

United Palm Oil Industry Public Company Limited  
and its subsidiaries  
Review report and interim financial information  
For the three-month period ended 31 March 2020

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

To the Shareholders of United Palm Oil Industry Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of United Palm Oil Industry Public Company Limited and its subsidiaries as at 31 March 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of United Palm Oil Industry Public Company Limited for the same period (collectively "interim financial information"). 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 May 2020

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		59,195	21,001	49,831	10,081
Trade and other receivables	4	77,927	30,471	77,834	30,360
Current portion of financial lease receivables		334	331	334	331
Short-term loans and advance to employees		1,413	300	1,413	300
Inventories	5	49,423	82,815	49,423	82,815
Biological assets		87,996	90,928	87,996	90,928
Other current assets		15,966	12,264	10,535	8,289
<b>Total current assets</b>		<b>292,254</b>	<b>238,110</b>	<b>277,366</b>	<b>223,104</b>
<b>Non-current assets</b>					
Financial lease receivables - long-term portion		556	641	556	641
Investment in subsidiary	6	-	-	307,895	307,895
Investment in joint venture	7	30,922	26,710	25,000	25,000
Long-term loan to other company	8	18,860	19,320	-	-
Property, plant and equipment	9	849,167	841,931	849,167	841,931
Right-of-use assets	10	37,562	-	60,606	-
Bearer plants	11	201,849	204,035	201,849	204,035
Intangible assets		55	64	55	64
Deferred tax assets		7,081	6,570	6,913	6,295
Other non-current assets		2,807	2,801	2,807	2,801
<b>Total non-current assets</b>		<b>1,148,859</b>	<b>1,102,072</b>	<b>1,454,848</b>	<b>1,388,662</b>
<b>Total assets</b>		<b>1,441,113</b>	<b>1,340,182</b>	<b>1,732,214</b>	<b>1,611,766</b>

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	12	325,000	275,000	325,000	275,000
Trade and other payables	13	25,893	22,974	307,105	300,628
Current portion of long-term lease liabilities		75	-	446	-
Income tax payable		923	676	-	-
Other current liabilities		3,062	2,857	3,062	2,857
<b>Total current liabilities</b>		<b>354,953</b>	<b>301,507</b>	<b>635,613</b>	<b>578,485</b>
<b>Non-current liabilities</b>					
Long-term lease liabilities, net of current portion		42,779	-	64,539	-
Provision for long-term employee benefits	14	19,449	19,108	19,449	19,108
<b>Total non-current liabilities</b>		<b>62,228</b>	<b>19,108</b>	<b>83,988</b>	<b>19,108</b>
<b>Total liabilities</b>		<b>417,181</b>	<b>320,615</b>	<b>719,601</b>	<b>597,593</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050	324,050	324,050	324,050
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050	324,050	324,050	324,050
Share premium		321,545	321,545	321,545	321,545
Retained earnings					
Appropriated - statutory reserve		60,805	60,805	32,405	32,405
Unappropriated		317,532	313,167	334,613	336,173
<b>Total shareholders' equity</b>		<b>1,023,932</b>	<b>1,019,567</b>	<b>1,012,613</b>	<b>1,014,173</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,441,113</b>	<b>1,340,182</b>	<b>1,732,214</b>	<b>1,611,766</b>

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

Directors

(Unaudited but reviewed)

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

## Statement of comprehensive income

For the three-month period ended 31 March 2020

		(Unit: Thousand Baht except earnings per share expressed in Baht)			
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Note		2020	2019	2020	2019
<b>Revenues</b>					
	Revenue	290,492	102,671	290,492	102,671
	Other income	4,751	2,960	4,751	2,960
	<b>Total revenues</b>	<u>295,243</u>	<u>105,631</u>	<u>295,243</u>	<u>105,631</u>
<b>Expenses</b>					
	Cost of sales	272,173	98,696	272,680	96,006
	Selling and distribution expenses	7,259	4,611	7,259	4,611
	Administrative expenses	9,537	16,244	9,481	16,094
	Loss arising from change in fair value of biological assets	4,604	3,905	4,604	3,905
	<b>Total expenses</b>	<u>293,573</u>	<u>123,456</u>	<u>294,024</u>	<u>120,616</u>
	<b>Profit (loss) from operating activities</b>	1,670	(17,825)	1,219	(14,985)
	Share of profit (loss) of a joint venture	4,173	(1,724)	-	-
	Finance income	101	135	8	-
	Finance cost	(1,802)	(1,460)	(3,405)	(3,227)
	<b>Profit (loss) before income tax benefits</b>	4,142	(20,874)	(2,178)	(18,212)
	Income tax benefits	184	3,695	618	3,485
	<b>Profit (loss) for the period</b>	<u>4,326</u>	<u>(17,179)</u>	<u>(1,560)</u>	<u>(14,727)</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
	Share of other comprehensive income of a joint venture - actuarial gain	39	-	-	-
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	39	-	-	-
	<b>Other comprehensive income for the period</b>	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total comprehensive income for the period</b>	<u><u>4,365</u></u>	<u><u>(17,179)</u></u>	<u><u>(1,560)</u></u>	<u><u>(14,727)</u></u>
<b>Basic earnings per share</b>					
	Profit (loss) per share	<u>0.01</u>	<u>(0.05)</u>	<u>(0.00)</u>	<u>(0.05)</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 changes in shareholders' equity

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements				
	Issued and paid-up	Share	Retained earnings		Total
	share capital	premium	Appropriated	Unappropriated	
<b>Balance as at 1 January 2019</b>	324,050	321,545	60,805	343,825	1,050,225
Loss for the period	-	-	-	(17,179)	(17,179)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(17,179)	(17,179)
<b>Balance as at 31 March 2019</b>	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>326,646</u>	<u>1,033,046</u>
<b>Balance as at 1 January 2020</b>	324,050	321,545	60,805	313,167	1,019,567
Profit for the period	-	-	-	4,326	4,326
Other comprehensive income for the period	-	-	-	39	39
Total comprehensive income for the period	-	-	-	4,365	4,365
<b>Balance as at 31 March 2020</b>	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>317,532</u>	<u>1,023,932</u>

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and paid-up	Share	Retained earnings		Total
	share capital	premium	Appropriated	Unappropriated	
<b>Balance as at 1 January 2019</b>	324,050	321,545	32,405	347,568	1,025,568
Loss for the period	-	-	-	(14,727)	(14,727)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(14,727)	(14,727)
<b>Balance as at 31 March 2019</b>	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>332,841</u>	<u>1,010,841</u>
<b>Balance as at 1 January 2020</b>	324,050	321,545	32,405	336,173	1,014,173
Loss for the period	-	-	-	(1,560)	(1,560)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,560)	(1,560)
<b>Balance as at 31 March 2020</b>	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>334,613</u>	<u>1,012,613</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

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	4,142	(20,874)	(2,178)	(18,212)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	10,824	13,813	11,060	13,813
Share of loss (profit) of a joint venture	(4,173)	1,724	-	-
Loss arising from change in fair value of biological assets	4,604	3,905	4,604	3,905
Reversal of reduction of inventory cost to net realisable value	(3,512)	(4,636)	(3,512)	(4,636)
Reversal of impairment loss of assets	-	(1,192)	-	(1,192)
Gain on disposal of vehicles	(774)	-	(774)	-
Provision for long-term employee benefits	341	442	341	442
Interest expenses	1,802	1,460	3,405	3,227
Profit (loss) from operating activities before changes in operating assets and liabilities	13,254	(5,358)	12,946	(2,653)
Operating assets (increase) decrease				
Trade and other receivables	(47,456)	(9,665)	(47,474)	(10,444)
Cash received from finance lease receivables	82	-	82	-
Short-term loans and advance to employees	(1,113)	(32)	(1,113)	(32)
Inventories and biological assets	35,232	(21,615)	35,232	(21,615)
Other current assets	(3,184)	(3,558)	(1,720)	(1,163)
Other non-current assets	(6)	-	(6)	-
Operating liabilities increase (decrease)				
Trade and other payables	8,422	9,818	9,268	7,411
Other current liabilities	205	(1,287)	205	(1,287)
Cash paid for long-term employee benefits	-	(172)	-	(172)
Cash flows from (used in) operating activities	5,436	(31,869)	7,420	(29,955)
Cash paid for interest expenses	(1,828)	(1,467)	(2,092)	(1,467)
Cash received from income tax	89	-	-	-
Cash paid for income tax	(687)	(159)	(526)	(30)
<b>Net cash flows from (used in) operating activities</b>	<b>3,010</b>	<b>(33,495)</b>	<b>4,802</b>	<b>(31,452)</b>

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>				
Decrease in long-term loan to other company	460	460	-	-
Proceeds from disposal of vehicles	845	-	845	-
Cash paid for acquisition of equipment	(15,184)	(9,441)	(15,184)	(9,441)
Increase in cost of bearer plants	(643)	(2,942)	(643)	(2,942)
<b>Net cash flows used in investing activities</b>	<u>(14,522)</u>	<u>(11,923)</u>	<u>(14,982)</u>	<u>(12,383)</u>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	50,000	40,000	50,000	40,000
Cash paid for lease liabilities	(294)	-	(70)	-
<b>Net cash flows from financing activities</b>	<u>49,706</u>	<u>40,000</u>	<u>49,930</u>	<u>40,000</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	38,194	(5,418)	39,750	(3,835)
Cash and cash equivalents at beginning of period	<u>21,001</u>	<u>22,900</u>	<u>10,081</u>	<u>10,513</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>59,195</u></u>	<u><u>17,482</u></u>	<u><u>49,831</u></u>	<u><u>6,678</u></u>
<b>Supplemental cash flows information:</b>				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	412	1,648	412	1,648
Increase in right-of-use assets	37,947	-	61,227	-

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



**United Palm Oil Industry Public Company Limited and its subsidiaries**  
**Notes to interim consolidated financial statements**  
**For the three-month period ended 31 March 2020**

**1. General information**

**1.1 Corporate 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 crude palm kernel oil. The registered office of the Company is at 64, Soi Bangna-Trad 25, Bangna Nuea Sub-district, Bangna District, Bangkok. Branch office and factory are located at 98 Moo 6, Nueaklong-Khao Phanom Road, Huayyoong Sub-district, Nueaklong District, Krabi.

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

These interim financial statements are prepared in accordance with Thai Accounting Standard 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**

These interim consolidated financial statements include the financial statements of United Palm Oil Industry Public Company Limited (hereinafter called as "the Company") and its subsidiaries (hereinafter called as "the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. During the current period, there were no changes in the composition of the Group.

#### 1.4 New financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2019) and 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. However, the new standard involves 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.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

These standards do not have any significant impact on the Group's financial statements.

## **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.

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

### **1.5 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

#### **1.5.1 Financial instruments**

##### ***Classification and measurement***

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial liabilities are classified and measured at amortised cost.

##### ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost and lease receivables, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component and lease receivables, the Group applies a simplified approach to determine the lifetime expected credit losses.

## 1.5.2 Leases

### ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

### ***Short-term leases and Leases of low-value assets***

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## **2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 1.4 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.



Changes in accounting policy due to the adoption of financial reporting standard related to TFRS 16 does not have any impact on retained earnings as at 1 January 2020.

Amount of adjustments that have an impact on items in statement of financial position as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2019	The impact of TFRS 16	1 January 2020
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	-	37,947	37,947
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Current portion of lease liabilities	-	294	294
Trade and other payables	22,974	(5,201)	17,773
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	-	42,854	42,854

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2019	The impact of TFRS 16	1 January 2020
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	-	61,227	61,227
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Current portion of lease liabilities	-	402	402
Trade and other payables	300,628	(3,828)	296,800
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	-	64,653	64,653

## 2.1 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	74,295	38,260
Less: Short-term leases and leases of low-value assets	(1,168)	(1,168)
Add: Option to extend lease term	-	77,267
Add: Others	5,201	3,828
Less: Deferred interest expenses	(35,180)	(53,132)
Increase in lease liabilities due to TFRS 16 adoption	43,148	65,055
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	<u>43,148</u>	<u>65,055</u>
Comprise of:		
Current lease liabilities	294	402
Non-current lease liabilities	42,854	64,653
	<u>43,148</u>	<u>65,055</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Land	37,947	61,227
Total right-of-use assets	<u>37,947</u>	<u>61,227</u>



### 3. Related party transactions

During the periods, 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)

	For the three-month periods ended 31 March				Transfer pricing policies
	Consolidated		Separate		
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions with parent company</u>					
Sales of crude palm oil and crude palm kernel oil	258	92	258	92	Market price on the contract's date
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Palm plantation rental expenses	-	-	2	2	Contract price
Interest expenses	-	-	1	2	THBFIX + 1% per annum
<u>Transactions with joint venture</u>					
Purchases of oil palm seeds and fresh fruit bunch	1	1	1	1	Market price

The balances of the accounts between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
<b>Trade and other receivables - related party (Note 4)</b>				
Parent company	74,528	-	74,528	-
Total	74,528	-	74,528	-
<b>Trade and other payables - related parties (Note 13)</b>				
Parent company	4	-	4	-
Subsidiary	-	-	281,260	283,005
Total	4	-	281,264	283,005
<b>Lease liabilities - related party</b>				
Subsidiary	-	-	64,985	-
Total	-	-	64,985	-

Directors and management's benefits

During the three-month periods ended 31 March 2020 and 2019, the Company had short-term employee benefits expenses and post-employment benefits expenses payable to its directors and management totaling Baht 5 million.

**4. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Trade receivables - related party</b>				
Aged on the basis of due dates				
Not yet due	74,528	-	74,528	-
Total trade receivables - related party (Note 3)	74,528	-	74,528	-
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	2,115	29,837	2,115	29,837
Past due				
Up to 3 months	-	467	-	467
Total trade receivables - unrelated parties	2,115	30,304	2,115	30,304
Total trade receivables	76,643	30,304	76,643	30,304
<b>Other receivables</b>				
Accrued income	1,284	167	1,191	56
Total other receivables	1,284	167	1,191	56
Total trade and other receivables	77,927	30,471	77,834	30,360

**5. Inventories**

Movements in the allowance for reduction of cost of inventories to net realisable value account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
Balance as at 1 January 2020	3,512	
Reversal of reduction of inventory cost to net realisable value	(3,512)	
Balance as at 31 March 2020	-	

## 6. Investment in subsidiary

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	(Million Baht)	(Million Baht)	(%)	(%)		
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895
Total					307,895	307,895

## 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 is as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	30,922	26,710
Total				25,000	25,000	30,922	26,710

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(%)	(%)		
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000
Total				25,000	25,000

## 7.2 Share of comprehensive income

During the three-month periods ended 31 March 2020 and 2019, the Company recognised its share of comprehensive income of the joint venture in the financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements			
	Share of profit (loss) of the joint venture during the three-month periods ended 31 March		Share of other comprehensive income of the joint venture during the three-month periods ended 31 March	
	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	4,173	(1,724)	39	-
<b>Total</b>	<b>4,173</b>	<b>(1,724)</b>	<b>39</b>	<b>-</b>

## 8. Long-term loan to other company

As at 31 March 2020 and 31 December 2019, a subsidiary had loan to other company of Baht 19 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.

## 9. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2020</b>	841,931	841,931
Acquisitions during period - at cost	14,908	14,908
Disposals during the period - net book value at disposal date	(71)	(71)
Depreciation for the period	(7,601)	(7,601)
<b>Net book value as at 31 March 2020</b>	<b>849,167</b>	<b>849,167</b>

**10. Right-of-use assets**

Movements in the right-of-use assets account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2020</b>	37,947	61,227
Depreciation for the period	(385)	(621)
<b>Net book value as at 31 March 2020</b>	<u>37,562</u>	<u>60,606</u>

The subsidiary entered into a lease agreement with the Treasury Department for an area of 4,294 rai for 30 years, end of contract on 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. Bearer plants**

Movements in the bearer plants account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2020</b>	204,035	204,035
Increase during the period - at cost	643	643
Amortisation for the period	(2,829)	(2,829)
<b>Net book value as at 31 March 2020</b>	<u>201,849</u>	<u>201,849</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 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.

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

	Interest rate		(Unit: Thousand Baht)	
	(Percent per annum)		Consolidated/Separate	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Short-term loans from financial institutions	1.45 - 1.76	1.80 - 1.90	325,000	275,000
Total			325,000	275,000

**13. Trade and other payables**

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Trade payables - unrelated parties	13,405	7,210	13,405	7,210
Payables for purchase of assets - unrelated parties	412	688	412	688
Other payables - related parties (Note 3)	4	-	281,264	283,005
Other payables - unrelated parties	3,236	2,194	3,236	2,194
Accrued expenses	8,836	12,882	8,788	7,531
Total trade and other payables	25,893	22,974	307,105	300,628

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

Movements in the provision for long-term employee benefits account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate
	financial statements
<b>Balance as at 1 January 2020</b>	19,108
Current service cost	286
Interest cost	55
<b>Balance as at 31 March 2020</b>	19,449



**15. Income tax**

Income tax benefits for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
<b>Current income tax:</b>				
Interim corporate income tax charge	327	435	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(511)	(4,130)	(618)	(3,485)
<b>Income tax benefits reported in the statement of comprehensive income</b>	<u>(184)</u>	<u>(3,695)</u>	<u>(618)</u>	<u>(3,485)</u>

**16. Earnings per share**

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

**17. 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. 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 Group. Accordingly, most of the revenues, operating profit and assets as reflected in these financial statements pertain to the industry segment (1) and geographic area mentioned above.

**18. Dividends**

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, totaling Baht 8 million, to be paid in May 2020. This proposed dividend was approved by resolution of the Annual General Meeting of shareholders on 24 April 2020 and will be recorded in the second quarter.

## **19. Commitments and contingent liabilities**

### **19.1 Capital commitments**

As at 31 March 2020, the Company had capital commitments of Baht 45 million (31 December 2019: Baht 60 million) relating to the acquisition of machine and equipment.

### **19.2 Guarantees**

As at 31 March 2020, there were outstanding bank guarantees of Baht 3 million (31 December 2019: Baht 6 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

## **20. Right to utilise land**

- a) In 2004, the Company received a letter of invitation from the Agricultural Land Reform Office (ALRO) concerning overlapping land under ALRO. The Company attended a fact-finding consultation with ALRO on 6 October 2004 and submitted related documents for further consideration.

On 15 October 2005, the Company submitted related documents to ALRO to verify the right over the land. Subsequently, ALRO sent a notice to the Company calling for the distribution of land. The land covering area of 4,994.10 rai was later distributed. However, the Company discovered that the distribution of land covering a total area of 1,459 rai, with cost of land and net book value of oil palm plantation development on the land as at 31 March 2020 totaling Baht 8 million, was in conflict with the Company's land title deed. The Company is currently in the process of cooperating with ALRO to nullify the status of this land.

- b) On 11 April 2008, the Company attended a meeting with a working committee responsible for reviewing practical methods and negotiations for the distribution of land belonging to holders of large plots in land reform areas to farmers, which was appointed 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 covering a total area of 1,210 rai in designated forest areas and 276 rai in land reform areas. These land plots represent 3% of the current total area utilised by the Company. Land reform area with a total area of 276 rai represents a large landholding and a holding in excess of the area that is allowed to 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 purposes, and demonstrated its intention to allow the ALRO to integrate 80 rai of land into the land reform program. However, on 17 September 2009, the Company received a notice from the ALRO to vacate a total area of 133 rai of land in land reform areas and demolishing all constructions thereon within 30 days from the date the notice was served since the Company lacked land ownership documents. The Company set aside full allowance for impairment loss on the cost of land and net book value of the oil palm plantation development on the land in 2009.

Currently, the Company is in the process of negotiating with relevant government agencies concerning 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 2019 financial statements.
- d) On 9 March 2020, the ALRO issued a notice on land plot of title deed No. 602 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai as a target of land reform area which is not in land reform program. Land owner need to clarify evidence and document of land rights according to the Land Code or other laws within 15 days from the date the notice was announced date 31 March 2020 at the ALRO in Krabi.

On 13 April 2020, the Company as land owner submitted a request with evidence and document of land rights in such land plot. The request is currently under the consideration of the ALRO in Krabi. In case of loss such land plot, the cost of land and net book value of oil palm plantation development on the land of the Company as at 30 April 2020 will be decreased by Baht 5 million.

**21. 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 2019 financial statements.

**22. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 7 May 2020.