

United Palm Oil Industry Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month period ended 31 March 2019

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of United Palm Oil Industry Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of United Palm Oil Industry Public Company Limited and its subsidiaries as at 31 March 2019, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of United Palm Oil Industry Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Vilailak Laohasrisakul

Certified Public Accountant (Thailand) No. 6140

EY Office Limited

Bangkok: 8 May 2019

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		17,482	22,900	6,678	10,513
Trade and other receivables	4	21,190	11,525	21,846	11,402
Short-term loans and advance to employees		268	236	268	236
Inventories	5	88,042	65,468	88,042	65,468
Biological assets		118,292	118,520	118,292	118,520
Other current assets		15,567	11,916	9,360	8,167
<b>Total current assets</b>		<b>260,841</b>	<b>230,565</b>	<b>244,486</b>	<b>214,306</b>
<b>Non-current assets</b>					
Investment in subsidiary	6	-	-	307,895	307,895
Investment in joint venture	7	36,878	38,602	25,000	25,000
Long-term loans to other companies	8	19,780	20,240	-	-
Property, plant and equipment	9	850,425	851,124	850,425	851,124
Bearer plants	10	213,755	213,200	213,755	213,200
Intangible assets		104	130	104	130
Deferred tax assets		8,790	4,660	8,508	5,023
Other non-current assets		2,807	2,807	2,807	2,807
<b>Total non-current assets</b>		<b>1,132,539</b>	<b>1,130,763</b>	<b>1,408,494</b>	<b>1,405,179</b>
<b>Total assets</b>		<b>1,393,380</b>	<b>1,361,328</b>	<b>1,652,980</b>	<b>1,619,485</b>

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 March 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)	As at 31 March 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	11	310,000	270,000	310,000	270,000
Trade and other payables	12	32,017	22,137	315,099	305,860
Income tax payable		1,277	909	-	-
Other current liabilities		3,384	4,671	3,384	4,671
<b>Total current liabilities</b>		<b>346,678</b>	<b>297,717</b>	<b>628,483</b>	<b>580,531</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	13	13,656	13,386	13,656	13,386
<b>Total non-current liabilities</b>		<b>13,656</b>	<b>13,386</b>	<b>13,656</b>	<b>13,386</b>
<b>Total liabilities</b>		<b>360,334</b>	<b>311,103</b>	<b>642,139</b>	<b>593,917</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050	324,050	324,050	324,050
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050	324,050	324,050	324,050
Share premium		321,545	321,545	321,545	321,545
Retained earnings					
Appropriated - statutory reserve		60,805	60,805	32,405	32,405
Unappropriated		326,646	343,825	332,841	347,568
<b>Total shareholders' equity</b>		<b>1,033,046</b>	<b>1,050,225</b>	<b>1,010,841</b>	<b>1,025,568</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,393,380</b>	<b>1,361,328</b>	<b>1,652,980</b>	<b>1,619,485</b>
		-	-	-	-

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

Directors

## United Palm Oil Industry Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Revenue from contracts with customers		102,671	184,511	102,671	184,511
Gain arising from change in fair value of biological assets		-	6,912	-	6,912
Other income		3,095	3,216	2,960	3,107
<b>Total revenues</b>		<b>105,766</b>	<b>194,639</b>	<b>105,631</b>	<b>194,530</b>
<b>Expenses</b>					
Cost of sales		98,696	143,526	96,006	144,072
Selling expenses		4,611	6,029	4,611	6,029
Administrative expenses		16,244	11,154	16,094	10,715
Losses arising from change in fair value of biological assets		3,905	-	3,905	-
<b>Total expenses</b>		<b>123,456</b>	<b>160,709</b>	<b>120,616</b>	<b>160,816</b>
<b>Profit (loss) before share of profit (loss) from investment in joint venture, finance cost and income tax benefits (expenses)</b>		<b>(17,690)</b>	<b>33,930</b>	<b>(14,985)</b>	<b>33,714</b>
Share of profit (loss) from investment in joint venture	7.2	(1,724)	10,959	-	-
<b>Profit (Loss) before finance cost and income tax benefits (expenses)</b>		<b>(19,414)</b>	<b>44,889</b>	<b>(14,985)</b>	<b>33,714</b>
Finance cost		(1,460)	(1,726)	(3,227)	(4,667)
<b>Profit (loss) before income tax benefits (expenses)</b>		<b>(20,874)</b>	<b>43,163</b>	<b>(18,212)</b>	<b>29,047</b>
Income tax benefits (expenses)	14	3,695	(9,470)	3,485	(8,807)
<b>Profit (loss) for the period</b>		<b>(17,179)</b>	<b>33,693</b>	<b>(14,727)</b>	<b>20,240</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(17,179)</b>	<b>33,693</b>	<b>(14,727)</b>	<b>20,240</b>
<b>Basic earnings per share</b>					
Profit (loss) per share	15	(0.05)	0.10	(0.05)	0.06

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

(Unaudited but reviewed)

**United Palm Oil Industry Public Company Limited and its subsidiaries****Cash flow statement****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(20,874)	43,163	(18,212)	29,047
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	13,813	18,165	13,813	18,165
Share of loss (gain) from investment in joint venture	1,724	(10,959)	-	-
Loss (gain) arising from change in fair value of biological assets	3,905	(6,912)	3,905	(6,912)
Loss on write off bearer plants	-	743	-	743
Reversal of impairment loss of assets	(1,192)	-	(1,192)	-
Reduction of inventory to net realisable value (reversal)	(4,636)	1,567	(4,636)	1,567
Provision for long-term employee benefits	442	643	442	643
Interest expenses	1,460	1,726	3,227	4,667
Profit (Loss) from operating activities before changes in operating assets and liabilities	(5,358)	48,136	(2,653)	47,920
Operating assets (increase) decrease				
Trade and other receivables	(9,665)	33,515	(10,444)	33,510
Short-term loans and advance to employees	(32)	(540)	(32)	(540)
Inventories and biological assets	(21,615)	(30,404)	(21,615)	(30,404)
Other current assets	(3,558)	(2,416)	(1,163)	(962)
Operating liabilities increase (decrease)				
Trade and other payables	9,818	(1,138)	7,411	(529)
Other current liabilities	(1,287)	252	(1,287)	252
Cash paid for long-term employee benefits	(172)	(971)	(172)	(971)
Cash flows from (used in) operating activities	(31,869)	46,434	(29,955)	48,276
Cash paid for interest expenses	(1,467)	(1,751)	(1,467)	(1,751)
Cash receipt for corporate income tax	-	270	-	-
Cash paid for corporate income tax	(159)	(295)	(30)	(84)
<b>Net cash flows from (used in) operating activities</b>	<b>(33,495)</b>	<b>44,658</b>	<b>(31,452)</b>	<b>46,441</b>

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from investing activities</b>				
Decrease in long-term loans to other companies	460	460	-	-
Cash paid for acquisition of equipment and payment of payables for purchase of equipment	(9,441)	(8,922)	(9,441)	(8,922)
Increase in bearer plants	<u>(2,942)</u>	<u>(3,765)</u>	<u>(2,942)</u>	<u>(3,765)</u>
<b>Net cash flows used in investing activities</b>	<u>(11,923)</u>	<u>(12,227)</u>	<u>(12,383)</u>	<u>(12,687)</u>
<b>Cash flows from financing activities</b>				
Increases (decrease) in short-term loans from financial institutions	<u>40,000</u>	<u>(60,000)</u>	<u>40,000</u>	<u>(60,000)</u>
<b>Net cash flows from (used in) financing activities</b>	<u>40,000</u>	<u>(60,000)</u>	<u>40,000</u>	<u>(60,000)</u>
<b>Net decrease in cash and cash equivalents</b>	(5,418)	(27,569)	(3,835)	(26,246)
Cash and cash equivalents at beginning of period	<u>22,900</u>	<u>111,729</u>	<u>10,513</u>	<u>56,111</u>
<b>Cash and cash equivalents at end of period</b>	<u>17,482</u>	<u>84,160</u>	<u>6,678</u>	<u>29,865</u>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash transaction				
Purchase of equipment for which no cash has been paid	1,648	1,454	1,648	1,454

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

(Unaudited but reviewed)

## United Palm Oil Industry Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements				
	Issued and paid-up	Share	Retained earnings		Total
	share capital	premium	Appropriated	Unappropriated	
<b>Balance as at 1 January 2018</b>	324,050	321,545	60,805	362,192	1,068,592
Profit for the period	-	-	-	33,693	33,693
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	33,693	33,693
<b>Balance as at 31 March 2018</b>	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>395,885</u>	<u>1,102,285</u>
<b>Balance as at 1 January 2019</b>	324,050	321,545	60,805	343,825	1,050,225
Loss for the period	-	-	-	(17,179)	(17,179)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(17,179)	(17,179)
<b>Balance as at 31 March 2019</b>	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>326,646</u>	<u>1,033,046</u>

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and paid-up	Share	Retained earnings		Total
	share capital	premium	Appropriated	Unappropriated	
<b>Balance as at 1 January 2018</b>	324,050	321,545	32,405	340,497	1,018,497
Profit for the period	-	-	-	20,240	20,240
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	20,240	20,240
<b>Balance as at 31 March 2018</b>	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>360,737</u>	<u>1,038,737</u>
<b>Balance as at 1 January 2019</b>	324,050	321,545	32,405	347,568	1,025,568
Loss for the period	-	-	-	(14,727)	(14,727)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(14,727)	(14,727)
<b>Balance as at 31 March 2019</b>	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>332,841</u>	<u>1,010,841</u>

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



## **United Palm Oil Industry Public Company Limited and its subsidiaries**

### **Notes to interim financial statements**

#### **For the three-month period ended 31 March 2019**

#### **1. General information**

##### **1.1 Corporate information**

United Palm Oil Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Lam Soon (Thailand) Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture of crude palm oil and crude palm kernel oil. The registered office of the Company is at 64, Soi Bangna-Trad 25, Bangnanua Sub-district, Bangna District, Bangkok. Branch office and factory are located at 98 Moo 6, Nuaklong-Khao Phanom Road, Huayyoong Sub-district, Nuaklong District, Krabi Province.

##### **1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

##### **1.3 Basis of consolidation**

The consolidated financial statements include the financial statements of United Palm Oil Industry Public Company Limited and its subsidiaries have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018, there were no changes in the composition of the group during the current period.

## 1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

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

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

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

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

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

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

## **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

### **TFRS 16 Leases**

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## 2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

## 3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policies
	Consolidated		Separate		
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with parent company</u>					
Sales of crude palm oil and crude palm kernel oil	92	63	92	63	Market price on the contract's date
Sales of fresh fruit bunch	-	1	-	1	Market price on the contract's date
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Palm plantation rental expenses	-	-	2	2	Contract price
Interest charged	-	-	2	3	THBFIX + 1% per annum
<u>Transactions with joint venture</u>					
Purchases of oil palm seeds and fresh fruit bunch	1	1	1	1	Market prices

The balances of the accounts as at 31 March 2019 and 31 December 2018 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<b><u>Trade and other receivables - related parties (Note 4)</u></b>				
Parent company	12,770	-	12,770	-
Subsidiary	-	-	791	-
Total trade and other receivables - related parties	12,770	-	13,561	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<b><u>Trade and other payables - related party (Note 12)</u></b>				
Subsidiary	-	-	287,786	285,105
Total trade and other payables - related party	-	-	287,786	285,105

#### Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, the Company had short-term employee benefits expenses and post-employment benefits expenses payable to its directors and management totaling Baht 5 million and Baht 5 million, respectively.

#### 4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	12,770	-	12,770	-
Total trade receivables - related party (Note 3)	12,770	-	12,770	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	6,651	11,220	6,651	11,220
Total trade receivables - unrelated parties	6,651	11,220	6,651	11,220
Total trade receivables	19,421	11,220	19,421	11,220
<u>Other receivables</u>				
Advance - related party (Note 3)	-	-	791	-
Accrued income	1,769	305	1,634	182
Other receivables	1,769	305	2,425	182
Trade and other receivables	21,190	11,525	21,846	11,402

**5. Allowance for diminution in value of inventories**

Movements of the allowance for diminution in value of inventories account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at 1 January 2019	5,785
Less: Reversal of Allowance for diminution in value of inventories for the period	(4,636)
Balance as at 31 March 2019	<u>1,149</u>

**6. Investment in subsidiary**

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Million Baht)	(Million Baht)	(%)	(%)		
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895
Total					<u>307,895</u>	<u>307,895</u>

**7. Investment in joint venture****7.1 Details of investment in joint venture**

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	36,878	38,602
Total				<u>25,000</u>	<u>25,000</u>	<u>36,878</u>	<u>38,602</u>

		(Unit: Thousand Baht)			
		Separate financial statements			
Joint venture	Nature of business	Shareholding percentage		Cost	
		31 March 2019 (%)	31 December 2018 (%)	31 March 2019	31 December 2018
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000
Total				25,000	25,000

## 7.2 Share of comprehensive income

During the three-month periods ended 31 March 2019 and 2018, the Company recognised its share of comprehensive income from investment in joint venture in the consolidated financial statements as follows:

		(Unit: Thousand Baht)	
		Consolidated financial statements	
Joint venture		Share of profit (loss) from investment in joint venture during the three-month period ended 31 March	
		2019	2018
Siam Elite Palm Co., Ltd.		(1,724)	10,959
Total		(1,724)	10,959

## 8. Long-term loans to other companies

As at 31 March 2019, a subsidiary had loans to other companies of Baht 20 million (31 December 2018: Baht 20 million). The loans have no collateral and carry interest at a rate of THBFIX plus 1% per annum. Principal payments are to be made at the end of June and December each year, with the final payment due in June 2040.

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2019 are summarised below.

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statements	financial statements
<b>Net book value as at 1 January 2019</b>		851,124	851,124
Acquisitions during period - at cost		9,509	9,509
Depreciation for the period		(10,208)	(10,208)
<b>Net book value as at 31 March 2019</b>		850,425	850,425

**10. Bearer plants**

Movements of the bearer plants account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2019</b>	213,200	213,200
Increase during the period - at cost	2,942	2,942
Amortisation for the period	(3,579)	(3,579)
Reversal of allowance for impairment loss	1,192	1,192
<b>Net book value as at 31 March 2019</b>	<b>213,755</b>	<b>213,755</b>

A permit from Royal Forest Department granted to a subsidiary company for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary has leased the land of 13,030 rai to the company for utilisation. The subsidiary company is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 27 April 2018, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 26 April 2019 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

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

**11. Short-term loans from financial institutions**

	(Unit: Thousand Baht)			
	Interest rate		Consolidated/Separate	
	(Percent per annum)		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Short-term loans from financial institutions	2.15 - 2.25	1.85 - 2.25	310,000	270,000
Total			310,000	270,000



**12. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Trade payables - unrelated parties	10,358	7,984	10,358	7,984
Payables for purchase of machineries				
- unrelated parties	1,648	1,580	1,648	1,580
Other payables - related parties (Note 3)	-	-	287,786	285,105
Other payables - unrelated parties	1,969	1,402	1,969	1,402
Accrued expenses	18,042	11,171	13,338	9,789
<b>Total trade and other payables</b>	<b>32,017</b>	<b>22,137</b>	<b>315,099</b>	<b>305,860</b>

**13. Provision for long-term employee benefits**

Movements of provision for long-term employee benefits during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
<b>Balance as at 1 January 2019</b>	13,386
Current service cost	352
Interest cost	90
Benefits paid during the period	(172)
<b>Balance as at 31 March 2019</b>	<b>13,656</b>

**14. Income tax**

Income tax expenses for the three-month period ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	435	635	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(4,130)	8,835	(3,485)	8,807
<b>Income tax expense (benefits) reported in the statements of comprehensive income</b>	<u>(3,695)</u>	<u>9,470</u>	<u>(3,485)</u>	<u>8,807</u>

**15. Earnings per share**

Basic earnings per share is calculated by dividing profit (loss) for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**16. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiaries' business operations involve two principal segments (1) oil palm plantation, crude palm oil and crude palm kernel oil processing (2) generation of electricity from biogases and biomasses. These activities are carried on exclusively in the single geographic area of Thailand. During the periods, there were no material activities pertaining to the generation of electricity from biogases and biomasses segment for the Company and its subsidiaries. Accordingly, most of the revenues, profit and assets as reflected in these financial statements pertain to the industry segment (1) and geographic area mentioned above.

**17. Dividends**

On 21 February 2019, a meeting of the Company's Board of Directors approved the proposal of a final dividend in respect of earnings for the year 2018 of Baht 0.08 per share, or a total of Baht 26 million, to be paid to the shareholders on 23 May 2019. This proposed dividend was approved by resolution of Annual General Meeting of shareholders on 26 April 2019 and will be recorded in the second quarter.

**18. Commitments and contingent liabilities****18.1 Capital commitments**

As at 31 March 2019, the Company had capital commitments of approximately Baht 1 million relating to the purchase of machine and equipment (31 December 2018: Baht 2 million relating to the acquisition of machine, equipment and vehicles.).

**18.2 Operating lease commitments**

The Company and its subsidiary have entered into lease agreements in respect of land. The terms of the agreements are 14 and 30 years. The Company and its subsidiary required to comply with conditions stipulated in the contracts.

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	6	5	7	7
In over 1 and up to 5 years	12	10	16	16
In over 5 years	61	13	21	22

**18.3 Guarantees**

As at 31 March 2019, there were outstanding bank guarantees of approximately Baht 3 million (31 December 2018: Baht 4 million) issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business.

## 19. Land exploit right

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

On 15 October 2005, the Company submitted related documents to ALRO to verify the right over the land. Consequently, ALRO sent a letter to the Company regarding the distribution of land. The land of 4,994.10 rai had been distributed. However, the Company found that the distribution of the land of about 1,459 rai, with the approximately cost of land and the net book value of the oil palm on such land as at 31 March 2019 totally Baht 8 million, was in conflict with the Company's land title deed. The Company is now processing with ALRO to nullify the status of being land under Sor Por Kor.

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

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

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

## **20. Litigation**

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

According to the law-suit, in the case where the Company is ordered by the Court to return the land, the damage which will arise from the cost of land and palm plantation is Baht 27.3 million. The management has determined the allowance for such damage and had set aside the full amount of allowance in the 2018 financial statements.

## **21. Event after the reporting period**

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 6.9 million as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

## **22. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 May 2019.