

United Palm Oil Industry Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019

Independent Auditor's Report

To the Shareholders of United Palm Oil Industry Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of United Palm Oil Industry Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of United Palm Oil Industry Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Palm Oil Industry Public Company Limited and its subsidiaries and of United Palm Oil Industry Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Recognition of revenue from sales to related party

As described in Note 6 to the financial statements, the Company had sales of crude palm oil and crude palm kernel oil to its parent company totaling approximately for Baht 431 million during the current year, accounting for 79% of total revenues from contracts with customers. Such related party transactions could give rise to doubt as to the arm's length nature of the business transactions between the parties and there is a potential risk with respect to the amount of revenue recognised.

I have performed the following audit procedures regarding whether revenue was recognised on the basis of selling prices that are equivalent to the market prices of the goods:

- Assessed the processes used by management to set prices and record related party transactions.
- Read contracts and agreements with related party to understand the nature of the transactions.
- Examined the market prices used as a reference in setting the transfer prices for sales transactions occurring during the year.
- Examined credit notes that the Company issued during the year and after the year-end.
- Performed analytical procedures on disaggregated data to consider possible irregularities in sales transactions, particularly for accounting entries made through journal vouchers.

In addition, I reviewed the disclosure of information with respect to the related party transactions in the notes to the financial statements.

Fair value measurement of biological assets - palm fruit on trees

As described in Note 10 to the financial statements, the value of the biological assets - palm fruit on trees as of 31 December 2019 was Baht 31 million, which is a significant amount. The fair value measurement of biological assets - palm fruit on trees requires the use of estimates and assumptions, which included estimated harvesting volume and the selling price at each points of harvest, with consideration of whether these correspond with the nature and circumstances of the biological asset being measured, based on judgements made by the Company's agricultural officers and management as to the basis and assumptions relevant to the estimations.

There may be a risk with respect to the value of biological assets.

I gained an understanding of, assessed and tested controls of the Company related to the fair value estimation of the biological assets, including assessment of the methods applied by the Company to estimate data, set assumptions and calculate values. I reviewed the fair values by evaluating the data estimates and assumptions used in the valuation based on inquiry of the Company's agricultural officers and management, comparative analysis with historical data, and by testing the calculation. In addition, I reviewed the disclosure of information with respect to the fair value measurement of biological assets in the notes to the financial statements.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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



Vilailak Laohasrisakul

Certified Public Accountant (Thailand) No. 6140

EY Office Limited

Bangkok: 20 February 2020

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	21,000,585	22,900,489	10,080,600	10,512,742
Trade and other receivables	8	30,471,223	11,524,852	30,360,468	11,401,496
Current portion of financial lease receivables		330,650	-	330,650	-
Short-term loans and advance to employees		300,385	236,206	300,385	236,206
Inventories	9	82,814,927	65,468,210	82,814,927	65,468,210
Biological assets	10	90,928,591	118,519,826	90,928,591	118,519,826
Other current assets		12,264,073	11,915,311	8,288,803	8,166,823
Total current assets		238,110,434	230,564,894	223,104,424	214,305,303
Non-current assets					
Financial lease receivables - long-term portion		640,732	-	640,732	-
Investment in subsidiary	11	-	-	307,895,303	307,895,303
Investment in joint venture	12	26,709,841	38,601,652	25,000,000	25,000,000
Long-term loan to other company	13	19,320,000	20,240,000	-	-
Property, plant and equipment	14	841,931,040	851,124,025	841,930,714	851,123,699
Bearer plants	15	204,034,766	213,199,927	204,034,766	213,199,927
Intangible assets		63,623	130,402	63,623	130,402
Deferred tax assets	19	6,569,983	4,660,530	6,295,393	5,023,553
Other non-current assets		2,801,010	2,806,500	2,801,010	2,806,500
Total non-current assets		1,102,070,995	1,130,763,036	1,388,661,541	1,405,179,384
Total assets		1,340,181,429	1,361,327,930	1,611,765,965	1,619,484,687

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 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	275,000,000	270,000,000	275,000,000	270,000,000
Trade and other payables	17	22,973,869	22,137,042	300,627,843	305,859,545
Income tax payable		675,764	908,892	-	-
Other current liabilities		2,857,381	4,670,607	2,857,381	4,670,607
Total current liabilities		301,507,014	297,716,541	578,485,224	580,530,152
Non-current liabilities					
Provision for long-term employee benefits	18	19,108,330	13,386,526	19,108,330	13,386,526
Total non-current liabilities		19,108,330	13,386,526	19,108,330	13,386,526
Total liabilities		320,615,344	311,103,067	597,593,554	593,916,678
Shareholders' equity					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Share premium		321,544,740	321,544,740	321,544,740	321,544,740
Retained earnings					
Appropriated - statutory reserve	20	60,805,000	60,805,000	32,405,000	32,405,000
Unappropriated		313,166,345	343,825,123	336,172,671	347,568,269
Total shareholders' equity		1,019,566,085	1,050,224,863	1,014,172,411	1,025,568,009
Total liabilities and shareholders' equity		1,340,181,429	1,361,327,930	1,611,765,965	1,619,484,687

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 year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Revenues from contracts with customers	22	545,848,253	628,626,518	545,848,253	628,626,518
Gain arising from change in fair value of biological assets		-	39,271,402	-	39,271,402
Other income					
Dividend income	11, 12	-	-	16,781,138	43,596,999
Others		17,820,858	15,346,290	17,290,606	14,774,602
Total revenues		563,669,111	683,244,210	579,919,997	726,269,521
Expenses					
Cost of sales		443,359,372	569,670,956	442,151,994	571,854,981
Selling and distribution expenses		21,383,884	24,060,914	21,383,884	24,060,914
Administrative expenses		61,086,135	49,023,182	60,780,524	48,293,102
Impairment loss of assets	27.5	698,969	28,536,004	698,969	28,536,004
Loss arising from change in fair value of biological assets		26,864,185	-	26,864,185	-
Total expenses		553,392,545	671,291,056	551,879,556	672,745,001
Profit before share of profit (loss) of a joint venture, finance cost and income tax benefits (expenses)					
Share of profit (loss) of a joint venture	12	(6,813,861)	9,507,253	-	-
Profit before finance cost and income tax benefits (expenses)					
Finance cost		(6,790,082)	(6,712,671)	(13,404,040)	(15,501,652)
Profit (loss) before income tax benefits (expenses)		(3,327,377)	14,747,736	14,636,401	38,022,868
Income tax benefits (expenses)	19	(225,611)	(709,908)	995,839	1,453,579
Profit (loss) for the year		(3,552,988)	14,037,828	15,632,240	39,476,447

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income :					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(1,380,008)	-	(1,380,008)	-
Less: Income tax effect	19	276,002	-	276,002	-
Share of other comprehensive income of a joint venture					
- actuarial loss	12	(77,952)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,181,958)	-	(1,104,006)	-
Other comprehensive income for the year		(1,181,958)	-	(1,104,006)	-
Total comprehensive income for the year		(4,734,946)	14,037,828	14,528,234	39,476,447
Earnings per share					
Basic earnings (loss) per share	23	(0.01)	0.04	0.05	0.12

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit (loss) before tax	(3,327,377)	14,747,736	14,636,401	38,022,868
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	48,834,034	64,517,874	48,834,034	64,517,874
Share of loss (profit) of a joint venture	6,813,861	(9,507,253)	-	-
Loss (gain) arising from change in fair value of biological assets	26,864,185	(39,271,402)	26,864,185	(39,271,402)
Loss on write-off bearer plants	5,948,638	860,757	5,948,638	860,757
Reduction of inventory cost to net realisable value (reversal)	(2,272,572)	5,348,884	(2,272,572)	5,348,884
Impairment loss of assets	698,969	28,536,004	698,969	28,536,004
Gain on disposal and write-off of property plant and equipment	(1,078,061)	(821,104)	(1,078,061)	(821,104)
Gain on financial lease agreements	(1,022,998)	-	(1,022,998)	-
Provision for termination benefits and provision for long-term employee benefits	12,591,565	2,142,964	12,591,565	2,142,964
Dividend income	-	-	(16,781,138)	(43,596,999)
Interest expenses	6,790,082	6,712,671	13,404,040	15,501,652
Profit from operating activities before changes in operating assets and liabilities	100,840,326	73,267,131	101,823,063	71,241,498
Operating assets (increase) decrease				
Trade and other receivables	(18,946,371)	39,569,182	(18,958,972)	39,583,786
Cash received from financial lease receivables	51,616	-	51,616	-
Short-term loans and advance to employees	(64,179)	28,423	(64,179)	28,423
Inventories and biological assets	(14,347,095)	26,820,555	(14,347,095)	26,820,555
Other current assets	(359,105)	1,571,003	80,183	1,223,480
Other non-current assets	5,490	(89,535)	5,490	(89,535)
Operating liabilities increase (decrease)				
Trade and other payables	1,749,600	(3,939,219)	1,552,015	(980,951)
Other current liabilities	(1,813,226)	(199,779)	(1,813,226)	(199,779)
Cash paid for termination benefits and long-term employee benefits	(8,249,768)	(6,579,701)	(8,249,768)	(6,579,701)
Cash flows from operating activities	58,867,288	130,448,060	60,079,127	131,047,776
Cash paid for interest expenses	(6,811,288)	(6,705,082)	(19,296,190)	(6,705,082)
Cash received from income tax	245,887	2,065,129	-	1,819,243
Cash paid for income tax	(2,327,735)	(6,638,555)	(202,163)	(3,939,234)
Net cash flows from operating activities	49,974,152	119,169,552	40,580,774	122,222,703

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Decrease in long-term loan to other company	920,000	920,000	-	-
Proceeds from disposals of plant and equipment	5,326,162	1,060,395	5,326,162	1,060,395
Cash paid for acquisition of property, plant and equipment	(34,355,708)	(33,618,568)	(34,355,708)	(33,618,568)
Increase in cost of bearer plants	(7,840,676)	(16,455,104)	(7,840,676)	(16,455,104)
Dividend received	<u>4,999,998</u>	<u>2,499,999</u>	<u>16,781,138</u>	<u>43,596,999</u>
Net cash flows used in investing activities	<u>(30,950,224)</u>	<u>(45,593,278)</u>	<u>(20,089,084)</u>	<u>(5,416,278)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loan from financial institutions	5,000,000	(130,000,000)	5,000,000	(130,000,000)
Dividend paid	<u>(25,923,832)</u>	<u>(32,404,790)</u>	<u>(25,923,832)</u>	<u>(32,404,790)</u>
Net cash flows used in financing activities	<u>(20,923,832)</u>	<u>(162,404,790)</u>	<u>(20,923,832)</u>	<u>(162,404,790)</u>
Net decrease in cash and cash equivalents	<u>(1,899,904)</u>	<u>(88,828,516)</u>	<u>(432,142)</u>	<u>(45,598,365)</u>
Cash and cash equivalents at beginning of year	<u>22,900,489</u>	<u>111,729,005</u>	<u>10,512,742</u>	<u>56,111,107</u>
Cash and cash equivalents at end of year	<u>21,000,585</u>	<u>22,900,489</u>	<u>10,080,600</u>	<u>10,512,742</u>
	-	-	-	-
Supplemental cash flows information:				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	688,115	1,579,682	688,115	1,579,682

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up		Retained earnings		Total shareholders' equity
	share capital	Share premium	Appropriated	Unappropriated	
Balance as at 1 January 2018	324,050,000	321,544,740	60,805,000	362,192,085	1,068,591,825
Profit for the year	-	-	-	14,037,828	14,037,828
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,037,828	14,037,828
Dividend paid (Note 26)	-	-	-	(32,404,790)	(32,404,790)
Balance as at 31 December 2018	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>343,825,123</u>	<u>1,050,224,863</u>
Balance as at 1 January 2019	324,050,000	321,544,740	60,805,000	343,825,123	1,050,224,863
Loss for the year	-	-	-	(3,552,988)	(3,552,988)
Other comprehensive income for the year	-	-	-	(1,181,958)	(1,181,958)
Total comprehensive income for the year	-	-	-	(4,734,946)	(4,734,946)
Dividend paid (Note 26)	-	-	-	(25,923,832)	(25,923,832)
Balance as at 31 December 2019	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>313,166,345</u>	<u>1,019,566,085</u>

(Unit: Baht)

Separate financial statements

	Issued and paid-up		Retained earnings		Total shareholders' equity
	share capital	Share premium	Appropriated	Unappropriated	
Balance as at 1 January 2018	324,050,000	321,544,740	32,405,000	340,496,612	1,018,496,352
Profit for the year	-	-	-	39,476,447	39,476,447
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	39,476,447	39,476,447
Dividend paid (Note 26)	-	-	-	(32,404,790)	(32,404,790)
Balance as at 31 December 2018	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>347,568,269</u>	<u>1,025,568,009</u>
Balance as at 1 January 2019	324,050,000	321,544,740	32,405,000	347,568,269	1,025,568,009
Profit for the year	-	-	-	15,632,240	15,632,240
Other comprehensive income for the year	-	-	-	(1,104,006)	(1,104,006)
Total comprehensive income for the year	-	-	-	14,528,234	14,528,234
Dividend paid (Note 26)	-	-	-	(25,923,832)	(25,923,832)
Balance as at 31 December 2019	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>336,172,671</u>	<u>1,014,172,411</u>

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

United Palm Oil Industry Public Company Limited 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 palm kernel oil. The registered office of the Company is at 64, 1st Floor, 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.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of United Palm Oil Industry Public Company Limited ("the Company") and the following subsidiaries (hereinafter called as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 Percent	2018 Percent
<u>Shares held by the Company</u>				
Phansrivivat Co., Ltd.	Owner of oil palm plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect Shareholding	
			2019	2018
			Percent	Percent
<u>Shares held by subsidiary company</u>				
Prachak Vivat Co., Ltd. (100 percent shares held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Co., Ltd. (100 percent shares held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) The subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

3. New financial reporting standards

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that will become 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:

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

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

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

The management of the Group expects the adoption of this accounting standard to have the effect on financial position as at 1 January 2020 of increasing the Group's assets by approximately Baht 43 million (the Company only: approximately Baht 65 million) and the Group's liabilities by approximately Baht 43 million (the Company only: approximately Baht 65 million).

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debtor aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of average cost and net realisable value. Such cost includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs wherever consumed.

4.5 Investments

Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

4.6 Property, plant and equipment/Depreciation

Land, land ownership document and land possessory rights are stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and construction	-	20 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 10 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land ownership document, land possessory rights and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Forest land rights and bearer plants/Amortisation

Forest land rights are stated at cost less accumulated amortisation. Bearer plants are stated at cost less accumulated amortisation and allowance for impairment losses (if any). The cost includes development costs and expenses, which are directly related to forest land rights and bearer plants seeding and plantation activities before the production period.

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

Amortisation is included in determining income.

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

Costs of supplying bearer plants vacancies and infilling mature areas are included in determining income.

4.8 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and allowance for impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years

4.9 Agriculture

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

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

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

The agricultural produce is included in inventories.

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

4.11 Long-term leases

As a lessee

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

As a lessor

Leases which the Group transfers substantially all the risks and rewards of ownership to the lessee are classified as financial leases. Amounts due from lessees under financial leases are recorded as receivables at the amount of the Group's net investment in leases. Financial lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Group perform impairment reviews in respect of the property, plant and equipment, cost of forest land rights and cost of palm plantation and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

4.15 Provisions

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

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

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

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

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Agriculture

The Company measured their biological assets - palm fruit on tree at their fair value less costs to sell. Such fair values were calculated using the discounted cash flows reference to price of palm fruit at the front of the Company's factory, less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as price of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

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

	(Unit: Million Baht)				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
<u>Transactions with parent company</u>					
Sales of crude palm oil and crude palm kernel oil	431	421	431	421	Market price on the contract's date
Sales of fresh fruit bunch	1	2	1	2	Market price on the contract's date

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Dividend income	-	-	12	41	As declared by subsidiary
Palm plantation rental expenses	-	-	7	7	Contract rate
Interest expenses	-	-	7	9	THBFIX + 1% per annum (2018: MLR - 1.5% per annum and THBFIX + 1% per annum)
<u>Transactions with joint venture</u>					
Land rental income	1	1	1	1	Agreed between the parties
Dividend income	5	3	5	3	As declared by joint venture
Purchases of oil palm seeds and fresh fruit bunch	1	15	1	15	Market price

The balance of the account between the Company and that related party as at 31 December 2019 and 2018.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade and other payables - related party (Note 17)				
Subsidiary	-	-	283,005	285,105
Total trade and other payables - related party	-	-	283,005	285,105

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
	Short-term employee benefits	18,327
Post-employment benefits	240	554
Total	18,567	19,540

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	1,195	1,176	1,187	1,171
Bank deposits	19,806	21,724	8,894	9,342
Total	21,001	22,900	10,081	10,513

As at 31 December 2019 and 2018, bank deposits in saving accounts carried interests between 0.10% and 0.38% per annum.

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	29,837	11,220	29,837	11,220
Past due				
Up to 3 months	467	-	467	-
Total trade receivables - unrelated parties	30,304	11,220	30,304	11,220
Total trade receivables	30,304	11,220	30,304	11,220
<u>Other receivables</u>				
Accrued income	167	305	56	182
Other receivables	167	305	56	182
Trade and other receivables	30,471	11,525	30,360	11,402

9. Inventories

(Unit: Thousand Baht)

	Consolidated/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	72,724	55,171	(3,213)	(5,450)	69,511	49,721
Work in process	1,848	1,986	-	-	1,848	1,986
Spare parts, supplies and others	11,755	14,096	(299)	(335)	11,456	13,761
Total	86,327	71,253	(3,512)	(5,785)	82,815	65,468

During the year 2019, the Company reversed the write-down of cost of inventories by Baht 2.3 million, and reduce the amount of inventories recognised as expense during the year.

During the year 2018, the Company reduced cost of inventories by Baht 5.3 million, to reflect the net realisable value. This was included in cost of sales.

10. Biological assets

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

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Palm nursery		
	for sales	Palm fruit on tree	Total
Balance as at 1 January 2018	53,091	17,525	70,616
Gain arising from changes in fair value	51,951	228,580	280,531
Increases due to cultivate	8,566	-	8,566
Decreases due to harvest	-	(196,317)	(196,317)
Decreases due to sales	(22,473)	(11,815)	(34,288)
Decreases due to write-off	(10,588)	-	(10,588)
Balance as at 31 December 2018	80,547	37,973	118,520
Gain (loss) arising from changes in fair value	(4,047)	173,965	169,918
Increases due to cultivate	767	-	767
Decreases due to harvest	-	(176,954)	(176,954)
Decreases due to sales	(11,522)	(3,946)	(15,468)
Decreases due to write-off	(5,855)	-	(5,855)
Balance as at 31 December 2019	59,890	31,038	90,928

Significant assumptions for the calculation of fair value at the valuation date were as follows:

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

Weight of palm fruit on tree are estimated with references to the average weight for each age when harvest the palm fruit from historical information, including consideration on factors affecting fruit bearing and random sampling result.

For the year 2019, discount rate is estimated at the rate of 5% (2018: 3%) by weighted average cost of capital method.

The result of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	2019		2018	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Prices of palm fruit at the point of harvest	8,352	(8,352)	7,391	(7,391)
Weight of palm fruit on tree	8,352	(8,352)	7,391	(7,391)

11. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements is as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Million Baht)	(Million Baht)	(%)	(%)				
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895	11,781	41,097
Total					307,895	307,895	11,781	41,097

12. Investment in joint venture

12.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income of the joint venture and dividend income in the financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) of the joint venture		Share of other comprehensive income of the joint venture		Dividend received during the year	
	2019	2018	2019	2018	2019	2018
Siam Elite Palm Co., Ltd.	(6,814)	9,507	(78)	-	5,000	2,500
Total	(6,814)	9,507	(78)	-	5,000	2,500

12.3 Summarised financial information about material joint venture

Summarised information about financial position as at 31 December 2019 and 2018

	(Unit: Thousand Baht)	
	Siam Elite Palm Co., Ltd.	
	2019	2018
Current assets	28,554	47,239
Non-current assets	35,260	36,838
Total assets	63,814	84,077
Current liabilities	(5,935)	(3,793)
Non-current liabilities	(4,459)	(3,080)
Total liabilities	(10,394)	(6,873)
Net assets	53,420	77,204
Shareholding percentage (%)	50	50
Carrying amount of joint venture based on equity method	26,710	38,602

Summarised information about comprehensive income for the year ended 31 December 2019 and 2018

	(Unit: Thousand Baht)	
	Siam Elite Palm Co., Ltd.	
	2019	2018
Revenue	12,939	34,947
The differences between fair value and costs of agricultural produce	(5,543)	14,689
Cost of sales	(7,619)	(12,356)
Selling and administrative expenses	(13,362)	(18,138)
Profit (loss) before income tax benefits (expenses)	(13,585)	19,142
Income tax benefits (expenses)	113	(128)
Profit (loss) for the year	(13,472)	19,014
Other comprehensive income	(156)	-
Total comprehensive income	(13,628)	19,014
Shareholding percentage (%)	50	50
Share of comprehensive income of the joint venture	(6,814)	9,507

13. Long-term loan to other company

As at 31 December 2019, a subsidiary has loan to other company of approximately Baht 19 million (2018: Baht 20 million). The loan has 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.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
Cost								
1 January 2018	659,007	23,875	284,541	621,932	31,044	157,257	3,340	1,780,996
Additions	-	6,763	230	718	702	5,803	18,041	32,257
Disposals/write-off	-	-	(280)	(2,330)	-	(3,562)	-	(6,172)
Transfer in (out)	13,992	(15,074)	9,285	2,760	81	7,726	(18,770)	-
31 December 2018	672,999	15,564	293,776	623,080	31,827	167,224	2,611	1,807,081
Additions	-	19,766	-	1,090	272	6,308	6,028	33,464
Disposals/write-off	(2,844)	-	(242)	(6,461)	(1,817)	(19,669)	-	(31,033)
Transfer in (out)	19,112	(19,112)	242	4,991	14	2,731	(7,978)	-
31 December 2019	689,267	16,218	293,776	622,700	30,296	156,594	661	1,809,512

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land ownership document	Land possessionary rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Accumulated depreciation								
1 January 2018	-	-	202,260	517,643	28,106	139,588	-	887,597
Depreciation for the year	-	-	9,096	33,570	1,162	9,954	-	53,782
Depreciation on disposals/write-off	-	-	(280)	(2,159)	-	(3,494)	-	(5,933)
31 December 2018	-	-	211,076	549,054	29,268	146,048	-	935,446
Depreciation for the year	-	-	9,668	19,356	867	7,819	-	37,710
Depreciation on disposals/write-off	-	-	(242)	(5,477)	(1,794)	(19,272)	-	(26,785)
31 December 2019	-	-	220,502	562,933	28,341	134,595	-	946,371
Allowance for impairment loss								
31 December 2018	20,511	-	-	-	-	-	-	20,511
Impairment loss for the year	699	-	-	-	-	-	-	699
31 December 2019	21,210	-	-	-	-	-	-	21,210
Net book value								
31 December 2018	652,488	15,564	82,700	74,026	2,559	21,176	2,611	851,124
31 December 2019	668,057	16,218	73,274	59,767	1,955	21,999	661	841,931
Depreciation for the year								
2018 (Baht 52 million included in manufacturing cost, and the balance in selling and administrative expenses)								53,782
2019 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)								37,710

(Unit: Thousand Baht)

Separate financial statements

	Land and land ownership document	Land possessionary rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost								
1 January 2018	659,007	23,875	268,089	621,932	31,044	157,257	3,340	1,764,544
Additions	-	6,763	230	718	702	5,803	18,041	32,257
Disposals/write-off	-	-	(280)	(2,330)	-	(3,562)	-	(6,172)
Transfer in (out)	13,992	(15,074)	9,285	2,760	81	7,726	(18,770)	-
31 December 2018	672,999	15,564	277,324	623,080	31,827	167,224	2,611	1,790,629
Additions	-	19,766	-	1,090	272	6,308	6,028	33,464
Disposals/write-off	(2,844)	-	(242)	(6,461)	(1,817)	(19,669)	-	(31,033)
Transfer in (out)	19,112	(19,112)	242	4,991	14	2,731	(7,978)	-
31 December 2019	689,267	16,218	277,324	622,700	30,296	156,594	661	1,793,060
Accumulated depreciation								
1 January 2018	-	-	185,809	517,643	28,106	139,587	-	871,145
Depreciation for the year	-	-	9,096	33,570	1,162	9,954	-	53,782
Depreciation on disposals/write-off	-	-	(280)	(2,159)	-	(3,494)	-	(5,933)
31 December 2018	-	-	194,625	549,054	29,268	146,047	-	918,994
Depreciation for the year	-	-	9,668	19,356	867	7,819	-	37,710
Depreciation on disposals/write-off	-	-	(242)	(5,477)	(1,794)	(19,272)	-	(26,785)
31 December 2019	-	-	204,051	562,933	28,341	134,594	-	929,919

(Unit: Thousand Baht)

Separate financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Allowance for impairment loss								
31 December 2018	20,511	-	-	-	-	-	-	20,511
Impairment loss for the year	699	-	-	-	-	-	-	699
31 December 2019	21,210	-	-	-	-	-	-	21,210
Net book value								
31 December 2018	652,488	15,564	82,699	74,026	2,559	21,177	2,611	851,124
31 December 2019	668,057	16,218	73,273	59,767	1,955	22,000	661	841,931
Depreciation for the year								
2018 (Baht 52 million included in manufacturing cost, and the balance in selling and administrative expenses)								53,782
2019 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)								37,710

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 778 million (2018: Baht 566 million) (The Company only: Baht 762 million, 2018: Baht 551 million).

15. Bearer plants

(Unit: Thousand Baht)

	Consolidated financial statements		
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total
Cost			
1 January 2018	544,795	76,618	621,413
Additions	16,455	-	16,455
Write-off	(1,810)	-	(1,810)
Transfer in (out)	26,035	(26,035)	-
31 December 2018	585,475	50,583	636,058
Additions	7,841	-	7,841
Write-off	(12,204)	-	(12,204)
Transfer in (out)	44,018	(44,018)	-
31 December 2019	625,130	6,565	631,695
Accumulated amortisation			
1 January 2018	390,683	-	390,683
Amortisation charged for the year	10,462	-	10,462
Amortisation on write-off	(949)	-	(949)
31 December 2018	400,196	-	400,196
Amortisation charged for the year	11,057	-	11,057
Amortisation on write-off	(6,255)	-	(6,255)
31 December 2019	404,998	-	404,998
Allowance for impairment loss			
31 December 2018	22,663	-	22,663
Impairment loss for the year	-	-	-
31 December 2019	22,663	-	22,663
Net book value			
31 December 2018	162,616	50,583	213,199
31 December 2019	197,469	6,565	204,034
Amortisation for the year (included in manufacturing cost)			
2018			10,462
2019			11,057

(Unit: Thousand Baht)

	Separate financial statements		
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total
Cost			
1 January 2018	252,077	76,618	328,695
Additions	16,455	-	16,455
Write-off	(1,810)	-	(1,810)
Transfer in (out)	26,035	(26,035)	-
31 December 2018	292,757	50,583	343,340
Additions	7,841	-	7,841
Write-off	(12,204)	-	(12,204)
Transfer in (out)	44,018	(44,018)	-
31 December 2019	332,412	6,565	338,977
Accumulated amortisation			
1 January 2018	97,965	-	97,965
Amortisation charged for the year	10,462	-	10,462
Amortisation on write-off	(949)	-	(949)
31 December 2018	107,478	-	107,478
Amortisation charged for the year	11,057	-	11,057
Amortisation on write-off	(6,255)	-	(6,255)
31 December 2019	112,280	-	112,280
Allowance for impairment loss			
31 December 2018	22,663	-	22,663
Impairment loss for the year	-	-	-
31 December 2019	22,663	-	22,663
Net book value			
31 December 2018	162,616	50,583	213,199
31 December 2019	197,469	6,565	204,034
Amortisation for the year (included in manufacturing cost)			
2018			10,462
2019			11,057

As at 31 December 2019, the land used by the Company for palm oil plantation includes 13,630 rai for which there are land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3). For the remaining, land possessory rights have been transferred to the Company and it is in the process of acquiring legal documentation of ownership.

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 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.

16. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate		Consolidated/Separate	
	(Percent per annum)		financial statements	
	2019	2018	2019	2018
Short-term loans from financial institutions	1.80 - 1.90	1.85 - 2.25	275,000	270,000
Total			275,000	270,000

17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - unrelated parties	7,210	7,984	7,210	7,984
Payables for purchase of assets - unrelated parties	688	1,580	688	1,580
Other payables - related party (Note 6)	-	-	283,005	285,105
Other payables - unrelated parties	2,194	1,402	2,194	1,402
Accrued expenses	12,882	11,171	7,531	9,788
Total trade and other payables	22,974	22,137	300,628	305,859

As at 31 December 2019 and 2018, other payables - related party is represented payable of rental charge and related accrued interest which carry an interest at a rate of THBFIX + 1% per annum for past due balance of rental charge payable.

18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2019	2018
Provision for long-term employee benefits		
at beginning of year	13,386	17,823
Included in profit or loss:		
Current service cost	4,514	1,657
Interest cost	1,152	486
Past service cost	6,926	-
Termination benefits	(5,349)	-
Included in other comprehensive income:		
Actuarial loss arising from		
Demographic assumptions changes	-	-
Financial assumptions changes	942	-
Experience adjustments	438	-
Benefits paid during the year	(2,901)	(6,580)
Provision for long-term employee benefits		
at end of year	<u>19,108</u>	<u>13,386</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 Group has additional long-term employee benefit liabilities of Baht 6.9 million as a result. The Group 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.

The Company expects to pay Baht 5 million of long-term employee benefits during the next year (2018: Baht 1 million).

As at 31 December 2019 the weighted average duration of the liabilities for long-term employee benefit is 10 years (2018: 14 - 19 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	2019	2018
	(% per annum)	(% per annum)
Discount rate	1.5	2.5 - 4.8
Future salary increase rate	5.0	5.0

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

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	2019		2018	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Discount rate	(484)	513	(912)	945
Future salary increase rate	600	(547)	985	(953)

19. Income tax

Income tax expenses (benefits) for the years ended 31 December 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
Current income tax:				
Current income tax charge	1,680	1,997	-	-
Adjustment in respect of current income tax of previous year	179	(222)	-	(278)
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,633)	(1,065)	(996)	(1,176)
Income tax expenses (benefits) reported in the statement of comprehensive income	226	710	(996)	(1,454)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Deferred tax relating to actuarial loss	276	-	276	-
Total	276	-	276	-

The reconciliation between accounting profit (loss) and income tax expenses (benefits).

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit (loss) before tax	(3,327)	14,748	14,636	38,023
Applicable tax rates	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rates	(591)	2,867	2,927	7,605
Adjustment in respect of current income tax of previous year	179	(222)	-	(278)
Share of loss (profit) of a joint venture	1,363	(1,901)	-	-
Effects of:				
Non-deductible expenses	481	209	1	64
Additional expense deductions allowed	(1,206)	(243)	(568)	(126)
Dividend received	-	-	(3,356)	(8,719)
Total	(725)	(34)	(3,923)	(8,781)
Income tax expenses (benefits) reported in the statement of comprehensive income	226	710	(996)	(1,454)

As at 31 December 2019 and 2018, the components of deferred tax assets (liabilities) are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for diminution in value of inventories	702	1,157	702	1,157
Allowance for asset impairment	8,775	8,635	8,775	8,635
Provision for long-term employee benefits	3,822	2,677	3,822	2,677
Provision for land rental	1,039	247	765	610
Unused tax loss	7,066	6,937	7,066	6,937
Total	21,404	19,653	21,130	20,016

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax liabilities				
Change in fair value of biological assets and the differences between fair value and costs of agricultural produce	(14,640)	(14,992)	(14,640)	(14,992)
Revenue recognition under finance leases	(194)	-	(194)	-
Total	(14,834)	(14,992)	(14,834)	(14,992)
Net	6,570	4,661	6,296	5,024

The unused tax losses of the Company amounting approximately to Baht 35 million will expire by 2023.

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least 5 percent of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salary and wages and other employee benefits	132,831	130,430	132,831	130,430
Depreciation	37,710	53,782	37,710	53,782
Amortisation	11,124	10,736	11,124	10,736
Transportation expenses	20,259	22,973	20,259	22,973
Rental expenses	8,990	4,666	7,783	6,850
Repair and maintenance expenses	29,533	30,357	29,533	30,357
Raw materials and consumables used	218,737	280,685	218,737	280,685
Changes in finished goods and work in process	(17,415)	(34,889)	(17,415)	(34,889)

22. Promotional privileges

The Company has received promotional privileges from Board of Investment for the generation of electricity from biomasses up to a capacity stipulated in the certificates, subject to certain imposed conditions. Details are as follows:

<u>Certificate No.</u>	<u>Principal privileges</u>
1043(2)/2548	- Exemption from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income from electricity from biomasses product (21 August 2015).

In addition, the Company has been granted promotional privileges by the Board of Investment for the generation of electricity from biogases up to a capacity stipulated in the certificate, subject to certain imposed conditions. Details are as follows:

<u>Certificate No.</u>	<u>Principal privileges</u>
2245(9)/2550	- Exemption from corporate income tax on income from the promoted operations for a period of eight years commencing as from the date of first earnings operating income (16 February 2010).

The Company's operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Revenue from contracts						
with customers	1	-	545,847	628,627	545,848	628,627

23. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit (loss) for the year (Thousand Baht)	(3,553)	14,038	15,632	39,476
Weighted average number of ordinary shares (Thousand shares)	324,050	324,050	324,050	324,050
Earnings (loss) per share (Baht)	(0.01)	0.04	0.05	0.12

24. 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 Group's 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. During the years, there were no material activities pertaining to the generation of electricity from biogases and biomasses segment for the Group. Accordingly, most of the revenues, operating profit and assets as reflected in these financial statements pertain to the industry segment (1) as mentioned above.

The Group is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

For the year 2019 and 2018, the Group has revenue from one major customer in amount of Baht 431 million and Baht 421 million, respectively, arising from oil palm plantation, crude palm oil and crude palm kernel oil processing.

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. However, for employees who joined the Company from 15 January 2010 onwards, the contribution rates are 2 - 5 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to Baht 2 million (2018: Baht 2 million) were recognised as expenses.

26. Dividends

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

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2019, the Company had capital commitments of Baht 60 million, relating to acquisition of machine and equipment (2018: Baht 2 million, relating to the acquisition of machine, equipment and vehicles).

27.2 Operating lease commitments

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

As at 31 December 2019 and 2018, 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	financial statements	financial statements
	2019	2018	2019	2018
In up to 1 year	4	5	5	7
In over 1 and up to 5 years	12	10	16	16
In over 5 years	58	13	18	22

In January 2020, the Company entered into a new land lease agreement with its subsidiary, of which the terms lasted 24 years, and terminated its previous agreement with 14-year terms, resulting in the increase of approximately Baht 80 million in the future minimum lease payments required under this operating lease.

27.3 Guarantees

As at 31 December 2019, there were outstanding bank guarantees of Baht 6 million (2018: Baht 4 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

27.4 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 palm plantation development on such land as at 31 December 2019 totaling 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 current 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 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.

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

27.5 Litigation

In July 2018, provincial chief public prosecutor of Krabi filed a lawsuit against the Company with the Court, alleging that the Company utilised land of 4,376 rai in 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 Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Company.

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

28. Fair value hierarchy

As of 31 December 2019 and 2018, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Biological assets	-	59,890	31,038	90,928

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Biological assets	-	80,547	37,973	118,520

During the years 2019 and 2018, there was no transfer within the fair value hierarchy.

29. Financial instruments

29.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, short-term loans and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable since the majority of sales are supplied to a limited number of customers. However, due to those customers' creditworthiness, the Group does not anticipate material losses from its debt collection.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to their cash at banks, loans and short-term borrowings. Most of financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidated financial statements											
	Fixed interest rates			Floating		Non-interest bearing		Total		Effective interest rate	
	Within 1 year	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
				interest rate	interest rate	bearing	bearing				(% per annum)
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Financial Assets											
Cash and cash equivalents	-	-	-	-	19,806	21,724	1,195	1,176	21,001	22,900	0.10 - 0.38
Trade and other receivables	-	-	-	-	-	-	30,471	11,525	30,471	11,525	-
Financial lease receivables	330	-	641	-	-	-	-	-	971	-	1.80
Long-term loan to other company	-	-	-	-	19,320	20,240	-	-	19,320	20,240	THBFIX +1
	330	-	641	-	39,126	41,964	31,666	12,701	71,763	54,665	THBFIX + 1
Financial liabilities											
Short-term loans from financial institution	275,000	270,000	-	-	-	-	-	-	275,000	270,000	1.80 - 1.90
Trade and other payables	-	-	-	-	-	-	22,974	22,137	22,974	22,137	-
	275,000	270,000	-	-	-	-	22,974	22,137	297,974	292,137	1.85 - 2.25

(Unit: Thousand Baht)

Separate financial statements

	Fixed interest rates			Floating		Non-interest bearing		Total		Effective interest rate		
	Within 1 year		1 - 5 years	2019	2018	2019	2018	2019	2018	2019	2018	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
<u>Financial Assets</u>											(% per annum)	
Cash and cash equivalents	-	-	-	-	8,894	9,342	1,187	1,171	10,081	10,513	0.10 - 0.38	0.10 - 0.38
Trade and other receivables	-	-	-	-	-	-	30,360	11,402	30,360	11,402	-	-
Financial lease receivables	330	-	641	-	-	-	-	-	971	-	1.80	-
	330	-	641	-	8,894	9,342	31,547	12,573	41,412	21,915		
<u>Financial liabilities</u>												
Short-term loans from financial institution	275,000	270,000	-	-	-	-	-	-	275,000	270,000	1.80 - 1.90	1.85 - 2.25
Trade and other payables	-	-	-	-	283,005	285,105	17,623	20,754	300,628	305,859	THBFIX +1	THBFIX +1
	275,000	270,000	-	-	283,005	285,105	17,623	20,754	575,628	575,859		

Foreign currency risk

The Company exposure to foreign currency risk arises mainly from machinery purchase transactions that are denominated in foreign currency. The Company manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur. The Company had no forward contracts outstanding at the end of reporting period.

29.2 Fair value of financial instruments

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

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.31:1 (2018: 0.30:1) and the Company's was 0.59:1 (2018: 0.58:1).

31. Subsequent events

On 20 February 2020, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.025 per share in respect of unappropriated retained earnings of the Company, or a total of Baht 8 million, for approval by the Annual General Meeting of the Company's shareholders.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2020.