

United Palm Oil Industry Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 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 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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 periods. 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: 7 November 2019

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		39,745	22,900	29,405	10,513
Trade and other receivables	4	1,304	11,525	1,191	11,402
Short-term loans and advance to employees		311	236	311	236
Inventories	5	138,192	65,468	138,192	65,468
Biological assets		74,177	118,520	74,177	118,520
Other current assets		13,245	11,916	8,196	8,167
Total current assets		266,974	230,565	251,472	214,306
Non-current assets					
Investment in subsidiary	6	-	-	307,895	307,895
Investment in joint venture	7	29,054	38,602	25,000	25,000
Long-term loans to other companies	8	19,320	20,240	-	-
Property, plant and equipment	9	844,039	851,124	844,039	851,124
Bearer plants	10	211,255	213,200	211,255	213,200
Intangible assets		72	130	72	130
Deferred tax assets		10,017	4,660	9,734	5,023
Other non-current assets		2,802	2,807	2,802	2,807
Total non-current assets		1,116,559	1,130,763	1,400,797	1,405,179
Total assets		1,383,533	1,361,328	1,652,269	1,619,485

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 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>30 September 2019</u>	<u>31 December 2018</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	11	325,000	270,000	325,000	270,000
Trade and other payables	12	31,154	22,137	306,492	305,860
Income tax payable		350	909	-	-
Other current liabilities		2,981	4,671	2,981	4,671
Total current liabilities		<u>359,485</u>	<u>297,717</u>	<u>634,473</u>	<u>580,531</u>
Non-current liabilities					
Provision for long-term employee benefits	13	17,012	13,386	17,012	13,386
Total non-current liabilities		<u>17,012</u>	<u>13,386</u>	<u>17,012</u>	<u>13,386</u>
Total liabilities		<u>376,497</u>	<u>311,103</u>	<u>651,485</u>	<u>593,917</u>
Shareholders' equity					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		<u>324,050</u>	<u>324,050</u>	<u>324,050</u>	<u>324,050</u>
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		300,636	343,825	322,784	347,568
Total shareholders' equity		<u>1,007,036</u>	<u>1,050,225</u>	<u>1,000,784</u>	<u>1,025,568</u>
Total liabilities and shareholders' equity		<u>1,383,533</u>	<u>1,361,328</u>	<u>1,652,269</u>	<u>1,619,485</u>
		-	-	-	-

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

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Directors
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(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Revenue from contracts with customers		121,819	116,052	121,819	116,052
Other income		4,359	4,322	4,246	4,206
Total revenues		<u>126,178</u>	<u>120,374</u>	<u>126,065</u>	<u>120,258</u>
Expenses					
Cost of sales		120,659	141,984	121,157	142,529
Selling and distribution expenses		4,948	4,950	4,948	4,950
Administrative expenses		10,888	14,436	10,842	14,274
Loss arising from change in fair value of biological assets		4,357	9,339	4,357	9,339
Total expenses		<u>140,852</u>	<u>170,709</u>	<u>141,304</u>	<u>171,092</u>
Loss before share of loss from investment in joint venture, finance cost and income tax benefits					
Share of loss from investment in joint venture	7.2	(888)	(508)	-	-
Loss before finance cost and income tax benefits		<u>(15,562)</u>	<u>(50,843)</u>	<u>(15,239)</u>	<u>(50,834)</u>
Finance cost		(1,822)	(1,643)	(3,430)	(3,081)
Loss before income tax benefits		<u>(17,384)</u>	<u>(52,486)</u>	<u>(18,669)</u>	<u>(53,915)</u>
Income tax benefits	14	4,174	10,436	4,582	10,786
Loss for the period		<u>(13,210)</u>	<u>(42,050)</u>	<u>(14,087)</u>	<u>(43,129)</u>
Other comprehensive income for the period					
		-	-	-	-
Total comprehensive income for the period		<u>(13,210)</u>	<u>(42,050)</u>	<u>(14,087)</u>	<u>(43,129)</u>
Basic earnings per share					
Loss per share	15	<u>(0.04)</u>	<u>(0.13)</u>	<u>(0.04)</u>	<u>(0.13)</u>

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 comprehensive income

For the nine-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Revenue from contracts with customers		400,327	525,577	400,327	525,577
Other income					
Dividend income	6, 7	-	-	16,781	43,597
Others		15,628	12,729	15,229	12,305
Total revenues		415,955	538,306	432,337	581,479
Expenses					
Cost of sales		322,660	446,381	320,953	448,019
Selling and distribution expenses		16,590	19,755	16,590	19,755
Administrative expenses		43,403	36,629	43,159	35,946
Impairment loss of assets		-	28,536	-	28,536
Losses arising from change in fair value of biological assets		44,917	6,267	44,917	6,267
Total expenses		427,570	537,568	425,619	538,523
Profit (loss) before share of profit (loss) from investment in joint venture, finance cost and income tax benefits					
		(11,615)	738	6,718	42,956
Share of profit (loss) from investment in joint venture	7.2	(4,548)	11,786	-	-
Profit (loss) before finance cost and income tax benefits					
		(16,163)	12,524	6,718	42,956
Finance cost		(5,200)	(5,131)	(10,289)	(12,483)
Profit (loss) before income tax benefits					
		(21,363)	7,393	(3,571)	30,473
Income tax benefits	14	4,098	1,158	4,711	2,913
Profit (loss) for the period					
		(17,265)	8,551	1,140	33,386
Other comprehensive income for the period					
		-	-	-	-
Total comprehensive income for the period					
		(17,265)	8,551	1,140	33,386
Basic earnings per share					
	15				
Profit (loss) per share		(0.05)	0.03	0.00	0.10

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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit (loss) before tax	(21,363)	7,393	(3,571)	30,473
Adjustments to reconcile profit (loss) before tax to net cash provided by operating activities:				
Depreciation and amortisation	37,526	51,408	37,526	51,407
Share of loss (gain) from investment in joint venture	4,548	(11,786)	-	-
Loss arising from change in fair value of biological assets	44,917	6,267	44,917	6,267
Loss on write off bearer plants	-	861	-	861
Reduction of inventory to net realisable value (reversal)	(4,068)	21,023	(4,068)	21,023
Impairment loss of assets	-	28,536	-	28,536
Gain on disposals of equipment and vehicle	(4,466)	(821)	(4,466)	(821)
Provision for termination benefits and provision for long-term employee benefits	8,467	1,929	8,467	1,929
Dividend Income	-	-	(16,781)	(43,597)
Interest expenses	5,200	5,131	10,289	12,483
Profit from operating activities before changes in operating assets and liabilities	70,761	109,941	72,313	108,561
Operating assets (increase) decrease				
Trade and other receivables	10,221	20,943	10,211	20,951
Short-term loans and advance to employees	(75)	28	(75)	28
Inventories and biological assets	(69,230)	(26,197)	(69,230)	(26,197)
Other current assets	(1,003)	1,385	108	1,647
Other non-current assets	5	(110)	5	(110)
Operating liabilities increase (decrease)				
Trade and other payables	10,175	(5,548)	9,186	(3,344)
Other current liabilities	(1,690)	(773)	(1,690)	(773)
Cash paid for termination benefits and long-term employee benefits	(4,841)	(4,075)	(4,841)	(4,075)
Cash flows from operating activities	14,323	95,594	15,987	96,688
Cash paid for interest expenses	(5,218)	(5,143)	(17,703)	(5,143)
Cash receipt for corporate income tax	-	270	-	-
Cash paid for corporate income tax	(2,144)	(6,517)	(137)	(3,882)
Net cash flows from (used in) operating activities	<u>6,961</u>	<u>84,204</u>	<u>(1,853)</u>	<u>87,663</u>

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 nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease in long-term loans to other companies	920	920	-	-
Proceeds from disposals of equipment and vehicle	5,204	1,060	5,204	1,060
Cash paid for acquisition of equipment and payment of payables for purchase of equipment	(24,197)	(25,714)	(24,197)	(25,714)
Increase in bearer plants	(6,119)	(12,458)	(6,119)	(12,458)
Dividend received	5,000	2,500	16,781	43,597
Net cash flows from (used in) investing activities	(19,192)	(33,692)	(8,331)	6,485
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	55,000	(100,000)	55,000	(100,000)
Dividend paid	(25,924)	(32,405)	(25,924)	(32,405)
Net cash flows from (used in) financing activities	29,076	(132,405)	29,076	(132,405)
Net increase (decrease) in cash and cash equivalents	16,845	(81,893)	18,892	(38,257)
Cash and cash equivalents at beginning of period	22,900	111,729	10,513	56,111
Cash and cash equivalents at end of period	39,745	29,836	29,405	17,854
	-		-	
Supplemental cash flows information:				
Non-cash transaction				
Purchase of equipment for which no cash has been paid	440	707	440	707

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 nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements				
	Issued and	Share	Retained earnings		Total
	paid-up	premium	Appropriated	Unappropriated	
share capital	premium	Appropriated	Unappropriated	Total	
Balance as at 1 January 2018	324,050	321,545	60,805	362,192	1,068,592
Dividend paid (Note 17)	-	-	-	(32,405)	(32,405)
Profit for the period	-	-	-	8,551	8,551
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,551	8,551
Balance as at 30 September 2018	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>338,338</u>	<u>1,044,738</u>
Balance as at 1 January 2019	324,050	321,545	60,805	343,825	1,050,225
Dividend paid (Note 17)	-	-	-	(25,924)	(25,924)
Loss for the period	-	-	-	(17,265)	(17,265)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(17,265)	(17,265)
Balance as at 30 September 2019	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>300,636</u>	<u>1,007,036</u>

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and	Share	Retained earnings		Total
	paid-up	premium	Appropriated	Unappropriated	
share capital	premium	Appropriated	Unappropriated	Total	
Balance as at 1 January 2018	324,050	321,545	32,405	340,497	1,018,497
Dividend paid (Note 17)	-	-	-	(32,405)	(32,405)
Profit for the period	-	-	-	33,386	33,386
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	33,386	33,386
Balance as at 30 September 2018	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>341,478</u>	<u>1,019,478</u>
Balance as at 1 January 2019	324,050	321,545	32,405	347,568	1,025,568
Dividend paid (Note 17)	-	-	-	(25,924)	(25,924)
Profit for the period	-	-	-	1,140	1,140
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,140	1,140
Balance as at 30 September 2019	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>322,784</u>	<u>1,000,784</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 and nine-month periods ended 30 September 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 financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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)

	Consolidated financial statements				Transfer pricing policies
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2019	2018	2019	2018	
<u>Transactions with parent company</u>					
Sales of crude palm oil and crude palm kernel oil	114	94	324	359	Market price on the contract's date
Sales of fresh fruit bunch	-	-	-	1	Market price on the contract's date
<u>Transactions with joint venture</u>					
Purchases of oil palm seeds and fresh fruit bunch	-	7	1	13	Market prices

(Unit: Million Baht)

	Separate financial statements				Transfer pricing policies
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2019	2018	2019	2018	
<u>Transactions with parent company</u>					
Sales of crude palm oil and crude palm kernel oil	114	94	324	359	Market price on the contract's date
Sales of fresh fruit bunch	-	-	-	1	Market price on the contract's date
<u>Transactions with subsidiary company</u> (eliminated from the consolidated financial statements)					
Dividend income	-	-	12	41	As declared by subsidiary
Palm plantation rental expenses	1	1	5	5	Contract price
Interest charged	1	1	5	7	THB FIX + 1% per annum (2018: MLR - 1.5% per annum and THB FIX + 1% per annum)
<u>Transactions with joint venture</u>					
Dividend income	-	-	5	3	As declared by joint venture
Purchases of oil palm seeds and fresh fruit bunch	-	7	1	13	Market prices

The balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade and other payables - related party (Note 12)</u>				
Subsidiary	-	-	280,501	285,105
Total trade and other payables - related party	-	-	280,501	285,105

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2019, the Company had short-term employee benefits expenses and post-employment benefits expenses payable to its directors and management totaling Baht 4 million and Baht 14 million, respectively (2018: Baht 5 million and Baht 15 million, respectively).

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	704	11,220	704	11,220
Total trade receivables - unrelated parties	704	11,220	704	11,220
Total trade receivables	704	11,220	704	11,220
<u>Other receivables</u>				
Accrued income	600	305	487	182
Total other receivables	600	305	487	182
Trade and other receivables	1,304	11,525	1,191	11,402

5. Allowance for diminution in value of inventories

Movements of the allowance for diminution in value of inventories account during the nine-month period ended 30 September 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	(4,068)
Balance as at 30 September 2019	<u>1,717</u>

6. Investment in subsidiary

Company's name	(Unit: Thousand Baht)					
	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(Million Baht)	(Million Baht)	(%)	(%)		
Phansrivivat Co., Ltd.	274	274	100	100	<u>307,895</u>	<u>307,895</u>
Total					<u>307,895</u>	<u>307,895</u>

During the nine-month periods ended 30 September 2019, the Company received dividend income from its subsidiary by Baht 12 million (2018: Baht 41 million).

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:

Joint venture	Nature of business	(Unit: Thousand Baht)					
		Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	<u>25,000</u>	<u>25,000</u>	<u>29,054</u>	<u>38,602</u>
Total				<u>25,000</u>	<u>25,000</u>	<u>29,054</u>	<u>38,602</u>

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		30 September 2019	31 December 2018	30 September 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 and nine-month periods ended 30 September 2019 and 2018, the Company recognised its share of comprehensive income from investment in joint venture and dividend income in the financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements		Separate financial statements	
	Share of loss from investment in joint venture during the three-month periods ended 30 September		Dividend received during the three-month periods ended 30 September	
	2019	2018	2019	2018
Siam Elite Palm Co., Ltd.	(888)	(508)	-	-
Total	(888)	(508)	-	-

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investment in joint venture during the nine-month periods ended 30 September		Dividend received during the nine-month periods ended 30 September	
	2019	2018	2019	2018
Siam Elite Palm Co., Ltd.	(4,548)	11,786	5,000	2,500
Total	(4,548)	11,786	5,000	2,500

8. Long-term loans to other companies

As at 30 September 2019, a subsidiary had loans to other companies of Baht 19 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 nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2019	851,124	851,124
Acquisitions during period - at cost	23,057	23,057
Disposals during the period - net book value at disposal date	(738)	(738)
Depreciation for the period	(29,404)	(29,404)
Net book value as at 30 September 2019	<u>844,039</u>	<u>844,039</u>

10. Bearer plants

Movements of the bearer plants account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2019	213,200	213,200
Increase during the period - at cost	6,119	6,119
Amortisation for the period	(8,064)	(8,064)
Net book value as at 30 September 2019	<u>211,255</u>	<u>211,255</u>

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

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

11. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate		Consolidated/Separate	
	(Percent per annum)		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Short-term loans from financial institutions	2.00 - 2.15	1.85 - 2.25	325,000	270,000
Total			325,000	270,000

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Trade payables - unrelated parties	4,537	7,984	4,537	7,984
Payables for purchase of machineries				
- unrelated parties	440	1,580	440	1,580
Other payables - related parties				
(Note 3)	-	-	280,501	285,105
Other payables - unrelated parties	4,772	1,402	4,772	1,402
Accrued expenses	21,405	11,171	16,242	9,789
Total trade and other payables	31,154	22,137	306,492	305,860

13. Provision for long-term employee benefits

Movements of provision for long-term employee benefits during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Balance as at 1 January 2019	13,386
Current service cost	1,056
Interest cost	270
Past service cost	6,926
Termination benefits	(1,727)
Benefits paid during the period	(2,899)
Balance as at 30 September 2019	<u>17,012</u>

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 reflected the effect of the change by recognising past service costs as expenses in the statement of comprehensive income.

The Company had obligations in respect of compensations payable to employees who voluntarily participated in early retirement schemes. The Company considered these compensations as termination benefits and recorded additional compensations to employees as expenses.

14. Income tax

Income tax benefits for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	2019	2018	2019	2018
	financial statements		financial statements	
Current income tax:				
Interim corporate income tax charge	399	(2,319)	-	(2,642)
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,573)	(8,117)	(4,582)	(8,144)
Income tax benefits reported in the statement of comprehensive income	(4,174)	(10,436)	(4,582)	(10,786)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	2019	2018	2019	2018
	financial statements		financial statements	
Current income tax:				
Interim corporate income tax charge	1,259	2,603	-	931
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,357)	(3,761)	(4,711)	(3,844)
Income tax benefits reported in the statement of comprehensive income	(4,098)	(1,158)	(4,711)	(2,913)

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

Dividends	Approved by	Total dividends	Dividends per share
		(Million Baht)	(Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	32	0.10
Total dividend paid for the period ended 30 September 2018		32	0.10
Final dividends for 2018	Annual General Meeting of the shareholders on 26 April 2019	26	0.08
Total dividend paid for the period ended 30 September 2019		26	0.08

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

As at 30 September 2019, the Company had capital commitments of approximately Baht 1.7 million relating to the purchase of equipment (31 December 2018: Baht 2.1 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.

Payable	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
In up to 1 year	5	5	5	7
In over 1 and up to 5 years	13	10	16	16
In over 5 years	59	13	19	22

18.3 Guarantees

As at 30 September 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 30 September 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.

On 2 August 2019, Krabi Provincial Court ordered the dismissal of the case but the Company is ordered by the Court to return the land. However, the damage which arises from the cost of land and palm plantation is Baht 26.5 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. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 7 November 2019.