

Lam Soon (Thailand) Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 2019

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

To the Shareholders of Lam Soon (Thailand) Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 8 November 2019

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**

**Statements of financial position**

**As at 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	434,888	197,382	338,966	123,133
Trade and other receivables	3, 5	804,315	882,372	688,288	751,467
Short-term loans to related parties	3	-	-	-	-
Inventories	6	1,152,230	1,079,192	623,128	579,145
Biological assets		74,177	118,520	-	-
Other current assets		44,888	38,905	7,487	9,993
<b>Total current assets</b>		<b>2,510,498</b>	<b>2,316,371</b>	<b>1,657,869</b>	<b>1,463,738</b>
<b>Non-current assets</b>					
Investments in subsidiaries	7	-	-	1,333,967	1,333,967
Investment in joint venture	8	29,054	38,602	-	-
Investment in associated company	9	-	-	-	-
Other long-term investments		23	23	23	23
Long-term loans to other companies	10	19,320	20,240	-	-
Investment properties	11	62,537	63,029	5,615	5,615
Property, plant and equipment	12	2,262,297	2,240,354	760,085	745,985
Bearer plants	13	211,435	213,389	180	189
Goodwill		196,376	196,376	-	-
Intangible assets		6,245	7,846	3,916	4,591
Deferred tax assets		66,728	51,215	20,587	17,297
Other non-current assets		5,288	5,298	486	405
<b>Total non-current assets</b>		<b>2,859,303</b>	<b>2,836,372</b>	<b>2,124,859</b>	<b>2,108,072</b>
<b>Total assets</b>		<b>5,369,801</b>	<b>5,152,743</b>	<b>3,782,728</b>	<b>3,571,810</b>

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

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	14	555,000	450,000	-	-
Trade and other payables	3, 15	479,701	404,927	358,181	333,599
Current portion of long-term loans	16	29,110	112,540	-	-
Current portion of liabilities under finance lease agreements		88	474	-	-
Income tax payable		31,247	46,782	20,667	25,495
Other current liabilities		24,351	24,964	3,202	3,575
<b>Total current liabilities</b>		<b>1,119,497</b>	<b>1,039,687</b>	<b>382,050</b>	<b>362,669</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	16	-	33,267	-	-
Provision for long-term employee benefits	17	169,976	119,151	86,038	68,012
<b>Total non-current liabilities</b>		<b>169,976</b>	<b>152,418</b>	<b>86,038</b>	<b>68,012</b>
<b>Total liabilities</b>		<b>1,289,473</b>	<b>1,192,105</b>	<b>468,088</b>	<b>430,681</b>

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

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 September 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)	As at 30 September 2019 (Unaudited but reviewed)	As at 31 December 2018 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Share premium	241,970	241,970	241,970	241,970
Other surpluses (deficits)				
Premium on treasury stock	5,269	5,269	5,269	5,269
Deficit on changes in shareholding in subsidiary	(6,579)	(6,579)	-	-
Retained earnings				
Appropriated - statutory reserve	122,224	122,224	82,000	82,000
Unappropriated	2,578,499	2,445,154	2,165,401	1,991,890
Equity attributable to owners of the Company	3,761,383	3,628,038	3,314,640	3,141,129
Non-controlling interests of the subsidiaries	318,945	332,600	-	-
<b>Total shareholders' equity</b>	<b>4,080,328</b>	<b>3,960,638</b>	<b>3,314,640</b>	<b>3,141,129</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,369,801</b>	<b>5,152,743</b>	<b>3,782,728</b>	<b>3,571,810</b>
	-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

## Lam Soon (Thailand) Public Company Limited and its subsidiaries

## Statements of comprehensive income

For the three-month period ended 30 September 2019

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

Note	Consolidated financial statements		Separate financial statements		
	2019	2018 (Restated)	2019	2018 (Restated)	
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	1,478,395	1,670,511	1,064,478	1,189,096
Other income		14,007	15,217	5,564	6,566
<b>Total revenues</b>		<b>1,492,402</b>	<b>1,685,728</b>	<b>1,070,042</b>	<b>1,195,662</b>
<b>Expenses</b>					
Cost of sales and services		1,180,554	1,417,710	842,989	1,019,825
Selling and distribution expenses		107,473	124,546	72,476	76,356
Administrative expenses		48,853	53,385	26,774	26,633
Loss from change in fair value of biological assets		4,357	9,339	-	-
<b>Total expenses</b>		<b>1,341,237</b>	<b>1,604,980</b>	<b>942,239</b>	<b>1,122,814</b>
<b>Profit before share of loss from investment in joint venture, finance cost and income tax expenses</b>					
Share of loss from investment in joint venture	8	(888)	(508)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>150,277</b>	<b>80,240</b>	<b>127,803</b>	<b>72,848</b>
Finance cost		(3,476)	(4,857)	(337)	(1,001)
<b>Profit before income tax expenses</b>		<b>146,801</b>	<b>75,383</b>	<b>127,466</b>	<b>71,847</b>
Income tax expenses	18	(21,153)	(7,247)	(20,462)	(9,905)
<b>Profit for the period</b>		<b>125,648</b>	<b>68,136</b>	<b>107,004</b>	<b>61,942</b>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month period ended 30 September 2019

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

Note	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
<b>Other comprehensive income:</b>				
<b>Other comprehensive income for the period</b>				
	-	-	-	-
<b>Total comprehensive income for the period</b>				
	<u>125,648</u>	<u>68,136</u>	<u>107,004</u>	<u>61,942</u>
<b>Profit or loss attributable to:</b>				
Equity holders of the Company	125,484	74,899	<u>107,004</u>	<u>61,942</u>
Non-controlling interests of the subsidiaries	<u>164</u>	<u>(6,763)</u>		
	<u>125,648</u>	<u>68,136</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	125,484	74,899	<u>107,004</u>	<u>61,942</u>
Non-controlling interests of the subsidiaries	<u>164</u>	<u>(6,763)</u>		
	<u>125,648</u>	<u>68,136</u>		
<b>Basic earnings per share</b>				
	19			
Profit attributable to equity holders of the Company	<u>0.15</u>	<u>0.09</u>	<u>0.13</u>	<u>0.08</u>

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

(Unaudited but reviewed)

## Lam Soon (Thailand) Public Company Limited and its subsidiaries

## Statements of comprehensive income

For the nine-month period ended 30 September 2019

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

Note	Consolidated financial statements		Separate financial statements		
	2019	2018 (Restated)	2019	2018 (Restated)	
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	4,738,557	5,470,013	3,313,769	3,824,902
Dividend income		2	-	80,401	84,933
Other income		49,636	53,011	22,588	42,356
<b>Total revenues</b>		<b>4,788,195</b>	<b>5,523,024</b>	<b>3,416,758</b>	<b>3,952,191</b>
<b>Expenses</b>					
Cost of sales and services		3,796,547	4,594,984	2,667,107	3,358,699
Selling and distribution expenses		346,636	390,376	223,841	228,167
Administrative expenses		170,936	155,346	87,549	79,949
Loss from impairment of assets		-	28,536	-	-
Loss from change in fair value of biological assets		44,917	6,267	-	-
<b>Total expenses</b>		<b>4,359,036</b>	<b>5,175,509</b>	<b>2,978,497</b>	<b>3,666,815</b>
<b>Profit before share of profit (loss) from investment in joint venture, finance cost and income tax expenses</b>					
		429,159	347,515	438,261	285,376
Share of profit (loss) from investment in joint venture	8	(4,548)	11,786	-	-
<b>Profit before finance cost and income tax expenses</b>					
		424,611	359,301	438,261	285,376
Finance cost		(10,897)	(18,219)	(1,100)	(6,022)
<b>Profit before income tax expenses</b>		<b>413,714</b>	<b>341,082</b>	<b>437,161</b>	<b>279,354</b>
Income tax expenses	18	(71,364)	(55,602)	(58,770)	(24,880)
<b>Profit for the period</b>		<b>342,350</b>	<b>285,480</b>	<b>378,391</b>	<b>254,474</b>

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



## Lam Soon (Thailand) Public Company Limited and its subsidiaries

## Statements of comprehensive income (continued)

For the nine-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on changes in value of					
available-for-sale investments		-	521	-	521
Income tax effect	18	-	(104)	-	(104)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		-	417	-	417
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(11,569)	-	-	-
Income tax effect	18	2,314	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(9,255)	-	-	-
<b>Other comprehensive income for the period</b>		<b>(9,255)</b>	<b>417</b>	<b>-</b>	<b>417</b>
<b>Total comprehensive income for the period</b>		<b>333,095</b>	<b>285,897</b>	<b>378,391</b>	<b>254,891</b>
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		347,372	280,190	378,391	254,474
Non-controlling interests of the subsidiaries		(5,022)	5,290		
		<u>342,350</u>	<u>285,480</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		338,225	280,607	378,391	254,891
Non-controlling interests of the subsidiaries		(5,130)	5,290		
		<u>333,095</u>	<u>285,897</u>		
<b>Basic earnings per share</b>					
	19				
Profit attributable to equity holders					
of the Company		<u>0.42</u>	<u>0.34</u>	<u>0.46</u>	<u>0.31</u>

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

(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries****Cash flow statements****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit before tax	413,714	341,082	437,161	279,354
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	165,996	177,330	70,737	72,354
Loss from change in fair value of biological assets	44,917	6,267	-	-
Share of (profit) loss from investment in joint venture	4,548	(11,786)	-	-
Increase (decrease) in allowance for doubtful accounts	(1,812)	729	(1,603)	133
Increase in allowance for diminution in inventory value	1,497	21,339	-	926
Reversal of allowance for impairment loss of investment in subsidiary	-	-	-	(21,096)
Impairment loss of assets	-	28,536	-	-
Gain on disposals of property, plant and equipment	(5,478)	(1,689)	(445)	(572)
Loss on write off bearer plants	-	861	-	-
Loss on disposal other long-term investment	-	493	-	493
Unrealised (gain) loss on exchange	1,218	1,637	(79)	412
Provision for long-term employee benefits	45,038	11,822	18,065	6,157
Dividend income from subsidiary	-	-	(80,399)	(84,933)
Dividend income from other companies	(2)	-	(2)	-
Interest expenses	9,136	16,372	-	4,868
Profit from operating activities before changes in operating assets and liabilities	678,772	592,993	443,435	258,096
Decrease (increase) in operating assets				
Trade and other receivables	78,480	205,150	64,724	185,811
Inventories	(74,535)	16,400	(43,983)	152,335
Biological assets	(574)	(5,758)	-	-
Other current assets	(4,666)	(2,055)	2,755	1,848
Other non-current assets	10	(197)	(81)	(61)
Increase (decrease) in operating liabilities				
Trade and other payables	68,308	26,389	18,182	(30,610)
Other current liabilities	(610)	(16,024)	(370)	(13,886)
Provision for long-term employee benefits	(5,782)	(11,164)	(39)	(459)
Cash from in operating activities	739,403	805,734	484,623	553,074
Cash paid for interest expenses	(9,235)	(16,828)	-	(5,206)
Income tax refund	-	270	-	-
Cash paid for income tax	(100,835)	(63,582)	(67,137)	(30,880)
<b>Net cash from in operating activities</b>	<b>629,333</b>	<b>725,594</b>	<b>417,486</b>	<b>516,988</b>

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

(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries****Cash flow statements (continued)****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from investing activities</b>				
Dividend received from subsidiary	-	-	80,399	84,933
Dividend received from other companies	2	-	2	-
Dividend received from joint venture	5,000	2,500	-	-
Decrease in long-term loan to other companies	920	920	-	-
Acquisitions of property, plant and equipment	(173,135)	(92,062)	(78,451)	(20,477)
Increase in bearer plants	(6,119)	(12,458)	-	-
Proceeds from disposals of other long-term investment	-	1,007	-	1,007
Proceeds from disposals of property, plant and equipment	7,051	6,860	1,280	4,891
Increase in intangible assets	(55)	(283)	-	(94)
<b>Net cash from (used in) investing activities</b>	<b>(166,336)</b>	<b>(93,516)</b>	<b>3,230</b>	<b>70,260</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	105,000	(859,000)	-	(479,000)
Repayment of liabilities under finance lease agreements	(386)	(359)	-	-
Cash received from long-term loans	-	200,000	-	-
Repayment of long-term loans	(116,697)	(118,934)	-	(58,500)
Dividend paid	(213,408)	(158,002)	(204,883)	(147,530)
<b>Net cash used in financing activities</b>	<b>(225,491)</b>	<b>(936,295)</b>	<b>(204,883)</b>	<b>(685,030)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	237,506	(304,217)	215,833	(97,782)
Cash and cash equivalents at beginning of the period	197,382	414,143	123,133	143,989
<b>Cash and cash equivalents at end of the period (Note 4)</b>	<b>434,888</b>	<b>109,926</b>	<b>338,966</b>	<b>46,207</b>

**Supplementary disclosures of cash flows information**

## Non-cash transactions

## Acquisitions of plant and equipment

that have not been paid	13,525	7,527	7,970	4,996
Dividend payable	117	70	117	70

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to the owners of the Company											
						Other components of equity					
						Other comprehensive income		Surplus (deficit)		Equity	
Issued and paid up share capital		Share premium	Premium on treasury stock	Deficit on change in shareholding in subsidiary	Retained earnings	on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated - statutory reserve	Unappropriated					
<b>Balance as at 1 January 2018</b>	820,000	241,970	5,269	(6,579)	114,755	2,218,554	(417)	(417)	3,393,552	336,338	3,729,890
Profit for the period	-	-	-	-	-	280,190	-	-	280,190	5,290	285,480
Other comprehensive income for the period	-	-	-	-	-	-	417	417	417	-	417
Total comprehensive income for the period	-	-	-	-	-	280,190	417	417	280,607	5,290	285,897
Reversal of prior year dividend	-	-	-	-	-	80	-	-	80	-	80
Dividend paid (Note 21)	-	-	-	-	-	(147,600)	-	-	(147,600)	-	(147,600)
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(10,472)	(10,472)
<b>Balance as at 30 September 2018</b>	<b>820,000</b>	<b>241,970</b>	<b>5,269</b>	<b>(6,579)</b>	<b>114,755</b>	<b>2,351,224</b>	<b>-</b>	<b>-</b>	<b>3,526,639</b>	<b>331,156</b>	<b>3,857,795</b>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Consolidated financial statements									
Equity attributable to the owners of the Company									
Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on change in shareholding in subsidiary	Retained earnings		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2019</b>	820,000	241,970	5,269	(6,579)	122,224	2,445,154	3,628,038	332,600	3,960,638
Profit (loss) for the period	-	-	-	-	-	347,372	347,372	(5,022)	342,350
Other comprehensive income for the period	-	-	-	-	-	(9,147)	(9,147)	(108)	(9,255)
Total comprehensive income for the period	-	-	-	-	-	338,225	338,225	(5,130)	333,095
Reversal of prior year dividend	-	-	-	-	-	120	120	-	120
Dividend paid (Note 21)	-	-	-	-	-	(205,000)	(205,000)	-	(205,000)
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	(8,525)	(8,525)
<b>Balance as at 30 September 2019</b>	<b>820,000</b>	<b>241,970</b>	<b>5,269</b>	<b>(6,579)</b>	<b>122,224</b>	<b>2,578,499</b>	<b>3,761,383</b>	<b>318,945</b>	<b>4,080,328</b>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Separate financial statements					Other components of equity		Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings	Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2018</b>	820,000	241,970	5,269	82,000	1,799,512	(417)	(417)	2,948,334
Profit for the period	-	-	-	-	254,474	-	-	254,474
Other comprehensive income for the period	-	-	-	-	-	417	417	417
Total comprehensive income for the period	-	-	-	-	254,474	417	417	254,891
Reversal of prior year dividend	-	-	-	-	80	-	-	80
Dividend paid (Note 21)	-	-	-	-	(147,600)	-	-	(147,600)
<b>Balance as at 30 September 2018</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,906,466</u>	<u>-</u>	<u>-</u>	<u>3,055,705</u>
<b>Balance as at 1 January 2019</b>	820,000	241,970	5,269	82,000	1,991,890	-	-	3,141,129
Profit for the period	-	-	-	-	378,391	-	-	378,391
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	378,391	-	-	378,391
Reversal of prior year dividend	-	-	-	-	120	-	-	120
Dividend paid (Note 21)	-	-	-	-	(205,000)	-	-	(205,000)
<b>Balance as at 30 September 2019</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>2,165,401</u>	<u>-</u>	<u>-</u>	<u>3,314,640</u>

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

## **Lam Soon (Thailand) Public Company Limited and its subsidiaries**

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

#### **For the three-month and nine-month periods ended 30 September 2019**

## **1. General information**

### **1.1 Corporate information**

Lam Soon (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Lam Soon Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of palm oil. The registered office of the Company is at 64, Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok.

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

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2017) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

### **1.3 Basis of consolidation**

The interim consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (herein after called “the Company”) and its subsidiaries (herein after called “the subsidiaries”), which were incorporated in Thailand, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There have been no changes in the composition of the group during the current period.

## 1.4 New financial reporting standards

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

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

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

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

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

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



The Company and its subsidiaries adopted TFRS 15 using the full retrospective method of adoption. The Company and its subsidiaries elect to apply the following practical expedients.

- Not disclose the effect of the transition on the current period.

The effect of the change is described in Note 2 to the financial statements.

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

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

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

Financial reporting standards

TFRS 7                      Financial Instruments: Disclosures

TFRS 9                      Financial Instruments

Accounting standard:

TAS 32                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations

TFRIC 16                   Hedges of a Net Investment in a Foreign Operation

TFRIC 19                   Extinguishing Financial Liabilities with Equity Instruments

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

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

## **TFRS 16 Leases**

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

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

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

### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

#### **Revenue recognition**

##### ***Sale of goods***

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

### **2. Effects of changes in accounting policies due to the adoption of new financial reporting standard**

As described in Note 1.4 to the financial statements, during the current period, the Company and its subsidiaries have adopted TFRS 15 using the full retrospective method of adoption. The change in accounting policy has no impact to the statement of financial position, changes in shareholders' equity and cash flows.

The amounts of the adjustments affecting the reclassifications of accounts in statement of comprehensive income are summarised below:

(Unit: Million Baht)

	Increase (decrease) in profit for the three-month period ended 30 September 2018	
	Consolidated financial statements	Separate financial statements
<b>Statement of comprehensive income</b>		
<b>Profit or loss:</b>		
Sales and service income	(32)	(133)
Other income	-	(13)
Cost of sales and services	-	130
Selling and distribution expenses	32	16
<b>Profit for the period</b>	<b>-</b>	<b>-</b>

(Unit: Million Baht)

	Increase (decrease) in profit for the nine-month period ended 30 September 2018	
	Consolidated financial statements	Separate financial statements
<b>Statement of comprehensive income</b>		
<b>Profit or loss:</b>		
Sales and service income	(81)	(409)
Other income	-	(40)
Cost of sales and services	-	402
Selling and distribution expenses	81	47
<b>Profit for the period</b>	<b>-</b>	<b>-</b>

The nature of these adjustments are described below:

#### *Revenue*

The Company has determined that revenue from which the Company is agent to satisfy a performance obligation should be recognised as revenue in the amount of consideration that the entity retains after paying the other the consideration received in exchange for the goods or services to be provided by that party. Under the previous accounting policy, the Company recognises revenue in the gross amount.

#### *Promotion expenses*

The Company and its subsidiaries have determined that certain promotion expenses which are considered as variable consideration will be recorded as deduction from sales. Under the previous accounting policy, the Company and its subsidiaries recognise such promotion expenses as selling expenses.

### 3. Related party transactions

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

(Unit: Million Baht)

	For the three-month period ended 30				Pricing policy
	September				
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
				(Restated)	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	113.9	94.1	Market price on the contract date
Purchase of goods and services	-	-	111.0	130.2	Market price less fixed margin
Sales of goods and services	-	-	0.3	0.3	Market price
Rental income	-	-	0.5	0.5	Market price/Contract price
Administrative service income	-	-	0.5	0.5	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	55.4	50.4	-	-	Price approximates market price
Purchase of goods	0.7	0.7	0.1	0.1	Selling price less marketing expenses and profit margin
Selling expenses	6.1	5.1	-	-	Actual charge and charge at 5 - 15% of sales
<u>Transactions with joint venture of subsidiary</u>					
Land rental income	0.3	0.3	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	0.4	7.3	-	-	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
				(Restated)	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	323.5	360.9	Market price on the contract date
Purchase of goods and services	-	-	350.4	402.0	Market price less fixed margin
Sales of goods and services	-	-	0.9	0.9	Market price
Dividend income	-	-	80.4	84.9	At the declared rate
Rental income	-	-	1.5	1.5	Market price/Contract price
Administrative service income	-	-	1.5	1.9	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	142.8	132.2	-	-	Price approximates market price
Purchase of goods	1.9	2.0	3.1	1.7	Selling price less marketing expenses and profit margin
Selling expenses	15.3	16.3	-	-	Actual charge and charge at 5 - 15% of sales
<u>Transactions with joint venture of subsidiary</u>					
Land rental income	0.9	0.9	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	1.1	13.2	-	-	Market price

The balances of accounts as at 30 September 2019 and 31 December 2018 between the Company and the related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b><u>Trade and other receivables - related parties (Note 5)</u></b>				
Subsidiaries	-	-	21,326	20,829
Associated company	452	452	-	-
Related companies (related by common shareholders)	57,808	53,607	-	-
<b>Total trade and other receivables - related parties</b>	<b>58,260</b>	<b>54,059</b>	<b>21,326</b>	<b>20,829</b>
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
<b>Total trade and other receivables - related parties - net</b>	<b>37,480</b>	<b>33,279</b>	<b>21,326</b>	<b>20,829</b>
<b><u>Short-term loans to related parties</u></b>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
<b>Total short-term loans - related parties</b>	<b>45,611</b>	<b>45,611</b>	<b>-</b>	<b>-</b>
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
<b>Total short-term loans to related parties - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Trade and other payables - related parties (Note 15)</u></b>				
Subsidiaries	-	-	80,661	86,708
Related companies (related by common shareholders)	5,933	4,093	-	-
<b>Total trade and other payables - related parties</b>	<b>5,933</b>	<b>4,093</b>	<b>80,661</b>	<b>86,708</b>

**Short-term loans to related parties**

Short-term loans to associated and related companies of subsidiary carry interest at a rate of 7 percent per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has ceased from the date the Central Bankruptcy Court accepted the bankruptcy suits. The Central Bankruptcy Court ordered the closing of the Union Fresh Co., Ltd. (associated company of subsidiary) on 7 January 2016 and the case of Siam Unizon co., Ltd. (related company of subsidiary) on 24 February 2017.

Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited (“UFC”), a subsidiary, entered into a memorandum related to the agency agreement (previous agreement was dated 27 February 2006) whereby both parties agreed to change the terms and conditions on dealer compensation to comply with the general practice in the industry. The contract expired on 31 December 2016. The Company and UFC agreed to extend the agreement for another 5 years, starting from 1 January 2017 and expiring on 31 December 2021.

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2019, the Company and its subsidiaries had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 33.4 million and Baht 101.0 million, respectively (2018: Baht 34.9 million and Baht 104.8 million, respectively) and the Company only totaling Baht 20.1 million and Baht 60.5 million, respectively (2018: Baht 21.3 million and Baht 65 million, respectively).

**4. Cash and cash equivalents**

As at 30 September 2019 and 31 December 2018, cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Cash	2,959	2,321	1,444	895
Bank deposits	431,929	195,061	337,522	122,238
Total	<u>434,888</u>	<u>197,382</u>	<u>338,966</u>	<u>123,133</u>

As at 30 September 2019, bank deposits in savings account and fixed deposits carried interest between 0.10 and 0.625 percent per annum (31 December 2018: between 0.05 and 0.50 percent per annum).

**5. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	35,501	30,484	13	8
Past due				
Up to 3 months	1,979	2,789	-	-
6 - 12 months	-	5	-	-
Over 12 months	452	452	-	-
Total	37,932	33,730	13	8
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	37,480	33,278	13	8
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	17,823	24,219	17,823	24,219
Cheque returned	18,587	18,667	13,624	13,704
Not yet due	600,397	635,354	536,913	546,836
Past due				
Up to 3 months	126,071	165,679	94,015	138,606
3 - 6 months	1,703	1,162	270	1,004
6 - 12 months	585	333	585	256
Over 12 months	29,709	29,487	4,031	3,655
Total	794,875	874,901	667,261	728,280
Less: Allowance for doubtful accounts	(46,639)	(47,774)	(15,382)	(16,308)
Total trade receivables - unrelated parties - net	748,236	827,127	651,879	711,972
Total trade receivables - net	785,716	860,405	651,892	711,980
<u>Other receivables</u>				
Other receivables - related parties	-	1	3,136	3,366
Other receivables - unrelated parties	18,160	22,640	15,868	20,128
Accrued income - related parties	-	-	18,177	17,455
Accrued income - unrelated parties	600	305	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	624	483	-	-
Total	39,712	43,757	37,181	40,949
Less: Allowance for doubtful accounts	(21,113)	(21,790)	(785)	(1,462)
Total other receivables - net	18,599	21,967	36,396	39,487
<b>Total trade and other receivables - net</b>	<b>804,315</b>	<b>882,372</b>	<b>688,288</b>	<b>751,467</b>



**6. Reduction of inventory to net realisable value**

Movements in the reduction of inventory to net realisable value account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
<b>Balance as at 31 December 2018</b>	30,465
The reduction of inventory value recorded during the period	1,497
<b>Balance as at 30 September 2019</b>	<u>31,962</u>

**7. Investments in subsidiaries**

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
			Percent	Percent		
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623
Total					<u>1,333,967</u>	<u>1,333,967</u>

As at 30 September 2019, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on the latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 794 million (31 December 2018: Baht 988 million).

## 8. Investment in joint venture

### 8.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		31		31		31	
		30 September 2019	December 2018	30 September 2019	December 2018	30 September 2019	December 2018
		Percent	Percent				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	29,054	38,602
Total				25,000	25,000	29,054	38,602

### 8.2 Share of profit (loss) and dividend received

During the three-month and nine-month periods ended 30 September 2019 and 2018, the subsidiary had recognised its share of profit (loss) from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	For the three-month period ended 30 September	
	Share of loss from investment in joint venture	
	2019	2018
Siam Elite Palm Co., Ltd.	(888)	(508)
Total	(888)	(508)

(Unit: Thousand Baht)

	For the nine-month period ended 30 September	
	Share of profit (loss) from investment in joint venture	
	2019	2018
Siam Elite Palm Co., Ltd.	(4,548)	11,786
Total	(4,548)	11,786

(Unaudited but reviewed)

During the nine-month period ended 30 September 2019, the subsidiary received dividend from investment in the joint venture of approximately Baht 5.0 million (2018: Baht 2.5 million).

## 9. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			30 September 2019	31 December 2018	30 September 2019	31 December 2018
			(Million Baht)	(Million Baht)	(Percent)	(Percent)
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Cost		Allowance for diminution in value of investment		Carrying amounts based on cost method - net		Carrying amounts based on equity method	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

## 10. Long-term loan to other company

As at 30 September 2019, a subsidiary had long-term loan to other company of Baht 19.3 million (31 December 2018: Baht 20.2 million). The loan has no collateral and carries interest at a rate of THBFIX plus 1 percent per annum and is repayable at the end of June and December each year, with the last payment in June 2040.

## 11. Investment properties

Movements in the investment property account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2018</b>	63,029	5,615
Depreciation for the period	(492)	-
<b>Balance as at 30 September 2019</b>	<b>62,537</b>	<b>5,615</b>

(Unaudited but reviewed)

As at 30 September 2019, the subsidiary had allowance for impairment loss on investment properties of land and factory building amounting to Baht 64 million (31 December 2018: Baht 64 million).

**12. Property, plant and equipment**

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>                    </u>	<u>                    </u>
<b>Net book value as at 31 December 2018</b>	2,240,354	745,985
Acquisitions during the period - at cost	178,911	84,988
Disposals during the period - net book value at disposal date	(1,573)	(835)
Depreciation for the period	(155,775)	(70,053)
Interest capitalised to assets	380	-
<b>Net book value as at 30 September 2019</b>	<u>2,262,297</u>	<u>760,085</u>

During the current period, the subsidiary capitalised interest amounting to Baht 0.4 million (31 December 2018: Baht 0.8 million) to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average interest rate of these loans between 1.76 and 2.33 percent per annum (31 December 2018: 1.95 - 2.99 percent per annum).

**13. Bearer plants**

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>                    </u>	<u>                    </u>
<b>Net book value as at 31 December 2018</b>	213,389	189
Acquisitions during the period - at cost	6,119	-
Amortisation for the period	(8,073)	(9)
<b>Net book value as at 30 September 2019</b>	<u>211,435</u>	<u>180</u>

A permit from Royal Forest Department granted to a subsidiary company for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary has leased the land of 13,030 rai to the company for utilisation. The subsidiary company is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 15 May 2019, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 14 May 2020 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

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

#### 14. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Short-term loans from financial institutions	1.85 - 2.15	1.85 - 2.25	555,000	450,000
Total			555,000	450,000

(Unaudited but reviewed)

Movement in short-term loans from financial institutions during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
<b>Balance as at 31 December 2018</b>	450,000
Add: Additions during the period	290,000
Less: Repayments during the period	(185,000)
<b>Balance as at 30 September 2019</b>	<u>555,000</u>

There is no collateral on short-term loans from financial institutions of its subsidiaries.

## 15. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Trade payables - related parties	620	330	80,661	86,634
Trade payables - unrelated parties	239,464	195,525	148,323	132,771
Other payables - related parties	5,309	3,763	-	-
Other payables - unrelated parties	68,176	87,942	40,901	45,986
Advance received from related parties	4	-	-	74
Other payables for purchases of machinery	13,525	6,789	7,970	1,433
Accrued expenses	152,603	110,578	80,326	66,701
<b>Total trade and other payables</b>	<u>479,701</u>	<u>404,927</u>	<u>358,181</u>	<u>333,599</u>

(Unaudited but reviewed)

## 16. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	30 September	31 December
	2019	2018
Long-term loans	29,110	145,807
Less: Current portion	(29,110)	(112,540)
Long-term loans - net of current portion	-	33,267

Movements in the long-term loan account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
<b>Balance as at 31 December 2018</b>	145,807
Less: Repayment	(116,697)
<b>Balance as at 30 September 2019</b>	29,110

The long-term loans of its subsidiary are unsecured.

A subsidiary of Company has long-term loans, carrying interest with reference to THBFX per annum and BIBOR+0.85% per annum. The principal is repayable every month and 3 months ending within April 2020.

The loan agreements contain several covenants which, among other things, require its subsidiary to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

## 17. Provision for long-term employee benefits

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 33.6 million (The Company only: Baht 12.6 million) as a result. During the second quarter of the current year, the Company and its subsidiaries reflected the effect of the change by recognising past service costs as expenses in profit or loss in the statements of comprehensive income.



**18. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

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

	(Unit: Thousand Baht)			
	For the three-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	27,228	16,716	20,667	10,346
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,075)	(9,469)	(205)	(441)
<b>Income tax expenses reported in the profit or loss</b>	<b>21,153</b>	<b>7,247</b>	<b>20,462</b>	<b>9,905</b>

	(Unit: Thousand Baht)			
	For the nine-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	84,563	61,332	62,060	26,198
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(13,199)	(5,730)	(3,290)	(1,318)
<b>Income tax expenses reported in the profit or loss</b>	<b>71,364</b>	<b>55,602</b>	<b>58,770</b>	<b>24,880</b>

The amounts of income tax relating to each component of other comprehensive income for the nine-month periods ended 30 September 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	For the nine-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to the changes in value of available-for-sale investments	-	104	-	104
Deferred tax relating to actuarial losses	(2,314)	-	-	-
	<u>(2,314)</u>	<u>104</u>	<u>-</u>	<u>104</u>

## 19. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

	For the three-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	125,484	74,899	107,004	61,942
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.15	0.09	0.13	0.08

  

	For the nine-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	347,372	280,190	378,391	254,474
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.42	0.34	0.46	0.31

## 20. Operating segment information

The Company and its subsidiaries are organised into business units based on their products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2019 and 2018.

(Unit: Million Baht)

	Consolidated for the three-month period ended 30 September									
	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)		(Restated)		(Restated)		(Restated)		(Restated)	
<b>Revenue</b>										
External customers	1,073	1,211	405	460	1,478	1,671	-	-	1,478	1,671
Inter-segment	113	94	-	-	113	94	(113)	(94)	-	-
Total revenue	<u>1,186</u>	<u>1,305</u>	<u>405</u>	<u>460</u>	<u>1,591</u>	<u>1,765</u>	<u>(113)</u>	<u>(94)</u>	<u>1,478</u>	<u>1,671</u>
<b>Operating results</b>										
Segment profit	235	161	63	92	298	253	-	-	298	253
Unallocated income and expenses										
Other income									14	15
Loss from change in fair value of biological assets									(4)	(9)
Selling and distribution expenses									(108)	(125)
Administrative expenses									(49)	(53)
Share of loss from investment in joint venture									(1)	(1)
Finance cost									(3)	(5)
Profit before income tax expenses									147	75
Income tax expenses									(21)	(7)
Profit for the period									<u>126</u>	<u>68</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the nine-month period ended 30 September

	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
<b>Revenue</b>										
External customers	3,391	3,990	1,348	1,480	4,739	5,470	-	-	4,739	5,470
Inter-segment	323	361	-	-	323	361	(323)	(361)	-	-
Total revenue	<u>3,714</u>	<u>4,351</u>	<u>1,348</u>	<u>1,480</u>	<u>5,062</u>	<u>5,831</u>	<u>(323)</u>	<u>(361)</u>	<u>4,739</u>	<u>5,470</u>
<b>Operating results</b>										
Segment profit	722	549	220	325	942	874	-	-	942	874
Unallocated income and expenses										
Other income									50	53
Loss from change in fair value of biological assets									(45)	(6)
Selling and distribution expenses									(347)	(390)
Administrative expenses									(171)	(155)
Loss from impairment of assets									-	(29)
Share of profit (loss) from investment in joint venture									(5)	12
Finance cost									(11)	(18)
Profit before income tax expenses									413	341
Income tax expenses									(71)	(56)
Profit for the period									<u>342</u>	<u>285</u>

The following table presents segment assets of the Company's and its subsidiaries' operating segments as at 30 September 2019 and 31 December 2018.

(Unit: Million Baht)

	Manufacture and distribution			Adjustments and eliminations	Consolidated
	Palm oil products	Processed fruits and vegetables	Total segments		
<b>Segment assets</b>					
As at 30 September 2019	<u>5,601</u>	<u>1,443</u>	<u>7,044</u>	<u>(1,674)</u>	<u>5,370</u>
As at 31 December 2018	<u>5,399</u>	<u>1,463</u>	<u>6,862</u>	<u>(1,709)</u>	<u>5,153</u>

**21. Dividend paid**

During the nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<b><u>The Company</u></b>			
<b><u>For the year 2019</u></b>			
Dividend on 2018 profit	Annual General Meeting of the shareholders on 26 April 2019	205.00	0.25
<b>Total dividends for the year 2019</b>		<b>205.00</b>	<b>0.25</b>
<b><u>For the year 2018</u></b>			
Dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	147.6	0.18
<b>Total dividends for the year 2018</b>		<b>147.6</b>	<b>0.18</b>
<b><u>Subsidiaries</u></b>			
<b><u>For the year 2019</u></b>			
Dividend on 2018 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2019	25.90	0.08
<b>Total dividends for the year 2019</b>		<b>25.90</b>	<b>0.08</b>
Dividend on 2018 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 25 April 2019	63.00	1.20
<b>Total dividends for the year 2019</b>		<b>63.00</b>	<b>1.20</b>
<b><u>For the year 2018</u></b>			
Dividend on 2017 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 27 April 2018	32.40	0.10
<b>Total dividends for the year 2018</b>		<b>32.40</b>	<b>0.10</b>
Dividend on 2017 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 26 April 2018	63.00	1.20
<b>Total dividends for the year 2018</b>		<b>63.00</b>	<b>1.20</b>

## 22. Commitments and contingent liabilities

### 22.1 Capital commitments

As at 30 September 2019, the Company and its subsidiaries had capital commitments relating to construction of buildings and purchase of machineries and equipment amounting to Baht 67 million (31 December 2018: Baht 48.3 million), the Company only: Baht 37.2 million (31 December 2018: Baht 16.1 million).

### 22.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the leases of office building space and equipment. Operating lease agreements are non-cancelable. The terms of the agreement are generally between 1 year and 5 years.

In addition, a subsidiary has entered into lease agreements in respect of land. The terms of the agreements are 14 and 30 years. The subsidiary is required to comply with conditions stipulated in the contracts.

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

	(Unit: Million Baht)	
	30 September	31 December
	2019	2018
	<u>          </u>	<u>          </u>
Payable:		
Within 1 year	35.2	34.0
In over 1 year and up to 5 years	23.3	38.4
In over 5 years	59.0	13.0

### 22.3 Guarantees

As at 30 September 2019, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 12.1 million to guarantee import, electricity use, among others (31 December 2018: Baht 10.5 million) and for the Company: Baht 4.3 million to guarantee electricity use, among others (31 December 2018: Baht 1.5 million).

## 22.4 Contingent liabilities

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

On 15 October 2005, the subsidiary submitted related documents to Agricultural Land Reform Office to verify the right over the land.

Subsequently, the Agricultural Land Reform Office sent a letter to the subsidiary regarding the distribution of land in which the land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the cost of land and the net book value of the oil palm on such land as at 30 September 2019 totalling Baht 8 million, was in conflict with the subsidiary's land title deed. The subsidiary is in a process with the Agricultural Land Reform Office to nullify the status of being land under Sor Por Kor.

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

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

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

## 22.5 Litigation

In July 2018, Krabi prosecutor filed a lawsuit against United Palm Oil Industry Public Company Limited ("the subsidiary") with the Court, alleging that the subsidiary utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9 and Section 108 Bis of the Land Code B.E. 2497, Revolutionary Council Decree No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor asked the Court to give an eviction order to the subsidiary.

On 2 August 2019, the Krabi Provincial Court ordered the dismissal of the case but the subsidiary is ordered by the Court to return the land. However, the damage which arises from the cost of land and palm plantation is Baht 26.5 million. The management of the subsidiary has determined the allowance for such damage and has set aside the full amount of allowance in the 2018.

## 23. Financial instruments

### 23.1 Foreign currency assets and liabilities

The Company and its subsidiaries had outstanding financial assets and liabilities denominated in foreign currencies as summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.2	3.7	0.2	0.4	30.5919	32.4498
Euro	0.1	0.3	-	-	33.0624	36.7620

### 23.2 Forward exchange contracts

The Company and its subsidiary had outstanding forward exchange contracts, of which details are presented below.

As at 30 September 2019				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.5	-	30.55 - 30.65	December 2019 - March 2020



As at 31 December 2018

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.3	0.2	32.4340 - 32.8000	March - June 2019
Euro	0.1	-	37.6100	Within February 2019

As at 31 December 2018

Foreign currency	Bought amount		Contractual exchange rate of bought amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.1	0.1	32.9860	Within April 2019

#### 24. Approval of interim financial statements

These interim financial statements were authorised for issue on 8 November 2019 by the Company's audit committees under authority delegated by the board of directors of the Company.