

United Palm Oil Industry Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 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 30 September 2020, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of United Palm Oil Industry Public Company Limited for the same periods (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: 12 November 2020

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	30 September 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Assets					
Current assets					
Cash and cash equivalents		80,942	21,001	68,650	10,081
Trade and other receivables	4	44,503	30,471	44,446	30,360
Current portion of financial lease receivables		1,195	331	1,195	331
Advance to employees		249	300	249	300
Inventories	5	183,249	82,815	183,249	82,815
Biological assets		44,453	90,928	44,453	90,928
Other current assets		15,330	12,264	10,963	8,289
Total current assets		369,921	238,110	353,205	223,104
Non-current assets					
Financial lease receivables - long-term portion		2,073	641	2,073	641
Investment in subsidiary	6	-	-	307,895	307,895
Investment in joint venture	7	23,610	26,710	25,000	25,000
Long-term loan to other company	8	18,400	19,320	-	-
Property, plant and equipment	9	883,629	841,931	883,629	841,931
Right-of-use assets	10	36,786	-	59,357	-
Bearer plants	11	198,092	204,035	198,092	204,035
Intangible assets		38	64	38	64
Deferred tax assets		-	6,570	-	6,295
Other non-current assets		1,007	2,801	1,007	2,801
Total non-current assets		1,163,635	1,102,072	1,477,091	1,388,662
Total assets		1,533,556	1,340,182	1,830,296	1,611,766

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	12	365,000	275,000	365,000	275,000
Trade and other payables	13	41,115	22,974	317,059	300,628
Current portion of long-term lease liabilities		229	-	457	-
Income tax payable		3,509	676	3,265	-
Other current liabilities		3,160	2,857	3,160	2,857
Total current liabilities		413,013	301,507	688,941	578,485
Non-current liabilities					
Long-term lease liabilities, net of current portion		42,625	-	64,308	-
Deferred tax Liabilities		100	-	232	-
Provision for long-term employee benefits	14	17,617	19,108	17,617	19,108
Total non-current liabilities		60,342	19,108	82,157	19,108
Total liabilities		473,355	320,615	771,098	597,593
Shareholders' equity					
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		353,801	313,167	381,198	336,173
Total shareholders' equity		1,060,201	1,019,567	1,059,198	1,014,173
Total liabilities and shareholders' equity		1,533,556	1,340,182	1,830,296	1,611,766

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 30 September 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Revenue		199,855	121,819	199,855	121,819
Other income		4,841	4,246	4,841	4,246
Total revenues		204,696	126,065	204,696	126,065
Expenses					
Cost of sales		142,020	120,659	142,530	121,157
Selling and distribution expenses		5,119	4,948	5,119	4,948
Administrative expenses		10,752	10,888	10,708	10,842
Loss arising from change in fair value of biological assets		6,434	4,357	6,434	4,357
Total expenses		164,325	140,852	164,791	141,304
Profit (loss) from operating activities		40,371	(14,787)	39,905	(15,239)
Share of loss of a joint venture	7.2	(2,225)	(888)	-	-
Finance income		76	113	14	-
Finance cost		(1,818)	(1,822)	(2,969)	(3,430)
Profit (loss) before income tax benefits (expenses)		36,404	(17,384)	36,950	(18,669)
Income tax benefits (expenses)	15	(7,910)	4,174	(7,652)	4,582
Profit (loss) for the period		28,494	(13,210)	29,298	(14,087)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		28,494	(13,210)	29,298	(14,087)
Basic earnings per share					
Profit (loss) per share	16	0.09	(0.04)	0.09	(0.04)

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Revenue		710,404	400,327	710,404	400,327
Other income					
Dividend income	6, 7.2	-	-	6,302	16,781
Others		18,545	15,198	18,545	15,198
Total revenues		728,949	415,525	735,251	432,306
Expenses					
Cost of sales		579,275	322,660	580,801	320,953
Selling and distribution expenses		17,549	16,590	17,549	16,590
Administrative expenses		29,802	43,403	29,656	43,159
Loss arising from change in fair value of biological assets		32,542	44,917	32,542	44,917
Total expenses		659,168	427,570	660,548	425,619
Profit (loss) from operating activities		69,781	(12,045)	74,703	6,687
Share of loss of a joint venture	7.2	(3,139)	(4,548)	-	-
Finance income		302	430	66	31
Finance cost		(5,290)	(5,200)	(9,726)	(10,289)
Profit (loss) before income tax benefits (expenses)		61,654	(21,363)	65,043	(3,571)
Income tax benefits (expenses)	15	(12,958)	4,098	(11,917)	4,711
Profit (loss) for the period		48,696	(17,265)	53,126	1,140
Other comprehensive income:					
<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	7.2	39	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		39	-	-	-
Other comprehensive income for the period		39	-	-	-
Total comprehensive income for the period		48,735	(17,265)	53,126	1,140
Basic earnings per share					
Profit (loss) per share	16	0.15	(0.05)	0.16	0.00

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements				
	Issued and paid-up	Share	Retained earnings		Total
	share capital	premium	Appropriated	Unappropriated	
Balance as at 1 January 2019	324,050	321,545	60,805	343,825	1,050,225
Dividend paid (Note 18)	-	-	-	(25,924)	(25,924)
Loss for the period	-	-	-	(17,265)	(17,265)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(17,265)	(17,265)
Balance as at 30 September 2019	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>300,636</u>	<u>1,007,036</u>
Balance as at 1 January 2020	324,050	321,545	60,805	313,167	1,019,567
Dividend paid (Note 18)	-	-	-	(8,101)	(8,101)
Profit for the period	-	-	-	48,696	48,696
Other comprehensive income for the period	-	-	-	39	39
Total comprehensive income for the period	-	-	-	48,735	48,735
Balance as at 30 September 2020	<u>324,050</u>	<u>321,545</u>	<u>60,805</u>	<u>353,801</u>	<u>1,060,201</u>

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and paid-up	Share	Retained earnings		Total
	share capital	premium	Appropriated	Unappropriated	
Balance as at 1 January 2019	324,050	321,545	32,405	347,568	1,025,568
Dividend paid (Note 18)	-	-	-	(25,924)	(25,924)
Profit for the period	-	-	-	1,140	1,140
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,140	1,140
Balance as at 30 September 2019	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>322,784</u>	<u>1,000,784</u>
Balance as at 1 January 2020	324,050	321,545	32,405	336,173	1,014,173
Dividend paid (Note 18)	-	-	-	(8,101)	(8,101)
Profit for the period	-	-	-	53,126	53,126
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	53,126	53,126
Balance as at 30 September 2020	<u>324,050</u>	<u>321,545</u>	<u>32,405</u>	<u>381,198</u>	<u>1,059,198</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 nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) before tax	61,654	(21,363)	65,043	(3,571)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	31,136	37,526	31,845	37,526
Share of loss of a joint venture	3,139	4,548	-	-
Loss arising from change in fair value of biological assets	32,542	44,917	32,542	44,917
Reversal of reduction of inventory cost to net realisable value	(2,207)	(4,068)	(2,207)	(4,068)
Loss on write-off asset	2,084	-	2,084	-
Loss (gain) on disposal/write-off of equipment and vehicles	343	(4,466)	343	(4,466)
Gain on finance lease agreements	(2,669)	-	(2,669)	-
Provision for termination benefits and provision for long-term employee benefits	6,686	8,467	6,686	8,467
Dividend Income	-	-	(6,302)	(16,781)
Interest expenses	5,290	5,200	9,726	10,289
Profit from operating activities before changes in operating assets and liabilities	137,998	70,761	137,091	72,313
Operating assets (increase) decrease				
Trade and other receivables	(14,032)	10,221	(14,086)	10,211
Cash received from finance lease receivables	373	-	373	-
Advance to employees	51	(75)	51	(75)
Inventories and biological assets	(84,294)	(69,230)	(84,294)	(69,230)
Other current assets	(5,355)	(1,003)	(5,258)	108
Other non-current assets	(6)	5	(6)	5
Operating liabilities increase (decrease)				
Trade and other payables	459	10,175	2,728	9,186
Other current liabilities	303	(1,690)	303	(1,690)
Cash paid for termination benefits and long-term employee benefits	(8,177)	(4,841)	(8,177)	(4,841)
Cash flows from operating activities	27,320	14,323	28,725	15,987
Cash paid for interest expenses	(5,318)	(5,218)	(15,106)	(17,703)
Cash received from income tax	2,389	-	2,300	-
Cash paid for income tax	(3,839)	(2,144)	(2,125)	(137)
Net cash flows from (used in) operating activities	20,552	6,961	13,794	(1,853)

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the nine-month period ended 30 September 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>
Cash flows from investing activities				
Decrease in long-term loan to other company	920	920	-	-
Proceeds from disposal of equipment and vehicles	2,259	5,204	2,259	5,204
Cash paid for acquisition of equipment and vehicles	(42,819)	(24,197)	(42,819)	(24,197)
Increase in cost of bearer plants	(2,576)	(6,119)	(2,576)	(6,119)
Dividend received	-	5,000	6,302	16,781
Net cash flows used in investing activities	(42,216)	(19,192)	(36,834)	(8,331)
Cash flows from financing activities				
Increase in short-term loans from				
financial institutions	90,000	55,000	90,000	55,000
Cash paid for lease liabilities	(294)	-	(290)	-
Dividend paid	(8,101)	(25,924)	(8,101)	(25,924)
Net cash flows from financing activities	81,605	29,076	81,609	29,076
Net increase in cash and cash equivalents	59,941	16,845	58,569	18,892
Cash and cash equivalents at beginning of period	21,001	22,900	10,081	10,513
Cash and cash equivalents at end of period	80,942	39,745	68,650	29,405

Supplemental cash flows information

Non-cash transactions

Purchase of equipment for which no cash has been paid	23,599	440	23,599	440
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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 and nine-month periods ended 30 September 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

a) 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.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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
Statement of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	37,947	37,947
Liabilities and shareholders' equity			
Current liabilities			
Current portion of lease liabilities	-	294	294
Trade and other payables	22,974	(5,201)	17,773
Non-current liabilities			
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
Statement of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	61,227	61,227
Liabilities and shareholders' equity			
Current liabilities			
Current portion of lease liabilities	-	402	402
Trade and other payables	300,628	(3,828)	296,800
Non-current liabilities			
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)

	Consolidated		Separate		Transfer pricing policies
	financial statements		financial statements		
	For the three-month periods ended 30 September				
	2020	2019	2020	2019	
Transactions with parent company					
Sales of crude palm oil and crude palm kernel oil	140	114	140	114	Market price on the contract's date
Sales of fresh fruit bunch	20	-	20	-	Market price on the contract's date
Transactions with subsidiary (eliminated from the consolidated financial statements)					
Palm plantation rental expenses	-	-	2	1	Contract price
Interest expenses	-	-	1	1	THBFIX+1% per annum

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policies
	financial statements		financial statements		
	For the nine-month periods ended 30 September				
	2020	2019	2020	2019	
Transactions with parent					
Sales of crude palm oil and crude palm kernel oil	526	324	526	324	Market price on the contract's date
Sales of fresh fruit bunch	20	-	20	-	Market price on the contract's date
Transactions with subsidiary (eliminated from the consolidated financial statements)					
Dividend income	-	-	6	12	As declared by subsidiary
Palm plantation rental expenses	-	-	5	5	Contract price
Interest expenses	-	-	4	5	THBFIX+1% per annum
Transactions with joint venture					
Dividend income	-	-	-	5	As declared by joint venture
Purchases of oil palm seeds and fresh fruit bunch	3	1	3	1	Market price

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Trade and other receivables - related parties (Note 4)				
Parent company	43,684	-	43,684	-
Subsidiary	-	-	5	-
Total	43,684	-	43,689	-
Trade and other payables - related party (Note 13)				
Subsidiary	-	-	276,058	283,005
Total	-	-	276,058	283,005
Lease liabilities - related party				
Subsidiary	-	-	64,765	-
Total	-	-	64,765	-

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2020, the Company had short-term employee benefits expenses and post-employment benefits expenses payable to its directors and management totaling Baht 5 million and Baht 15 million, respectively (2019: Baht 4 million and Baht 14 million, respectively).

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Trade receivables - related party				
Aged on the basis of due dates				
Not yet due	43,684	-	43,689	-
Total trade receivables - related party (Note 3)	43,684	-	43,689	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	757	29,837	757	29,837
Past due				
Up to 3 months	-	467	-	467
Total trade receivables - unrelated parties	757	30,304	757	30,304
Total trade receivables	44,441	30,304	44,446	30,304
Other receivables				
Accrued income	62	167	-	56
Total other receivables	62	167	-	56
Total trade and other receivables	44,503	30,471	44,446	30,360

5. Inventories

Movements in the allowance for reduction of cost of inventories to net realisable value account during the nine-month period ended 30 September 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	(2,207)
Balance as at 30 September 2020	1,305

6. Investment in subsidiary

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	(Million Baht)	(Million Baht)	(%)	(%)		
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895
Total					307,895	307,895

During the nine-month period ended 30 September 2020, the Company received dividend income from its subsidiary by Baht 6 million (2019: Baht 12 million).

7. Investment in joint venture

7.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	23,610	26,710
Total				25,000	25,000	23,610	26,710

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		30 September 2020	31 December 2019	30 September 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 and dividend income

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

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of loss		Share of other comprehensive income		Dividend income	
	For the three-month periods ended 30 September					
	2020	2019	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	(2,225)	(888)	-	-	-	-
Total	(2,225)	(888)	-	-	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of loss		Share of other comprehensive income		Dividend income	
	For the nine-month periods ended 30 September					
	2020	2019	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	(3,139)	(4,548)	39	-	-	5,000
Total	(3,139)	(4,548)	39	-	-	5,000

8. Long-term loan to other company

As at 30 September 2020, a subsidiary had loan to other company of Baht 18 million (31 December 2019: 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 nine-month period ended 30 September 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2020	841,931	841,931
Acquisitions during period - at cost	65,730	65,730
Disposals/write-off during the period - net book value at disposal/write-off date	(2,602)	(2,602)
Depreciation for the period	(21,430)	(21,430)
Net book value as at 30 September 2020	883,629	883,629

10. Right-of-use assets

Movements in the right-of-use assets account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	37,947	61,227
Depreciation for the period	(1,161)	(1,870)
Net book value as at 30 September 2020	<u>36,786</u>	<u>59,357</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 nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	204,035	204,035
Increase during the period - at cost	2,576	2,576
Amortisation for the period	(8,519)	(8,519)
Net book value as at 30 September 2020	<u>198,092</u>	<u>198,092</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 2020, 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 2021 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

	(Unit: Thousand Baht)			
	Interest rate (Percent per annum)		Consolidated/Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Short-term loans from financial institutions	1.25 - 1.95	1.80 - 1.90	365,000	275,000
Total			<u>365,000</u>	<u>275,000</u>

13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Trade payables - unrelated parties	4,361	7,210	4,361	7,210
Other payables - related party (Note 3)	-	-	276,058	283,005
Other payables - unrelated parties	2,137	2,194	2,137	2,194
Payables for purchase of assets - unrelated parties	23,599	688	23,599	688
Accrued expenses	11,018	12,882	10,904	7,531
Total trade and other payables	<u>41,115</u>	<u>22,974</u>	<u>317,059</u>	<u>300,628</u>

14. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	Termination benefits	Long-term employee benefits
Balance as at 1 January 2020	-	19,108
Current service cost	-	858
Interest cost	-	163
Termination benefits	5,665	-
Benefit paid during the period	(5,665)	(2,512)
Balance as at 30 September 2020	<u>-</u>	<u>17,617</u>

15. Income tax

Income tax expenses (benefits) for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Interim corporate income tax charge	3,700	399	3,468	-
Deferred tax:				
Relating to origination and reversal of temporary differences	4,210	(4,573)	4,184	(4,582)
Income tax expenses (benefits) reported in the statement of comprehensive income	7,910	(4,174)	7,652	(4,582)

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Interim corporate income tax charge	6,288	1,259	5,390	-
Deferred tax:				
Relating to origination and reversal of temporary differences	6,670	(5,357)	6,527	(4,711)
Income tax expenses (benefits) reported in the statement of comprehensive income	12,958	(4,098)	11,917	(4,711)

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

Dividends	Approved by	Total dividends (Million Baht)	Dividends per share (Baht)
Final dividend for 2018	Annual General Meeting of the shareholders on 26 April 2019	26	0.08
Total dividend paid for the period ended 30 September 2019		26	0.08
Final dividend for 2019	Annual General Meeting of the shareholders on 24 April 2020	8	0.03
Total dividend paid for the period ended 30 September 2020		8	0.03

19. Commitments and contingent liabilities**19.1 Capital commitments**

As at 30 September 2020, the Company had capital commitments of Baht 30 million (31 December 2019: Baht 60 million) relating to the acquisition of machine and equipment.

19.2 Guarantees

As at 30 September 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 30 September 2020 totaling Baht 7 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 designating land plots under 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 prospective area for land reform which is not incorporated in a land reform program. A landowner is required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws within 15 days from 31 March 2020, the date the notice was posted at the ALRO in Krabi. On 13 April 2020, the Company, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plots. On 14 May 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 16 June 2020, the Company filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 16 September 2020, the Phuket Administrative Court dismissed a lawsuit because the Company failed to follow procedures and methods stipulated by the Administrative Procedure Act, B.E. 2539. The Company was firstly required to submit an appeal against the order to the ALRO in Krabi, and then, after the expiration of the appeal period or after a notice about the outcome had been received, file a lawsuit to the court again. The appeal period was 1 year from the date the administrative order was served. When the court dismissed the lawsuit, there were no further considerations and orders regarding a petition for temporary injunction. On 28 October 2020, the Company appealed the order of the ALRO in Krabi.

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 30 September 2020 are to decrease by Baht 5 million.

- e) On 21 July 2020, the ALRO issued a notice designating land plots under title deed No. 603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the selected areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other laws within 15 days from 19 August 2020, the date the notice was announced at the ALRO in Krabi. On 3 September 2020, the Company as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots.

On 21 October 2020, the ALRO in Krabi presented assessment results considering that the petition was unacceptable. On 30 October 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. The Company is currently preparing appeal documents. However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 30 September 2020 are to decrease by Baht 14 million.

21. Litigation

- a) In July 2018, Krabi chief public prosecutor 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 in 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.

In August 2019, the Court dismissed the case and gave the Company an order to hand over the land. In December 2019, the Company appealed the judgement of the Court of First Instance. On 28 April 2020, the Appeals Court dismissed the case. The case is therefore finalised. The management 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.

- b) On 6 July 2020, the Company was served with a summons in a criminal action involving alleged trespass. The ALRO in Krabi had made an allegation against the Company. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the Company. On 20 August 2020, the Company turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the Company submitted a written testimony to inquiry officers. The case is currently under consideration of Krabi chief public prosecutor.

22. Fire incident

On 26 August 2020, a fire broke out in a crude palm oil processing plant in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 77 days. The Company started to bring machines into operation again on 11 November 2020. The Company had insurance to cover damaged assets and business interruption. The compensation is currently under consideration of insurance companies.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2020.