December 2011 - Business must commence operations within 36 months after receiving the investment support certificate - Must hold at least 100 million baht worth of paid-in capital - Receive support in the following categories: Product: Electricity from Biomass - Business Size: Electricity generation capacity of 5.6 Megawatts (24 hours/day, 300 days/year.) 	<ul style="list-style-type: none"> - Tariff-exempted machinery must be imported before 27 February 2012 - Business must commence operations within 36 months after receiving the investment support certificate - Must hold at least 138 million baht worth of paid-in capital - Receive support in the following categories: Product: Electricity from Biomass - Business Size: Electricity generation capacity of 2.8 Megawatts (24 hours/day, 300 days/year.)
	<ul style="list-style-type: none"> - Must comprise of at least 51 percent of shareholders with Thai nationality - Must have an investment size (excluding costs of land and working capital) of at least 1 million Baht 	

Raw Materials

VG Energy Co., Ltd uses waste water and decanter cake from crude palm oil production to create biogas, serving as fuel for generating electricity. The company has strategies to effectively seek raw materials for producing crude palm oil all year, utilizing the raw materials with optimal efficiency. The power plants were also designed to correspond to the production capacity of the company group's crude palm oil refineries.

Production Process

(1) Capacity Level and Utilization

The capacities of the two biomass power plants are summarized in the table below:

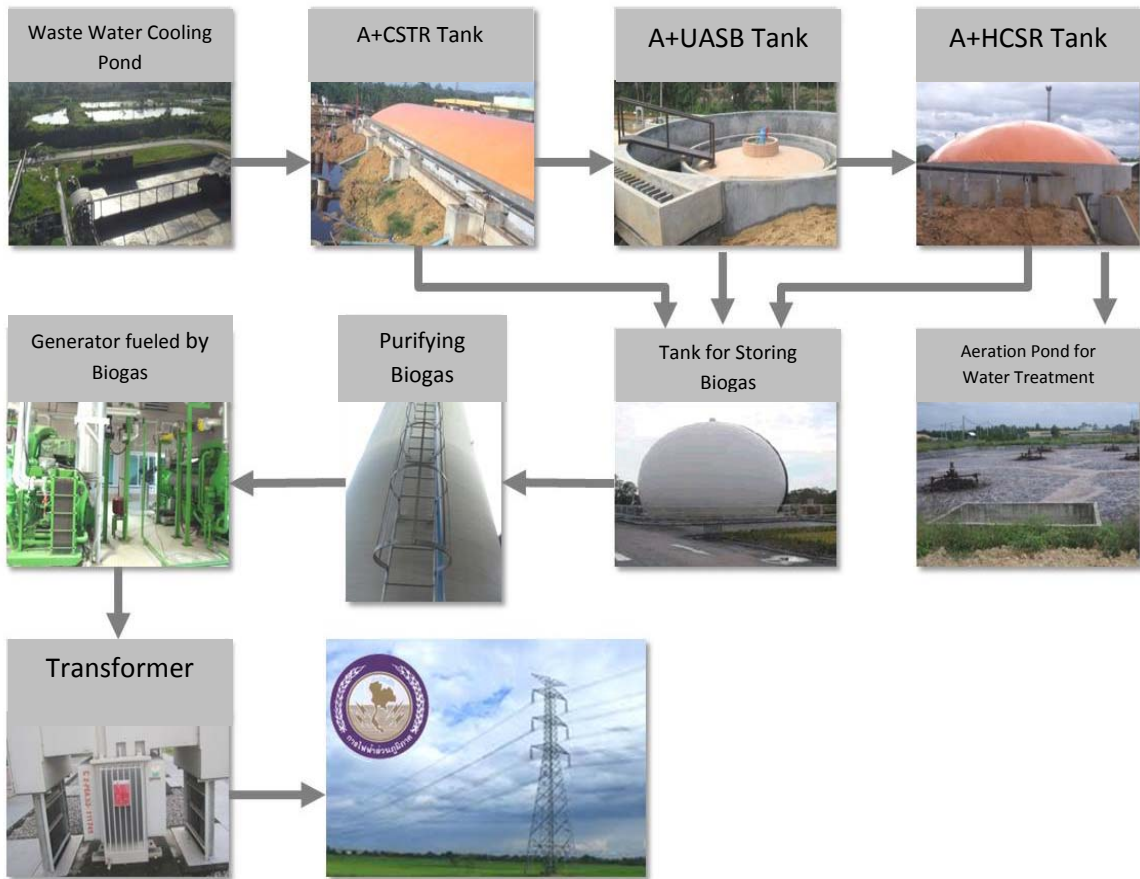
Project Name	Capacity	Date of Commencing Operations
Biogas Power Plant Sup Anan, Tha-Sae district, Chumphon province	5.6Megawatts	10 May2011
Biomass Power Plant Thung-Kha, Muang District, Chumphon province	2.8Megawatts	10 March2011



Capacity utilizations of the two biogas power plants are summarized in the table below:

Details	Tha-Sae Power Plant			Thung-Kha Power Plant		
	2012	2013	2014	2012	2013	2014
Capacity (Kilowatt-Hours per Year)	20,877,000	20,877,000	20,877,001	12,936,000	12,936,000	12,936,001
Generated Electricity (Kilowatt-Hours per Year)	17,986,007	15,813,209	10,791,364	11,472,000	9,770,355	7,684,100
Capacity Utilization Rate (percentage)	86.15	75.74	51.69	88.68	75.53	59.40

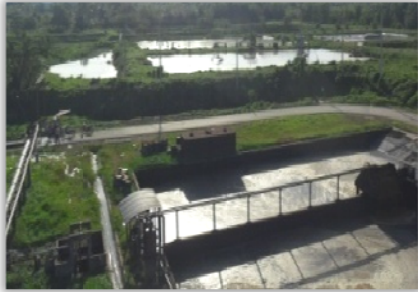




Electricity Generation Process from Waste Water of Crude Palm Oil Refining








Production Details

Raw materials for producing biogas are waste water and decanter cake from the company's crude oil mills, with a production capacity of 180 tons of processed oil palm per hour.

Visual Aids	Biogas Production Information
	<p>The waste water will be pumped into the cooling pond to adjust to an appropriate temperature and initialize the first phase of waste water treatment. This involves separating waste water from solids such as gravel and sand.</p>
 	<p>The process is classified as anaerobic wastewater treatment, utilizing the A+CSTR (Appropriate Completely Stirred Tank Reactor) to filter dregs and transform the organic chemicals into biogas. Highly concentrated waste water from the refineries will become weaker after being processed by the A+CSTR system. The water will then go through the A+UASB (Appropriate Up-flow Anaerobic Sludge Blanking) to further treat the water containing remaining organic chemicals in order to raise the quality of water to a standard sufficient for other stages of treatment.</p>
 	<p>The process involves managing wastes and dregs from the factories with the A+HCSR (Appropriate High concentration Sludge Reactor) treatment system. The system completely treats water and other wastes released from the crude palm oil production process. The system brings dregs from the A+CSTR and A+UASB treatment systems to mix with decanter cakes from the refineries to increase the effectiveness of biogas decomposition. The remaining dregs after treatment will have low COD values, capable of being used as fertilizers for oil palm plantations. The treated waste water will flow into the aeration pond before being used to irrigate the oil palm plantations.</p>

Visual Aids	Electricity Generation Information
  	<p>The biogas produced will go through a water and hydrogen sulfide (H₂S) treatment system, being further purified by a bio-filter before being used as fuel for the biogas engine generators. The biogas will undergo a combustion reaction in a tube, converting the heat energy to mechanical energy to operate the generator, generating electricity to distribute to the PEA.</p>

Sale and Distribution Channel

VG Energy Co., Ltd generates and distributes electricity as its core business, owning two biogas power plants with a total capacity of 8.4 Megawatts. The company engaged in two Power Purchase Agreements (PPAs) with the Provincial Electricity Authority (PEA.) Information is summarized in the table below:

Project Name	Biogas Power Plant Sup Anan, Tha-Sae district, Chumphon province	Biogas Power Plant Thung-Kha, Muang District, Chumphon province
Registration Number	VSPP-PEA 092/2551	VSPP-PEA 093/2551
Contract Signing Date	27 November 2008	18 December 2008
Volume according to PPA	4.5 Megawatts	2.5Megawatts
Capacity	5.6Megawatts	2.8Megawatts
Voltage	22,000 Volts	22,000 Volts
Commercial Operation Date (COD)	10 May2011	10 March2011
Location of Power Purchase	29 Moo3 Phet Kasem Road Sup Anan, Tha-Sae district, Chumphon province 86140	170 Moo6 Phet Kasem Road Thung-Kha, Muang District, Chumphon province 86100
Duration of Contract	5 years, renewable every 5 years. Contract is approved until termination.	

1) Biogas Power Plant: Sup Anan, Tha-Sae district, Chumphon province

The biogas power plant has a capacity of 5.6 Megawatts, located at 29 Moo 3 Phet Kasem Road, Sup Anan, Tha-Sae district, Chumphon province. The facility rests on a 43,000 square-meter plot of land under a lease agreement. The project's commercial operation date (COD) was 10 May 2011, receiving adder privileges for VSPPs from its use of biogas as a source of renewable energy. The purchasing price was 0.30 Baht/Kilowatts/Hour, with 7-year duration for the business support dating from COD. This agreement was based on regulations of the PEA on Adder Establishments on Power Purchasing Prices of

Renewable Energy from VSPPs, according to policies of the Energy Policy and Planning Office, announced on 9 March 2009.



2) Biogas Power Plant: Thung-Kha, Muang District, Chumphon province

The biogas power plant has a capacity of 2.8 Megawatts, located at 170 Moo 6 Phet Kasem Road, Thung-Kha, Muang district, Chumphon province, 86100. The facility rests on a 47,200 square-meter plot of land under a lease agreement. The project's commercial operation date (COD) was 10 March 2011, receiving adder privileges for VSPPs from its use of biogas as a source of renewable energy. The purchasing price was 0.30 Baht/Kilowatts/Hour, with 7-year duration for the business support dating from COD. This agreement was based on regulations of the PEA on Adder Establishments on Power Purchasing Prices of Renewable Energy from VSPPs, according to policies of the Energy Policy and Planning Office, announced on 9 March 2009.



Environmental Impacts

The company has international standards on environmental management, with each practice subject to Initial Environmental Examinations (IEE) to inspect possibilities of environmental impacts before establishing the power plant businesses. Reports on environmental impact and quality assessments must be continuously presented to relevant authorities.

Factors mentioned in the IEE include physical resources, biological resources, human resources, and quality of life. The company strictly adhered to IEE standards from project inception to implementation, constantly improving measures to minimize environmental impacts especially in the scope of pollution prevention.



Corporate Strategy

The crude palm oil industry has significant importance in Thailand and potential for sustainable growth. The product can be used for consumption purposes and serves as raw materials for other key industries such as biodiesel, soap, detergent, cosmetics, chemicals, and animal feed. The crude palm oil industry is also supported by the government as a strategy to support renewable energy and the stability of the nation's food industry.

Believing in the strengths and opportunities of the Thai crude palm oil industry, the company created policies and strategies to strengthen its business and boost competitiveness, creating market opportunities locally and internationally:

1. Creating Confidence with Professional Experience and Expertise

The company has many years of experience in the crude palm oil industry, receiving acceptance and confidence from oil palm agriculturalists, oil palm retailers, and clients in the local and international markets. The company is known for its honest and transparent business practices, strengthened by an experienced management team with over 25 years of experience in the crude palm oil industry. The executives were prominent figures in major organizations of the public and private sectors. These include the President of the Palm Oil Crushing Mill Association, the Federation of Thai Industries, and the President of the Drafting Committee for the Oil Palm Royal Decree.

2. Greatest Palm Oil Production Capacity in Chumphon province

The company perceived opportunities for crude palm oil demand growth in the local and international markets, leading to its investment on boosting capacity to prepare for long-term opportunities. The company currently has a total production capacity of 180 tons of processed palm oil per hour, serving as the company with the highest palm oil production capacity in Chumphon. Moreover, the company utilized advance technology to control and inspect the effectiveness of the production process, maximizing palm oil yield and minimizing resource losses.

The company's large production capacity established confidence of oil palm agriculturalists and retailers in the firm's preparedness to process oil palm throughout all seasons of the year. This establishes long-term relationships and business partners for the company. With production capacity as a key strength, the company holds an advantage over competitors when purchasing raw materials as well as producing and selling crude palm oil during periods of high oil palm supplies.



3. Creating Opportunities from Distribution Channel Advantages

The company group is one of the three major exporters of crude palm oil in Thailand with the capability to independently transact with international markets without having to pool resources with other businesses. Leading local and international clients have confidence in the large production capacity of the company and high quality of products throughout many years of business cooperation. The company's exporting capacity also serves as an advantage against competitors, providing the opportunity to tap overseas markets when their crude palm oil prices exceed that of Thailand or during periods of crude palm oil demand reductions in the local market.

4. Using Advanced Technology to Sustainably Boost Productivity and Reduce Costs

The company utilized advanced technology such as the automation and monitoring system to support production and boost effectiveness, evaluating results and analyzing data at high speeds. The technology supports prompt analysis and fixing of operational flaws, reducing risks of loss and production stoppages. Effective and continuous production processes from advanced technological systems lead to products with quality surpassing Thai industrial standards, being accepted in both the local and international markets.

5. Raw Materials and Public Relations Management

The effectiveness of crude palm oil mills depend on two important factors – quantity and quality of oil palm fruit bunch.

The company hosted campaigns providing knowledge to oil palm agriculturalists in communities and surrounding areas to be aware of the importance of planting quality oil palm. The workshops include training agriculturalists to effectively manage oil palm plantations, generate additional income, and boost productivity. The company also has a center for analyzing palm leaves to identify nutrients needed by specific palms and recommend fertilizer formulas for parties interested in enriching their oil palm plantations.

The company has been increasing oil palm purchases from smaller agriculturalists to obtain larger quantities of high quality oil palm.

Moreover, the company has marketing promotion campaigns to enhance the businesses of oil palm retailers that have lasting relationships with the crude oil refinery. The campaigns involve assessing and assigning grades to the retailers by the Board of Directors' discretion. This process grants specific privileges to the retailers, with those who consistently provide quality oil palm supplies receiving higher grades. The campaigns indirectly increase the retailers' business loyalty to the company.



The company is also dedicated to establish strong relationships with oil palm agriculturalists and partners, building confidence while listening to their problems and recommendations for sustainable development.

6. Developing Information Technology Appropriate to the Company's Supporting Businesses

The company is dedicated to developing its information technology for supporting activities, enhancing management, implementation, evaluation, and analysis of information to boost business effectiveness. This involves the improvement of the company's production forecast system, oil palm purchasing system, logistics, sales, maintenance, and inventory management. The company also possesses programs for crude oil quality control, both during production and distribution, to ensure that clients receive top quality products.

The company's continuous information technology development lead to informational advantage during the evaluation and analysis processes, contributing to swift and effective business decision-making. This allows the company to effectively plan and strategize for long-term success.

7. Liquidity

The agricultural business requires continuous supplies of raw materials and is dependent on seasonal factors, leading to high levels and variations of working capital. The company is therefore dedicated to manage and maintain appropriate levels of liquidity while minimizing costs. This will build confidence for current business partners and create reputation that attracts potential business partners to collaborate with the firm. Moreover, the company also provides a convenient, swift, and safe channel of payment to agriculturalists and oil palm retailers, leading to its record of punctual payments to business partners.

8. Adding Value to by Products

Seeking to efficiently utilize all resources, the company adds value to the following byproducts: (1) Palm Kernels: distributed to palm kernel oil refinery and related industries, (2) Palm Shells: distributed to cloth dyeing factories and fish meal factories to be used as fuel, (3) Palm Fibers: Used as fuel for boilers, generating electricity for the factories, (4) Empty Fruit Bunches: Used for producing organic fertilizers, (5) Waste Water and Decanter Cake: Used to produce biogas for the company's power plants.



9. Human Resource Management and Sustainable Development

Although most businesses are placing great emphasis on technology to reduce production costs, the company maintains great attention and dedication to develop the competencies of its human resource. All personnel are equipped with professional expertise and competency, sharing in the accomplishments of the company. The company established Key Performance Indicators (KPI) to reward employees based on all facets of their performances. Campaigns and workshops are held to develop personnel holistically, including professional and social skills that will enhance performance and the corporate environment.

Palm oil Industry



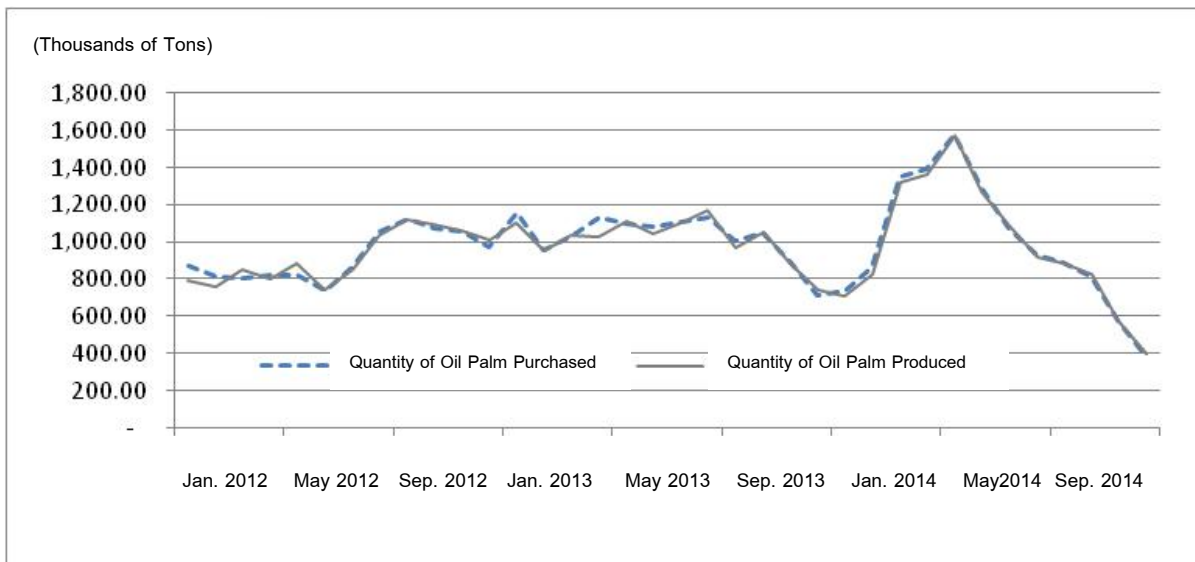


Palm Oil Industry

Demand and Supply

Crude palm oil and palm kernel are agricultural products affected with market pricing mechanisms based on factors of demand and supply. The supply of oil palm depends on weather conditions which directly affect the global production level of palm and other vegetable oils. Factors influencing demand include market demand for crude palm oil, which mostly stem from local and international industries of consumer goods and energy. Demand is also affected by economic conditions of countries consuming crude palm oil, as well as import tariff regulations of major crude palm oil importers (India and China.) During the past three years, Thailand purchased approximately 600,000-1,500,000 tons of oil palm per month. The industry experienced higher volatility of production during 2014 compared to the previous years.

Quantity of Oil Palm Yield Nationwide compared with Quantity of Oil Palm Used for Production



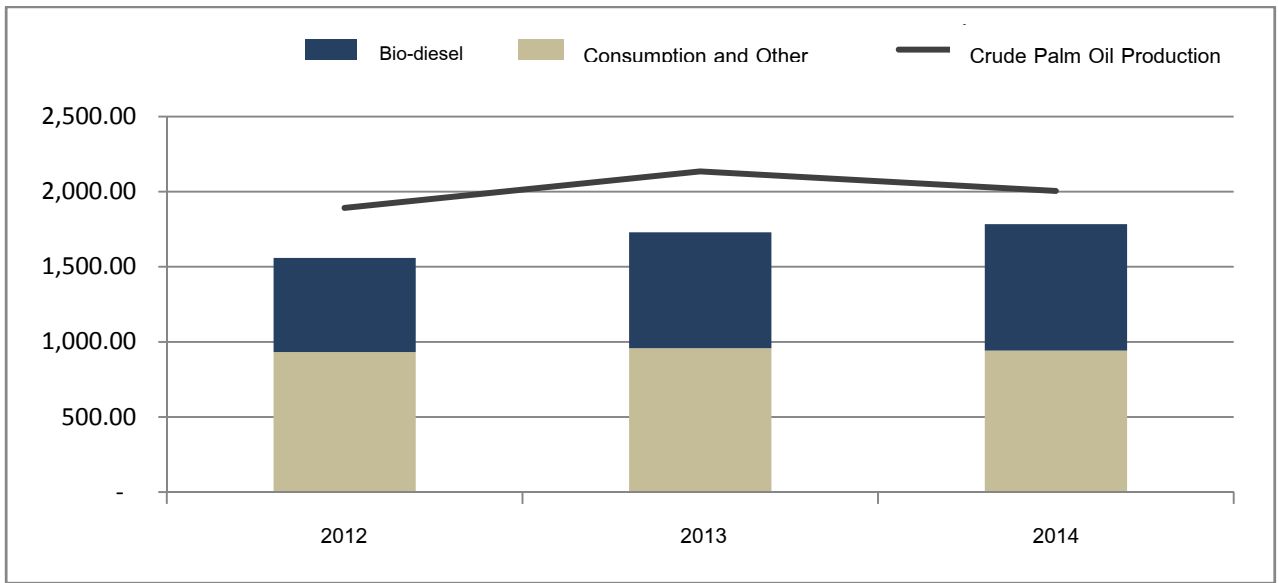
Source: Office of Agricultural Economics, Department of Internal Trade

The quantity of crude palm oil produced nationwide will be in tandem with the amount of oil palm used in the production process. Throughout the past three years (2012-2014), the demand for crude palm oil was mostly for consumption purposes. Approximately 50 percent of crude palm oil nationwide was used in the food industry and other related industries. The remaining 30 percent was used for producing biodiesel while 20 percent was exported.

During the beginning of the year 2014, the Ministry of Energy announced policies on the usage of Biodiesel B-7, containing a 7% mixture of Biodiesel B-100 which contains crude palm oil. This replaces the usage of Biodiesel B-5, which contains a 5% mixture of Biodiesel B-100. The announcement was put into effect on 1 January 2014, with the objective of using Biodiesel B-10 containing a 10% mixture of Biodiesel B-100 by the year 2019. The announcement served as an opportunity for the crude palm oil industry, increasing the demand for the product by approximately 25,000 tons per month, reducing the inventory level of crude palm oil.



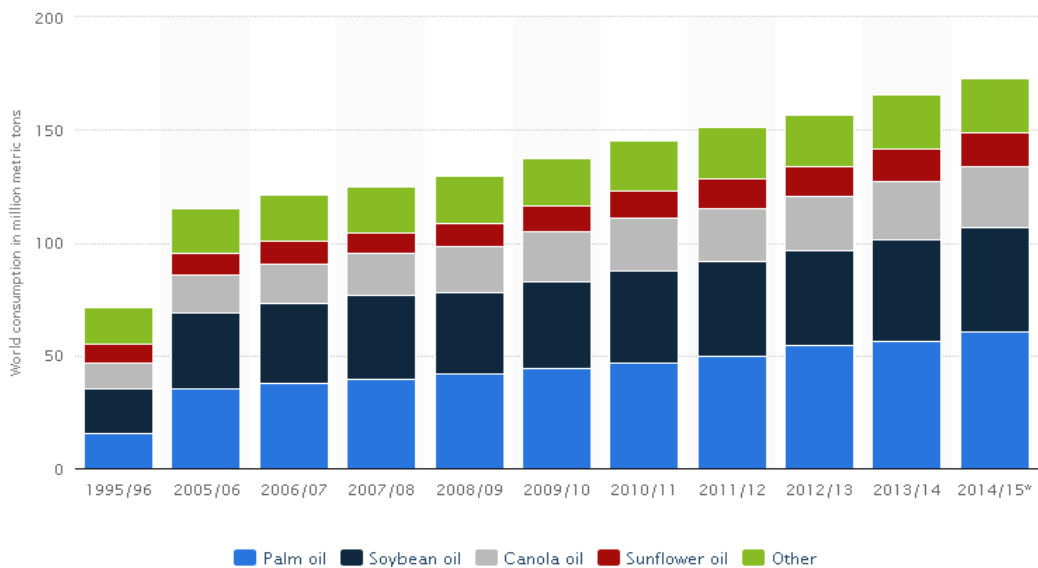
Quantity of Crude Palm Oil Nationwide compared with Domestic Demand for Crude Palm Oil



Source: Office of Agricultural Economics, Department of Internal Trade

Referring to the graph below, it is evident that crude palm oil is the type of vegetable oil receiving the highest popularity. The trend of vegetable oil consumption in the global market also has potential to continuously grow every year. Total demand for vegetable oil consumption of 81.04 million tons in the year 1990 grew to 160.08 million tons in the beginning of the year 2012, expanding to 172.99 million tons in 2014. It is expected that the total demand will increase to 195.70 million tons in the year 2022. This is due to higher global population and higher statistics of vegetable oil consumption per person per year, both for food and fuel purposes.

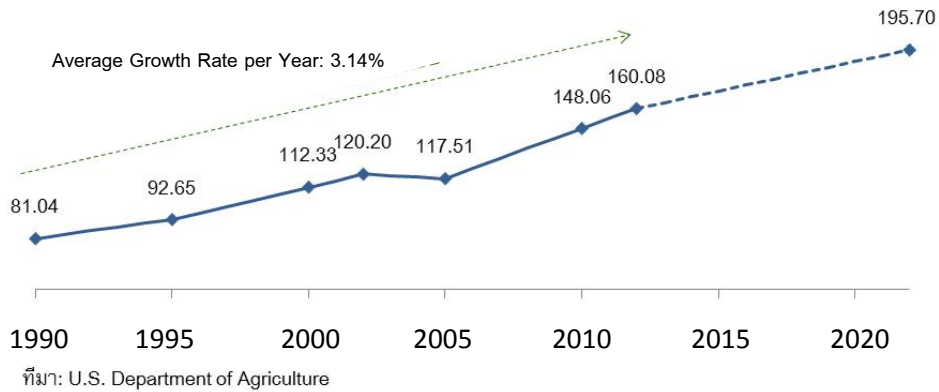
Global Vegetable Oil Consumption



Source: © Statista 2015



Rate of Global Market Vegetable Oil Consumption from the Years 1990-2022 (Millions of Tons)



Countries that are major consumers of crude palm oil include India, Eurozone countries, and China. Major producers of crude palm oil are Indonesia and Malaysia, contributing to approximately 85 percent of total crude palm oil production worldwide. Thailand, ranked as the third largest producer, contributes to 3.6% of total crude palm oil production worldwide. The second most popular vegetable oil is soybean oil, with the United States as the largest market for the commodity with significant support for growing soybeans.

Major Producers of Crude Palm Oil in the Year 2014

Country	Production Quantity (Millions of Tons)	Market Share (Percentage)
Indonesia	33.00	52.85
Malaysia	20.50	32.83
Thailand	2.25	3.60
Columbia	1.11	1.77
Nigeria	0.93	1.49
Others	4.65	7.45
Total	62.44	100.00

Source: Foreign Agricultural Service, US Department of Agriculture, February 2015



Production Level of Vegetable Oils in the Global Market

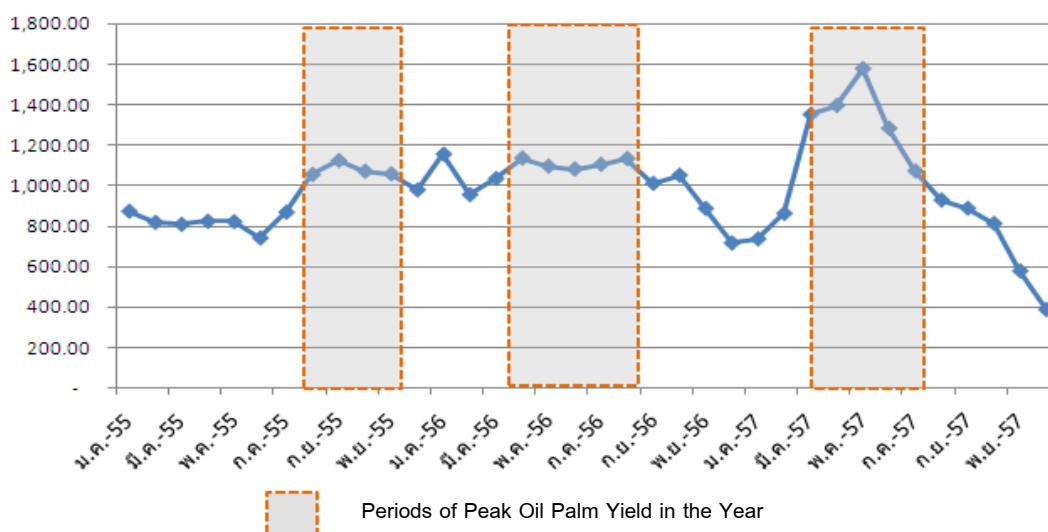
Type	Production Quantity and Percentages in the Year 2014	
	Production Quantity (Millions of Tons)	Percentages
Palm Oil	62.44	35.54
Soybean Oil	47.44	27.00
Rape Seed Oil	26.95	15.34
Sunflower Oil	15.18	8.64
Palm Kernel Oil	7.29	4.15
Cotton Oil	5.12	2.91
Peanut Oil	5.52	3.14
Coconut Oil	3.43	1.95
Olive Oil	2.34	1.33
Total	175.71	100.00

Source: Foreign Agricultural Service, US Department of Agriculture, February 2015

Industrial Factors Related to Raw Materials

Thailand has many factors that lead to higher oil palm production costs comparing to other industry leaders in the region. These factors include limited land of oil palm agriculturalists, lack of systematic plantation management, inability to invest in technology to enhance oil palm productivity, oil palm characteristics that lead to low yield, unstandardized oil palm collection process, as well as seasonal factors and palm tree age that affect oil palm yield. During the past 3 years, oil palm productivity peaked during March-May and August-November due to high precipitation and humidity that enhanced palm growth. Oil palm productivity decreased during the months of December-January.

Quantity of Oil Palm Produced Nationwide



Source: Office of Agricultural Economics, Department of Internal Trade

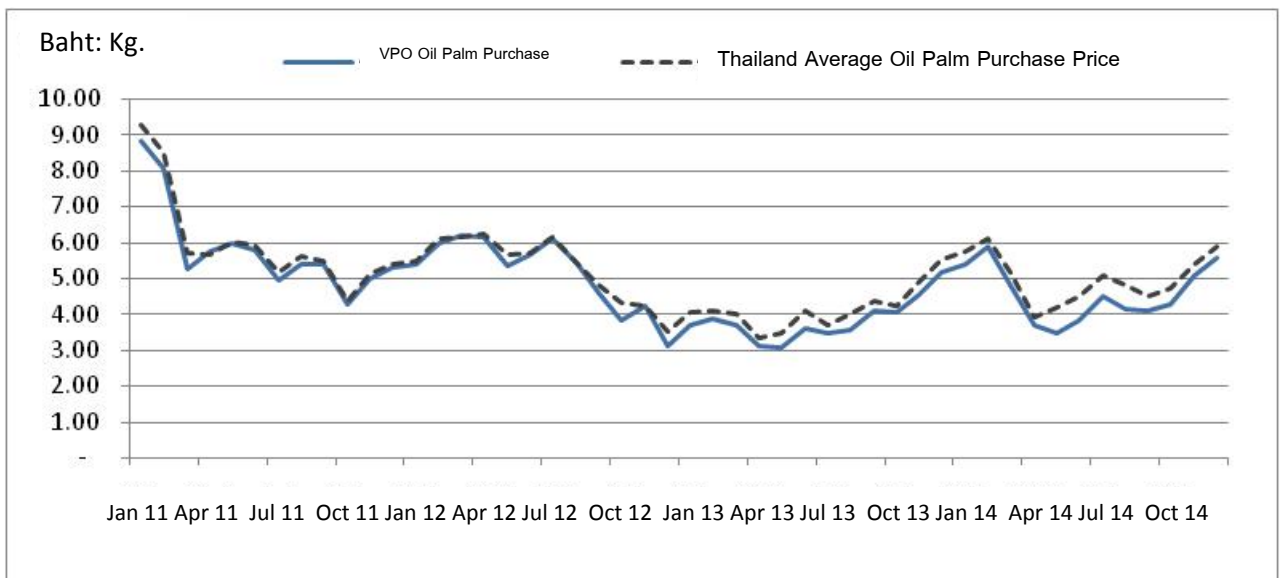


The crude palm oil industry depends on oil palm plantations for raw materials. This leads to two types of competition in the industry: competition for acquiring raw materials from agriculturalists and competition for selling crude palm oil and palm kernel oil to clients. The first type of competition is usually more intense than the latter.

The company’s competitors in purchasing oil palm are neighboring crude palm oil refineries. The oil palm purchased should be processed within 24 hours for high crude palm oil quality. The company group effectively reached oil palm agriculturalists and established strategic purchasing locations. This included the use of information technology to manage and store information on agriculturalists and oil palm retailers, establishing strong relationships with these business partners. The company also organized campaigns to support oil palm plantations of agriculturalists and communities, supporting their endeavors to minimize costs and provide high quality and stable oil palm supplies to the firm. Moreover, the company also adjusted its oil palm purchasing price to correspond to the rate of crude palm oil production as an incentive for agriculturalists to provide relevant raw materials to the business.

Southern Thailand experienced minimal rain during the end of the year 2013 to the beginning of the year 2014. Precipitation is the key factor influencing oil palm yield and quality in plantations. This led to low quantities of oil palm available in the market, which in turn accounted for the decline in crude palm oil production during the period. The lower productivity, coupled by an increase in crude palm oil demand from the policy of using Biodiesel B-7 as a new fuel source, led to an increase in crude palm oil price. This explains the higher average crude palm oil price comparing to 2013 figures.

Oil Palm Purchase Price of the Company compared with Average Oil Palm Purchase Price in Thailand



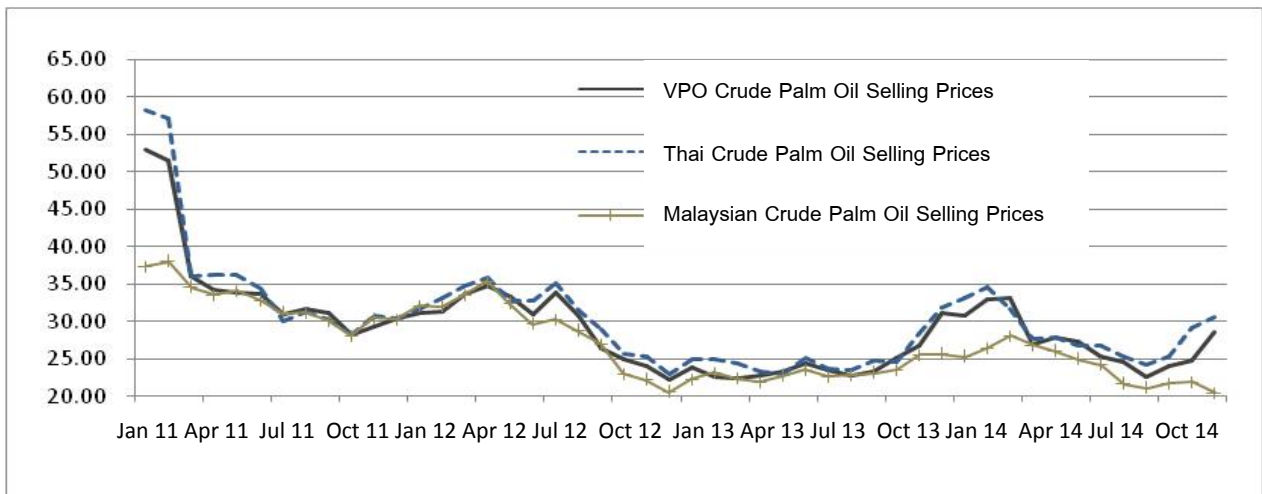
Source: Office of Agricultural Economics, Department of Internal Trade



Pricing Conditions

The local and international crude palm oil prices are benchmarked on the prices in Malaysia. Since crude palm oil is considered a control product in Thailand, its local prices may experience periods of varying fluctuations to the Malaysian market movements. General prospects, however, reveal that prices in the Thai market will continue to be similar to those of the Malaysian market. Crude palm oil price volatility stems from factors such as economic instability and fluctuations in global crude palm oil prices. The following graph portrays the historical prices of crude palm oil:

Selling Price of the Company Group’s Crude Palm Oil compared with Average Selling Prices of Crude Palm Oil in the Thai and Malaysian Markets



Source: Office of Agricultural Economics, Department of Internal Trade

In the year 2014, the crude palm oil prices in Thailand exceeded those of international markets during Q1, end of Q3, and Q4 due to low oil palm yield amidst a growing demand for crude palm oil from the fiscal policy requiring a shift to Biodiesel B-7 as fuel.

Thailand is preparing itself for the ASEAN Economic Community (AEC) in the year 2015. This requires ASEAN member countries, including Thailand, to gradually deduct and eliminate import tariffs of certain products including crude palm oil when transacting between member countries. Non-tariff trade barriers must also be eliminated to facilitate free flow of goods and services throughout the economic community. Although Thailand reduced import tariffs for crude palm oil to 0% since 1 January 2010, regulations still require import license presentation, with the extent of import approval dependent upon the overall situation in Thailand. A repeal of these regulations will not have significant impact on the crude palm oil industry, since the price of the commodity throughout the previous years have been moving in tandem with global market prices. The company provided a stable supply of crude palm oil exports to international markets during the previous year.

The market mechanism of the Thai crude palm oil industry, however, has not been accurately reflecting the demand and supply conditions. This is due to government intervention to guarantee prices of crude palm oil and oil palm bunches. The fiscal intervention led to periods where prices do not align with those of the global markets, exerting a negative pressure on exporting activities.



Thailand's approach to AEC emphasizes free market competition, causing the crude palm oil industry to adjust its pricing and trade mechanisms to correspond to global market conditions – free from government intervention. This allows businesses in the industry to fully compete and enjoy increased opportunities to export the products. The company therefore believes that AEC will not pose significant negative impacts on its business.

Local Market Sales

The crude palm oil industry in Thailand is an essential part of the agricultural sector in Thailand. Most players in the industry will produce the commodity to meet high local market demand, having limited capacity to export the products.

The oil palm yield in Thailand, however, exceeds the amount demanded. This provides opportunity to export the products. The company remains as one of the few businesses in Thailand capable of exporting crude palm oil to international markets without having to pool resources with other entities.

In terms of consumption, the target market of crude palm oil businesses in Thailand is the food industry. The prices of the commodity will be based on those of the Malaysian market, coupled by demand and supply forces in Thailand. Factors influencing the price of crude palm oil in the Malaysian market are as follow:

- Price of substitute products, such as soybean oil
- Demand for consumption and production level of crude palm oil in the global market
- Weather conditions which affect productivity and price of oil palm
- Other policies, such as biodiesel usage and export tariffs

Demand prospects for crude palm oil as a raw material for producing biodiesel is positive. This is due to the Ministry of Energy's policies on the usage of Biodiesel B-7 instead of Biodiesel B-5. The announcement was put into effect on 1 January 2014, with the future objective of using Biodiesel B-10 containing a 10% mixture of Biodiesel B-100 by the year 2019. The policy significantly affects the price and consumption of crude palm oil in Thailand.

International Market Sales

In 2013, the U.S. Department of Agriculture announced a global crude palm oil production statistic of 45 million tons per year. Indonesia is the largest producer and exporter of crude palm oil, holding almost 50% in market share. Malaysia ranks as the second largest, with a market share of approximately 40%. Both of these countries have weather conditions suitable for planting oil palms, possessing good species of oil palm yielding large produce. The governments of these two countries also issued policies supporting the crude palm oil business. The crude palm oil industry in Thailand, however, consists of minor plantations and limited industrial production, leading to inferior oil palm quality and productivity per Rai. Low levels of crude palm oil production also leave limited supply of products for exports.

The company's effective production management leads to premium quality products with international standards that are globally accepted by clients and highly competitive. Coupled by a large production capacity, the company serves as one of the country's leaders in the crude palm oil industry and a major exporter of the commodity.



Key Exporters of Crude Palm Oil in the Year 2014

Country	Export Quantity (Millions of Tons)	Market Share (Percentage)
Indonesia	22.30	49.66
Malaysia	18.00	40.09
Papua New Guinea	0.64	1.43
Thailand	0.50	1.11
Benin	0.39	0.87
Others	3.07	6.84
Total	44.90	100.00

Source: Foreign Agricultural Service, US Department of Agriculture, February 2015

Thailand possesses several advantages over global leaders in the crude palm oil industry. This included cheaper labor costs than Malaysia and a superior transportation infrastructure than Indonesia. With appropriate governmental support, Thailand can become even more competitive in the global crude palm oil industry. European countries are also shifting their interests to the Thai crude palm oil industry after discouraging the deforestation practices of Malaysia and Indonesia to clear land for oil palm plantations. Thailand has a strong reputation for effective environmental management, with organized oil palm plantations and a constant responsibility for the surrounding ecosystems.

Prospects of Future Competition

Competition for oil palm bunches as raw materials will continue to be intense. The Ministry of Agriculture and Cooperatives in Thailand continues the plan to develop areas for oil palm plantations. During the years 2008-2013, areas of land yielding oil palm in Thailand had an average increase of 205,968 Rais per year, with an average increase in oil palm productivity of 708,310 tons per year. The Ministry of Agriculture and Cooperatives also drafted plans to develop the crude palm oil and palm kernel oil industries during the years 2014-2021 for industrial sustainability under conditions of AEC. The plans correspond to the renewable energy development strategies of Thailand.

Domestic crude palm oil sales continue to thrive from high local demand. The surplus of crude palm oil in the Thai market should alleviate from the 20% increase in consumption of crude palm oil for producing biodiesel based on fiscal policies. The prices will continue to be benchmarked on Malaysian market prices and oil palm prices in the Thai market. A growing global demand for palm oil should raise prices of the commodity in the international and Thai markets. The crude oil prices in Malaysia, however, are experiencing a decline due to government support policies. Other external factors such as possibilities of non-tariff trade barrier repeals for AEC, as well as a potential decline in soybean oil prices due to market surplus of the commodity, may affect the direct of the crude palm oil industry.

The company expects to increase crude palm oil exports to key trade partners such as European countries. Moreover, the company has effective production management that enhances product quality, capable of competing with other industrial players in Malaysia and Indonesia.

Financial Highlight





Financial Highlight

Capital Information	2557	2556	2555
Registered Capital (Common Share) (Share)	816,109,589.00	800,000,000.00	200,000.00
Registered Paid-up Capital (Baht millions)	940.00	800.00	200.00
Par Value per Share (Baht/Share)	1.00	1.00	1,000.00
Financial Status (Baht millions)			
Total assets	1,994.52	2,062.97	2,331.80
Total accounts receivable, net	46.61	96.21	83.27
Property, plant & equipment, net	1,656.02	1,802.70	1,929.30
Total liabilities	715.29	1,145.46	1,263.66
Current liabilities	196.76	497.57	585.74
Non-Current liabilities	518.53	647.89	677.92
Total shareholders' equity	1,279.22	917.51	1,068.14
Operating Performance (Baht millions)			
Sales	2,287.46	3,238.72	3,629.94
Total revenues	2,304.89	3,246.46	3,640.45
Total expenses	- 2,138.34	- 3,004.23	- 3,468.40
Interest expenses	- 49.29	-47.31	-62.12
Gross profit margin	445.85	497.21	436.56
Earnings before income Tax	117.26	194.92	109.93
Corporate income tax	- 23.43	-22.69	-4.27
Net profit	93.83	172.23	105.66
Cash Flow (Baht millions)			
Net cash flow from operating activity	247.53	495.38	368.06
Net cash flow from investing activity	- 123.71	-52.09	-100.63
Net cash flow from financing activity	- 35.62	-468.89	-226.89
Net increase (decrease) in cash	88.21	-25.6	40.54
Beginning cash	23.63	49.23	8.69
Ending Cash Balance	111.83	23.63	49.23
Financial Ratios			
Earnings (Baht/Share)	0.11	0.15	305.60
Book Value (Baht/Share)	2.44	2.59	11,658.98
Net Profit margin (%)	4.10%	5.32%	2.91%
Current ratio (Times)	1.65	0.49	0.63
Return On Assets (ROA) (%)	4.62%	7.84%	4.39%
Return on shareholders' equity (ROE)(%)	8.54%	17.35%	9.97%
Debt to Equity Ratio (Times)	0.56	1.25	1.18

Note: On April 24, 2014 the company changed the par value of ordinary shares from Baht 1,000 to Baht 1 per share, resulting the company's common stock changed from 200,000 shares to 200,000,000 shares. On April 28, 2557 the company increased its registered capital from Baht 200,000,000 to Baht 1,070,000,000 by issuing 870,000,000 new ordinary shares at par value of Baht 1 per share, making shares of the company increased from 200,000,000 shares to 1,070,000,000 shares. On April 29, 2557 Paid up another Bath 600,000,000 in capital resulting paid up capital increased from Baht 200,000,000 to Baht 800,000,000. On November 14 and 17-18, 2014, the Company offered its new common shares to public by issuing 140,000,000 shares and paid up Baht 140,000,000 on November 20, 2014. Therefore; the Company had paid-up share capital totally Baht 940,000,000. Conclusion: The issued and paid up of the Company. Year 2014, the Company has 940,000,000 ordinary shares of Baht 1 per share. Year 2013, the Company had 200,000 shares of common stock, par value of 1,000 baht per share. However, number of weighted average share that used to calculate basic earnings per share of the company for the year 2014 and 2013 were 816,109,589 shares and 800,000,000 shares, respectively.



Management Discussion and Analyst



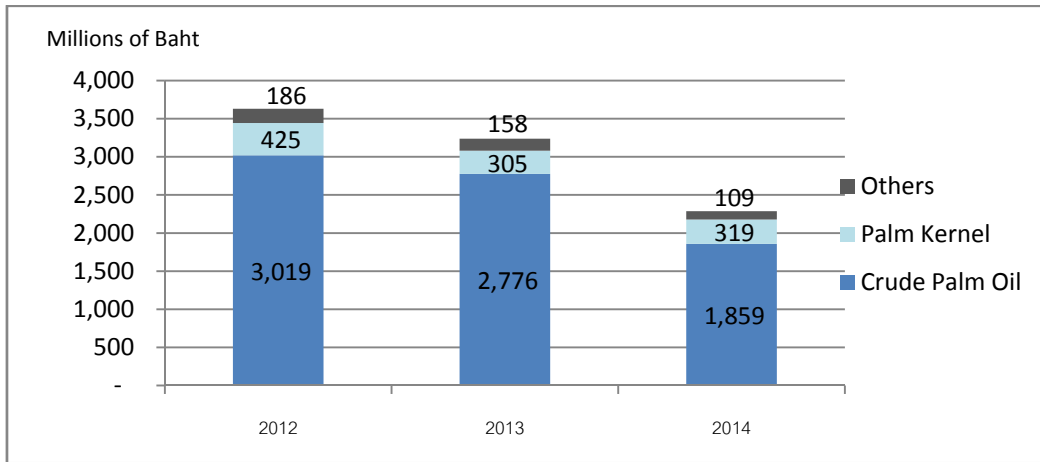


MANAGERIAL ANALYSIS

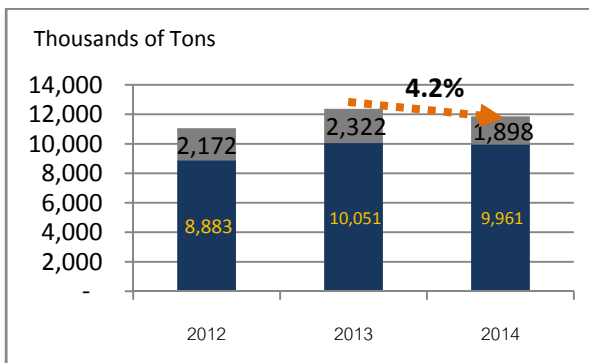
Performance Analysis

Revenue

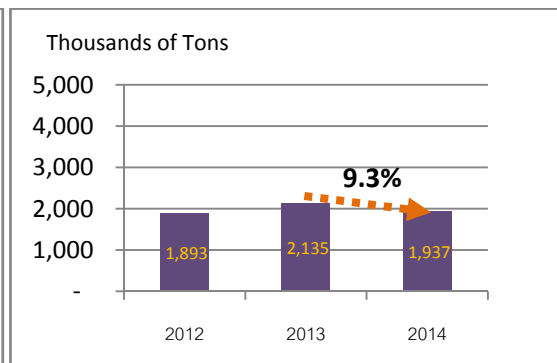
Revenue Structure



In the year 2014, the company has revenue of 2,287.46 million Baht, decreasing from the 2013 figure of 3,238.72 million Baht (equivalent to 29.37%). Revenue from the core business of crude palm oil and palm kernel oil was 2,178.50 million Baht (2014), decreasing from the previous year's figure of 3,081.07 million Baht (equivalent to 41.83%) This is due to a decrease in supply of oil palm fresh fruit bunch input from 565,150 tons (2013) to 367,851 tons (2014) due to a drought during the end of 2013 to the beginning of 2014. This reduced the national oil palm yield, with the amount in Chumphon decreasing by 424,000 tons (18.27%) .This led to intense competition to purchase oil palm fresh fruit bunch. The graphs below explain the phenomenon where seasonal factors lead to a sharper decline in crude palm oil production than the decrease in oil palm fresh fruit bunch yield:



Palm Fresh Fruit Bunch Volume (2012-2014)



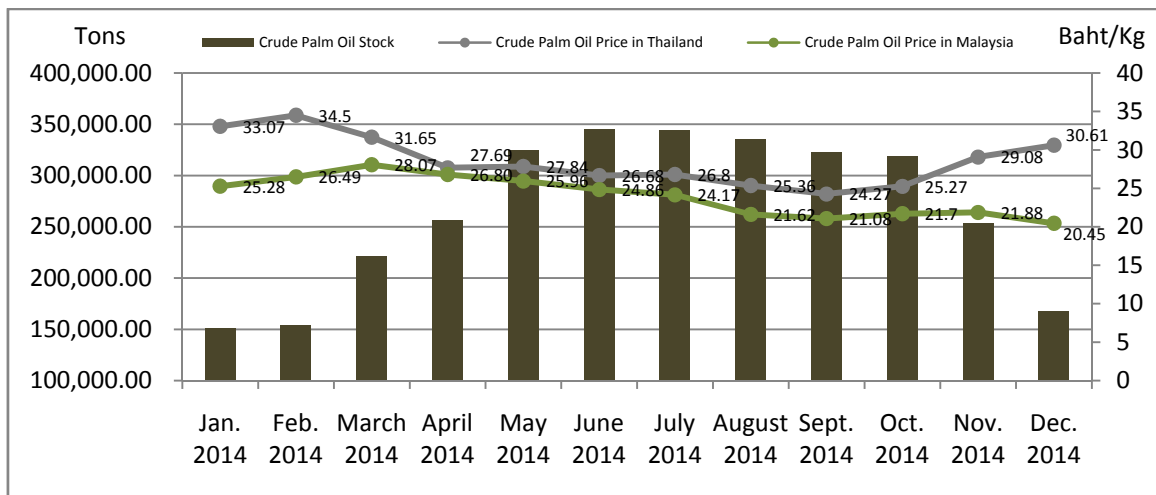
Crude Palm Oil Yield (2012-2014)



Source: Department of Internal Trade, Chumphon Province

The decrease in palm fresh fruit bunch volume also negatively affects the revenues of other related businesses such as the company's power plant businesses.

The selling price of crude palm oil were positively affected by (1) support of Biodiesel B-7 usage since the beginning of 2014, (2) Lower oil palm fresh fruit bunch volume coupled by Thailand's import restrictions on crude oil palm, leading to periods of higher domestic prices than the international market in the year 2014 (average selling price per unit of the company increased by 15.14% from figures of the year 2013).



Graph comparing crude palm oil selling prices in Thailand and Malaysia

Source: Department of Internal Trade

Cost of Goods Sold and Gross Profit

The cost of goods sold of the year 2014 was 1,841 million Baht, decreasing from the previous year's figure of 2,741.51 million Baht (equivalent to 32.82%). The gross profit of the year 2014 was 445.85 million Baht, decreasing from the previous year's figure of 497.21 million Baht (equivalent to 10.33%). The variations are mostly due to sales quantity.

Calculating gross profit relative to revenue yields percentages of 15.35% in the year 2013 and 19.49% in the year 2014. This increase was due to a shortage of coconut supply from impacts of the Hai-Yian storm in the Philippines during November 2013, coupled by low oil palm yield which drove up prices of palm kernels. The average selling price of the company's palm kernels increased by 57.28%, exceeding the rate of oil palm price increase. This led to an increase of the company's gross profit under the category of palm kernels from 1.32% in the year 2013 to 25.39% in the year 2014.



Selling and Administrative Expenses

The selling expenses of the company decreased from 63.07 million Baht in the year 2013 to 40.69 million Baht in the year 2014 (equivalent to a decrease of 35.48%). The decrease is less than the company's sales quantity, since the company had a larger proportion of domestic sales in the previous year, leading to higher cost per unit for transporting crude palm oil.

Administrative expenses increased from 199.65 million Baht in 2013 to 256.04 million Baht in 2014 (equivalent to an increase of 28.24%). This is due to lower amount of oil palm entering the production process, leading to the transfer of depreciation expense from idle machinery from the category of selling expense to administrative expense. The accounting entry is under the heading of maintenance, leading to an increase of maintenance expense of 53.21 million Baht.

Net Profit

Net profits of the year 2014 was 93.83 million Baht (4.10% of total revenue,) decreasing from the previous year's figure of 172.23 million Baht (equivalent to 5.32%). This is due to lower palm fresh fruit bunch production, decline in amount of crude palm oil extracted, and the company's fixed expenses (e.g. machinery depreciation expense, salaries and wages.)

Cash Flow

The company's net cash flow increased to 88.21 million Baht from 23.63 million Baht of the year 2013.

The company's net cash flow from operating activities was 247.53 million Baht. The company had a net profit before non-cash expenses of 361.59 million Baht, a decrease in accounts receivable of 50.05 million Baht, and a decrease in inventory of 59.17 million Baht. Moreover, the company paid 150.77 million Baht to its debtors, 48.31 million Baht as interest expense, and 20.90 million Baht as tax expense.

The company's net cash flow from investing activities of 123.71 million Baht, investing 106.54 million Baht in mutual funds and 24.77 million Baht in other assets, predominantly the automation system which incurred 19.8 million Baht in investment.

The company's net cash flow from financing activities was 35.62 million Baht. This stemmed from debt payments to financial institutions of 543.43 million Baht, dividend payments of 208.00 million Baht, and financial lease contract payments of 10.09 million Baht. The company's cash receipts were from selling shares to the public worth 367.88 million Baht and loaning 360 million Baht from financial institutions.



Return on Assets

The company's return on assets in the year 2014 was 4.62%, lower than 7.84% of the year 2013. This was due to a decline in oil palm yield and intense competition for acquiring oil palm fresh fruit bunch as raw materials. These factors led to a decrease in revenue and net profit of the company, placing a downward pressure on return on assets.

Return on Equity

The company's return on equity in the year 2014 was 8.54%, lower than 17.34% of the year 2013. This was due to a decline in oil palm yield and intense competition for acquiring oil palm yield as raw materials. These factors led to a decrease in revenue and net profit of the company, placing a downward pressure on return on equity. The company also sold 140 shares to increase its capital, affecting the return on equity figure.

Financial Analysis

Assets

The company has total assets worth 1,994.52 million Baht, decreasing from 2,062.97 million Baht (2013) by 68.45 million Baht. This was due to factory and machinery depreciation expense of 146.68 million Baht while net working capital increased from 81.33 million Baht (from increases in cash, cash equivalents, and temporary investments).

Debts

The company has a total debt of 715.29 million Baht, decreasing from 1,145.46 million Baht (2013.) The company paid 423.43 million Baht worth of debt from corporate restructuring during the end of the year 2013, using the cash obtained from selling shares and business operations.

Shareholders' Equity

The company has shareholder's equity of 1,279.22 million Baht, increasing from 917.51 million Baht in the year 2013. Significant changes during the year 2014 are listed below:

1. Increasing registered capital from 200.00 million Baht to 1,070.00 million Baht to support dividend payment and share sales to the public, based on the decision made at the Shareholders' Meeting (1/2014) held on 17 April 2014.



2. Paid stock dividends of 600,000 shares, each having a par value of 1,000 Baht. The stock dividends have a proportion of 1 share to 3 stock dividend shares, having a total value of 600.0 million Baht. The company also made cash dividends of 100 million Baht with a par value of 500 Baht, according to the decision made at the Shareholders' Meeting (1/2014) held on 17 April 2014.
3. Change the par value from 1,000.00 Baht to 1.00 Baht based on the decision made at the Shareholders' Meeting (1/2014) held on 17 April 2014.
4. The company issued 140.0 million shares with a 1.0 Baht par value to sell to the public, having a total value of 140.0 million Baht. The company registered its updated paid-in capital on 20 November 2014.
5. By issuing 140.0 million shares (based on No. 4) and selling at a price of 2.7 Baht per share (1 Baht premium), the company has a premium on common stocks after deducting share selling expenses worth 227.89 million Baht.
6. The company has increased retained earnings of 93.83 million Baht from its operations (with legal reserves of 5.30 million Baht, equivalent to approximately 5% of net profit).

The company's financial analysis underscores the company's improved liquidity and lower Debt-to-Equity ratio due to issuance and sale of new shares to the public.

Liquidity

The company's current ratio was 1.65 times, greater than the figure of the year 2013 of 0.49 times. This was due to the issuance of new shares and the payment of accounts payable. Information of the relevant changes is as follow:

1. Working capital increased by 81.33 million Baht due to cash flow from operating activities and the issuance of shares:
 - Cash and cash equivalents increased by 88.21 million Baht
 - Temporary investment increased by 106.54 million Baht
 - Accounts Receivable decreased by 49.60 million Baht
 - Inventory decreased by 64.02 million Baht
2. Short-term debt decreased by 300.81 million Baht due to:
 - Purchased shares from shareholders of Vichitbhan Plantation Ltd worth 132.00 million Baht to increase investment in the business affiliate
 - Paid dividends payable of business affiliates worth 108.00 million Baht



- Utilizing 367.89 million Baht cash from selling new shares to pay accounts payable before the maturity date while adjusting conditions on the payment installments, relieving the company of financial burdens. Long-term debt maturing in 1 year also decreased by 49.35 million Baht.

Debt-to-Equity Ratio

The company's debt-to-equity ratio was 0.56 times, improving from the previous year's figure of 1.25 times. This reflected the liquidity position of the business due to selling shares and paying off long-term debt before its maturity.

Factors Affecting Future Performance and Financial Position of the Company

As a business in the agricultural sector, the company's raw material supply depends on weather conditions and precipitation, which are uncontrollable external factors. The crude palm oil and palm kernel oil prices are subject to the volatilities of market conditions, economic situations, and prices of other types of vegetable oil.

The concession agreement of the company and affiliates will also expire in 2015. Approval for contract renewable depends on government policies, giving the company no control over this factor. Increasing number of crude palm oil refineries also lead to intense competition on raw material acquisition. The company, however, has strong customer relationship management, providing convenience for agriculturalists to sell their produce to the firm. This supports the company in its endeavor to sustain its market share for oil palm purchases.

Risk Factors





Risk Factors

The risk factors listed in this section may negatively impact the financial position, performance, corporate value, and common stock investments of the company. There may be other risks that the company is unable to perceive or those that the company views as not having imminent negative impacts on the business.

Risks from the Crude Palm Oil Production and Distribution Business

1. Risk of Crude Palm Oil Price Volatility based on Global Market Pricing Mechanisms

As agricultural products, crude palm oil and palm kernel oil have prices that are affected by forces of demand and supply. Key factors influencing demand and supply are weather conditions that determine global agricultural productivity, economic conditions of countries demanding crude palm oil, as well as import tariff regulations of countries that are major consumers of palm oil (India and China.)

Crude palm oil is also used as a source of renewable energy, replacing biodiesel. This causes the price of crude palm oil to move in tandem with the global fluctuations of crude oil prices. Thus, the demand for fuel and factors pertaining to renewable energy such as biogas prices can influence the price volatility of crude palm oil.

The local and international crude palm oil prices are benchmarked on the prices in Malaysia. Since crude palm oil is considered a control product in Thailand, its local prices may experience periods of varying fluctuations to the Malaysian market movements based on demand and supply forces. Prices in the Thai market are similar to those of international markets except during periods of crude palm oil supply surplus/shortage in Thailand.

Thus, a downward pressure on global crude palm oil prices will affect the revenue of the company. The company, however, does not perceive global price volatility to have significant impacts on the business. This is because a decrease in global crude palm oil prices will also exert a downward pressure on raw materials of the product, reducing the company's production costs. The company does not intentionally stock large quantities of the product to speculate profit, protecting the business from being largely impacted from global price volatility.

2. Risk from Seeking Raw Materials with Appropriate Prices, Quantities, and Qualities

Factors affecting the quantity of raw materials are as follow:

(1) Changing area of land for plantation due to government policies such as fiscal support for renewable energy crop plantation, price guarantee regulations, or policies for using agricultural products as credit. These policies may slow the agriculturalists' rate of planting crops while the production capacities of crude palm oil businesses are continuously growing.

(2) Changing weather conditions such as precipitation and droughts which affect the quantity and quality of oil palm collected from the plantations.



Moreover, a shortage in oil palm supply will lead to intense competition between crude palm oil businesses to acquire the limited raw materials, driving up resource prices and production costs of the company. This may affect the performance and financial position of the company.

Being located in a province rich with oil palm plantations, however, allows the company to purchase a relatively stable supply of oil palm. The company also established oil palm purchase locations in areas of dense oil palm plantation in Chumphon province to provide transaction convenience for all parties, with a strategic plan to continuously expand these purchase locations. Effective raw material management through the company's customer relations team and informational technology development granted trust and confidence of partners and agriculturalists for the company.

3. Risk from Changing Government Policies

Government policies pertaining to agricultural products have both direct and indirect impacts on the company's business. The oil palm fruit bunch purchased as raw materials by the company have prices that are determined by market mechanisms. Future fiscal policies that affect pricing mechanisms, such as price floors or support for other agricultural products (e.g. natural rubber), may affect the profitability and financial position of the firm.

Moreover, palm oil is considered a control product in Thailand, subject to the price ceiling established by the government. Adjustments to the price ceiling may impact revenues of the company. The company generates 43 percent of total revenues from selling crude palm oil to domestic refineries.

The company's flexible distribution channels provide opportunities for maximizing profitability. This involves exporting crude palm oil during periods of inferior prices in Thailand. Oil palm trees take a long time to mature requiring high initial outlay but rewarding long-term returns. The trees are also easy to maintain. This reduces the likelihood that agriculturalists will shift their oil palm plantations to grow other crops before the harvesting period expires, which is approximately 25 years.

4. Risk from Lease and Concession Regulations of the Plantation Land

In the year 2014, the company purchased 82.2 percent of total oil palm supplies from external sources. The remaining 17.8 percent were oil palm harvested from plantations of the company and affiliates. On 31 December 2014, the land used for oil palm plantation that was granted as a concession from the Royal Forest Department is summarized below:



Type of Rights	Receiver	Location	Approved Land	Plantation Area	Expiry Date
Concession	Vichitbhan Plantation Co., Ltd.	Rub Ro and Sa Lui Conserved Forests Hong Charoen, Ta Sae District, Chumphon Province	19,835 Rai, 3 Ngan, 75 Square Wah	15,984 Rai	Q1, 2015
Concession	Vichitbhan Palmoil PCL	Rub Ro and Sa Lui Conserved Forests Hong Charoen, Ta Sae District, Chumphon Province	9,334 Rai, 75 Square Wah	6,804 Rai	Q4, 2015

When the two concession agreements expire in 2014, inability to renew the contracts will require the company to purchase additional oil palm from external sources, leading to higher production costs. If the company cannot find external sources to purchase additional oil palm, it may face impacts on performance and financial position.

If the concession agreements can be renewed, the company may face risks from increased concession fees and required investments to plant new palm trees for replacing the aged ones. The planting process takes 3 years, taking 7-8 years to yield harvests. These risks may impact the firm's performance and financial position.

Nevertheless, the oil palm harvested from the company's plantations account for only 10-18 percent of the total amount used as production input. The company also established an effective system of purchasing oil palm from external sources, including agriculturalists and oil palm retailers.

5. Risks from Depending on Large Clients

The company generated up to 63.36% and 42.63% of total revenues from exporting crude palm oil to a particular large client in the years 2013 and 2014, respectively. The company also received 8.21% and 40.97% of total revenues from selling products to a local crude palm oil refinery during the years 2013 and 2014, respectively. Losing these large clients may affect the company's performance and financial position.

The company is dedicated to control its product quality to be of international standards, establishing competitive prices and implementing effective logistics to satisfy customers' demands. This led to long-term, positive relationships with clients. The commodity nature of crude palm oil also allows it to be swiftly sold to other clients should large clients decide to terminate purchases from the company.



6. Risks from Substitute Products

Substitute products of palm oil include soybean oil, sunflower oil, coconut oil, olive oil, corn oil, and rice bran oil. If customers shift their preferences to these substitutes, the consumption of the company's key product will decrease.

The production cost of crude palm oil is relatively low compared to figures of other types of vegetable oil, leading to pricing competitiveness. Palm oil can also be used in other industries such as animal feed and biodiesel.

7. Risks from Sale Revenue Volatility between Accounting Years

The revenue from crude palm oil sales may experience volatility due to varying oil palm production from seasonal effects. In usual circumstances, oil palms are usually harvested during March-May and September-November, yielding high revenues for the company during these periods. The varying profit and sales figures in each quarter of the year are natural characteristics of agricultural businesses.

8. Exchange Rate Risks

In the years 2012-2014, the company generated 42.61%, 63.65%, and 42.63% of total revenue from crude palm oil exports, respectively. The export prices are benchmarked on global market rates in US dollars. Volatility in the US dollar and Baht exchange rate may impact the company's performance and financial position.

The company protects itself from exchange rate risks by completing contracts with the forward rate.

Risks from Electricity Generation and Distribution Business

1. Risks of the Electricity Selling Price not reflecting the Actual Costs of the Company

The company engaged in a PPA contract with the PEA, under the category of VSPPs for renewable energy generation. The electricity selling price based on the contract are set to reflect changes in fuel price, interest rates, exchange rates, etc. These factors, however, may be irrelevant to the sources of the company's costs, leading to lower profitability and impacting the company's performance and financial position.

2. Risks from Material Shortages for Generating Electricity

A raw material for generating electricity is biogas from waste water released from the crude palm oil production process. Shortages in oil palm supplies used to produce crude palm oil will hinder the production process, which in turn reduces the byproducts used as raw materials for generating electricity. This may decrease the company's revenue from electricity distribution.



The company is dedicated to improving the stability of its raw material supply, utilizing a sustainable strategic approach to raw material management to maximize the effectiveness of its businesses in all market conditions. The biogas power plants also serve as a sustainable business supporting the crude palm oil production facilities, which require treatment of the waste water released from the production process.

Other Risk Factors

1. Interest Rate Risk

On 31 December 2014, the company has a credit loan from financial institutions of 1,344.00 million Baht, with a payable amount of 604.53 million Baht. The loan has a floating interest rate; placing the company at risks from high interest expenses should the minimum loan rate (MLR) increase.

2. Risks from Production and Transportation Problems

The company's business performance depends on sustainable production and effective logistics, both during delivering raw materials to the facility and transporting the crude palm oil to the clients and/or port of shipment. This places the company at risks from production stoppages or unanticipated accidents halting the production and logistics process. Inability to promptly respond to these incidents may affect the performance and financial position of the firm.

Moreover, production and transportation problems may negatively affect the electricity generation business of the company, since the raw materials for power generation are biogas produced from the crude palm oil production's waste water. Other factors that may hinder the electricity generation business include staff performance, power plant technology, and equipment quality. Inability to maintain power plant effectiveness will hinder the performance of the company's business.

The company has 4 policies to prevent production stoppages. The first policy is the use of the Preventive Maintenance System (PM) to inspect and maintain machinery, reducing the risks of breakdown during operations. The second policy is to halt production during off peak oil palm seasons to hold a facility overhaul, preparing necessary machinery and equipment for supporting upcoming peak seasons of harvest. The third policy involves data collection on production stoppages and close inspection to promptly and effectively respond to the situation. Should a facility experience production stoppage, the company has a second facility to compensate for the lost productivity. This is because the company has 2 crude palm oil refineries located in different areas. The last policy involves having backup machinery and equipment to prevent production stoppages. The similar technological designs of the two crude palm oil refineries allow identical machinery and equipment to be applied to both facilities.

In terms of logistics, the company continuously collaborates with numerous contractors, ensuring adequate number of trucks for each product delivery. For palm oil exports, the company calculates a sufficient or slightly higher number of trucks needed to transport the goods. This is to ensure that the



products are punctually transported regardless of spontaneous issues or incidents. The company established Vichitbhan Logistics Ltd to transport crude palm oil for the company, supporting sustainable growth.

Moreover, the company utilized the Automation and Monitoring System to control production processes of crude palm oil refineries and biogas power plants with automated computer systems. The system sends signals from designated areas requiring control to the SCADA system, analyzing and presenting results on the monitor for the controller to evaluate and take necessary actions promptly. The system reduces the risk of human error. The company also has annual facility shutdown plans to overhaul all machineries and equipment, preparing them for long-term, effective performance.

3. Risks from the Company's Major Shareholders (Holding Greater 50% of Total Shares)

On 20 November 2014, the Chavananand group held a total of 704,000,000 shares in the company, equivalent to 74.89% of total shares. This grants the Chavananand group the authority to control most of the decisions made in shareholder meetings, including board member appointments and other agendas requiring majority approval. The group does not have the authority to make decisions on topics requiring approval from 75% of all shareholders. This may create a risk for other shareholders who do not have sufficient voting rights to request for inspection and balance of power on topics proposed by the major shareholders.

To ensure transparency and establish a system of checks and balances, the company organized a management structure consisting of the Board of Directors, the Auditing Committee, and the Executive Committee. Committee members are highly qualified, with each of the three management structure constituents holding clear scope of authority and responsibility. Transaction reports between committees, major shareholders, executives, and personnel with possibilities for conflicts of interest are required. The company also appointed 3 independent parties to be a part of the Auditing Committee, with the responsibility to inspect, balance decision-making authority, and consider the approval of matters before presenting to shareholders. The company also requires an internal auditing committee to manage the business' internal control system.



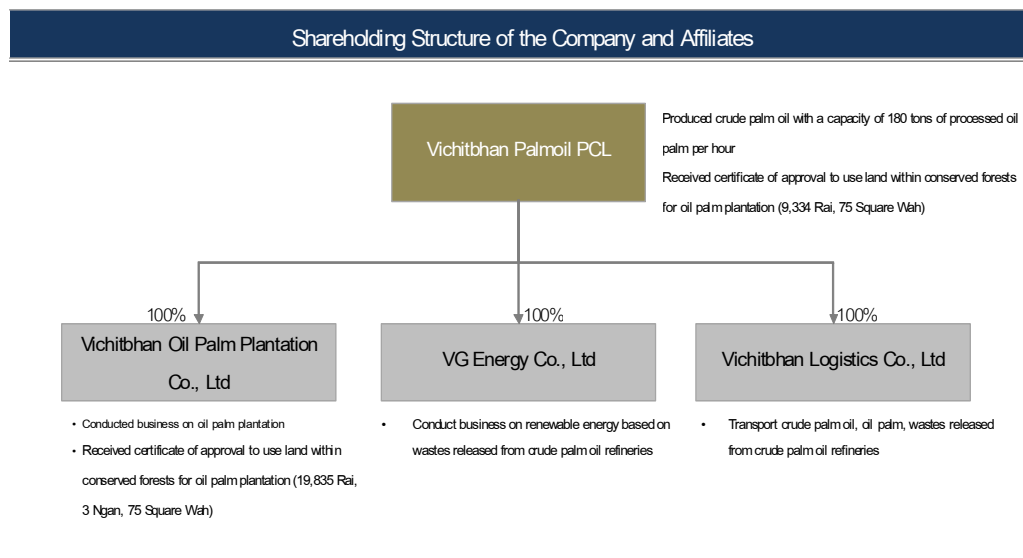
Shareholder Structure and Management





Shareholding Structure and Management

Shareholding Structure of the Company



Registered and Paid-In Capital

The company has a registered capital of 1,070,000,000 Baht, with 1,070,000,000 shares at 1 Baht par value. The paid-in capital is 940,000,000 Baht.

Restrictions on Transferring Shares

The shares of the company can be transferred without any restrictions. The transfer must not lead to foreigner ownership greater than 49% of the company's total shares.

Shareholders

List of top 10 major shareholders in the company:

Rank	Shareholders	On 31 December 2014	
		Number of Shares (Shares)	Percentage
1.	MR. KRISADA CHAVANANAND	366,500,000	38.99
2.	MRS. SUPALUCK TIASEVANAKUL	72,000,000	7.66
3.	MS. KACHIT CHAVANANAND	56,000,000	5.96
4.	Mr. SUMRUENG MANOONPHON	43,952,100	4.68
5.	MR. VITHAYA CHAVANANAND	43,500,000	4.63
6.	MR. VATCHARA CHAVANANAND	40,000,000	4.26
7.	MS.KEM-NGURN CHUTCHAIYUN	24,000,000	2.55
8.	MRS.RATTIYA OEUSOONTHORNWATTANA	24,000,000	2.55
9.	MRS. ANGSANA WATTHANANUKIJ	24,000,000	2.55
10.	CHAVANANAND HOLDING COMPANY LIMITED	16,000,000	1.70



Dividend Payment Policy

The company has a policy of paying no less than 40% of net profit after corporate income tax and legal reserve deductions. Dividend payment also depends on corporate investment plans, liquidity, business plan, as well as binding contractual terms and conditions. The committee may alter the company’s dividend payment policy under its own discretion.

The company may pay dividends based on, but not limited, to the following factors:

- Cash level, liquidity, financial position
- Investment expenditures and planning
- Other restrictions on dividend payments

The committee’s decision to issue dividend payment must be approved at the Shareholders’ Meeting unless the payment is interim dividends, which the committee is authorized to issue while reporting details at the next Shareholders’ Meeting.

Management Structure

On 31 December 2014, the management structure of the company consists of the Board of Directors and two committees – the Audit Committee and the Management Committee:



1. Board of Directors

As of 31 December 2014, the company’s Board of Directors consists of the following 9 members:



Full Name	Position
1. Mr. Phisanu Chavananand	President
2. Mr. Voravith Chavananand	Vice President
3. Mr. Vithaya Chavananand	Vice President
4. Mr. Krisada Chavananand	Director
5. Mrs. Supaluck Tiasevanakul	Director
6. Mr. Vatchara Chavananand	Director
7. Mr. Bandhooon Supakavanich	Audit Committee Chairman and Independent director
8. Mr. Chakkrit Parapuntakul	Audit Committee and Independent director
9. Mrs. Sudarat Kongtreekaew	Audit Committee and Independent director

Mr. Vithaya Chavananand is the Deputy Secretary General of the Board of Directors

Committee Members with the Authority to Enter Corporate Binding Agreements

Mr. Phisanu Chavananand (President), Mr. Voravith Chavananand (First Vice President), and Mr. Vithaya Chavananand (Second Vice President), Mr. Krisada Chavananand (Chief Executive Officer), Mrs. Supaluck Tiasevanakul (Director), Mr. Vatchara Chavananand (Director). Any two of these members must sign and place the company's stamp to enter the company into binding agreements.

Board of Directors' Meeting

Details of the Board of Directors' meetings of the accounting year ended 31 December 2013 and 31 December 2014 are as follow:

Full Name	Number of Meetings Attended/Total Number of Meetings	
	2013	2014
1. Mr. Phisanu Chavananand	9/10	6/6
2. Mr. Voravith Chavananand	9/10	6/6
3. Mr. Vithaya Chavananand	10/10	6/6
4. Mr. Krisada Chavananand	10/10	6/6
5. Mrs. Supaluck Tiasevanakul	10/10	5/6
6. Mr. Vatchara Chavananand	10/10	6/6
7. Mr. Bandhooon Supakavanich	2/2 ¹	6/6
8. Mr. Chakkrit Parapuntakul	2/2 ¹	6/6
9. Mrs. Sudarat Kongtreekaew	2/2 ¹	5/6

Remark¹ Appointed as a Board Member on 28 August 2013

2. Audit Committee

As of 31 December 2014, the Audit Committee has the following 3 members:



Full Name	Position
1. Mr. Bandhooon Supakavanich	Audit Committee Chairman
2. Mr. Chakkrit Parapuntakul	Audit Committee
3. Mrs. Sudarat Kongtreekaew	Audit Committee

Mr. Chakkrit Parapuntakul a committee member with knowledge and experience to audit the company's financial statements, while Ms. Ruthairat Boonkusol serves as the Deputy Secretary General of the Audit Committee.

Audit Committee Meetings

Details of the Audit Committee meetings of the accounting year ended 31 December 2013 and 31 December 2014 are as follow:

Full Name	Number of Meetings Attended/Total Number of Meetings	
	2013	2014
1. Mr. Bandhooon Supakavanich	2/2	4/4
2. Mr. Chakkrit Parapuntakul	2/2	4/4
3. Mrs. Sudarat Kongtreekaew	2/2	3/4

3. Management Committee

As of 31 December 2014, the Management Committee has the following 5 members:

Full Name	Position
1. Mr. Vithaya Chavananand	Committee President
2. Mr. Krisada Chavananand	Committee Member
3. Mr. Vatchara Chavananand	Committee Member
4. Mrs. Supaluck Tiasevanakul	Committee Member
5. Ms. Kem-Ngurn Chutchaiyun	Committee Member

Authority, Work Scope, and Responsibility

Authority, Work Scope, and Responsibility of the Board of Directors

1. Conduct tasks according to legal frameworks, objectives, and regulations of the company. Carry out Shareholders' Meetings with transparency. Protect the company's best interest with prudence.
2. Evaluate and provide recommendations on corporate vision, strategy, policy, objective, and direction presented by the management team



3. Direct the operations and performance of the management team or other personnel appointed to carry out the relevant tasks, ensuring that their performances correspond to the regulations established by the Board of Directors
4. Continuously assess the performance of the company, ensuring that it corresponds to corporate strategy and budgeting.
5. Support the establishment of a credible accounting system, financial reporting, and auditing system for the management team. Ensure appropriate and sufficient internal control systems of the company.
6. Evaluate the company's risk management procedures, policies, and implementations
7. Consider the approval of asset acquisition or sales, investment, or other procedures, ensuring that each process corresponds to all related legalities, regulations, or announcements.
8. Consider the approval of corporate transactions, ensuring that each process corresponds to all related legalities, regulations, or announcements.
9. Prevent conflicts of interest between the company's stakeholders
10. Evaluate matters with fairness and transparency for the best interest of shareholders and stakeholders. The Board must promptly inform the company if its members have benefits associated with certain matters of transactions at hand. Such members will not have the right to vote on the approval of such matters to avoid issues stemming from conflicts of interest.
11. Establish written policies on good corporate governance, ensuring that the company is fairly responsible to all stakeholders.
12. Seek recommendations from professionals of external organizations when necessary to make effective decisions.
13. Consider the appointment of the president for the management team and committee members of the Audit Committee and the Management Committee, delegating clear scopes of authority to the committees for the purpose of ensuring that internal control systems and management correspond to corporate policies
14. Consider the approval of the company's secretary general to ensure that the committees and the firm adhere to legal frameworks, announcements, conditions, and regulations.
15. Consider modifying the authority scope and responsibility of the Audit Committee, Management Committee, and president of the management team as appropriate.



16. Evaluate the performance of the Board of Directors. The Board of Directors conducts annual self-assessments and considers methods to sustainably improve its performance.

The appointments by the Board of Directors must not empower any entities or parties to approve agendas that personally affect the approvers or other conflicting entities (based on the announcement of the SET and SEC.) Approvals must only pertain to matters that correspond to policies mutually agreed at Shareholders' Meeting or established by the Board of Directors.

Authority, Work Scope, and Responsibility of the Audit Committee

1. Evaluate the accuracy of the company's financial statements (quarter and annual statements), ensuring that the statements disclose sufficient corporate information before presenting to the Board of Directors.
2. Evaluate the appropriateness and effectiveness of the company's internal control and audit systems. Evaluate the independence of the internal auditors, approving the appointment, rotation, or termination of internal control managers or other parties responsible for internal control
3. Inspect the effectiveness of the company's risk assessment and management systems
4. Ensure that the company adheres to regulations of the SET and SEC or other legal bodies related to its business
5. Appoint independent auditors and establish auditing fees, communicating objectives, boundaries, plans, issues, and other relevant information to the auditors. Attend meetings with auditors at least once a year, without the presence of the management team.
6. Evaluate corporate transactions, ensuring that each process corresponds to all related legalities, regulations, or announcements of the SET. Ensure that relevant information on the transactions is accurately disclosed and that the transactions themselves are reasonable and meant for the best interest of the company.
7. Prepare a report on the performance of the Audit Committee to be included in the company's annual report. The report must be signed by the President of the Audit Committee.
8. Evaluate the performance of the Board of Directors, ensuring that their practices are effective and transparent.
9. The company must report the following observations, all of which may affect the company's performance and financial position, to the Board of Directors to implement prompt actions:
 - 1) Transactions leading to conflicts of interest
 - 2) Corruption, abnormalities, or flaws in the internal control system
 - 3) Breach of SEC and SET regulations or company policies
10. Implement other tasks assigned by the Board of Directors



The Audit Committee has the authority to request management, executives, or staffs to provide opinions and attend meetings, providing relevant information and documents to the committee.

The Board of Directors has the authority to fix or amend the qualities and scope of the Audit Committee to correspond to SET and SEC regulations and/or other related legal frameworks.

Authority, Work Scope, and Responsibility of the Management Committee

1. Manage and operate the business according the objectives, policies, directions, and plans established by the Board of Directors.
2. Establish corporate vision, strategy, policy, objective, direction, and plan to correspond to economic and competitive landscapes, presenting the information to the Board of Directors for approval.
3. Evaluate the effectiveness of the policies and management of the company, ensuring correspondence to the Board of Directors' approval
4. Establish organizational structure and authority
5. Appoint or hire consultants related to the company's business to maximize effectiveness
6. Consider the approval of general purchases greater than 5 million Baht and purchases of raw materials greater than 3 million Baht per day per location. Consider the approval of investments (after receiving an approved investment budget) not greater than 20 million Baht per approval.
7. Carry out other tasks appointed by the Board of Directors

The appointments by the Management Committee must not empower any entities or parties to approve agendas that personally affect the approvers or other conflicting entities (based on the announcement of the SET and SEC.) Approvals must only pertain to matters that correspond to regular business and trade policies.

Authority, Work Scope, and Responsibility of the Chief Executive Officer

1. Manage and operate the business according the objectives, policies, directions, and plans established by the Board of Directors and/or decisions of the Shareholders' Meeting.
2. Establish corporate vision, strategy, policy, objective, direction, and plan to correspond to economic and competitive landscapes, presenting the information to the Board of Directors for approval.
3. Establish or restructure the company's management to correspond with corporate policies and the industry's competitive dynamics.
4. Authorized to hire, appoint, rotate, establish salaries, and terminate employment of staffs under the ranking of president of the management team. The CEO may appoint a party to undertake these tasks as an authorized representative.



5. Determine standard bonuses, salary raises, compensations, and special bonuses for employees based on the approval of the Board of Directors and/or Management Committee.
6. Authorized to issue, amend, add, and improve regulations of the company's business to correspond with corporate policies.
7. Consider the approval of regular trade transactions such as purchasing products at market value and providing general trade terms under the approval of the Board of Directors.
8. Consider the approval of general purchases not exceeding 5 million Baht and purchases of raw materials not greater than 3 million Baht per day per location. Consider the approval of investments (after receiving an approved investment budget) not greater than 5 million Baht per approval.
9. Carry out other tasks appointed by the Board of Directors

The appointments by the Chief Executive Officer must not empower any entities or parties to approve agendas that personally affect the approvers or other conflicting entities (based on the announcement of the SET and SEC.) Approvals must only pertain to matters that correspond to regular business and trade policies.

Appointing Committee Members

Appointing Independent Committee Members

The Board of Directors established the following regulations for appointing independent committee members based on SEC regulations:

1. The individual must not possess more than 1 percent of total shares of the company, affiliates, partners, major shareholders, or decision-makers of the firm. Shares of parties related to the individual must also be taken into account.
2. Not currently a committee member, staff, employee, advisor, decision-maker, or shareholder of the company, affiliates, or partners. Individuals who used to be stakeholders of the company must be absent from their previous positions for at least 2 years from the day requesting for approval from the SEC. These prohibitions do not include independent committee members who used to be civil servants or advisors of government offices holding significant shares in the company.
3. The independent committee member must not be a family member or legally registered as a father, mother, spouse, sibling, child, or the spouse of the child of other committee members, executives, major shareholders, decision-makers, and individuals to be appointed as committee members.
4. The independent committee member must be free of business relationships with the company, affiliates, partners, major shareholders, or decision-makers of the firm that may hinder the individual's independent discretion. The committee member must not be shareholders of decision-makers of other entities related to the business of the company, affiliates, partners, major



shareholders, or decision-makers of the company. Individuals who used to be in the aforementioned circumstance must have vacated the positions for at least 2 years before being eligible for appointment as a committee member. The committee member must not be involved in receiving or providing financial assistance (giving or taking loans, guaranteeing loans, providing collateral, etc.) to the company that leads to financial obligations with a value of 3% of net tangible assets (or obligations worth 20 million Baht and above), depending on which calculation yields the lower value. Calculations of the financial obligation must be according to regulations of the SEC on transaction value calculations. This involves incorporating financial obligations incurred one year before having business relations with the same individual.

5. The independent committee member must not be an auditor of the company, affiliates, partners, major shareholders, or decision-makers of the firm. The individual must not be shareholders, decision-makers, or partners of auditing companies consisting current auditors of the company, affiliates, partners, major shareholders, or decision-makers of the firm. Individuals who used to be in the aforementioned circumstance must have vacated the positions for at least 2 years before being eligible for appointment as a committee member.
6. The independent committee member must not provide professional services, including legal and financial advisor, to the company, affiliates, partners, major shareholders, or decision-makers of the firm that results in generating service revenue above 2 million Baht per year. The individual must also not be shareholders, decision-makers, or partners of such professional service companies. Individuals who used to be in the aforementioned circumstance must have vacated the positions for at least 2 years before being eligible for appointment as a committee member.
7. The independent committee member must not be appointed as a representative of the Board of Directors, major shareholders, or shareholders related to those major shareholders.
8. The independent committee member must not conduct business of the same form as the company and must not engage in business practices that compete with operations of the company and its affiliates. The individual must not be shareholders (or hold no more than 1% of total shares), committee members, employees, staffs, and full-time advisors of businesses that are competitors with the company and its affiliates.
9. The individual must be free from other characteristics that hinder independent judgment of the company and its operations.

Appointing Audit Committee Members

The Board of Directors consists of at least 3 members from the Audit Committee. The Board will nominate independent committee members and make appointment decisions at the Board of Directors'



meeting or Shareholders' Meeting. The Audit Committee has authority and scope of responsibility according to the regulations announced by the SET.

Appointing Management Committee Members

The company selects Management Committee members based on personal qualifications that correspond to the corporate strategy and plans. The candidates must be competent in knowledge, skills, experience, and dedication. Candidates must possess qualifications listed in Clause 68 of the Royal Decree for Public Company Limited (1935, amended), as well as regulations of the SET and SEC. The appointments must be approved from the Board of Directors or at the Shareholders' Meeting (depending on the case.)

Term Limits

Board of Directors Term Limits

In every Shareholders' Meeting, one-third of the Board of Directors are expected to leave their positions. If the proportion cannot be divided as one-third, the number of members leaving the Board must be of the proportion closest to one-third. Board members leaving their positions during the first and second years of business commencement will be decided by draws. For the years after the period, Board members holding the longest terms are expected to leave. Board members leaving their positions may be nominated to serve new terms.

Audit Committee Term Limits

Audit Committee members have 3-year terms and may be nominated to serve in the committee again. If Audit Committee members leave their positions for reasons other than reaching the term limit, the Board of Directors must appoint qualified individuals to complete the minimum number of members required in the committee. These newly appointed members will serve the remaining terms of the previous members who left their positions.

Management Committee Term Limits

Management Committee members have 3-year terms and may be nominated to serve in the committee again. If Management Committee members leave their positions for reasons other than reaching the term limit, the Board of Directors must appoint qualified individuals to complete the minimum number of members required in the committee. These newly appointed members will serve the remaining terms of the previous members who left their positions.

Corporate Secretary General

The Board of Directors appointed Ms. Chamaiporn Tananuwongskul to replace Mr. Vithaya Chavananand as the company's secretary general at the Board of Directors' meeting (2/2015) held on 23 February 2015.



Authority, Work Scope, and Responsibility of the Secretary General

- 1.) Provide recommendations for the committee and executives on regulations and legalities that the Board of Directors should be informed.
- 2.) Manage activities of the Board of Directors, organizing Board of Directors meetings and Shareholders' Meetings. Record the minutes of these meetings and collaborate with relevant parties to ensure that the meetings' resolutions are implemented in the business.
- 3.) Prepare and file the following documents:
 - 1) Committee Registration
 - 2) Invitational Letter for the Board of Directors' Meeting, Board of Directors' Meeting Report, Company Annual Report
 - 3) Invitational Letter for the Shareholders' Meeting, Shareholders' Meeting Report
- 4.) Store transaction reports presented by the committee or executives
- 5.) Carry out other practices required by the SEC

Committee and Management Payment Scale

Committee Payments

- 1) Cash Payments

A summary of payments received by the committee members for the year ended 31 December 2014 is as follows:

Unit: Baht

Full Name	For the Year Ended 31 December 2014		
	Amount of Payment	Meeting Compensation	Total
1. Mr. Phisanu Chavananand	210,000	150,000	360,000
2. Mr. Voravith Chavananand	170,000	120,000	290,000
3. Mr. Vithaya Chavananand	-	-	-
4. Mr. Krisada Chavananand	-	-	-
5. Mrs. Supaluck Tiasevanakul	-	-	-
6. Mr. Vatchara Chavananand	-	-	-
7. Mr. Bandhooon Supakavanich	210,000	220,000	430,000
8. Mr. Chakkrit Parapuntakul	170,000	200,000	370,000
9. Mrs. Sudarat Kongtreekaew	170,000	160,000	330,000



2) Non-cash Payments

None

Executive Payments

Payments for the company's executives who are also committee members (excluding compensation for being committee members) and non-committee members in terms of bonuses and funds are summarized below:

	For the Year Ended 31 December 2014
Quantity (Number of People)	5
Payment (Millions of Baht)	18.16

Audit Fees

The Company paid the following audit fees to accounting auditors during the past three years (Unit: Baht)

Financial Statement for the Year Ended	Auditor	Audit Fees for the Company	Audit Fees for Affiliates	Other Fees ¹	Total
31 December 2012	ANS Audit Co., Ltd.	685,000	705,000	33,102	1,423,102
31 December 2013	ANS Audit Co., Ltd.	685,000	755,000	52,346	1,492,346
31 December 2014	ANS Audit Co., Ltd.	1,050,000	400,000	164,036	1,614,036

Remark: ¹ Mostly consists of traveling expenses and photocopying expenses

Corporate Governance

1. Corporate Governance of Affiliates and Business Partners

The Company appoints highly knowledgeable, competent, and experienced individuals as committee members or executives of affiliates and business partners, according to the proportion of the Company's ownership shares in those business entities. This will ensure that relevant policies and corporate governance of the affiliates and business partners correspond to the appropriate strategic direction, leading to the overall



best interest of the business group. The Company's representatives must also monitor the financial position and performance of the affiliates and business partners, reporting the information to the Board of Directors.

2. Managing Internal Information and Conflict of Interest

The Company has the following policies to prevent committee members or executives from using internal corporate information for inappropriate uses for personal/stakeholder benefits:

- 1) The Company prohibits relevant departments from disclosing internal information to unrelated entities or individuals.
- 2) Company executives who are aware of internal information and corporate financial information that may impact stock value must not use such information for their personal advantages before public disclosure. Company executives are prohibited from buying/selling Company shares for 1 month before the financial statements or relevant information are disclosed to the public.
- 3) After the Company was registered in the Stock Exchange of Thailand, it required committee members and executives to report their shareholding structure according to Clause 59 of the announcements by SEC and SET on preparing and disclosing shareholding reports of committee members and executives. The shares reported must include those of the executives themselves, their spouses, and their children (minors), regardless of being the direct or indirect holders of those shares. Thus, shares directly owned or held as nominees and mutual funds must be reported.
- 4) The Company developed penalties for individuals using corporate internal information for personal benefits, placing the Company at risk by exposing such information. These include verbal warnings, written warnings, suspensions, or employment termination. Such penalties depend on the parties' motives and the magnitude of their actions.

3. Good Corporate Governance

The Company applied Good Corporate Governance policies of SET for registered companies (2012) to govern its business practices. The Company's corporate governance can be divided into the following 5 categories:

Category 1: Shareholder Rights

The Company encourages shareholders to exercise their personal rights, which include buying/selling/transferring shares, sharing in the Company's profits, receiving sufficient information, attending Shareholders' Meeting to vote for the appointment/rejection of committee members, selecting auditors, and voicing their opinions in relevant affairs such as dividend payouts, Memorandum of Association policy creation/amendment, investments or capital increase, and the approval of special agendas.

The Company has the following policies to encourage shareholders to exercise their rights:



- The Company will prepare an invitational letter and other attachments to inform shareholders of upcoming Shareholders' Meetings for at least 7 days in advance, or according to the time frame required by law. The invitational letter will indicate the date, time, place, meeting policies, and agendas, with supporting reasons, explanations, and committee viewpoints of each agenda. The invitation letter must also be attached by a letter of power of attorney as required by the Ministry of Commerce, as well as a list of independent committee members for shareholders to authorize as their representatives should they be unable to attend the meeting. Moreover, the Company will also disclose relevant information of the Shareholders' Meeting on the SET and Company websites prior to the meeting date.
- The Company shall inform shareholders of voting regulations and vote counting procedures before commencing the meeting. The Chairman will allocate an appropriate amount of time for shareholders to state their opinions and ask questions, with committee members and executives of the Company being present and prepared to listen/respond to those comments and questions. The Company also allows shareholders to submit questions before the meeting date.
- When the meeting has many agendas, such as committee member appointments, the Company will organize voting by agenda.
- After the Shareholders' Meeting, the Company will organize a record of all topics covered in the meeting, which include voting procedures, Q&A sessions, voting results of each agenda (including the number of approval/disapproval/unexercised votes), as well as a list of committee members who are present/absent at the meeting. The Company will publicize the voting results on the SET website on the same day of the meeting or by 9:00 am of the following day at the latest. A comprehensive report of the Shareholders' Meeting will be presented to SET within 14 days and publicized on the Company's website.

Category 2: Equal Treatment of All Shareholders

The Company shall treat all shareholders equally, regardless of nationality and affiliation with the Company.

Corporate policies are as follow:

- The Company shall prepare both Thai and English versions of the Shareholders' Meeting invitational letter.
- The Company will carry the Shareholders' Meeting strictly according to the agendas stated in the invitational letter, refraining from adding additional agendas without prior notice, especially on topics requiring shareholders to undertake preliminary research before making decisions.
- The Company shall allow minor shareholders to nominate committee members by submitting the nominee's information and letter of authorization to the Chairman according to Company regulations.



- The Company shall encourage shareholders to exercise their voting rights in every agenda. Voting cards will be used to represent the shareholders' votes. The Company shall retain the voting cards as evidence for corporate transparency.
- The Company shall disclose accurate, complete, and timely corporate information/news equally to all shareholders on the SET and Company websites.
- The Company has policies to prevent committee members and executives from inappropriately using internal information for personal interests or benefits of related parties.
- The Company prohibits committee members with benefits associated with specific agendas from voicing their opinions on those agendas at the meeting.

Category 3: Stakeholders' Rights

The Company places importance on the rights of all stakeholders, including clients, staffs, partners, shareholders, investors, debtors, community members, competitors, and independent auditors. The Company will treat its shareholders with fairness, believing that a lasting relationship with stakeholders will lead to sustainable success.

Shareholders

1. The Company encourages shareholders to exercise their personal rights, which include buying/selling/transferring shares, sharing in the Company's profits, receiving sufficient information, attending Shareholders' Meeting to vote for the appointment/rejection of committee members, selecting auditors, and voicing their opinions in relevant affairs such as dividend payouts, Memorandum of Association policy creation/amendment, investments or capital increase, and the approval of special agendas.
2. The Company shall encourage shareholders to exercise their rights on agendas during the Shareholders' Meeting, such as nominating committee members, voicing their opinions, and asking questions related to the agendas.
3. The Company shall prevent actions that violate or lower shareholders' rights, such as not sending preliminary information before the Shareholders' Meeting and adding/altering agendas without informing shareholders.

Staffs

1. The Company shall compensate staffs equitably based on their performances, evaluating their performances fairly according to Company policies.



2. The Company has policies for human resource development, providing training sessions for staffs and executives. The Company also sent staffs and executives for training with external organizations to increase performance.
3. The Company shall maintain a healthy workplace environment that fosters productivity and safety of the personnel's lives and assets.
4. The Company is responsible for protecting the privacy of staffs, refusing to disclose information such as salaries and medical to historyexternal parties unless required by law.

Clients

1. The Company maintains sustainable relationship and collaboration with clients based on principles of business transparency.
2. The Company is dedicated to maximize the satisfaction and confidence of its clients, providing safe and high quality goods and services. The Company also strictly adheres to terms and conditions of its agreements with clients.

Partners and Debtors

1. The Company is dedicated to principles of equality, fairness, and honesty in business, strictly adhering to regulations and agreements.
2. The Company shall not request, accept, or deliver any illegal benefits to partners.

Competitors

1. The Company supports free market competition based on principles of fairness.
2. The Company shall interact with competitors based on legal ramifications and principles of good practice. The Company will not harm the competitors' reputation by false accusations and other means of unfair competition.

Government Authorities

1. The Company is responsible for adhering to regulations and laws related to its business.
2. The Company underscores transparency and honesty in its transactions with government authorities, having clear anti-bribery and corruption policies.



Environment, Society, and Community

1. The Company shall carry out its business under principles of environmental responsibility, natural resource preservation, and efficient energy consumption.
2. The Company shall carry out its business while being considerate for the quality of life of societies and communities, strictly adhering to relevant legalities and regulations.

Moreover, stakeholders may request for additional information and send comments through the Audit Committee of the Company. Requests can be submitted by mail to the Company's Secretary General at the Company's address or emailed to the following address: vpo.cs@vcbpalmoil.com. The Audit Committee will implement actions accordingly and report findings to the Board of Directors. The requests and complaints received will be kept confidential.

Category 4 Information Disclosure and Transparency

The Company has emphasized on disclosure of transparent, timely, complete and accurate information for reliable and equitable information acquisition by its shareholders and stakeholders. The Company always updates information on its website.

The Company's policy is to disclose key information to public such as vision and mission, nature of business engagement, list of directors and executives, financial statements, financial position report, risk factor and risk management factor as well as risk handling method, both direct and indirect shareholding of director, major shareholder and top executive, audit fee and other service fee of the auditor, and remuneration of the Board and executive, etc.

In addition, the Company has been under establishment of investor relations work unit in order to provide the Company's information to its shareholders, investors, securities analysts and general people.

Category 5 The Board's Responsibility

As at 31 December 2014, the Company's managerial structure consisting of Board of Directors and 2 sets of subcommittees including Audit Committee, and Executive Board to govern the business for overall long-term maximum benefit of the Company and its shareholders.

The Board's Structure

The Board of Directors consists of the directors with various knowledge, competences, and experiences who acts in considering important matters related to the Company's management. However, all directors are independent in expressing the opinions to the meeting and independent to vote in different agenda for governance of the Company's operation to be accurate, effective and transparent.



As at 31 December 2014, the Board of Directors consists of 9 directors, including 3 independent directors. The Board of Directors consists of independent directors for at least 1 of 3 of all directors and not less than 3 persons. However, the Company's independent directors possess none of prohibited nature according to the related Proclamations of Capital Market Supervisory Board and Stock Exchange.

Role, Duty and Responsibility of the Board

The Board of Directors has duty to consider and approve on important operating matters such as vision and mission, strategy, financial target, risk, program and budget as well as governance, control and supervision by the Management to efficiently and effectively operate according to the defined program and policy. The Board of Directors shall use its discretion and prudence in making the decisions and performing its duties with responsibility and honesty for long-term benefit of the Company.

Self-Appraisal of the Board

The Board of Directors arranges the regular self-appraisal of performance every year for performance appraisal in previous year, and consider on finding the method for efficiency enhancement of the Board's function.

Remuneration of the Director and Executive

The Company has clearly determined the remuneration of the Board's directors according to the Proclamation of the Office of Securities and Exchange Commission (SEC). Such remuneration shall be approved by Annual General Meeting (AGM) of Shareholders every year. In case that the Company's director is assigned to have more duties and responsibilities such as being the co-audit committee member, etc., he or she shall gain remuneration proper to his or her duties and responsibilities increasingly assigned under the requirement for consideration based on the Company's capability as supplement. The director remuneration is regularly defined by linking the Company's performance and each executive's function every year.

The Board's Meeting

The Board of Directors' Meeting focuses on the significance of monitoring and approval of quarterly overall operations and report from Audit Committee for consideration and execution by the Executive Board to continuously create maximum benefit to the Company; and reporting the Company's significant operating risk.

The Company Secretary shall be available in every Board of Directors' Meeting to prepare meeting agenda and dispatch the meeting documents to the Board of Directors for at least 7 days in advance prior-meeting date. In addition, the meeting is also recorded by noting suggestion and comments in individual subcommittee such as the Board of Directors, Audit Committee and Executive Board. In part of the overview, the Company shall record the meeting minutes and deliver such individually report to the Company's



directors as proper. The Board of Directors' meeting minutes shall be systematically filed and also audited by the Board of Directors and people concerned.

4. Social Responsibility

The Company's Corporate Social Responsibilities Policy includes 6 items as follows.

1. Corporate Governance

The Company has the intention to rightly operate business according to business engagement-related rule and laws with honesty, fairness and transparency and accountable and key information disclosure. The Company shall concern on benefits and impacts on shareholders, customers, business partners, employees and all parties of stakeholders.

However, the Company emphasizes on the application of Corporate Governance Principle as the Company's business operation guideline. The Company has determined the Company's corporate governance policy with principle and practical guideline consistent with Good Corporate Governance Principle for Listed Companies Year 2012 of the Stock Exchange.

2. Fair Business Engagement

The Company is glad to promote free trade and avoid any acts that may cause conflict of interest or infringe intellectual property, as well as support banning for all types of cheating actions and support the occurrence of social responsibility in every product manufacturing procedure from commencement of raw material processing until distribution to reach customer's hands.

3. Human Right and Employee Treatment

The Company gives the precedence to all employees and transplants to create as Company's culture in mutually protecting and respecting human right as well as fairly and equally treat all employees. Moreover, the Company shall arrange welfare, safety and sanitation in workplace, encourage learning in all levels of organization and develop skills in all personnel to upgrade the employee working to be professional. However, the Company shall define the criteria relating to the employee care that is consistent with rules such as labor law in order to ensure that the Company's employees are appropriately treated.

4. Social Responsibility

The Company aims at developing quality products to be consistent or above expectation to customers under fair condition by giving the product information that is accurate and adequate, not hammy and not using the customer secret for self-benefit or wrongful use.

5. Environment and Safety



The Company gives the precedence to environmental impact in every business process. The Company manages natural resource utilization to maximize the benefit and recycles by-products or leftovers from production for maximum utilization so that waste can minimally be returned to nature. However, in production process, the Company selects to use good effective machineries that do not seriously affect the environment. In addition, rule is strictly applied with emphasis on maximum safety to lives and assets used in business operation.

6. Participation on Social and Community Development

The Company promotes income distribution to agricultural sector for development on quality of life of palm farmers to have better livings, and helps build strong economy to the communities in Thai society.

5. Anti-Cheating and Corruption Policy

The Company emphasizes on anti-cheating and corruption by announcement of practical guideline according to anti-cheating and corruption policy in order to ensure that the Company has the policy to define the responsibility, practical guideline, and requirement in proper operation for anti-corruption with all of the Company' business activities. This results in the consideration and circumspect practice on decision making and business operation that may be risky to cheating and corruption as following details.

Practical Guideline According to Anti-Corruption Policy

1.The director, executive and employee of the Company and its subsidiaries are prohibited to operate or accept or support every form of corruptions both direct and indirect by covering all affiliated companies including the contractors or other related subcontractors. The regular verification on compliance with anti-corruption policy as well as review on practical guideline to be consistent with policy, regulation, requirement, rule, proclamation, law and business change have been defined.

2.Anti-Corruption Measure is the part of the business operation and is the duty and responsibility of the Board of Directors, executives, superiors, all employees in every level, consigners or subcontractors who shall take part in expressing the opinions on practice to achieve anti-corruption operation as required by the policy.

3.The Company develops anti-cheating and corruption measure to be consistent with related laws as well as principle of moral conduct. The assessment is arranged for risk in activities related or risky to cheating and corruption and then it has been prepared as practical guideline manual for all people concerned.



4.The Company does not act or support briberies in all forms and all activities under supervision as well as control, donation for charity, donation to political party, handseling of business gift and support of activities to be transparent without intention to persuade the officers of the private or government sector for improper execution.

5.The Company arranges regular and proper internal control for protection on improper practice of the employees particularly procurement, marketing and sales tasks.

6.The Company arranges to educate anti-cheating and corruption knowledge to the Board of Directors, executives and employees for promotion on uprightness and responsibility in performing according to duty and responsibility as well as conveying to elucidate the Company's will.

7. The Company arranges the mechanism of precise, accurate and transparent financial position reporting.

8.The Company promotes several communication channels to be available so that the employees and people concerned can conduct doubtful whistle-blowing with confidence that the whistle-blower is protected without being punished, unfair removed, or defamed with any respects. Moreover, the individual is appointed for audit and follow-up on all notified clues.

Internal Control and Risk Management

Opinion of the Board on the Company's Internal Control System

The Company has given the precedence to the availability of good internal control system and in line with Good Corporate Governance Principle. It was to say that the availability of reliable, fair and transparent operating system and authority balance that are accountable shall lead to maximum benefit of its shareholders, employees, business partners, communities and all parties of people concerned.

The Company has appointed DIA & Associates Company Limited to perform audit and assess the Company's internal control system. Previously, DIA & Associates Company Limited has advised the result of audit and internal control system assessment, and the Company has taken such assessment and audit result for continuous improvement and development of the Company's internal control system.

In the Board of Director's Meeting No. 2/2015 on 23 February 2015 with meeting attendance of 3 persons of Independent Director Members and Audit Committee Members, the Board of Directors assessed the Company's internal control system using Assessment Form prepared by the Management and the Audit Committee's report. It was then concluded that from the Company's internal control system assessment in 5



different elements including (1) internal organizational control,(2) risk assessment,(3) operating control, (4) information system and data communication, and(5) monitoring system, the Board deemed that the Company's internal control system has been adequate, proper and consistent with Adequacy Assessment Form of internal control system of the Office of Securities and Exchange Commission.

In addition, for internal control under other topics of internal control system, it shall be verified by DIA & Associates Company Limited that will plan the audit to cover all work sections together with proposing audit plan to Audit Committee for consideration and approval on audit plan, and reporting audit result to Audit Committee in every quarter. The Board of Directors then had the opinion that the Company has had adequate and proper internal control system.

The Company has arranged to have internal control system in the matter of monitoring and controlling on its subsidiaries' operation in order to enable to adequately protect the assets of the Company and its subsidiaries from the unauthorized and wrongful use of the director or executive and transaction doing with the person who may have conflict of interest and connected person.

Board of Directors





Mr. Phisanu Chavananand

Position President

Age	:	63 years old
Degree/Certificate	:	Bachelor of Engineering, Metropolitan state university, Colorado, USA
Directors Training Programs	:	Directors Accreditation (DAP Thai Institute of Directors) DAP 105/2013
Effective Date	:	21 March 1987
Percentage of Shareholders (%)	:	0.32%

Relationship between Directors and Executives

Related elder brother	:	Mr. Voravith Chavananand (Vice President)
	:	Mr. Vithaya Chavananand (Vice President)
	:	Mr. Krisada Chavananand (Director)
	:	Mrs. Supaluck Tiasevanakul (Director)
	:	Mr. Vatchara Chavananand (Director)

Working Experiences

- 2540 – Present : Board of Director / Chavananand Holdings Co., Ltd.
- 2518 – Present : President / Vichitbhan Construction Co., Ltd.
- 2518 – Present : President / Vichitbhan Palmoil PCL
- 2518 – Present : President / Vichitbhan Plantation Co., Ltd.
- 2518 – Present : President / Vichitbhan Real Estate Co., Ltd.
- 2518 – Present : Board of Director / Visanu Cement Co., Ltd.



Mr. Voravith Chavananand

Position Vice President

Age	:	59 years old
Degree / Certificate	:	Bachelor of Accountancy, Bangkok University
Training Programs	:	Director Accreditation Program(DAP Thai Institute of Directors) DAP54/2006
	:	Executive Development Program, Thai Military Bank # first generation
Effective Date	:	21 March 1987
Percentage of Shareholders (%)	:	0.32%

Relationship between Directors and Executives

Related younger brother	:	Mr. Phisanu Chavananand (President)
Related elder brother	:	Mr. Vithaya Chavananand (Vice President)
	:	Mr. Krisada Chavananand (Managing Director)
	:	Mrs. Supaluck Tiasevanakul (Deputy Managing Director)
	:	Mr. Watchara Chavananand (Deputy Managing Director)

Working Experiences :

- **2546 – Present** : **Managing Director / Vichitbhan Construction Co., Ltd.**
- **2539 – 2546** : **Project Director / Samut Prakarn Wastewater Management Project, Joint Venture Agreement NVPSKG**
- **2539 – Present** : **Board of Director / Chavananand Holding Co., Ltd.**
- **2537 – Present** : **President / C.V.N Development Co., Ltd.**
- **2535 – Present** : **Vice President / Vichitbhan Real estate Co., Ltd.**
- **2530 – Present** : **Vice President / Vichitbhan Palm oil Public Co., Ltd.**
- **2528 – Present** : **Vice President / Vichitbhan Plantation Co., Ltd.**
- **2523 – 2546** : **Deputy Managing Director / Vichitbhan Construction Co., Ltd.**



- 2522 – 2523 : Accountant / Far East and Marine Division Brown & Root, Inc.
Houston Texas U.S.A

Working Experience (Other Organizations)

- 2541 – 2544 : Board of Director / Aeronautical Radio of Thailand Co., Ltd.
- 2538 – 2540 : Board of Director / Thai Tanakorn Finance Public Co., Ltd.
- 2532 – 2536 : Board of Director / Government Housing Bank

Advisor

- 2540 – 2542 : Advisor to the Deputy Ministry of Transport, Mr. Padermchai Sasomsap
- 2528 – 2529 : Advisor to the Deputy Ministry of Industry, Mr. Anan Chaisang



Mr. Vithaya Chavananand

Position Vice President ,

Deputy Managing Director of Financial and Office Department

Age	:	57 years old
Degree/Certificate	:	Master of Business Administration, Webster University, USA Bachelor Degree of Political Science Finance, Chulalongkorn University
Directors Training Programs	:	Director Accreditation Program (DAP)(DAP Thai Institute of Directors) DAP 52/2006
	:	Directors Certification Program (DCP) (DAP Thai Institute of Directors) DCP 84/2006
	:	Audit Committee Program (ACP) (DAP Thai Institute of Directors) ACP 32/2010
	:	Monitoring Fraud Risk Management (MFM) (DAP Thai Institute of Directors)MFM 4/2010
Effective Date	:	21 March 1987
Percentage of Shareholders (%)	:	4.63%
Relationship between Directors and Executives		
Related younger brother	:	Mr. Phisanu Chavananand (President)
	:	Mr. Voravith Chavananand (Vice President)
Related elder brother	:	Mr. Krisada Chavananand (Director)
	:	Mrs. Supaluck Tiasevanakul (Director)
	:	Mr. Vatchara Chavananand (Director)

Working Experiences :

- 2555 – Present : Director / Vichitbhan Logistics Co., Ltd.
- 2539 – Present : Board of Director / Chavananand Holding Co., Ltd.
- 2537 – Present : Managing Director / V.C.N. Development Co., Ltd.
- 2535 – Present : Board of Director / Vichitbhan Real Estate Co. Ltd.
- 2530 – Present : Vice President / Vichitbhan Palmoil Public Co., Ltd.
- 2528 – Present : Managing Director / Vichitbhan Plantation Co., Ltd.
- 2522 – Present : Board of Director / Vichitbhan Construction Co., Ltd.

Working Experiences with other organizations

- 2554 – Present : Director / Setran Ferry Company Limited
- 2553 – Present : President of Risk Management Committee / Robinson Department Store PCL
- 2550 – Present : Nomination & Remuneration Committee / Robinson Department Store PCL
- 2549 – Present : Director, Independent Director and Audit Committee / Robinson Department Store PCL
- 2544 – Present : Director / Heritage Townhome Co., Ltd.
- 2543 – Present : Director / Phuket Heritage Townhome Co., Ltd.



Mr. Krisada Chavananand

Position Director and Managing Director

- Age** : 54 years old.
- Degree / Certificate** : Master of Science, The Trustees of Columbia University , USA.
: Bachelor of Science in Computer Science, Sam Houston state University, USA.
- Training Programs** : Certificate (Class 56), Certificate of The National Defence College of Thailand
: Directors Accreditation Program (DAP Thai Institute of Directors) DAP 105/2013
: Bhumipalung Phandin Course /Chulalongkorn University
: Advanced Security Management program /Association of The National Defence College of Thailand
- Effective Date** : 3 November 1994
- Percentage of Shareholders (%)** :38.99%
- Relationship between Directors and Executives**
- Related younger brother** : Mr. Phisanu Chavananand (Chairman)
: Mr. Voravith Chavananand (Vice Chairman)
: Mr. Vithaya Chavananand (Vice President)
- Related elder brother** : Mrs. Supaluck Tiasevanakul (Deputy Managing Director)
: Mr. Watchara Chavananand (Deputy Managing Director)
- Working Experiences :**
- 2012- Present : Board of Director/ Vichitbhan Logistics Co.,Ltd.
 - 2011-Present : Director /Chavananand Holdings Co.,Ltd.
 - 2008-Present : Board of Director/ VG Energy Co.,Ltd.
 - 2002-Present : Managing Director / Vichitbhan Palmoil Public Co., Ltd.
 - 1991- Present : Deputy Managing Director / Vichitbhan Logistics Co.,Ltd.
 - 1987-2002 : Deputy Managing Director/ Vichitbhan Palmoil Public Co., Ltd

Working Experience (Other Organizations) :

- **2018** : Advisor of Subcommittee to Study for agricultural production./
The National legislative Assembly
- **2011-Present** : Chairman of The Federation of Thai Industries Palm Oil Industry Club/
The Federation of Thai Industries
- **2012-Present** : Chairman of the Subcommittee drafting Statute of oil palm and palm oil.
- **2008-Present** : Director /The national palm oil policy Committee.
- **2008-Present** : President/Palm Oil Crushing Mill Association.
- **2003-Present** : President/Collaboration of Thai Clean Development Mechanism Project Association.
- **1990-1993** : Dean of the Faculty of Science and Technology/Assumption University of Thailand
- **1988-1990** : Professor/ Assumption University of Thailand

Technical works and in other positions.

- Director of Thailand Oil Palm Board/Appointed by The Regulation of the Prime Minister.
- Director/ The Federation of Thai Industries
- Director of Board of Industry / The Federation of Thai Industries
- Director of Research and Development for industry institute / The Federation of Thai Industries



Mrs. Supaluck Tiasevanakul

(Name – Maiden Name : Miss Supaluck Chavananand)

Position Director and

Deputy Managing Director of Accounting Department

- Age** : 52 years old
- Degree/Certificate** : Master of Business Administration, University of New Haven, USA
: Bachelor of Economics, Chulalongkorn University
- Directors Training Programs** : Directors Accreditation Program (DAP Thai Institute of Directors)
DAP 105/2013
- Effective Date** : 2 October 1997
- Percentage of Shareholders (%)** : 7.66 %
- Relationship between Directors and Executives** :
- Related younger sister** : Mr. Phisanu Chavananand (President)
: Mr. Voravith Chavananand (Vice President)
: Mr. Vithaya Chavananand (Vice President)
: Mr. Krisada Chavananand (Director)
- Related elder sister** : Mr. Vatchara Chavananand (Director)
- Working Experiences** :
- 2551 – Present : Board of Director / VG Energy Co., Ltd.
 - 2541 – Present : Board of Director / Chol Pattana Co., Ltd.
 - 2531 – Present : Managing Director / Vichitbhan Farm Co., Ltd.
 - 2530 – Present : Director / Vichitbhan Palmoil PCL
 - 2528 – Present : Deputy Managing Director / Vichitbhan Plantation Co., Ltd.



Mr. Vatchara Chavananand

Position Director and

Deputy Managing Director of Palm Oil Plantation Department

Age	:	51 years old
Degree/Certificate	:	High School
มาตรฐาน	:	Director Accreditation Program (DAP มาตรฐานส่งเสริมสนับสนุนบริษัทไทย) DAP 54/2006
Effective Date	:	3 November 1994
Percentage of Shareholders (%)	:	4.26%

Relationship between Directors and Executives

Related younger brother	:	Mr. Phisanu Chavananand (President)
	:	Mr. Voravith Chavananand (Vice President)
	:	Mr. Vithaya Chavananand (Vice President)
	:	Mr. Krisada Chavananand (Director)
	:	Mrs. Supaluck Tiasevanakul (Director)

Working Experiences

- 2555 – Present : Director / Vichitbhan Logistics Co., Ltd.
- 2551 – Present : Board of Director / VG Energy Co., Ltd.
- 2539 – Present : Board of Director / Chavananand Holding Co., Ltd.
- 2535 – Present : Managing Director / Vichitbhan Real Estate Co., Ltd.
- 2530 – Present : Director / Vichitbhan Palmoil PCL
- 2528 – Present : Deputy Managing Director / Vichitbhan Plantation Co., Ltd.



Mr. Bandhoon Supakavanich

**Position Chairman of Audit Committee and
Independent Director**

Age	:	65 years old
Degree/Certificate	:	Master of Public Administration, Eastern Kentucky University, USA Bachelor of Science in Forestry, Kasetsart University Bachelor of Political Science, Ramkhamhaeng University
Directors Training Programs	:	Directors Certification Program (DCP)) (DAP Thai Institute of Directors) DCP 94/2007 Audit Committee Program (ACP) (DAP Thai Institute of Directors) ACP 94/2007 Certificate (Class 39), National Defence College of Thailand
Effective Date	:	28 August 2013
Percentage of Shareholders (%)	:	-
Relationship between Directors and Executives	:	-
Working Experiences	:	<ul style="list-style-type: none"> ● 2011 – 2012 : The Secretarial of the Prime Minister/ The Government : Yingluck Shinawatra ● 2011 : Member of the House of Representative – Party list / Pheu Thai Party ● 2010 – 2011 : Committee / National Broadcasting and Telecommunication Commission ● 2008 – 2009 : Budget Director / Bureau of the Budget, Office of the Prime Minister



Mr.Chakkrit Parapuntakul

Position Audit Committee and Independent Director

Age	:	55 years old
Degree/ Certificate	:	Master of Business Administration, Angelo State University, Texas, USA
	:	Bachelor Degree of Accountancy, Thammasat University
Training Programs	:	Director Accreditation Program (DAP) 8/2004
	:	Audit Committee Program (ACP) 5/2005
	:	Top Executive Program (Class 11), Capital Market Academy
	:	Certificate (Class 52), National Defence College of Thailand
Effective Date	:	28 August 2013
Percentage of Shareholders (%)	:	-
Relationship between Directors and Executives	:	-
Working Experiences	:	
● 2558	:	Director – General / The Treasury Department
● 2555 – Present	:	President / ASEAN Potash Mining Co., Ltd (APMC)
● 2555 – 2557	:	Deputy Permanent Secretary / Ministry of Finance
● 2554 – Present	:	Board of Director / PTT Exploration and Production PCL.
● 2552 – Present	:	President of the Corporate Governance Committee / MFC Asset Management PCL.
● 2553 – 2554	:	President / Thailand Post Co., Ltd.
● 2552 – 2555	:	Director – General / Public Debt Management Office
● 2551 – Present	:	Advisor to Audit Committee / Eastern Water Resources Development and Management PCL.



- 2551 – 2552 : Deputy Director / Public Debt Management Office
- 2545 – 2551 : Director of International Finance Bureau// Public Debt Management Office



Mrs. Sudarat Kongtreekaew

(Name – Maiden Name : Miss Sudarat Janjarasskul)

Audit Committee and Independent Director

Age	:	55 years old
Degree/ Certificate	:	Professional Designation in Application Programming, University of California, Los Angeles
	:	B.A. Political Science, Concentration on International Relations, Chulalongkorn University
Training Programs	:	Director Accreditation Program Program (DAP of the Thai Institute of Directors Association) DAP 110/2014
	:	Asia Pacific Chief Risk Officer Retreat (2010)
	:	Modern Banking for Senior Management (2009)
	:	Presentation Skill (2008)
	:	Leadership and coaching (2008)
	:	Business Continuity Management Methodology – AIG Global Business Continuity Management – Hong Kong (2007)
Effective Date	:	28 August 2013
Percentage of Shareholders (%)	:	-
Relationship between Directors and Executives	:	-
Working Experiences	:	
	•	2556 – Present : Senior Executive Vice President, Country Head of Audit / Standard Chartered Bank (Thai) PCL
	•	2554 – 2556 : Advisor / PricewaterhouseCoopers FAS Ltd.
	•	2552 – 2554 : Chief Risk Officer / Siam City Bank PCL
	•	2550 – 2552 : Chief Information Technology / Siam City Bank PCL)

- 2549 - 2550 : Senior Vice President Risk / AIG Retail Bank PCL
- 2547 - 2548 : Vice President, Head of IT Audit / TMB Bank PCL
- 2540 - 2547 : Vice President Internal Audit / DBS Thai Danu Bank PCL

Corporate Social Responsibility





Good Corporate Governance

Vichitbhan Palm Oil is committed to operating its business in a lawful manner, complying with required regulations corresponding to the business operations with transparency, fairness and integrity where important information can be inspected at all times. The company has also focused on benefits and impacts on shareholders, clients, partners, employees and everyone involved in the business.

Meanwhile, the company always recognizes the importance of good corporate governance to be used as a guideline in running the business. The company has specified various policies on good corporate governance consistent with the principle of good corporate governance for listed companies enforced in 2012.

Fair Business Operation

The company is pleased to support free trade while avoiding all undesirable actions that may cause a conflict of interest or the violation of intellectual property as well as promoting anti-corruption activity of all types. At the same time, the company will also encourage a sense of social responsibility in all processes starting from the processing of raw materials through to the distribution of finished products to clients.

Human Rights and Employee Treatment

The company has always recognized the importance of its employees and fostered a desirable organizational tradition in respect of fair and equal human rights. In addition, the company has successfully arranged the benefit of welfare, safety and sanitation in the workplace while encouraging knowledge-sharing program at all work levels aiming for greater development and professionalism among employees. Meanwhile, the company has strategically specified the rules and regulations of employee treatment corresponding to other requirements, such as labour laws, to ensure that all employees are treated fairly and appropriately.

Customer Responsibility

The company has retained its clear focus on developing quality products and services in accordance with or beyond customer expectation under the fairly agreed terms and conditions, providing accurate, credible and unexaggerated information of products and services while always promising not to disclose any confidential client information to any third party or use such information for personal benefit unfairly and unlawfully.

Environment and Safety

The company has remained firm in eliminating any environmental impact caused by its business operations. The company has also developed effective management of natural resources aiming for the highest benefit and the lowest waste returning to the environment. In the production process, the company always relies on the use of efficient and powerful machines that ensures no severe impact on the



environment, while applying strict rules to control the operations, as part of the goal to generate the highest safety for lives and property involved in the business.

Community and Society Development

The company is committed to promoting the distribution of income to the agricultural sector aiming to upgrade the quality of life of palm oil growers as well as build economic integrity for all communities in the country.

Related Transactions





Transactions

Summary of Transactions between the Company Group and Other Companies/Individuals that may develop Conflicts of Interest

The transactions between the company group and other companies/individuals that may develop conflicts of interest for the accounting years ended 31 December 2013 and 31 December 2014 are listed below:

Company/Related Parties	Relationships	Characteristics	Value (Millions of Baht)		Necessity, Rationale, and Opinion of the Audit Committee
			For the Year Ended 31 Dec. 2013	For the Year Ended 31 Dec. 2014	
1. Vichitbhan Construction Co., Ltd (Vichitbhan Construction)	1. The committee consists of three members: Mr. Pisanu Chawanant, Mr. Worawit Chawanant, and Mr. Vitthaya Chawanant 2. The Chawanant group is the major shareholder of the company and also holder of 100% of paid-in capital in Vichitbhan Construction.	The company sells assets to Vichitbhan Construction	0.50	-	The company purchases and sells cars to Vichitbhan Construction. The transaction is unrelated to the crude palm oil production business. The asset purchasing and selling prices are similar to market values of identical asset classes. The Auditing Committee perceives that the transactions are reasonable.
		The company purchases assets to Vichitbhan Construction	0.28	-	
		<u>Other Debtors</u>	Beginning Balance 0.00 Added 0.50 Paid (0.50) Remaining Balance <u>0.00</u>	-	
		<u>Other Creditors</u>	Beginning Balance 0.00 Added 0.28 Paid (0.28) Remaining Balance <u>0.00</u>	-	



Company/Related Parties	Relationships	Characteristics	Value (Millions of Baht)		Necessity, Rationale, and Opinion of the Audit Committee
			For the Year Ended 31 Dec. 2013	For the Year Ended 31 Dec. 2014	
2. Chawananunt Holding Ltd. (Chawananunt Holding)	<p>1. The committee consists of 5 members: Mr. Pisanu Chawananunt, Mr. Worawit Chawananunt, and Mr. Vitthaya Chawananunt, Mr. Kritsada Chawananunt, Mr. Vachara Chawananunt</p> <p>2. The Chawananunt group is the major shareholder of the company and also holder of 100% of paid-in capital in Chawananunt Holding.</p> <p>3. Chawananunt Holding is the major shareholder of the company. On 31 December 2014, Chawananunt Holding possessed 1.7% worth of shares in paid-in capital.</p>	The company paid rental fees and office building service charges to Chawananunt Holding.	2.87	2.87	<p>The company rented the office building from Chawananunt Holding, with rental fees and conditions based on the prices of renting office buildings in nearby areas.</p> <p>The Auditing Committee perceives that the transactions are reasonable.</p>
		Creditors	Beginning Balance 0.00 Added 2.87 Paid (2.87) Ending Balance <u>0.00</u>	Beginning Balance 0.00 Added 2.87 Paid (2.87) Ending Balance <u>0.00</u>	



Company/Related Parties	Relationships	Characteristics	Value (Millions of Baht)		Necessity, Rationale, and Opinion of the Audit Committee
			For the Year Ended 31 Dec. 2013	For the Year Ended 31 Dec. 2014	
3. Chok Anan Chum Porn Ltd. (Chok Anan Chum Porn)	Mr. Phuwanarot Teasewanakul, a board member, is the husband of Ms. Suphalak Teasewanakul, a board member of the company. The Teasaewanakul group is a major shareholder of Chok Anan Chum Porn, holding 80% of paid-in capital.	The company purchases fuel oil from Chok Anan Chum Porn as fuel for logistics of Vichitbhan Logistics Ltd.	28.85	28.32	The company purchases fuel oil from Chok Anan Chum Porn as fuel for transporting crude palm oil, oil palm fruit bunch, and treated waste water. The price and conditions are according to market mechanisms. The Auditing Committee perceives that the transactions are reasonable.
		Creditors	Beginning Balance 1.94 Added 28.85 Paid (28.48) Ending Balance <u>1.94</u>	Beginning Balance 1.94 Added 28.32 Paid (28.93) Ending Balance <u>1.33</u>	



Transaction Necessity and Appropriateness

Transactions between the company and other entities or individuals that may have conflicts of interest include revenue from asset sales, rental fees, and service fees of office buildings. The committee implemented preliminary inspection on the transactions, with the conclusion that the specific transactions have equitable, reasonable prices and conditions established for the overall benefit of the company.

Policies or Procedures for Approving Transactions

These policies and procedures were established to ensure that the transactions are transparent and aimed for the overall benefit of the company. The company strictly adheres to legal regulations of the SEC and SET pertaining to such transactions. The Board of Directors, executives, and stakeholders are prohibited from attending the meeting for approval of the transactions. In cases where specific transactions require the Board of Directors authorization, the company will require the Audit Committee to attend the meeting to evaluate and present recommendations on the appropriateness of such transactions. The following policies apply to trade agreement transactions with general conditions and specialized conditions:

Trade Agreement Transactions with General Conditions

The transactions will be evaluated by the Audit Committee before being presented to the Board of Directors, which will then authorize the relevant departments to approve the transactions. The transactions must have a basis of fair trade, where all parties have bargaining power independent of influences from professional positions and authorities (e.g. board members, executives.)

The company will create a summary of all transactions to report to the Audit Committee and Board of Directors in every quarter.

Trade Agreement Transactions with Specialized Conditions

The transactions will be evaluated by the Audit Committee before being presented to the Board of Directors and/or shareholders for further assessment for approval. The practices must correspond to regulations of the SEC and SET.

If the Audit Committee is inexperienced in evaluating a certain type of transaction, the company may request specialized personnel from external sources, such as financial analysts, experts, and independent asset valuers to assess the transaction. The analysis of the Audit Committee and specialized personnel will be used as a factor for the Board of Directors or the shareholders' decision in approving the transaction. This will provide confidence that the transactions will not provide inequitable benefits to companies or particular shareholders, but rather a transparent maximization of every shareholder's wealth. The company will disclose transaction information annually and as a remark for financial statements approved by auditors.



Prospects and Policies for Future Transactions

The company expects future transactions with companies and/or parties due to the necessity and overall benefit for its business. The prospects of the company's future transactions are summarized below:

1. Regular Business Support Activities: These include office building leases and purchase of fuel oil, with prices and trade conditions according to market mechanisms. The company expects these transactions to be continuous.

2. Transactions related to Assets or Services: These include purchase and sale of assets such as sale of automobiles to Vichitbhan Construction. The company expects these transactions to occur based on necessities.

After selling shares to the public, the company strictly follows regulations of SET and SEC in dealing with all transactions.

Auditor's Report





รายงานผู้สอบบัญชี

Independent Auditor's Report

**To the Shareholders and the Board of Directors of Vichitbhan Palmoil Public Company Limited
and its subsidiaries**

I have audited the accompanying consolidated and separate financial statements of Vichitbhan Palmoil Public Company Limited and its subsidiaries and of Vichitbhan Palmoil Public Company Limited respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2014, and the related consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial positions of Vichitbhan Palmoil Public Company Limited and its subsidiaries and of Vichitbhan Palmoil Public Company Limited respectively as at December 31, 2014, and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Atipong AtipongSakul

Certified Public Accountant

Registration Number 3500

ANS Audit Company Limited

Bangkok, February 23, 2015

Financial Statement



VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	Notes	Unit: Baht			
		Consolidated financial statements		Separate financial statements	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets					
Current Assets					
Cash and cash equivalents	6	111,834,904	23,625,942	110,334,694	6,818,098
Temporary investment	7	106,541,405	-	106,541,405	-
Trade and other receivables - net	5, 8	46,609,430	96,205,415	45,888,353	129,157,871
Short-term loan to related companies	5	-	-	25,569,090	6,241,140
Inventories - net	9	58,605,326	122,626,748	55,349,817	126,494,414
Non-current asset held for sales - net	10	320,334	123,692	320,334	123,692
Total Current Assets		323,911,399	242,581,797	344,003,693	268,835,215
Non-Current Assets					
Investments in subsidiary companies	11	-	-	416,108,348	573,606,848
Property, plant and equipment - net	12, 16, 19	1,656,018,645	1,802,695,048	1,143,319,287	1,231,735,253
Investment property		1,150,000	1,150,000	-	-
Deferred palm plantation cost - net	13	587,900	816,449	116,008	187,752
Intangible assets - net	14	4,938,864	11,146,238	3,380,935	2,257,097
Deferred tax assets	15	5,456,598	2,987,686	4,004,836	1,470,494
Other non-current assets		2,453,544	1,591,003	2,394,842	1,291,460
Total Non-Current Assets		1,670,605,551	1,820,386,424	1,569,324,256	1,810,548,904
Total Assets		1,994,516,950	2,062,968,221	1,913,327,949	2,079,384,119

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

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

		Unit: Baht				
		Consolidated financial statements		Separate financial statements		
Notes		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	
Liabilities and shareholders' Equity						
Current Liabilities						
	Bank overdrafts and short-term loans from financial institutions	16	-	1,988,502	-	1,988,502
	Trade and other payables	5, 17	45,650,854	195,010,141	106,468,195	508,609,058
	Current portion of liabilities under financial lease agreements	18	8,995,596	6,110,926	4,006,875	1,694,583
	Current portion of long-term loan from financial institutions	19	129,436,878	178,791,546	91,632,000	140,986,668
	Accrued dividend payable		-	108,000,000	-	-
	Income tax payable		12,676,378	7,673,195	-	155,119
	Total Current Liabilities		196,759,706	497,574,310	202,107,070	653,433,930
Non-Current Liabilities						
	Liabilities under financial lease agreements - net	18	22,970,848	17,153,378	9,495,241	1,185,743
	Long-term loan from financial institutions - net	12, 19	175,092,278	609,169,156	295,519,106	391,791,106
	Retention		964,255	1,074,400	210,170	209,473
	Employee benefit obligations	21	19,506,157	20,389,095	12,670,042	12,903,080
	Other non-current liabilities		-	100,000	-	100,000
	Total Non-Current Liabilities		518,533,538	647,886,029	317,894,559	406,189,402
	Total Liabilities		715,293,244	1,145,460,339	520,001,629	1,059,623,332
Shareholders' Equity						
Share capital						
Authorized share capital						
	1,070,000,000 common shares at Baht 1 per share in the year 2014					
	200,000 common shares at Baht 1,000 per share in the year 2013		1,070,000,000	200,000,000	1,070,000,000	200,000,000
	Issued and fully paid-up share capital	22				
	940,000,000 common shares at Baht 1 per share		940,000,000		940,000,000	
	200,000 common shares at Baht 1,000 per share			200,000,000		200,000,000
	Premium on common shares		227,888,500	-	227,888,500	-
	Discount from purchasing investments in subsidiary	11	(71,756,742)	(71,756,742)	-	-
Retained earnings						
Appropriated						
	Appropriated to legal reserve	23	25,300,000	20,000,000	25,300,000	20,000,000
	Unappropriated		157,791,948	769,264,624	200,137,820	799,760,787
	Other components of equity		-	-	-	-
	Total Shareholders' Equity of the Company		1,279,223,706	917,507,882	1,393,326,320	1,019,760,787
	Non-controlling interests		-	-	-	-
	Total Shareholders' Equity		1,279,223,706	917,507,882	1,393,326,320	1,019,760,787
	Total Liabilities and Shareholders' Equity		1,994,516,950	2,062,968,221	1,913,327,949	2,079,384,119

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

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2014	2013	2014	2013
	3, 5, 24, 26				
Sales		2,178,502,496	3,081,070,844	2,178,502,496	1,981,776,748
Sales of by products		42,160,110	69,993,297	43,231,379	46,963,087
Sales of electricity		66,795,401	87,658,203	-	-
Total revenues		2,287,458,007	3,238,722,344	2,221,733,875	2,028,739,835
Cost of sales		(1,841,605,691)	(2,741,509,808)	(1,910,847,059)	(1,743,086,135)
Gross profit		445,852,316	497,212,536	310,886,816	285,653,700
Dividend income	5, 11	-	-	97,918,848	80,000,000
Interest income	5	827,880	705,470	1,424,162	12,026,459
Other income	5	16,601,963	7,035,393	14,380,969	9,038,680
Income before expenses		463,282,159	504,953,399	424,610,795	386,718,839
Selling expenses		(40,692,963)	(63,068,122)	(44,798,155)	(41,251,428)
Administrative expenses		(256,043,416)	(199,653,300)	(208,034,948)	(100,755,226)
Loss on impairment of investments		-	-	(30,000,000)	(80,000,000)
Financial cost		(49,287,230)	(47,313,403)	(37,459,335)	(19,155,783)
Income before income tax		117,258,550	194,918,574	104,318,357	145,556,402
Income tax	15	(23,431,226)	(22,690,954)	1,358,676	(4,345,929)
NET INCOME FOR THE YEAR		93,827,324	172,227,620	105,677,033	141,210,473
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		93,827,324	172,227,620	105,677,033	141,210,473
Income attributable to					
Equity holders of the Company		93,827,324	121,011,039	105,677,033	141,210,473
Non-controlling interests		-	51,216,581	-	-
		93,827,324	172,227,620	105,677,033	141,210,473
Total comprehensive income attributable to					
Equity holders of the Company		93,827,324	121,011,039	105,677,033	141,210,473
Non-controlling interests		-	51,216,581	-	-
		93,827,324	172,227,620	105,677,033	141,210,473
BASIC EARNINGS PER SHARE					
Basic earnings per share (Baht)		0.11	0.15	0.13	0.18
Number of weighted average share (Shares)		816,109,589	800,000,000	816,109,589	800,000,000

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

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit: Baht										
Consolidated financial statements										
Equity attributable to equity holders of the Company										
	Notes	Issued and paid-up share capital	Premium on common share	Premium (discount)	Retained earnings		Other components of equity	Total equity of parent shareholders	Non-controlling interests	Total
				combination under common control.	Appropriated to legal reserve	Unappropriated				
Balance as at January 1, 2014		200,000,000	-	(71,756,742)	20,000,000	769,264,624	-	917,507,882	-	917,507,882
Changes in equity for the year :										
Issue of ordinary shares	22	140,000,000	-	-	-	-	-	140,000,000	-	140,000,000
Stock dividends	24	600,000,000	-	-	-	(600,000,000)	-	-	-	-
Dividends	24	-	-	-	-	(100,000,000)	-	(100,000,000)	-	(100,000,000)
Premium on common share		-	227,888,500	-	-	-	-	227,888,500	-	227,888,500
Legal reserve	23	-	-	-	5,300,000	(5,300,000)	-	-	-	-
Comprehensive income for the year		-	-	-	-	93,827,324	-	93,827,324	-	93,827,324
Balance as at December 31, 2014		940,000,000	227,888,500	(71,756,742)	25,300,000	157,791,948	-	1,279,223,706	-	1,279,223,706
Balance as at January 1, 2013		200,000,000	-	-	20,000,000	648,253,585	-	868,253,585	199,881,544	1,068,135,129
Changes in equity for the year :										
Dividends payment	24	-	-	-	-	-	-	-	(192,000,000)	(192,000,000)
Premium (discount) from business combination under common control.	11	-	-	(71,756,742)	-	-	-	(71,756,742)	-	(71,756,742)
Comprehensive income for the year		-	-	-	-	121,011,039	-	121,011,039	51,216,581	172,227,620
Minority interest increased		-	-	-	-	-	-	-	(59,098,125)	(59,098,125)
Balance as at December 31, 2013		200,000,000	-	(71,756,742)	20,000,000	769,264,624	-	917,507,882	-	917,507,882

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

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

		Unit: Baht					
		Separate financial statements					
		Retained earnings					Total
		Issued and paid-up	Premiums on	Appropriated	Other components of		Shareholders'
Notes		share capital	common share	to legal reserve	Unappropriated	shareholders' equity	Equity
	Balance as at January 1, 2014	200,000,000	-	20,000,000	799,760,787	-	1,019,760,787
	Changes in equity for the year :						
	Issue of ordinary shares	140,000,000	-	-	-	-	140,000,000
	Stock dividends	600,000,000	-	-	(600,000,000)	-	-
	Dividends	-	-	-	(100,000,000)	-	(100,000,000)
	Premium on common shares	-	227,888,500	-	-	-	227,888,500
	Legal reserve	-	-	5,300,000	(5,300,000)	-	-
	Comprehensive income for the year	-	-	-	105,677,033	-	105,677,033
	Balance as at December 31, 2014	940,000,000	227,888,500	25,300,000	200,137,820	-	1,393,326,320
	Balance as at January 1, 2013	200,000,000	-	20,000,000	658,550,314	-	878,550,314
	Changes in equity for the year :						
	Comprehensive income for the year	-	-	-	141,210,473	-	141,210,473
	Balance as at December 31, 2013	200,000,000	-	20,000,000	799,760,787	-	1,019,760,787

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

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash Flows from Operating Activities:				
Profit before income tax expenses	117,258,550	194,918,574	104,318,357	145,556,402
Adjustments to reconcile profit to net cash flow from (used in) operating activities:				
Allowance for doubtful accounts (reversal)	(456,182)	(238,192)	(223,986)	(121,644)
Depreciation	181,214,535	199,062,314	127,834,279	88,301,182
Provision for employee benefit obligations	2,327,922	4,517,270	1,582,992	4,795,584
Amortized palm plantation cost	228,549	213,316	71,744	71,744
Amortization of intangible assets	1,091,500	1,150,616	563,338	334,523
(Gain) loss on disposal of equipment	984,378	(2,513,210)	1,175,295	(6,317,795)
Loss from disposal of asset held for sales	18,776	304,793	18,776	304,793
Reversal on assets held for sales impairment	(1,728,713)	(1,116,977)	(1,728,713)	(1,116,977)
Loss from of assets impairment	-	4,795,477	-	-
Loss on impairment of investment	-	-	30,000,000	80,000,000
Loss on intangible assets impairment	7,340,000	-	-	-
Loss from obsoleted inventories	1,887,214	5,133,547	1,886,415	3,053,308
Loss on disposal of inventories	-	581,223	-	-
Loss on devaluation value of inventories	2,960,702	59,115	6,668,897	-
Interest expenses	49,287,230	47,313,403	37,459,335	19,155,783
Dividend income	-	-	(97,918,848)	(80,000,000)
Interest income	(827,875)	(705,470)	(1,424,162)	(12,026,459)
Profit from Operating Activities before Changes in Operating Assets and Liabilities	361,586,586	453,475,799	210,283,719	241,990,444
Operating assets (increased) decreased				
Trade and other receivables - net	50,049,719	(12,660,436)	84,391,276	(18,341,021)
Inventory - net	59,173,506	109,559,390	62,589,285	41,496,235
Other non-current assets	(827,085)	(1,941,842)	(1,067,925)	(2,173,531)
Operating liabilities increased (decreased)				
Trade and other payables	(150,765,350)	(5,342,603)	(402,316,667)	59,830,059
Other non-current assets	(100,000)	-	(100,000)	-
Cash received from (use in) operating activities	319,117,376	543,090,308	(46,220,312)	322,802,186
Interest paid	(48,308,458)	(48,200,203)	(37,600,677)	(19,789,480)
Interest income	830,323	671,471	526,389	38,293,994
Employee benefit paid	(3,210,860)	-	(1,816,030)	-
Income tax paid	(20,896,955)	(180,237)	(1,330,785)	-
Net cash from (use in) operating activities	247,531,426	495,381,339	(86,441,415)	341,306,700

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

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unit: Baht				
	Notes	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Cash Flows from Investing Activities:					
Increase (decrease) in short-term loans to related parties	-	-	(19,327,950)	214,463,860	
Dividend income from investments	-	-	97,918,848	35,000,000	
Cash paid for purchase of fixed assets	(24,766,191)	(55,560,159)	(32,566,092)	(353,087,427)	
Cash received from sales of fixed assets	7,993,036	2,749,479	7,792,536	6,456,900	
Cash paid for purchase of investments	(1,239,205,086)	-	(750,300,096)	(291,609,248)	
Cash received from sales of investments	1,132,663,681	-	643,758,691	-	
Cash from investment in subsidiary	-	1,142,933	-	-	
Purchases of intangible assets	(2,224,126)	(1,691,373)	(1,687,176)	(1,547,065)	
Cash received from sales of asset held for sales	1,833,629	1,268,996	1,833,629	1,268,996	
Received from capital paying back by subsidiary	-	-	127,498,500	-	
Net cash from (used in) investing activities	(123,705,057)	(52,090,124)	74,920,890	(389,053,984)	
Cash Flows from Financing Activities:					
Decrease in bank overdraft and short-term loans					
from financial institutions - net	(1,988,502)	(243,041,246)	(1,988,502)	(200,544,826)	
Cash paid for liabilities under finance leases	(10,085,860)	(4,449,565)	(5,236,210)	(2,690,401)	
Repayment of long-term loans from financial institution	(543,431,545)	(354,800,407)	(505,626,667)	(76,666,668)	
Proceeds from long-term loans from financial institutions	360,000,000	290,000,000	360,000,000	290,000,000	
Cash received from increased share capital - net	367,888,500	-	367,888,500	-	
Dividend paid	(208,000,000)	(156,600,000)	(100,000,000)	-	
Net cash from (used in) financing activities	(35,617,407)	(468,891,218)	115,037,121	10,098,105	
Net increase (decrease) in cash and cash equivalents	88,208,962	(25,600,003)	103,516,596	(37,649,179)	
Cash and cash equivalents, Beginning of year	23,625,942	49,225,945	6,818,098	44,467,277	
Cash and cash equivalents, End of year	111,834,904	23,625,942	110,334,694	6,818,098	
Supplemental Disclosures of Cash Flows Information					
Increase in vehicle and machine under financial lease	18,788,000	20,404,282	15,858,000	1,290,282	

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

VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1 GENERAL INFORMATION

Vichitbhan Palmoil Public Company Limited (“the Company”) registered its incorporation with the Ministry of Commerce as a limited company on March 25, 1987 and become a public company limited on February 28, 2014. The Company is engaged in palm plantation and palm oil extraction.

The Company’s registered head office is located at 2044, Chavananand Building, Phetburi Extension Road, Bangkok, Huaykwang, Bangkok.

The Company’s Thasae factory is located at 29 Moo 3, Sap Anan, Thasae, Chumporn.

The Company’s Thung Kha factory is located at 170 Moo 6, Thung Kha, Mueang, Chumporn.

The Company was listed on The Stock Exchange of Thailand (SET) on November 24, 2014

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in conformity with Thai Financial Reporting Standard requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

New and revised Thai Financial Reporting Standards

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

Accounting standards that became effective in the current accounting year

- a) The Conceptual Financial Reporting Standards (revised 2014)
- b) Thai Accounting Standards (“TAS”), Thai Financial Reporting Standards (“TFRS”), Thai Accounting Standard Interpretations (“TSIC”), Thai Financial Reporting Standard Interpretations (“TFRIC”) and Accounting Treatment Guidance as follows:

TAS/TFRS/TSIC/TFRIC	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share - Based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

TAS/IFRS/TSIC/TFRIC	Topic
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards.

The management of the Company has assessed that the above standards do not have any significant impacts on the financial statements.

Accounting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these accounting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

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

At present, the Company and its subsidiaries immediately recognize actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognizing those gains and losses is changed to immediately recognize them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and brought forward retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

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

The management of the Company and its subsidiaries believes that the standards will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

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

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenses recognition

Sale is recognized when delivery has taken place and the transfer of risks and rewards has been completed.

Dividend income is recognized when entitled to receive it.

Other income and expenses are recognized on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand and deposits with bank with maturities of less than three months without restriction of usage or obligation.

Trade receivable

Trade accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written-off during the year in which they are identified.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the First in, First out basis. Net realizable value is the estimated selling price in the ordinary course of the business less the estimated costs necessary to make the sale.

Investment in subsidiary companies

Investment in subsidiary companies is accounted for in the separate financial statements by the cost method of accounting, and adjusted impairment, if any. Provisions for impairment are taken up in the accounts to adjust the value of investment whenever necessary.

Property, plant and equipment

Land is presented at cost. Buildings and equipment are stated at cost less accumulated depreciation.

The depreciation is calculated by the straight-line method over their estimated useful life as follows:

	Useful life (years)
Building and land improvement	10 - 44
Machinery	5 - 27
Factory equipments and tools	4 - 20
Office equipment and fixtures	1 - 24
Vehicles	4 - 20

Interest expense, which is derived from borrowing for the construction in progress project, is included in the cost of such project until such project is ready for its intended use.

Investment property

Investment property is investment property held to earn rentals or for capital appreciation or both, which represent land not used in operation.

Investment property is stated at cost less allowance for impairment (if any).

Deferred palm plantation cost

Palm plantation cost is recorded by cost method and written off when palm trees begin to bear fruits which are expected to be in the fourth year by using the straight line method throughout the fruit bearing lift of palm trees, which is expected to be for 20 years from the first fruit bearing year. The maintaining cost of palm trees after the first fruit bearing year is recorded as expense in the income statement as soon as it occurred.

Palm seedlings cost is recorded by the cost method until they are ready for sales. Cost is calculated on weighted average method.

Intangible assets

Intangible assets are shown at cost less by accumulated amortized expense and allowance for impairment (if any) of such assets.

The Company and subsidiaries amortize the intangible assets with certain useful life systematically throughout the useful life of such assets and will review the period and method for amortization of intangible assets with certainty in useful life at least at the end of every year. The amortization is recognized as an expense in the statement of comprehensive income.

Intangible assets with certainty in useful life have the following periods of useful life:-

- Computer software 5 years
- Cost for project development and research on environmental impact in order to obtain operation permission certificate and certificate to sale electricity is amortized when first used in commercial production and the amortization is made on a straight-line method covering the life span of power plant.

Deferred authorization fee

Deferred authorization fee is stated at cost, net of accumulated amortization.

The amortization is charged by the straight-line method through the authorized period of utilizing and occupying in a national forest for 28 years.

Deferred leasehold right

Deferred leasehold right is stated at cost, net of accumulated amortization.

The amortization is charged by the straight-line method through the authorized period of utilizing for 30 years.

Leases – where the Company and subsidiaries are the lessee

Leases of equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments or the present value of the lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding balance. The lease payment obligation under the lease agreement, net of financial interest payment, is recorded as liability under finance lease. The interest element of the finance charge is charged to operations over the lease period. The equipment acquired under finance leasing contract is depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statements of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Employee benefits*Short-term benefits*

The Group recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Post-employment benefits – defined benefit plan

The employee benefits liabilities in relation to the severance payment under the labor law are recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Group recognizes actuarial gains or losses in the profit or loss in the period in which they arise.

Provisions

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

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the end of reporting period date. Gain or loss on translating is recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the end of reporting period date are translating into the functional currency using the exchange rate at the date of transaction.

Provident fund

The Company and local subsidiaries have established a registered provident fund contributed by employees and by the Company for which assets are held in a separate trustee fund and managed by fund manager.

The Company contributions are charged to the statement of comprehensive income in the period which they relate.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities

are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Basic earnings per share

Basic earnings per share are determined by dividing the net income for the year by the weighted average number of shares outstanding during the year .

Financial instruments

The Group does not speculate in or engage in the trading of any derivative financial instruments.

Segment information

Segment information is presented in respect of the Company and subsidiaries businesses. The primary format and business segments is based on the Company's and subsidiaries' management and internal reporting structure.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT

The preparation of the financial statements in conformity with Thai Financial Reporting Standard requires management to make judgments and estimates. Judgments and estimations will affect the amounts in the financial statements and the information presented in the Notes to financial statements. Actual results may differ from these judgments and estimates. Significant judgments and estimates are as follows:

Impairment of receivables

The Company and subsidiaries account for allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on historical collection experience couple with a review of outstanding receivables at the financial statements date.

Allowance for obsolete, slow-moving and defective inventories

The Company and subsidiaries maintain an allowance for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category.

Impairment of investment

Management reviews the impairment of investments in subsidiary companies by considering the operating result and the future business plan of the subsidiary companies. Such consideration is based on Management's judgment.

Impairment of assets

The Company and subsidiaries consider asset as impaired when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value, the Company and subsidiaries make an estimate of the asset recoverable amount. The determination of recoverable amount is requires judgment. An impairment loss is recognized as an expense in the statement of comprehensive income.

Building, equipment and computer software

Management determines the estimated useful lives and residual values for the Company's building, equipment and computer software. Management will revise the depreciation charge where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or no longer in use.

Leases

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

5 RELATED PARTIES TRANSACTIONS

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

<u>Company's name</u>	<u>Relationship</u>	<u>Related by</u>
Vichitbhan Plantation Co., Ltd	Subsidiary	Direct shareholding
VG Energy Co., Ltd	Subsidiary	Direct share holding
Vichitbhan Logistics Co., Ltd	Subsidiary	Direct share holding since December 2, 2013 (Formerly not shareholder but controlled by common directors and shareholders together)
Vichitbhan Construction Co., Ltd	Related Company	Common directors
TC. Joint Venture	Related Company	Common directors
CVN Development Co., Ltd	Related Company	Common directors
Chavananand Holding Co., Ltd	Related Company	Common directors and direct and indirect shareholders
Chokananchumporn Co., Ltd	Related company	Related person

Sales and purchases of goods and services

Sales and purchases of goods from related parties are made under the conditions and terms of general trade practice, with prices approximate the market.

Transactions with related parties for the years ended December 31, 2014 and 2013 are summarized below:

Transactions	Unit: Thousand Baht				Pricing Policies
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
Transactions between the Company and related parties					
Sale of palm oil					
- Vichitbhan Plantation Co., Ltd	-	-	-	17	Mutually agreed price
Sales of decanter cake					
- VG Energy Co., Ltd	-	-	1,071	935	Market price
Income from sales of asset					
- Vichitbhan Plantation Co., Ltd	-	-	-	54	Mutually agreed price
- Vichitbhan Logistics Co., Ltd	-	-	1,008	4,403	Mutually agreed price
- Vichitbhan Construction Co., Ltd	-	500	-	500	Mutually agreed price
Income from common used software					
- Vichitbhan Plantation Co., Ltd	-	-	21	-	Mutually agreed price
- VG Energy Co., Ltd	-	-	14	-	Mutually agreed price
- Vichitbhan Logistics Co., Ltd	-	-	6	-	Mutually agreed price
- Vichitbhan Construction Co., Ltd	64	-	64	-	Mutually agreed price
Interest income					
- Vichitbhan Plantation Co., Ltd	-	-	-	101	MLR-1.9 to MLR-2.0
- VG Energy Co., Ltd	-	-	468	11,465	MLR-1.9 to MLR-2.0
- Vichitbhan Logistics Co., Ltd	-	-	223	89	MLR-1.9 to MLR-2.0

Transactions	Unit: Thousand Baht				Pricing Policies
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
Dividend income					
- Vichitbhan Plantation Co., Ltd	-	-	97,919	80,000	Right to receive dividend
Rental and service for office building					
- Chavananand Holding Co., Ltd	2,865	2,865	1,178	1,178	Mutually agreed price
Cost of purchase fresh raw palm fruit					
- Vichitbhan Plantation Co., Ltd	-	-	193,475	12,456	Market price
Cost of purchase palm oil					
- Vichitbhan Plantation Co., Ltd	-	-	-	45,841	Market price
Cost of purchase palm kernel					
- Vichitbhan Plantation Co., Ltd	-	-	-	220	Market price
Transportation expense					
- Vichitbhan Logistics Co., Ltd	-	-	15,746	7,318	Market price
Purchasing asset					
- Vichitbhan Plantation Co., Ltd	-	-	12,180	-	Fair value price
Purchasing supplies					
- Chokananchumporn Co., Ltd	28,316	28,854	11,922	10,064	Market price
Interest expense					
- Vichitbhan Plantation Co., Ltd	-	-	558	32	MLR - 1.9
- VG Energy Co., Ltd	-	-	-	2	MLR - 1.9

Transactions	Unit: Thousand Baht				Pricing Policies
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
On December 17, 2013 the Company entered into agreement to purchase assets from Vichitbhan Plantation Co., Ltd as follow:					
- Land	-	-	-	102,580	Fair value
- Buildings and land improvement	-	-	-	141,453	Fair value
- Road	-	-	-	6,547	Fair value
- Machinery	-	-	-	319,037	Fair value
- Factory equipments and tools	-	-	-	7,864	Fair value
- Office equipments and fixtures	-	-	-	4,104	Book value
- Vehicles	-	-	-	8,715	Fair value
- Assets under construction	-	-	-	3,768	Book value
- Assets held for use	-	-	-	869	Book value
- Intangible assets	-	-	-	788	Book value
Total	-	-	-	595,725	

As at December 31, 2014 and 2013, the group entered into lease and service agreements relating to the rental of offices with related company. The term is 3 years started on September 1, 2010 till September 1, 2013 (Automatically effect for another 1 year if there is on change at the expiry date) with the monthly rental fee of Baht 2.87 million.

As at December 31, 2014 and 2013, a subsidiary company entered into a right of superficies agreement with the Company where the Company granted the right of superficies for the land on which the biogas power projects are located for the period of 30 years without any fee charged commencing from April 2009 and July 2009 and the contractual periods can be extended for another 10 years. The subsidiary company agrees to purchase the Decanter Cake, which incurred from the production process of the plants on the said land, from the Company to use in the projects.

Management compensation – for key management personnel

Management compensation – for key management personnel for the years ended December 31, 2014 and 2013 consist of the following:

	Unit: Baht			
	Consolidated financial statements		Separate financial statement	
	December 31, 2014	December 31 2013	December 31, 2014	December 31 2013
Short-term benefits	12,787,692	11,010,914	10,390,440	5,527,993
Employee benefits	655,414	1,005,647	554,522	3,445,271
Total Management compensation – for key management personnel	13,443,106	12,016,561	10,944,962	8,973,264

Balances with related parties as at December 31, 2014 and 2013 are summarized below:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Other receivable				
Vichitbhan Plantation Co., Ltd	-	-	804	804
VG Energy Co., Ltd	-	-	26	74
Vichitbhan Logistics Co., Ltd	-	-	5,400	4,403
Total	-	-	6,230	5,281
Accrued interest income				
VG Energy Co., Ltd	-	-	460	2
Vichitbhan Logistics Co., Ltd	-	-	311	89
Total	-	-	771	91
Accrued dividend income				
Vichitbhan Plantation Co., Ltd	-	-	-	45,000
Total	-	-	-	45,000
Short-term loans to related company				
VG Energy Co., Ltd	-	-	19,184	2,701
Vichitbhan Logistics Co., Ltd	-	-	6,385	3,540
Total	-	-	25,569	6,241

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
Accounts payable				
Vichitbhan Plantation Co., Ltd	-	-	73,381	58,517
Total	-	-	73,381	58,517
Other payable				
Vichitbhan Plantation Co., Ltd	-	-	-	281,488
Vichitbhan Logistics Co., Ltd	-	-	829	1,167
Chokananchumporn Co., Ltd	1,332	1,941	434	728
Total	1,332	1,941	1,263	283,383
Accrued dividend				
Chavananand Holding Co.,Ltd	-	2,160	-	-
Director	-	100,440	-	-
Shareholder	-	5,400	-	-
Total	-	108,000	-	-

During the years, movements of loans to related companies are as follow:

	Unit: Thousand Baht			
	Consolidated financial statement		Separate financial statement	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Short - term loans to related companies				
Subsidiary				
Balance at beginning of the years	-	-	6,241	220,705
Increase during the years	-	-	91,148	282,290
Decrease during the years	-	-	(71,820)	(496,754)
Balance at ending of the years	-	-	25,569	6,241
Short - term loans from related companies				
Subsidiary				
Balance at beginning of the years	-	-	-	-
Increase during the years	-	-	476,103	41,470
Decrease during the years	-	-	(476,103)	(41,470)
Balance at ending of the years	-	-	-	-

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2014 and 2013 are as follow:

	Unit: Baht			
	Consolidated financial statement		Separate financial statement	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cash on hand	4,339,943	2,039,663	4,262,748	1,942,240
Cash at banks				
Current account	1,045,736	823,241	511,868	260,228
Saving account	106,449,225	20,763,038	105,560,078	4,615,630
Total	111,834,904	23,625,942	110,334,694	6,818,098

7 TEMPORARY INVESTMENT

Temporary investment as at December 31, 2014 and 2013 are as follow:

	Unit: Baht			
	Consolidated financial statement		Separate financial statement	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Phatra Money Positive Fund	76,348,482	-	76,348,482	-
Krungsri Star Plus Fund	30,192,924	-	30,192,924	-
Total	106,541,405	-	106,541,405	-

8 TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables – net as at December 31, 2014 and 2013 are as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Trade receivables				
- Others	37,633,656	85,236,020	33,237,026	76,011,824
Total trade receivables	37,633,656	85,236,020	33,237,026	76,011,824
<u>Less allowance for doubtful account</u>	(440,241)	(896,423)	(239,917)	(463,903)
Trade receivables - net	37,193,415	84,339,597	32,997,109	75,547,921
Other receivables				
- Related companies				
Accrued interest	-	-	771,096	90,622
Accrued dividend income	-	-	-	45,000,000
Others	-	-	6,229,696	5,280,583
- Others				
Prepaid expenses	4,030,101	3,213,815	2,776,951	1,336,280
Advance	1,578,667	646,611	1,342,667	463,919
Accrued income	2,958,560	6,215,998	7,162	1,934
Prepaid corporate income tax	1,018,631	1,014,849	777,803	941,913
Others	1,660,763	2,618,734	1,105,871	614,702
Total other receivables	11,246,722	13,710,007	13,011,247	53,729,953
<u>Less allowance for doubtful account</u>	(1,830,707)	(1,844,189)	(120,003)	(120,003)
Other receivables - net	9,416,015	11,865,818	12,891,244	53,609,950
Total trade and other receivables - net	46,609,430	96,205,415	45,888,353	129,157,871

As at December 31, 2014 and 2013, the Group had outstanding balances of trade receivable aged by number of months as follows:

Ages of receivable	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Trade Receivable - Other				
Not yet due	36,384,388	83,481,986	32,570,417	74,926,197
Past due:				
Less than 3 months	24,518	176,030	24,518	176,030
Over 3 months but not over 6 months	-	-	-	-
Over 6 months but not over 12 months	-	681,582	-	445,694
Over 12 month	1,224,750	896,423	642,091	463,903
Total trade receivables - others	37,633,656	85,236,021	33,237,026	76,011,824
<u>Less</u> Allowance for doubtful accounts	(440,241)	(896,424)	(239,917)	(463,903)
Trade receivable - net	37,193,415	84,339,597	32,997,109	75,547,921

9 INVENTORIES –NET

Inventories – net as at December 31, 2014 and 2013 are as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Raw materials	21,407	531,582	21,408	405,208
Finished good	30,915,886	92,185,622	35,246,803	100,395,163
Work in process	2,469,208	-	2,469,208	-
Spare parts	23,529,794	24,703,805	23,306,937	24,400,068
Supplies	5,077,938	5,621,606	1,419,681	1,706,899
Total	62,014,233	123,042,615	62,464,037	126,907,338
<u>Less</u> Allowance for decline				
values of inventories	(3,408,907)	(415,867)	(7,114,220)	(412,924)
Inventories – net	58,605,326	122,626,748	55,349,817	126,494,414

10 NON-CURRENT ASSET HELD FOR SALE – NET

Non-Current asset held for sale - net as at December 31, 2014 consist of:

Unit: Baht				
Consolidated financial statements and separate financial statement				
	As at	Movement during the year		As at
	January 1, 2014	Increased	Decreased	December 31, 2014
Cost	27,406,481	320,334	(27,406,481)	320,334
Amortization	(25,554,075)	-	25,554,075	-
	1,852,406	320,334	(1,852,406)	320,334
<u>Less</u> Allowance for impairment	(1,728,714)	-	1,728,714	-
	123,692			320,334

11 INVESTMENTS IN SUBSIDIARY COMPANIES

Investments in subsidiary companies as at December 31, 2014 and 2013 and the dividend income for the year ended December 31, 2014 and 2013 consist of:

Unit: Baht							
Separate financial statements							
Company's Name	Paid-up capital	Percent of		Cost method		Dividend	
		2014	2013	2014	2013	2014	2013
Vichitbhan Plantation Co., Ltd	42,500,000	99.99	99.99	54,499,300	181,997,800	97,918,848	80,000,000
VG Energy Co., Ltd	470,000,000	99.99	99.99	469,999,800	469,999,800	-	-
Vichitbhan Logistics Co., Ltd	3,000,000	99.99	99.99	1,609,248	1,609,248	-	-
				526,108,348	653,606,848	97,918,848	80,000,000
<u>Less</u> Allowance for impairment of investment				(110,000,000)	(80,000,000)	-	-
Total Investment - net				416,108,348	573,606,848	97,918,848	80,000,000

The Extra-ordinary Shareholders Meeting No. 1/2014 held on June 9, 2014 of Vichitbhan Plantation Co., Ltd which is a subsidiary passed a resolution to decrease the registered share capital from Baht 170 million to Baht 42.5 million and change the par value from Baht 1,000 each to Baht 250 each (from 170,000 ordinary shares at Baht 1,000 par value to 170,000 ordinary shares at Baht 250 par value) in order to pay back to the shareholders. The Company registered the decrease in share capital with the Ministry of Commerce on July 15, 2014.

On December 25, 2013, the Company purchased investments of Vichitbhan Plantation Co., Ltd at Baht 132 million for total shares of 119,998 shares from the existing shareholders at a price of Baht 1,100 per share (par value of Baht 1,000 each) having the difference in cost over book value amounting to Baht 71.56 million. As a result, the Company's proportionate interest in the company is 99.99 percent.

On December 9, 2013, the subsidiary's Extraordinary Shareholders' Meeting (VG Energy Co, Ltd.) No. 1/2013 resolved to increase the authorized capital from Baht 180 million to Baht 470 million by issuing new the ordinary shares of 2,900,000 shares at par 100 Baht. The subsidiary registered the increase in share capital on December 18, 2013.

On December 2, 2013 the Company purchased investments of Vichitbhan Logistics Co., Ltd at Baht 1.6 million for a total shares of 29,997 shares from the existing shareholders at a price of Baht 53.65 per share (par value of Baht 100 each) having the difference in cost over book value amounting to Baht 0.24 million. As a result, the Company's proportionate interest in the company is 99.99 percent.

12 PROPERTY, PLANT AND EQUIPMENT – NET

Property, plant and equipment – net as at December 31, 2014 are as follow:

	Unit: Baht				
	Consolidated financial statement				
	January 1,	Movement during the year			December 31,
	2014	Increase/Transfer	Decrease/Transfer		2014
Cost					
Land	81,364,277	-	-	81,364,277	
Buildings and land improvement	555,024,096	7,654,173	(8,618,252)	554,060,017	
Machinery	2,091,647,041	34,621,963	(99,426,512)	2,026,842,492	
Factory equipments and tools	48,213,184	13,938,529	(8,438,683)	53,713,030	
Office equipments and fixtures	64,481,428	2,848,791	(7,507,293)	59,822,926	
Vehicles	99,260,938	11,672,615	(5,162,795)	105,770,758	
Equipment for sprinkle project	34,149,832	57,780	(237,351)	33,970,261	
Construction in progress	27,160,058	16,431,158	(31,575,672)	12,015,544	
Total	3,001,300,854	87,225,009	(160,966,558)	2,927,559,305	
Accumulated depreciation					
Buildings and land improvement	(202,049,524)	(18,557,035)	8,310,421	(212,296,138)	
Machinery	(732,274,211)	(149,474,136)	85,067,778	(796,680,569)	
Factory equipments and tools	(35,209,432)	(2,438,241)	2,578,817	(35,068,856)	
Office equipments and fixtures	(44,990,484)	(4,574,036)	7,376,748	(42,187,772)	
Vehicles	(88,940,055)	(5,151,007)	4,729,594	(89,361,468)	
Equipment for sprinkle project	(32,342,100)	(1,020,081)	216,324	(33,145,857)	
Total	(1,135,805,806)	(181,214,536)	108,279,682	(1,208,740,660)	
Allowance for impairment loss	(62,800,000)			(62,800,000)	
Property, plant and equipment - net	1,802,695,048			1,656,018,645	

	Unit: Baht			
	Separate financial statement			
	January 1,	Movement during the years		December 31,
	2014	Increase/Transfer	Decrease/Transfer	2014
Cost				
Land	125,956,214	12,923,965	-	138,880,179
Buildings and land improvement	338,135,047	6,755,298	(8,618,252)	336,272,093
Machinery	1,150,699,667	30,005,775	(100,984,512)	1,079,720,930
Factory equipment and tools	28,498,680	13,744,484	(8,293,689)	33,949,475
Office equipments and fixtures	27,384,963	2,419,286	(7,507,296)	22,296,953
Vehicles	28,144,355	11,027,376	(1,512,459)	37,659,272
Equipments for sprinkle project	14,984,321	57,780	(237,351)	14,804,750
Construction in progress	26,570,950	14,269,421	(29,939,484)	10,900,887
Total	<u>1,740,374,197</u>	<u>91,203,385</u>	<u>(157,093,043)</u>	<u>1,674,484,539</u>
Accumulated depreciation				
Buildings and land improvement	(62,115,446)	(13,192,807)	8,310,421	(66,997,832)
Machinery	(389,693,153)	(103,529,848)	85,718,285	(407,504,716)
Factory equipment and tools	(13,374,019)	(2,661,748)	2,600,970	(13,434,797)
Office equipments and fixtures	(15,310,663)	(2,841,391)	7,382,548	(10,769,506)
Vehicles	(13,514,339)	(5,542,245)	1,079,423	(17,977,161)
Equipments for sprinkle project	(14,631,324)	(66,240)	216,324	(14,481,240)
Total	<u>(508,638,944)</u>	<u>(127,834,279)</u>	<u>105,307,971</u>	<u>(531,165,252)</u>
Property, plant and equipment - net	<u><u>1,231,735,253</u></u>			<u><u>1,143,319,287</u></u>

As at December 31, 2014 and 2013, the Company and subsidiaries have mortgaged the land together with construction and part of machines at the book value of Baht 1,100.51 million and Baht 1,452.98 million respectively, and in the separate financial statements, the Company has mortgaged its land together with construction and part of machines at the book value of Baht 655.65 million and Baht 542.73 million respectively as collaterals for bank overdraft and loans both short-term and long-term loans (Notes 16 and 19).

As at December 31, 2014 and 2013, building in the consolidated financial statements at book value of Baht 3.39 million and Baht 2.95 million respectively and in the separate financial statement of Baht 0.11 million and Baht 0.23 million respectively is located on the piece of land permitted for beneficial utilization or residing in the sanctuary of National Rub-Ror Reserve Forest and Sa-Lui Reserve Forest by the director general of Royal Forest Department for the period of 28 years (Note 29).

The gross amount of fully depreciated equipments that are still in use as at December 31, 2014 and 2013, in the consolidated financial statements amounted of Baht 268.24 million and Baht 373.22 million respectively and in the separate financial statements amounted of Baht 142.92 million and 202.86 million respectively.

Depreciation of property and equipment for the years ended December 31, 2014 and 2013, in the consolidated financial statements amounted of Baht 181.21 million and Baht 199.06 million respectively and in the separate financial statements amounted of Baht 127.83 million and Baht 88.30 million respectively.

13 DEFERRED PALM PLANTATION COST – NET

Deferred palm plantation cost – net as at December 31, 2014 are as follow:

	Unit: Baht			
	Consolidated financial statements			
	Balance as at	Movement during the year		Balance as at
	January 1, 2014	Increased/Transfer	Decreased/Transfer	December 31, 2014
Cost				
Palm plantation	243,372,637	-	-	243,372,637
Palm seedlings cost	23,401	-	-	23,401
Total Cost	243,396,038	-	-	243,396,038
Accumulated amortization				
Palm plantation	(242,579,589)	(228,549)	-	(242,808,138)
Total	(242,579,589)	(228,549)	-	(242,808,138)
Net book value	816,449			587,900
Amotization for the year				
2014				228,549
2013				213,316

Unit: Baht

	Separate financial statements			Balance as at December 31, 2014
	Balance as at January 1, 2014	Movement during the year		
		Increased/Transfer	Decreased/Transfer	
Cost				
Palm plantation	62,205,718	-	-	62,205,718
Palm seedlings cost	-	-	-	-
Total Cost	62,205,718	-	-	62,205,718
Accumulated amortization				
Palm plantation	(62,017,966)	(71,744)	-	(62,089,710)
Total	(62,017,966)	(71,744)	-	(62,089,710)
Net book value	187,752			116,008
Amotization for the year				
2014				71,744
2013				71,744

As at December 31, 2014 and 2013, the deferred palm plantation cost was on the land where permit has been granted for beneficial utilization or residing in the sanctuary of the Nation Rub-Ror Reserve Forest and Sa-Lui Forest by the director-general of Royal Forest Department (Note 29).

14 INTANGIBLE ASSETS – NET

Intangible assets – net as at December 31, 2014 are as follow:

	Unit: Baht			
	Consolidated financial statements			
	Balance as at January 1, 2014	Movement during the year		Balance as at December 31, 2014
	Increased/Transfer	Decreased/Transfer		
Cost				
Computer program	8,895,351	1,785,376	-	10,680,727
Environmental impact study and project development cost	2,805,500	-	-	2,805,500
Cost of research and development in progress	7,603,250	438,750	-	8,042,000
Allowance for impairment of deferred development costs	-	-	(7,340,000)	(7,340,000)
Total Cost	19,304,101	2,224,126	(7,340,000)	14,188,227
Accumulated amortization				
Computer program	(6,612,916)	(530,400)	-	(7,143,316)
Environmental impact study and project development cost	(1,544,947)	(561,100)	-	(2,106,047)
Total	(8,157,863)	(1,091,500)	-	(9,249,363)
Net book value	11,146,238			4,938,864
Amotization for the year				
2014				1,091,500
2013				1,150,616

	Unit: Baht			
	Separate financial statements			
	Balance as at January 1, 2014	Movement during the year		Balance as at December 31, 2014
	Increased/Transfer	Decreased/Transfer		
Cost				
Computer program	6,558,305	1,687,176	-	8,245,481
Total Cost	6,558,305	1,687,176	-	8,245,481
Accumulated amortization				
Computer program	(4,301,208)	(563,338)	-	(4,864,546)
Total	(4,301,208)	(563,338)	-	(4,864,546)
Net book value	2,257,097			3,380,935
Amotization for the year				
2014				563,338
2013				334,523

15 DEFERRED TAX ASSETS

Deferred tax assets as at December 31, comprised of:

	Unit: Baht			
	Consolidated financial statements			
	Movement increase (decrease)			
		Statement of	Other	
January 1, 2014	income	comprehensive	December 31, 2014	
		income		
Deffered tax assets :				
Trade and other receivables	132,894	(44,846)	-	88,048
Inventories	41,881	1,506,084	-	1,547,965
Employee benefit obligations	2,640,039	1,180,546	-	3,820,585
Allowance for impairment	172,872	(172,872)	-	-
Total Deffered tax assets	2,987,686	2,468,912	-	5,456,598

	Unit: Baht			
	Separate financial statements			
	Movement increase (decrease)			
		Statement of	Other	
January 1, 2014	income	comprehensive	December 31, 2014	
		income		
Deffered tax assets :				
Trade and other receivables	46,390	1,593	-	47,983
Inventories	41,293	1,381,552	-	1,422,845
Employee benefit obligations	1,209,940	1,324,068	-	2,534,008
Allowance for impairment	172,871	(172,871)	-	-
Total Deffered tax assets	1,470,494	2,534,342	-	4,004,836

Tax expenses for the years ended December 31, 2014 and 2013 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit before income tax	117,258,550	194,918,574	104,318,357	145,556,402
Income tax rate	20%	20%	20%	20%
Current income tax expense as tax rate	23,451,710	38,983,715	20,863,671	29,111,280
Non-deductible expenses by the Revenue Code	1,992,251	19,700,821	7,528,793	17,308,128
Double expenses by the Revenue Code	(2,354,774)	(996,491)	(2,223,776)	(592,022)
Dividend income	-	-	(19,583,770)	(16,000,000)
Income tax exemption from BOI	(5,823,374)	(43,010,256)	(5,823,374)	(21,135,528)
50% reduction on tax rate from BOI	-	(4,345,929)	-	(4,345,929)
Inter-company transactions	(928,166)	5,555,507	-	-
Tax losses last year that are				
not recognized as deferred tax assets	(649,726)	-	(649,726)	-
Unused tax loss	9,213,799	6,803,587	-	-
Difference from income tax rate	(1,470,494)	-	(1,470,494)	-
Income tax expense	23,431,226	22,690,954	(1,358,676)	4,345,929
The average effective tax rate	19.98%	11.64%	-1.30%	2.99%

Tax expenses for the years ended December 31, 2014 and 2013 were as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Corporate income tax	25,900,138	7,730,447	1,175,666	155,119
Deferred income taxes	(2,468,912)	14,960,507	(2,534,342)	4,190,810
Income tax expenses for the year	23,431,226	22,690,954	(1,358,676)	4,345,929

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 20% on net profit for the accounting periods beginning on January 1, 2013 to December 31, 2014. According to the Royal Decree No. 577 B.E. 2557 dated November 10, 2014, the corporate income tax rate will be continue at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015.

The Company and subsidiaries obtained promotional privileges from the Board of Investment under the Investment Promotion Act, B.E. 2520. The Company and subsidiaries are exempted from corporate income tax on profits from the promoted activity for a period of eight years commencing from the first date of commercial income and receive income tax reduction of fifty percent on the normal rate for a period of five years from the date of expiration of tax exemption.

16 BANK OVERDRAFT AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

Bank overdraft and short-term loan from financial institution as at December 31, 2014 and 2013 bear interest at the rate of MOR to MOR+1.5% per annum and MLR -2% per annum respectively, which secured by land together with construction (Note 12) as well as the transfer of the beneficiary in the insurance to the lender and also guaranteed by the subsidiary company and the directors of the company and the subsidiary.

17 TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2014 and 2013 are as follow:

	Unit: Baht			
	Consolidated financial statement		Separate financial statement	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Trade payables				
- Related parties.	-	-	73,381,312	58,517,358
- Others	492,757	8,636,348	492,757	8,636,348
Total trade payables	492,757	8,636,348	73,874,069	67,153,706
Other payables				
- Related parties.				
Account payable	-	-	829,199	-
Accrued interest expenses	-	-	-	2,448
Payable on investments	-	131,997,800	-	131,997,800
Payable for purchase of assets	-	-	-	281,464,803
Other	1,332,000	1,941,440	433,920	1,918,607
- Others.				
Payable for purchase of supplies	12,195,649	20,364,141	9,548,761	10,564,628
Payable for purchase of assets	2,476,078	3,105,006	2,476,078	2,793,223
Accrued expenses	24,231,938	24,803,284	16,596,127	10,894,188
Accrued income tax	891,920	1,010,077	739,504	385,455
Other	4,030,512	3,152,045	1,970,537	1,434,200
Total other payables	45,158,097	186,373,793	32,594,126	441,455,352
Total trade and other payables - net	45,650,854	195,010,141	106,468,195	508,609,058

18 LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS

Liabilities under financial lease agreements as at December 31, 2014 and 2013 are as follow:

	Unit: Baht			
	Consolidated financial statement		Separate financial statement	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Due within one year				
Minimum payments	10,479,006	7,245,181	4,605,606	1,819,788
Deferred interest	(1,483,410)	(1,134,255)	(598,731)	(125,205)
Liabilities under financial lease – net	8,995,596	6,110,926	4,006,875	1,694,583
Due over one year but not later than five years				
Minimum payments	24,680,062	18,726,155	10,211,908	1,226,730
Deferred interest	(1,709,214)	(1,572,777)	(716,667)	(40,987)
Liabilities under financial lease – net	22,970,848	17,153,378	9,495,241	1,185,743
Net book value of vehicle and machinery under financial lease agreements	41,559,212	29,555,581	17,110,879	5,395,153

The Group entered into lease agreements with certain companies for operating vehicles and machine. The leases agreements have the terms of 3-5 years and bear interest rates between 4.47% to 9.43% per annum. The repayment of Baht 0.92 million in the consolidated financial statements and of Baht 0.43 million in the separate financial statements will be made on a monthly basis.

19 LONG-TERM LOAN FROM FINANCIAL INSTITUTION – NET

Long-term loan from financial institution as at December 31, 2014 and 2013 are as follow:

	Unit: Baht			
	Consolidated financial statement		Separate financial statement	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Long-term loans from banks	604,529,156	787,960,702	387,151,106	532,777,774
<u>Less</u> current portion of long-term loan from financial institutions	(129,436,878)	(178,791,546)	(91,632,000)	(140,986,668)
Total long - term loan - net	475,092,278	609,169,156	295,519,106	391,791,106

The Group had long-term loans facilities as at December 31, 2014 and 2013, as follows:-

Credit Line (Million Baht)	Repayment period	Principal repayment		Interest rate (percentage per annum)	
		with interest per month (Million Baht)	No. of Installment	2014	2013
460	February 2011 - November 2014	6.39	46	MLR - 2.00	MLR - 2.00
	December 2014 - November 2020	2.28	72	1 M THBFIX+1.99%	-
	December 2020	pay all of the remaining	1	1 M THBFIX+1.99%	-
434	February 2011 - November 2013	5.17	34	MLR - 2.00	MLR - 2.00
	December 2013 - September 2020	3.15	82	MLR - 2.00	MLR - 2.00
450	January 2014 - December 2014	5.36	12	1 M THBFIX+1.99%	1 M THBFIX+1.99%
	January 2015 - December 2020	3.07	72	1 M THBFIX+1.99%	-

For the credit line of Baht 450 million, the Company has entered into interest rate SWAP 1M THBFIX + 1.99% per annum to THBFD3Month + 3.18% per annum.

The Group mortgages land together with construction, machinery and equipments as collaterals against the above loans as well as the transfer of beneficiary on the insurance to the lenders. These are also guaranteed by the directors of the Company and subsidiaries.

Under the loan agreement, the Company has to comply with loan covenants such as maintaining the debt to equity ratio and debt service coverage ratio.

20 CREDIT FACILITIES

As at December 31, 2014 and 2013, the Company and subsidiaries have the credit facilities with financial institution as below:

	Unit : Thousand Baht											
	Consolidated financial statements						Separate financial statement					
	December 31, 2014						December 31, 2014					
	Total line		Utilized		Remained		Total line		Utilized		Remained	
USD	Baht	USD	Baht	USD	Baht	USD	Baht	USD	Baht	USD	Baht	
Letter of guarantee	-	26,700	-	(5,029)	-	21,671	-	10,000	-	(1,398)	-	8,602
Joint credit line for letters of credit, trust receipts, domestic letters of credit, promissory notes and long-term loans	-	1,344,000	-	(1,344,000)	-	-	-	910,000	-	(910,000)	-	-
Overdraft	-	65,000	-	-	-	65,000	-	50,000	-	-	-	50,000
Short-term loans	-	740,000	-	-	-	740,000	-	740,000	-	-	-	740,000
Revolving credit facility for export	-	80,000	-	-	-	80,000	-	80,000	-	-	-	80,000
Hedging against exchange rate risk	-	25,000	-	-	-	25,000	-	25,000	-	-	-	25,000
Forward foreign exchange contract	21	1,032,000	-	-	21	1,032,000	21	932,000	-	-	21	932,000
Crude palm oil futures trading	-	55,000	-	-	-	55,000	-	55,000	-	-	-	55,000

Unit: Thousand Baht

	Consolidated financial statements						Separate financial statement					
	December 31, 2013						December 31, 2013					
	Total line		Utilized		Remained		Total line		Utilized		Remained	
	USD	Baht	USD	Baht	USD	Baht	USD	Baht	USD	Baht	USD	Baht
Letter of guarantee	-	20,000	-	(6,141)	-	13,859	-	5,000	-	-	-	5,000
Letter of credit	150	5,000	-	-	150	5,000	-	-	-	-	-	-
Joint credit line for letters of credit, trust receipts, domestic letters of credit, promissory notes and long-term loans	-	1,594,000	-	(1,434,000)	-	160,000	-	910,000	-	(750,000)	-	160,000
Joint credit line for short-term loans , packing credit, export bill, exchange rate risk	-	165,000	-	-	-	165,000	-	165,000	-	-	-	165,000
Overdraft	-	90,000	-	(1,988)	-	88,012	-	75,000	-	(1,988)	-	73,012
Short-term loans	-	1,010,000	-	-	-	1,010,000	-	570,000	-	-	-	570,000
Revolving credit facility for export	-	40,000	-	-	-	40,000	-	40,000	-	-	-	40,000
Forward foreign exchange contract	18,000	632,000	(27)	-	17,973	632,000	18,000	532,000	(27)	-	17,973	532,000
Hedging against exchange rate risk	-	250,000	-	-	-	250,000	-	-	-	-	-	-
Crude palm oil futures trading	-	100,000	-	-	-	100,000	-	50,000	-	-	-	50,000

21 Employee Benefits Obligations

The Group has defined benefit plan in accordance with severance payment under the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last salary.

Movements of the present value of employee benefits obligation for the years ended December 31, 2014 and 2013 are as follows:

Unit: Baht

	Post-employment benefit plan			
	Consolidated financial statements		Separate financial statements	
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
Post-employment benefit plan				
Employee benefit obligations as at beginning of the years	20,389,095	15,871,825	12,903,080	7,303,818
Current service cost recognition	1,462,857	1,766,425	936,279	894,251
Cost of interest	940,371	834,616	646,713	372,583
Loss on actuarial estimates	-	1,916,229	-	3,528,750
Employee benefits transferred from subsidiary	-	-	-	803,678
Paid during the year	(3,286,166)	-	(1,816,030)	-
Net employee benefit obligations as at end of the years	19,506,157	20,389,095	12,670,042	12,903,080

Employee benefit expenses in the statements of comprehensive income for the years ended December 31, 2014 and 2013 consisted of:

	Unit: Baht			
	Post-employment benefit plan			
	Consolidated financial statements		Separate financial statements	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cost of sales	953,956	1,414,438	598,943	753,446
Administrative expenses	1,449,269	3,102,832	984,049	4,042,138
Total employee benefits expenses	2,403,225	4,517,270	1,582,992	4,795,584
Current service cost recognition	1,462,857	1,766,425	936,279	894,251
Cost of interest	940,371	834,616	646,713	372,583
Loss on actuarial estimates	-	1,916,229	-	3,528,750
Total employee benefits expenses	2,403,228	4,517,270	1,582,992	4,795,584

Principal actuarial assumptions as at December 31, 2014 (expressed as weighted averages) are as follows:

	(Percentage/Year)	
	Consolidated	Separate
	financial statements	financial statements
Discount rate at December 31,2014		
For monthly employees	4.63 - 4.87	4.70
For daily employees	4.70 - 4.89	4.70
Monthly salary increases in the future		
For monthly employees	7.91	7.91
For daily employees	8.51	8.51
Mortality rate	As Mortality Table 2008	As Mortality Table 2008

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

22 SHARE CAPITAL

During the year 2014, the Company changed the par value from Baht 1,000 per share to Baht 1 per share resulting in the common share of the Company changed from 200,000 shares to 200,000,000 shares and increase the registered capital from Baht 200 million to Baht 800 million by the allotment of newly ordinary shares of 600,000,000 shares at the par value of Baht 1 per share resulting in the common share of the Company changed from 200,000,000 shares to 800,000,000 shares, and increased the registered capital from Baht 800 million to Baht 1,070 million resulting in the common share of the Company changed from 800,000,000 shares to 1,070,000,000 shares.

On November 14 and 17-18, 2014, the Company offered its new common shares to the public by issuing 140,000,000 share and the shares of the Company began trading in The Securities Exchange of Thailand on November 24, 2014. The Company recorded the direct expenses attributable to the initial public offering amounted of Baht 10.11 million as the deduction from the premium on share capital. As a result, the paid up share capital became Baht 940 million.

23 LEGAL RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside at least 5% of its net profit after deduction of deficit (if any) as a legal reserve until the reserve reaches 10% of the registered capital. The legal reserve is non - distributable for dividends.

24 DIVIDEND

The Company

At the Annual Shareholder's Meeting No. 1/2014 held on April 17, 2014, the meeting approved to allocate stock dividend to the Company's shareholders not exceeding 600,000 shares with the par value of Baht 1,000 per share at the ratio of 1 existing shares to 3 stock dividend or equivalent to Baht 600 million and payment of cash dividend at the rate of Baht 500 per share or not exceeding Baht 100 million. The stock and cash dividends are the dividend of not exceeding Baht 3,500 per share or equivalent to amount not exceeding Baht 700 million paid from retained earnings as of December 31, 2013 to Company's shareholders whose names appear in the register of shareholders as at December 30, 2013. This was paid on May 17, 2014.

The Company adjusted earnings per share by using the number of new shares as if the stock dividend and par value changes have been occurred since the beginning of the period of the report presentation.

Subsidiary (Vichitbhan Plantation Co., Ltd.)

At the Board of Directors' Meeting No. 10/2014 held on October 28, 2014, the subsidiary passed a resolution to pay interim dividend from the net profit from the operation as at November 30, 2014 at Baht 106 per shares, totaling Baht 18.02 million.

At the Board of Directors' Meeting No. 7/2014 held on July 25, 2014, the Board passed a resolution to pay dividend from the net profit from the operation as of August 31, 2014 at Baht 470 per share, totaling Baht 79.90 million.

At the Extraordinary Shareholders' Meeting No. 6/2013 held on November 20, 2013, the Board passed a resolution to pay dividend according to shareholdings of each shareholder before share transfer by payment from the promoted retained earnings of Baht 10.20 million and non-promoted retained earnings of Baht 142.80 million, totaling dividends of Baht 153 million.

At the subsidiary's Extraordinary Shareholders Meeting No. 1/ 2013 held on August 19, 2013, the meeting passed a resolution to pay an interim dividend from the net profit from the promoted business operation for the year 2012 and the first half of the year 2013 at Baht 700 per shares, totaling Baht 119 million.

25 FINANCIAL INFORMATION BY SEGMENT

Sectoral financial information portrays information about the Group Companies' products and geographical area that the Group Companies have operated in. The Group Companies present business sectors as main reporting format basing consideration on income, operating result and assets by sectors as they are directly related or can be apportioned to sectors reasonably.

The Group Companies operate in principle business sectors, i.e. plantation of palm trees and having factory to extract palm oil and processing of production of electricity power from renewable energy, and operate in geographical area in Thailand only. The sectoral business operations have the following details for the years ended December 31, 2014 and 2013.

Unit: Million Baht

Consolidated financial statements												
	Production and sales of crude palm oil		Production and sales of palm kernel		Electricity power from renewable energy		Logistics		Other sectors		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sales domestic	884	715	319	304	67	88	-	-	-	-	1,270	1,107
Sales export	975	2,062	-	-	-	-	-	-	-	-	975	2,062
By product sales	-	-	-	-	-	-	-	-	42	70	42	70
Total sale	1,859	2,777	319	304	67	88	-	-	42	70	2,287	3,239
Cost of sales	(1,515)	(2,362)	(238)	(300)	(74)	(75)	(15)	(6)	-	-	(1,842)	(2,743)
Gross profit	344	415	81	4	(7)	13	(15)	(6)	42	70	445	496
Interest income											1	1
Other income											17	7
Profit before expenses											463	504
Selling expenses											(40)	(63)
Administrative expense											(256)	(200)
Financial cost											(50)	(47)
Profit before financial cost and income tax											117	194
Income tax											(23)	(22)
Profit for the year											94	172
Apportionment of profit for the year												
Shareholders' equity of the Company											94	121
Non-controlling interests											-	51
											94	172
Inventories - net	26	88	2	5	3	3	-	-	27	27	58	123
Property, plant and equipment	152	152	62	52	576	627	25	29	841	942	1,656	1,802
Other assets											280	138
Total assets											1,994	2,063

26 EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2014 and 2013 are as follows:

	Unit: Baht			
	Consolidated financial statement		Separate financial statement	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Raw materials and supplies used	1,547,084,284	2,082,261,134	1,524,661,476	1,233,629,814
Changes in finished goods				
increase (decrease)	(69,746,994)	(109,026,752)	(69,746,994)	(55,272,384)
Salary and wages and				
other employee benefits	167,721,917	162,578,814	124,660,706	76,146,675
Depreciation and amortisation	182,306,036	199,039,400	128,410,938	88,628,845
Amortized palm plantation cost	228,549	213,316	71,744	71,744
Transport expense	75,393,914	113,143,735	75,393,914	65,744,513
Repair and maintenance expense	102,094,298	106,666,876	95,088,208	55,209,518
Sub-contract for plantation	37,851,633	40,715,268	14,532,029	13,520,628
Fertilizer research fee	223,052	6,782,547	223,052	99,838
Loss on inventories obsolescence	4,847,916	3,053,308	8,555,312	3,053,308
Financial cost	50,535,820	59,002,491	37,459,335	19,155,783
Impairment of investments	-	-	30,000,000	80,000,000

27 INVESTMENT PROMOTION PRIVILEGES

The Group Companies have been granted investment promotion certificates under the Promotion of Investment Act B.E.2520. The privileges so received include exemption or allowance from customs duties on machinery as approved by the Board of Investment and exemption from income tax for the profit for the year generated from the promoted business activities for a period of 8 years from the first day revenues are earned from the promoted business activities with the detail as follows:

Certificate No.	Date	Promoted activity types	Commencing date of revenues generated	Expire date
1404(2)/@./2557 (Original 1459(2)/2548)	March 31, 2014 (Original dated May 30, 2005)	Production of crude palm oil and dried palm kernel in category 1.12: Production of oil and fat from vegetables or animals	January 8, 2007	January 7, 2015
2115(2)/2551	November 27, 2008	Production of crude palm oil and dried palm kernel in category 1.12: Production of oil and fat from vegetables or animals	April 24, 2011	April 23, 2019
1662(1)/2552	July 28, 2009	Generating electricity from biogas	April 25, 2011	April 24, 2019
1474(1)/2552	March 24, 2009	Generating electricity from biogas	June 17, 2011	June 16, 2019
1405(2)/@./2557 (Original 1679(2)/2549)	March 31, 2014 (Original dated July 12, 2006)	Production of organic fertilizer in category 1.3: Production of organic fertilizer	December 11, 2013	December 10, 2021

A subsidiary has transferred the rights and investment promotion privileges certificate No. 1459(2)/2548 dated May 30, 2005 to the Company as per certificate No. 1404(2)/@./2557 dated March 31, 2014, and transferred the certificate No. 1679(2)/@./2549 dated July 12, 2006 to the Company as per certificate No. 1405(2)/@./2557 dated March 31, 2014.

Profits for the years ended December 31, 2014 and 2013 are classified into promoted business and non-promoted business as follows:

Unit: Thousand Baht

	Separate financial statements					
	Promoted		Non-promoted		Total	
	Business		Business			
	2014	2013	2014	2013	2014	2013
Sales	1,858,844	1,319,196	319,659	662,581	2,178,503	1,981,777
Sales of by product	36,297	33,232	6,934	13,731	43,231	46,963
Total sales	1,895,141	1,352,428	326,593	676,312	2,221,734	2,028,740
Cost of sales	(1,643,128)	(1,152,978)	(267,719)	(590,108)	(1,910,847)	(1,743,086)
Gross profit	252,013	199,450	58,874	86,204	310,887	285,654
Other income	10,966	1,670	102,758	99,395	113,724	101,065
Profit before expense	262,979	201,120	161,632	185,599	424,611	386,719
Selling expense	(38,976)	(27,867)	(5,822)	(13,385)	(44,798)	(41,252)
Administrative expenses	(167,147)	(60,080)	(40,888)	(40,675)	(208,035)	(100,755)
Loss on impairment of investments	-	-	(30,000)	(80,000)	(30,000)	(80,000)
Financial cost	(31,963)	(13,575)	(5,497)	(5,581)	(37,460)	(19,156)
Profit before income tax	24,893	99,598	79,425	45,958	104,318	145,556
Income tax	-	(3,945)	1,359	(401)	1,359	(4,346)
Net profit	24,893	95,653	80,784	45,557	105,677	141,210

28 FINANCIAL INSTRUMENT

Policy to manage financial risk

The Group Companies expose to risks regarding to the change of market interest rate, currency exchange rate and from nonperformance of contractual obligations by counter parties. The Group will consider to using appropriate financial instruments when it considers necessary to manage such risk. However, the Group does not have any policy to hold or issue any financial instruments for speculation or for trading.

Foreign currency risk

As at December 31, 2014 and 2013, the Group has exposure to foreign currency risks relating primarily to sales and purchases in foreign currency. The Group had the non-hedged financial assets and liabilities as follows:

Currency	Consolidated financial statements		Separate financial statements	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets				
USD	112,525	131,674	112,525	110,472
Liabilities				
USD	12,033	27,500	12,033	9,000
RM	103,932	412,034	87,152	123,832

Forward foreign exchange contracts

As at December 31, 2014 and 2013, the Group Companies had outstanding forward foreign exchange contracts with the Banks for hedging its sales and anticipated sales transactions in foreign currency. The settlement dates on open forward contracts are within six months as follows:

Hedging transaction	Foreign currency (USD)		Amount of contract (Baht)		Unrealized gain (loss) from fair value (Baht)	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Sale					
Consolidated financial statements	-	27,231	-	897,261	-	26,943
Separate financial statements	-	27,231	-	897,261	-	26,943

Interest Rate Risk

The interest rate risk is related to future movements in market interest rates that will affect the results of the Group's operations and their cash flows. The Group has exposure to interest rate risk concerning primarily with deposits with bank and borrowing from financial institution as follows:

Unit: Baht							
Consolidated financial statement							
December 31, 2014							
	Fixed interest rate			Floating		Interest rate percentate per annum	
	Within 1 year	More than 1 to 5 years	More than 5 years	interest rate	No interest rate		Total
Financial asset							
Bank deposit	-	-	-	106,449,225	1,045,736	107,494,961	0.25% - 0.60%
Total	-	-	-	106,449,225	1,045,736	107,494,961	
Financial liabilities							
Short-term loan	-	-	-	-	-	-	
Financial lease	8,995,596	22,970,848	-	-	-	31,966,444	4.47% - 9.43%
Long-term loan	-	-	-	604,529,156	-	604,529,156	MLR - 1 to -2 THBFD3MONTH+3.18%
Total	8,995,596	22,970,848	-	604,529,156	-	636,495,600	

Unit: Baht							
Consolidated financial statement							
December 31, 2013							
	Fixed interest rate			Floating		Interest rate percentate per annum	
	Within 1 year	More than 1 to 5 years	More than 5 years	interest rate	No interest rate		Total
Financial assets							
Bank deposit	-	-	-	20,763,038	823,241	21,586,279	0.25% - 0.60%
Total	-	-	-	20,763,038	823,241	21,586,279	
Financial liabilities							
Short-term loan	-	-	-	1,988,520	-	1,988,520	4.5% - MOR+1.5
Financial lease	6,110,926	17,153,378	-	-	-	23,264,304	4.48% - 8.32%
Long-term loan	-	-	-	787,960,702	-	787,960,702	MLR - 1 to -2 THBFD3MONTH+3.18%
Total	6,110,926	17,153,378	-	789,949,222	-	813,213,526	

Risk on credit provision

The majority of sales is in the form of wholesaling to companies with good credit history in term of repayment capability as the Group Companies have built up a long relationship with these clients and carefully consider the appropriated allowance for doubtful debts; thus, it is confident that the risk which the debtors will not pay is minimal.

Fair value of financial instruments

The following methods and assumptions are used to estimate a fair value of each class of the Company's financial instruments.

- Financial assets are shown at estimated fair value
- Financial liabilities are shown at the book value which is considered fair value because such liabilities will be matured in short-term and long-term loan bears the floating interest rate.

29 COMMITMENTS AND CONTIGENT LIABILITIES

Commitments on land lease agreement

As at December 31, 2014 and 2013, the Group Companies had land-lease agreements as follows:-

- A lease agreement for the term of 15 years, commencing from October 10, 2005 until October 10, 2020, and the leasing fee of Baht 850,000 payable by installments as follow:

Period 1st - 5th - Installments are payable one time in advance totaling of Baht 250,000.

Period 6th - 15th - Installments are payable of Baht 60,000 per annum.

On November 11, 2010, the Company amended the agreement by extending the leasing period from 15 years to 30 years commencing from October 10, 2005 until October 10, 2035 and the leasing fee is payable by the following installments:-

<u>Year of payment</u>	<u>Leasing fee per annum</u>	<u>Total payment in advance</u>	<u>Date of payment</u>
1 – 5	50,000	250,000	Already paid
6 – 10	60,000	300,000	Already paid
11 – 15	60,000	300,000	October 31, 2015
16 – 20	70,000	350,000	October 31, 2020
21 – 25	70,000	350,000	October 31, 2025
26 – 30	70,000	350,000	October 31, 2030

- The Company entered into a land lease agreement for the term of 10 years, commencing from May 10, 2004 until May 10, 2014, and the leasing fee of Baht 550,000 payable by installments as follows;

Period 1st - 5th - Installments are payable one time in advance for the period of 5 years of Baht 250,000.

Period 6th - 10th - Installments are payable of Baht 60,000 per annum.

- The Company entered into a land lease agreement for the term of 10 years, commencing from May 10, 2014 until May 10, 2024, and the leasing fee of Baht 950,000 payable by installments as follows;

Period 1st - 5th - Installments are payable one time in advance for the period of 5 years of Baht 450,000.

Period 6th - 10th - Installments are payable of Baht 100,000 per annum.

- The Company entered into a land lease agreement for the term of 20 years commencing from February 28, 2013 until February 28, 2033, and the leasing fee of Baht 1,435,000 payable by installments as follows;

Period 1st – 5th - Installments are payable one time in advance for the period of 5 years of Baht 350,000.

Period 6th – 15th - Installments are payable of Baht 70,000 per annum of Baht 700,000.

Period 16th – 20th - Installments are payable of Baht 77,000 per annum of Baht 385,000.

Commitments for the beneficial utilization or residing in the sanctuary

As at December 31, 2014 and 2013, the Company and one of its subsidiary have been permitted for the beneficial utilization or residing in the sanctuary of the National Rub – Ror Reserve Forest and Sa – Lui Forest, Chumphon Province, by the director-general of Royal Forest Department with the objective to plant palm trees on temporary basis. The Company was granted the area of 9,334 rais 75 square wahs, commencing from July 3, 1987 until October 17, 2015 and the subsidiary was granted the area of 19,835 rais 3 ngans 75 square wahs, commencing from January 30, 1987 until February 11, 2015. The Company has already informed the Stock Exchange of Thailand (SET) regarding the expiration date of the subsidiary's concession on February 11, 2015.

On March 20, 2014, the Company and the subsidiary filed the request for extending the period of plantation on the national forest with the Office of Natural Resources and Environment, Chumphon province according to the application process for use of the state's land.

Capital commitments

As at December 31, 2014 and 2013, the Group Companies have outstanding commitment under the construction agreements and machine purchase agreements as follows:

Unit: Million

Currencies	Consolidated financial statements				Separate financial statement			
	December 31, 2014		December 31, 2013		December 31, 2014		December 31, 2013	
	Contractual amount	Outstanding contractual obligation	Contractual amount	Outstanding contractual obligation	Contractual amount	Outstanding contractual obligation	Contractual amount	Outstanding contractual obligation
RM	-	-	0.56	0.08	-	-	0.56	0.08
EURO	0.09	0.01	0.09	0.01	-	-	-	-
USD	0.25	0.02	0.30	0.03	0.25	0.02	0.30	0.03
Baht	2.89	0.88	2.89	1.33	-	-	-	-

Commitments to deliver goods

As at December 31, 2014 and 2013, the Group had obligation to deliver goods to buyers in the forward contracts (crude palm oil, palm kernel and palm shell) for 4,656.78 tons and 3,414.77 tons respectively with contractual values total amount of Baht 53.19 million and Baht 41.93 million respectively.

Corporate guarantee

As at December 31, 2014 and 2013, the Company provides the corporate guarantee to the financial institution for the subsidiary of Baht 894 million and Baht 972 million respectively.

Bank guarantee

As at December 31, 2014 and 2013, the Company had outstanding bank guarantee issued on behalf of the company for the usage of electricity amounted Baht 5.03 million and Baht 6.14 million respectively.

30 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain assurance of shareholder, investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Company defines as result from operating activities divided by total shareholders' equity, excluding Non-controlling interests and also monitors the level of dividends to ordinary shareholders.

31 EVENT AFTER THE REPORTING PERIOD

The resolutions of the Board of Director's Meeting No. 2/2015 held on February 23, 2015:

1. Approved to pay dividend from its operations for the second half of the year 2014 of 940 million shares at Baht 0.05 per share, amounted of Baht 47 million.
2. Passed a resolution to decrease the registered share capital from Baht 1,070 million to Baht 940 million to eliminate the unissued shares.

32 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors on February 23, 2015.



Vichitbhan Palmoil Public Company Limited

www.vcbpalmoil.com