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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 2020, 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 interim consolidated financial statements. I have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

S. Ratananurak .

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 13 November 2020

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 30 September 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u> 30 September 2020	31 December 2019	30 September 2020	31 December 2019	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents	4	490,598	664,167	305,490	589,021
Trade and other receivables	3, 5	853,995	889,806	759,467	776,842
Current portion of finance lease receivables		1,195	331	-	-
Short-term loans to related parties	3	-	-	-	-
Inventories	6	1,228,220	841,677	628,093	453,082
Biological assets		44,453	90,928	-	-
Value added tax refundable		24,949	14,983	-	-
Other current assets		27,196	23,905	6,515	5,844
Total current assets		2,670,606	2,525,797	1,699,565	1,824,789
Non-current assets					
Financial lease receivables - long-term portion		2,073	641	-	-
Investments in subsidiaries	7	-	-	1,333,969	1,333,967
Investment in joint venture	8	23,610	26,710	-	-
Investment in associated company	9	-	-	-	-
Long-term loan to other company	10	18,400	19,320	-	-
Investment properties	11	63,123	63,488	5,615	5,615
Property, plant and equipment	12	2,422,135	2,284,263	805,354	772,544
Right-of-use assets	13	45,514	-	-	-
Bearer plants	14	198,260	204,212	168	177
Goodwill		196,376	196,376	-	-
Intangible assets		6,986	6,162	5,372	3,712
Deferred tax assets		55,733	63,019	22,678	19,622
Other non-current financial assets		23	23	23	23
Other non-current assets		2,993	5,405	478	513
Total non-current assets		3,035,226	2,869,619	2,173,657	2,136,173
Total assets		5,705,832	5,395,416	3,873,222	3,960,962

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 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
Note	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institutions	15	565,000	470,000	-
Trade and other payables	3, 16	569,345	440,899	457,922
Current portion of long-term loans	17	50,400	16,600	-
Current portion of leases liabilities	18	9,138	-	-
Income tax payable		36,723	59,071	27,003
Advance received from customers		22,853	-	-
Other current financial liabilities		4,042	-	1,800
Other current liabilities		3,517	22,307	357
Total current liabilities		1,261,018	1,008,877	487,082
Non-current liabilities				
Long-term loans - net of current portion	17	95,400	-	-
Lease liabilities - net of current portion	18	42,625	-	-
Deferred tax liabilities		100	-	-
Provision for long-term employee benefits		195,751	181,099	100,062
Total non-current liabilities		333,876	181,099	100,062
Total liabilities		1,594,894	1,189,976	587,144

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 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 September 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)	As at 30 September 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)
Shareholders' equity				
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	(6,577)	(6,579)	-	-
Retained earnings				
Appropriated - statutory reserve	125,248	125,248	82,000	82,000
Unappropriated	2,593,022	2,697,554	2,136,839	2,291,411
Equity attributable to owners of the Company	3,778,932	3,883,462	3,286,078	3,440,650
Non-controlling interests of the subsidiaries	332,006	321,978	-	-
Total shareholders' equity	4,110,938	4,205,440	3,286,078	3,440,650
Total liabilities and shareholders' equity	5,705,832	5,395,416	3,873,222	3,960,962

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

Directors

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 30 September 2020

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit or loss:					
Revenues					
Revenue from contracts with customers	19	1,595,942	1,478,395	1,199,839	1,064,478
Other income		15,549	13,610	7,462	5,352
Total revenues		<u>1,611,491</u>	<u>1,492,005</u>	<u>1,207,301</u>	<u>1,069,830</u>
Expenses					
Cost of sales		1,251,779	1,180,554	967,732	842,989
Selling and distribution expenses		120,222	107,473	79,513	72,476
Administrative expenses		50,219	48,853	27,339	26,774
Loss from change in fair value of biological assets		6,434	4,357	-	-
Total expenses		<u>1,428,654</u>	<u>1,341,237</u>	<u>1,074,584</u>	<u>942,239</u>
Profit from operating activities		<u>182,837</u>	<u>150,768</u>	<u>132,717</u>	<u>127,591</u>
Share of loss from investment in joint venture	8	(2,225)	(888)	-	-
Finance income		267	397	164	212
Finance cost		(3,680)	(3,476)	(351)	(337)
Profit before income tax expenses		<u>177,199</u>	<u>146,801</u>	<u>132,530</u>	<u>127,466</u>
Income tax expenses	20	(38,772)	(21,153)	(26,558)	(20,462)
Profit for the period		<u>138,427</u>	<u>125,648</u>	<u>105,972</u>	<u>107,004</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 (continued)

For the three-month period ended 30 September 2020

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Other comprehensive income:				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	138,427	125,648	105,972	107,004
Profit or loss attributable to:				
Equity holders of the Company	131,172	125,484	105,972	107,004
Non-controlling interests of the subsidiaries	7,255	164		
	138,427	125,648		
Total comprehensive income attributable to:				
Equity holders of the Company	131,172	125,484	105,972	107,004
Non-controlling interests of the subsidiaries	7,255	164		
	138,427	125,648		
Basic earnings per share	21			
Profit attributable to equity holders of the Company	0.16	0.15	0.13	0.13

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 2020

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

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenue from contracts with customers	19	4,979,800	4,738,557	3,628,403	3,313,769
Dividend income		-	2	26,422	80,401
Other income		55,964	48,233	29,385	21,842
Total revenues		5,035,764	4,786,792	3,684,210	3,416,012
Expenses					
Cost of sales		4,174,266	3,796,547	3,158,164	2,667,107
Selling and distribution expenses		350,366	346,636	222,764	223,841
Administrative expenses		156,040	170,936	86,961	87,549
Loss from change in fair value of biological assets		32,542	44,917	-	-
Total expenses		4,713,214	4,359,036	3,467,889	2,978,497
Profit from operating activities		322,550	427,756	216,321	437,515
Share of loss from investment in joint venture	8	(3,139)	(4,548)	-	-
Finance income		1,788	1,403	1,337	746
Finance cost		(10,133)	(10,897)	(1,275)	(1,100)
Profit before income tax expenses		311,066	413,714	216,383	437,161
Income tax expenses	20	(70,161)	(71,364)	(38,190)	(58,770)
Profit for the period		240,905	342,350	178,193	378,391

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 nine-month period ended 30 September 2020**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(6,038)	(11,569)	(6,038)	-
Income tax effect	20	1,208	2,314	1,208	-
Share of other comprehensive income of investment in joint venture - actuarial gain	8	39	-	-	-
<i>Other comprehensive income not be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(4,791)	(9,255)	(4,830)	-
Other comprehensive income for the period		(4,791)	(9,255)	(4,830)	-
Total comprehensive income for the period		236,114	333,095	173,363	378,391
Profit or loss attributable to:					
Equity holders of the Company		228,205	347,372	178,193	378,391
Non-controlling interests of the subsidiaries		12,700	(5,022)	-	-
		<u>240,905</u>	<u>342,350</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		223,403	338,225	173,363	378,391
Non-controlling interests of the subsidiaries		12,711	(5,130)	-	-
		<u>236,114</u>	<u>333,095</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	21	0.28	0.42	0.22	0.46

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 2020

(Unit: Thousand Baht)

	Consolidated financial statements									
	Equity attributable to the owners of the Company					Equity				
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					
Balance as at 1 January 2019	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 23)	-	-	-	-	-	(205,000)	(205,000)	-	(205,000)	
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	(8,525)	(8,525)	
Balance as at 30 September 2019	820,000	241,970	5,269	(6,579)	122,224	2,578,499	3,761,363	318,945	4,080,328	

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 2020

(Unit: Thousand Baht)

	Consolidated financial statements									
	Equity attributable to the owners of the Company					Equity				
Issued and paid up share capital	Share premium	Premium on treasury stock	Surplus (deficit) on change in shareholding in subsidiary	Retained earnings - Appropriated - statutory reserve	Unappropriated earnings	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	shareholders' equity	
Balance as at 1 January 2020	820,000	241,970	5,269	(6,579)	125,248	2,697,554	3,883,462	321,978	4,205,440	
Profit for the period	-	-	-	-	-	228,205	228,205	12,700	240,905	
Other comprehensive income for the period	-	-	-	-	-	(4,802)	(4,802)	11	(4,791)	
Total comprehensive income for the period	-	-	-	-	-	223,403	223,403	12,711	236,114	
Reversal of prior year dividend	-	-	-	-	-	65	65	-	65	
Dividend paid (Note 23)	-	-	-	-	-	(328,000)	(328,000)	-	(328,000)	
Acquisition of investment in subsidiary from non-controlling interests	-	-	-	2	-	-	2	(4)	(2)	
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	(2,679)	(2,679)	
Balance as at 30 September 2020	820,000	241,970	5,269	(6,577)	125,248	2,593,022	3,778,932	332,006	4,110,938	

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 2020

(Unit: Thousand Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	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 23)	-	-	-	-	(205,000)	(205,000)
Balance as at 30 September 2019	820,000	241,970	5,269	82,000	2,165,401	3,314,640
Balance as at 1 January 2020	820,000	241,970	5,269	82,000	2,291,411	3,440,650
Profit for the period	-	-	-	-	178,193	178,193
Other comprehensive income for the period	-	-	-	-	(4,830)	(4,830)
Total comprehensive income for the period	-	-	-	-	173,363	173,363
Reversal of prior year dividend	-	-	-	-	65	65
Dividend paid (Note 23)	-	-	-	-	(328,000)	(328,000)
Balance as at 30 September 2020	820,000	241,970	5,269	82,000	2,136,839	3,286,078

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 2020

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	311,066	413,714	216,383	437,161
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	190,074	165,996	75,139	70,737
Loss from change in fair value of biological assets	32,542	44,917	-	-
Share of loss from investment in joint venture	3,139	4,548	-	-
Increase (decrease) in allowance for expected credit losses	4,008	(1,812)	1,999	(1,603)
Increase (decrease) in allowance for diminution in inventory value	(152)	1,497	2,459	-
Loss on write-off assets	2,084	-	-	-
(Gain) loss on disposals of property, plant and equipment	2,312	(5,478)	1,565	(445)
Unrealised (gain) loss on exchange	(184)	1,218	(70)	(79)
Unrealised loss on fair value of derivatives	274	-	-	-
Gain on finance lease agreements	(2,669)	-	-	-
Provision for termination benefits and long-term employee benefits	19,171	45,038	6,802	18,065
Dividend income from subsidiary	-	-	(26,422)	(80,399)
Dividend income from other companies	-	(2)	-	(2)
Interest income	(1,788)	(1,403)	(1,337)	(746)
Interest expenses	9,084	9,136	225	-
Profit from operating activities before changes in operating assets and liabilities	568,961	677,369	276,743	442,689
Decrease (increase) in operating assets				
Trade and other receivables	32,003	78,480	15,462	64,724
Cash received from financial lease receivables	373	-	-	-
Inventories	(386,391)	(74,535)	(177,470)	(43,983)
Biological assets	13,933	(574)	-	-
Other current assets	(15,241)	(4,666)	(487)	2,755
Other non-current assets	(38)	10	35	(81)
Increase (decrease) in operating liabilities				
Trade and other payables	110,532	68,308	77,987	18,182
Other current financial liabilities	(3,672)	-	(349)	-
Other current liabilities	11,671	(610)	(357)	(370)
Provision for termination benefits and long-term employee benefits	(10,557)	(5,782)	(2,019)	(39)
Cash from in operating activities	321,574	738,000	189,545	483,877
Cash received from interest income	1,788	1,403	1,337	746
Cash paid for interest expenses	(9,130)	(9,235)	(225)	-
Income tax refund	2,389	-	-	-
Cash paid for income tax	(84,609)	(100,835)	(63,699)	(67,137)
Net cash from in operating activities	232,012	629,333	126,958	417,486

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 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Acquisition of investment in subsidiary				
from non-controlling interests	(2)	-	(2)	-
Dividend received from subsidiaries	-	-	26,422	80,399
Dividend received from other companies	-	2	-	2
Dividend received from joint venture	-	5,000	-	-
Decrease in long-term loan to other company	920	920	-	-
Acquisitions of property, plant and equipment	(281,626)	(173,135)	(108,524)	(78,451)
Proceeds from disposals of equipment	4,102	7,051	1,843	1,280
Increase in bearer plants	(2,576)	(6,119)	-	-
Increase in intangible assets	(2,404)	(55)	(2,404)	-
Net cash from (used in) investing activities	<u>(281,586)</u>	<u>(166,336)</u>	<u>(82,665)</u>	<u>3,230</u>
Cash flows from financing activities				
Increase in short-term loans from financial institutions	95,000	105,000	-	-
Cash received from long-term loans	145,800	-	-	-
Payment of lease liabilities	(17,692)	(386)	-	-
Repayment of long-term loans	(16,600)	(116,697)	-	-
Dividend paid	(330,503)	(213,408)	(327,824)	(204,883)
Net cash used in financing activities	<u>(123,995)</u>	<u>(225,491)</u>	<u>(327,824)</u>	<u>(204,883)</u>
Net increase (decrease) in cash and cash equivalents	(173,569)	237,506	(283,531)	215,833
Cash and cash equivalents at beginning of the period	664,167	197,382	589,021	123,133
Cash and cash equivalents at end of the period				
(Note 4)	<u>490,598</u>	<u>434,888</u>	<u>305,490</u>	<u>338,966</u>

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

 that have not been paid

42,214 13,525 9,859 7,970

Dividend payable

689 117 689 117

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 2020

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 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 2019. 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 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. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

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 these financial reporting standards 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 to the financial statements.

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 assets that are equity instruments are measured at fair value through profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss.

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 1.5 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.

The change in accounting policy due to the adoption of financial reporting standards related to financial instruments and TFRS 16 has no impact to retained earnings as at 1 January 2020.

The amounts 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			1 January 2020
	31 December 2019	The impacts of Financial reporting standards related to financial instruments		
		TFRS 16		
Statement of financial position				
Assets				
Non-current assets				
Right-of-use assets	-	-	64,254	64,254
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	23,673	23,673
Trade and other payables	440,899	-	(5,201)	435,698
Advance received from customers	-	11,136	-	11,136
Other current financial liabilities	-	7,603	-	7,603
Other current liabilities	22,307	(18,739)	-	3,568
Non-current liabilities				
Lease liabilities, net of current portion	-	-	45,782	45,782

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			1 January 2020
	The impacts of			
	31 December 2019	Financial reporting standards related		
		to financial instruments	TFRS 16	
Statement of financial position				
Liabilities and shareholders' equity				
Current liabilities				
Other current financial liabilities	-	1,945	-	1,945
Other current liabilities	2,656	(1,945)	-	711

2.1 Financial instruments

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Total
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	
	Financial assets as at 1 January 2020			
Cash and cash equivalents	664,167	-	664,167	664,167
Trade and other receivables	889,806	-	889,806	889,806
Current portion of finance lease receivables	331	-	331	331
Financial lease receivables - long-term portion	641	-	641	641
Short-term loans to related parties	-	-	-	-
Other non-current financial assets	23	23	-	23
Long-term loans to other company	19,320	-	19,320	19,320
Total financial assets	1,574,288	23	1,574,265	1,574,288

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	589,021	-	589,021	589,021
Trade and other receivables	776,842	-	776,842	776,842
Other non-current financial assets	23	23	-	23
Total financial assets	1,365,886	23	1,365,863	1,365,886

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

2.2 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. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	107,879	4,004
Less: Short-term leases and leases of low-value assets	(1,168)	-
Less: Contracts reassessed as service agreements	(6,325)	(4,004)
Add: Others	5,201	-
Less: Deferred interest expenses	(36,132)	-
Increase in lease liabilities due to TFRS 16 adoption	69,455	-
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	<u>69,455</u>	<u>-</u>
Comprise of:		
Current lease liabilities	23,673	-
Non-current lease liabilities	45,782	-
	<u>69,455</u>	<u>-</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
Land	37,947
Machinery and equipment	26,307
Total right-of-use assets	<u>64,254</u>

3. Related party transactions

During the periods, the Group 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 periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	160.1	113.9	Market price on the contract date
Purchase of goods	-	-	97.2	111.0	Market price less fixed margin
Rental income	-	-	0.5	0.5	Contract price
Administrative service income	-	-	0.7	0.8	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	47.5	55.4	-	-	Price approximates market price
Purchase of goods	2.5	0.7	1.2	0.1	Selling price less marketing expenses and profit margin
Selling expenses	6.6	6.1	-	-	Actual charge
<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	0.1	0.4	-	-	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	546.6	323.5	Market price on the contract date
Purchase of goods	-	-	291.0	350.4	Market price less fixed margin
Dividend income	-	-	26.4	80.4	At the declared rate
Rental income	-	-	1.5	1.5	Contract price
Administrative service income	-	-	2.2	2.4	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	158.5	142.8	-	-	Price approximates market price
Purchase of goods	6.3	1.9	4.1	3.1	Selling price less marketing expenses and profit margin
Selling expenses	19.0	15.3	-	-	Actual charge
<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	2.8	1.1	-	-	Market price

(Unaudited but reviewed)

The balances of accounts as at 30 September 2020 and 31 December 2019 between the Company and the related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
<u>Trade and other receivables - related parties</u> (Note 5)				
Subsidiaries	-	-	24,123	22,830
Associated company	452	452	-	-
Related companies (related by common shareholders)	56,841	46,856	-	-
Total trade and other receivables - related parties	57,293	47,308	24,123	22,830
Less: Allowance for expected credit losses	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	36,513	26,528	24,123	22,830
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans - related parties	45,611	45,611	-	-
Less: Allowance for expected credit losses	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 16)				
Subsidiaries	-	-	115,574	78,146
Related companies (related by common shareholders)	6,044	4,942	-	-
Total trade and other payables - related parties	6,044	4,942	115,574	78,146

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 2020 and 2019, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 33.9 million and Baht 108.8 million, respectively (2019: Baht 33.4 million and Baht 101.0 million, respectively) and the Company only totaling Baht 19.2 million and Baht 65.9 million, respectively (2019: Baht 20.1 million and Baht 60.5 million, respectively).

4. Cash and cash equivalents

As at 30 September 2020 and 31 December 2019, cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
Cash	3,003	2,489	1,413	1,038
Bank deposits	487,595	661,678	304,077	587,983
Total	490,598	664,167	305,490	589,021

As at 30 September 2020, bank deposits in savings account and fixed deposits carried interest between 0.05 and 0.375 percent per annum (31 December 2019: between 0.04 and 1.10 percent per annum).

(Unaudited but reviewed)

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	29,901	26,528	63	-
Past due				
Up to 3 months	6,612	-	-	-
Over 12 months	452	452	-	-
Total	36,965	26,980	63	-
Less: Allowance for expected credit losses	(452)	(452)	-	-
Total trade receivables - related parties - net	36,513	26,528	63	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	20,011	16,955	15,048	16,955
Cheque returned	7,465	12,581	7,465	7,618
Not yet due	665,374	679,808	591,777	599,959
Past due				
Up to 3 months	130,409	146,645	121,624	130,365
3 - 6 months	2,401	10,786	2,401	54
6 - 12 months	2,608	1,879	2,608	787
Over 12 months	30,668	28,523	2,728	2,391
Total	858,936	897,177	743,651	758,129
Less: Allowance for expected credit losses	(43,546)	(39,538)	(9,736)	(7,737)
Total trade receivables - unrelated parties - net	815,390	857,639	733,915	750,392
Total trade receivables - net	851,903	884,167	733,978	750,392
<u>Other receivables</u>				
Other receivables - related parties	-	-	3,092	4,474
Other receivables - unrelated parties	2,296	5,278	2,138	4,329
Accrued income - related parties	-	-	20,968	18,356
Accrued income - unrelated parties	62	167	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	443	903	-	-
Total	23,129	26,676	26,198	27,159
Less: Allowance for expected credit losses	(21,037)	(21,037)	(709)	(709)
Total other receivables - net	2,092	5,639	25,489	26,450
Total trade and other receivables - net	853,995	889,806	759,467	776,842

(Unaudited but reviewed)

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 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	30,981	-
Add: Reduction of inventory value recorded during the period	14,576	2,459
Less: Reversal of reduction of inventory value recorded during the period	(14,728)	-
Balance as at 30 September 2020	<u>30,829</u>	<u>2,459</u>

7. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2020	2019	2020	2019	2020	2019
			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	585,625	585,623
Total					<u>1,333,969</u>	<u>1,333,967</u>

As at 30 September 2020, 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 803 million (31 December 2019: Baht 794 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	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
		Percent	Percent				
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

8.2 Share of comprehensive income and dividend income

During the three-month and nine-month periods ended 30 September 2020 and 2019, the subsidiary had recognised its share of loss and other comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the nine-month periods ended 30 September					
	Share of loss from investment in joint venture		Share of other comprehensive income from investment in joint venture		Dividend income	
	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

(Unaudited but reviewed)

9. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements				
			Paid-up capital		Shareholding percentage		
			30 September	31 December	30 September	31 December	
			2020	2019	2020	2019	
				(Million Baht)	(Million Baht)	(Percent)	(Percent)
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40	

(Unit: Thousand Baht)

Company's name	Consolidated financial statements											
	Cost				Allowance for diminution in value of investment		Carrying amounts based on cost method - net		Carrying amounts based on equity method			
	30		31		30		31		30		31	
	September	December	September	December	September	December	September	December	September	December	September	December
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-	-	-	-	-

10. Long-term loan to other company

As at 30 September 2020, a subsidiary had long-term loan to other company of Baht 18.4 million (31 December 2019: Baht 19.3 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 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	63,488	5,615
Depreciation for the period	(365)	-
Balance as at 30 September 2020	<u>63,123</u>	<u>5,615</u>

As at 30 September 2020, the subsidiary had allowance for impairment loss on investment properties of land and factory building amounting to Baht 62 million (31 December 2019: Baht 62 million).

(Unaudited but reviewed)

12. 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 31 December 2019	2,284,263	772,544
Acquisitions during the period - at cost	304,842	110,604
Disposals during the period - net book value at disposal date	(6,414)	(3,408)
Depreciation for the period	(160,861)	(74,386)
Interest capitalised to assets	305	-
Net book value as at 30 September 2020	2,422,135	805,354

During the current period, the subsidiary capitalised interest amounting to Baht 0.3 million (31 December 2019: Baht 0.5 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 at 1.04 to 1.82 percent per annum (31 December 2019: 1.72 to 2.37 percent per annum).

13. 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 financial statements
Net book value as at 1 January 2020	64,254
Depreciation for the period	(18,740)
Net book value as at 30 September 2020	45,514

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.

(Unaudited but reviewed)

14. Bearer plants

Movements in bearer plants 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 31 December 2019	204,212	177
Acquisitions during the period - at cost	2,576	-
Amortisation for the period	(8,528)	(9)
Net book value as at 30 September 2020	<u>198,260</u>	<u>168</u>

A permit from Royal Forest Department granted to a subsidiary of subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary of subsidiary has leased the land of 13,030 rai to the subsidiary for utilisation. The subsidiary of 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 of 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 of 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.

15. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)		Consolidated financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Short-term loans from financial institutions	1.15 - 1.95	1.65 - 1.90	565,000	470,000
Total			<u>565,000</u>	<u>470,000</u>

(Unaudited but reviewed)

Movement in short-term loans from financial institutions during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	470,000	-
Add: Additions during the period	260,000	230,000
Less: Repayments during the period	(165,000)	(230,000)
Balance as at 30 September 2020	<u>565,000</u>	<u>-</u>

There is no collateral on short-term loans from financial institutions of the Group.

16. 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 - related parties	318	308	115,571	77,988
Trade payables - unrelated parties	304,720	218,785	194,748	160,376
Other payables - related parties	5,726	4,472	-	-
Other payables - unrelated parties	68,895	66,556	48,234	43,581
Advance received from related parties	-	162	3	158
Other payables for purchases of machinery	42,214	19,343	9,859	7,779
Accrued expenses	147,472	131,273	89,507	88,058
Total trade and other payables	<u>569,345</u>	<u>440,899</u>	<u>457,922</u>	<u>377,940</u>

(Unaudited but reviewed)

17. Long-term loans

Loan	Interest rate (Percent per annum)	Repayment schedule	(Unit: Thousand Baht)	
			Consolidated financial statements	
			30 September 2020	31 December 2019
1	2.80	Repayment every month from May 2018 to April 2020	-	16,600
2	2.50	Repayment every month from September 2020 to August 2023	145,800	-
Total long-term loans			145,800	-
Less: Current portion			(50,400)	(16,600)
Long-term loans - net of current portion			95,400	-

Movements in the long-term loan account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2019	16,600
Add: Additions during the period	145,800
Less: Repayments during the period	(16,600)
Balance as at 30 September 2020	145,800

The long-term loans of its subsidiary are unsecured.

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.

18. Lease liabilities

	(Unit: Thousand Baht)
	Consolidated financial statements
Lease liabilities	85,003
Less: Deferred interest expenses	(33,240)
Total	51,763
Less: Portion due within one year	(9,138)
Lease liabilities - net of current portion	42,625

(Unaudited but reviewed)

Movements in lease liabilities during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2020	69,455
Add: Recognition of interest expenses during the period	1,862
Less: Payments during the period	(19,554)
Balance as at 30 September 2020	<u>51,763</u>

19. Revenue from contracts with customers

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Type of goods:				
Sales of goods	1,595,942	1,478,395	1,186,604	1,049,290
Revenue from distribution of goods	-	-	13,235	15,180
Total revenue from contracts with customers - revenue recognised at point in time	<u>1,595,942</u>	<u>1,478,395</u>	<u>1,199,839</u>	<u>1,064,478</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Type of goods:				
Sales of goods	4,979,800	4,738,557	3,588,752	3,265,933
Revenue from distribution of goods	-	-	39,651	47,836
Total revenue from contracts with customers - revenue recognised at point in time	<u>4,979,800</u>	<u>4,738,557</u>	<u>3,628,403</u>	<u>3,313,769</u>

20. 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 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	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	32,750	27,228	27,003	20,667
Deferred tax:				
Relating to origination and reversal of temporary differences	6,022	(6,075)	(445)	(205)
Income tax expenses reported in the profit or loss	<u>38,772</u>	<u>21,153</u>	<u>26,558</u>	<u>20,462</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	61,567	84,563	40,038	62,060
Deferred tax:				
Relating to origination and reversal of temporary differences	8,594	(13,199)	(1,848)	(3,290)
Income tax expenses reported in the profit or loss	<u>70,161</u>	<u>71,364</u>	<u>38,190</u>	<u>58,770</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the nine-month periods ended 30 September 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial losses	(1,208)	(2,314)	(1,208)	-
	<u>(1,208)</u>	<u>(2,314)</u>	<u>(1,208)</u>	<u>-</u>

21. 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 periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	131,172	125,484	105,972	107,004
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.16	0.15	0.13	0.13

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	228,205	347,372	178,193	378,391
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.28	0.42	0.22	0.46

22. Operating segment information

The Group is organised into business units based on its products and services. During the current period, the Group has not changed the organisation of its reportable segments.

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2020 and 2019.

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 September									
	Manufacture and distribution						Adjustments and eliminations		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments					
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue										
External customers	1,129	947	467	531	1,596	1,478	-	-	1,596	1,478
Inter-segment	160	113	-	-	160	113	(160)	(113)	-	-
Total revenue	1,289	1,060	467	531	1,756	1,591	(160)	(113)	1,596	1,478
Operating results										
Segment profit	276	207	72	77	348	284	(4)	14	344	298
Unallocated income and expenses:										
Other income									16	14
Loss from change in fair value of biological assets									(7)	(4)
Selling and distribution expenses									(120)	(108)
Administrative expenses									(50)	(49)
Share of loss from investment in joint venture									(2)	(1)
Finance cost									(4)	(3)
Profit before income tax expenses									177	147
Income tax expenses									(39)	(21)
Profit for the period									138	126

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the nine-month periods ended 30 September

	Manufacture and distribution						Adjustments		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		and eliminations			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue										
External customers	3,461	2,993	1,519	1,746	4,980	4,739	-	-	4,980	4,739
Inter-segment	547	323	-	-	547	323	(547)	(323)	-	-
Total revenue	<u>4,008</u>	<u>3,316</u>	<u>1,519</u>	<u>1,746</u>	<u>5,527</u>	<u>5,062</u>	<u>(547)</u>	<u>(323)</u>	<u>4,980</u>	<u>4,739</u>
Operating results										
Segment profit	561	676	252	267	813	943	(8)	(1)	805	942
Unallocated income and expenses:										
Other income									56	48
Loss from change in fair value of biological assets									(33)	(45)
Selling and distribution expenses									(350)	(347)
Administrative expenses									(156)	(171)
Share of loss from investment in joint venture									(3)	(5)
Finance income									2	2
Finance cost									(10)	(11)
Profit before income tax expenses									311	413
Income tax expenses									(70)	(71)
Profit for the period									<u>241</u>	<u>342</u>

23. Dividend paid

During the nine-month periods ended 30 September 2020 and 2019, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
<u>For the year 2020</u>			
Final dividend for 2019	Annual General Meeting of the shareholders on 24 April 2020	328.00	0.40
Total dividends for the year 2020		328.00	0.40
<u>For the year 2019</u>			
Final dividend for 2018	Annual General Meeting of the shareholders on 26 April 2019	205.00	0.25
Total dividends for the year 2019		205.00	0.25
<u>Subsidiaries</u>			
<u>For the year 2020</u>			
Final dividend for 2019	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 24 April 2020	8.10	0.03
Total dividends for the year 2020		8.10	0.03
Final dividend for 2019	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 23 April 2020	21.00	0.40
Total dividends for the year 2020		21.00	0.40
<u>For the year 2019</u>			
Final dividend for 2018	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2019	25.90	0.08
Total dividends for the year 2019		25.90	0.08
Final dividend for 2018	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 25 April 2019	63.00	1.20
Total dividends for the year 2019		63.00	1.20

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 30 September 2020, the Group had capital commitments relating to construction of buildings, building improvement and purchase of machineries and equipment amounting to Baht 103.7 million (31 December 2019: Baht 143.5 million), the Company only: Baht 66.7 million (31 December 2019: Baht 52.1 million).

24.2 Lease and service commitments

The Group has entered into several leases of the low-value assets and service which are non-cancelable. The terms of the agreement are generally between 1 year and 5 years.

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

	(Unit: Million Baht)
	<u>30 September 2020</u>
Payable:	
Within 1 year	10.8
In over 1 year and up to 5 years	0.7

24.3 Long-term commitments

In 2020, the subsidiary entered into a power purchase and sale agreement with a private company for contractual terms of 15 years from the commencement date. The private company invested in construction and installation of electricity generation systems and retains ownership of all related properties. The electricity charges are calculated based on rates as specified in the agreement. However, the subsidiary has the right to purchase the electricity generation systems from the 7th year onwards at rates specified in the agreement, or at Baht 1 when the subsidiary has fulfilled the contractual terms of 15 years. Since then, the ownership of all electricity generation systems will be automatically transferred to the subsidiary.

During the current period, the subsidiary had paid electricity charges of Baht 1.5 million.

24.4 Guarantees

As at 30 September 2020, there were outstanding bank guarantees issued by the banks 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 electricity use, among others (31 December 2019: Baht 15.4 million) and for the Company: Baht 4.3 million to guarantee electricity use, among others (31 December 2019: Baht 4.4 million).

24.5 Contingent liabilities

During the current period, the Company was notified of import duty and VAT assessment by the Customs Department requiring the Company to pay import duty, VAT, penalties and surcharges totalling Baht 186.9 million regarding the import of refined, bleached, and deodorized soybean oil exercising duty exemption and customs tariff reduction privileges for goods originated in ASEAN. On 15 September 2020, the Company submitted an appeal against the duty assessment to Customs Tariff Appeal Section. On 17 September 2020, Post-Clearance Audit Division received the Company's respite of duty payment by applying the self-guarantee, according to the respite request dated 16 September 2020. On 6 October 2020, the Customs Department approved the respite of duty payment to the earlier of 9 years of the import entry and the date of obtaining appeal result.

On 22 September 2020, the Company filed a request for deferral of VAT payments with the Revenue Department. In addition, as at 30 September 2020, the Company had bank guarantee issued by the bank amounting to Baht 23.9 million in respect of the obligation to the Revenue Department regarding the payments of VAT for the period during October 2016 to December 2016 and May 2017 to June 2017 including penalties and surcharges.

The decision on such matter is currently under consideration of the Customs Department. However, the management of the Company believed that possibility of the unfavorable result of such matter is remote. Therefore, the Company has not recorded provisions in the financial statements.

25. Rights to utilise land

- (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 plantation development on such land as at 30 September 2020 totalling Baht 7 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 current 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 oil 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.

- (3) On 3 December 2019, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating a land plot of little 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 subsidiary lacked land ownership documents issued by the governmental authorities. In the Board of Director's Meeting of the subsidiary No. 7/2019 dated 24 December 2019, the Board of Directors passed a resolution acting on the notice issue 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 subsidiary 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.

- (4) On 9 March 2020, the ALRO issued a notice designating on land plots under title deed No. 602 in Krabi Noi Sub-district, Muang District and Huayoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai, as a targeted area for land reform which is not incorporated in a land reform program. Land owner is required to clarify evidence and documentation regarding land rights under the Land Code or other laws within 15 days from 31 March 2020 which was the date that the notice was announced at the ALRO in Krabi.

On 13 April 2020, the subsidiary as a land owner, filed a petition and submitted an evidence and documentation regarding rights over the land plots. On 14 May 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions within 30 days from the date that the notice was served. On 16 June 2020, the subsidiary 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 subsidiary failed to follow procedures and methods stipulated by the Administrative Procedure Act, B.E. 2539. The subsidiary 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 subsidiary 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 subsidiary as at 30 September 2020 are to decrease by Baht 5 million.

- (5) 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 that the notice was announced at the ALRO in Krabi. On 3 September 2020, the subsidiary as a land owner 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 subsidiary 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 subsidiary is currently preparing appeal documents. However, if the land plots become a designed area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the subsidiary as at 30 September 2020 are to decrease by Baht 14 million.

26. Litigation

- (1) In July 2018, Krabi prosecutor filed a lawsuit against 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.

In August 2019, the Court dismissed the case and gave the subsidiary an order for the handover of the land. In December 2019, the subsidiary 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 has determined to set aside allowance for such damages from the cost of land and palm plantation in the full amount in the 2019 financial statements.

(Unaudited but reviewed)

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

27. Fire incident

On 26 August 2020, a fire broke out in a subsidiary 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 subsidiary started to bring machine into operation again on 11 November 2020. The subsidiary had insurance to cover damaged assets and business interruption. The compensation is currently under consideration of insurance companies.

28. Financial instruments

28.1 Foreign currency assets and liabilities

The Group 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 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	2.6	3.4	0.1	0.2	31.6579	30.1540
Euro	-	0.3	-	-	37.1548	33.3775

28.2 Forward exchange contracts

As at 30 September 2020, the Group had outstanding forward exchange contracts, of which detail are presented below.

As at 30 September 2020				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	1.03	0.3	31.19 - 31.70 (Baht per 1 foreign currency unit)	December 2020 - April 2021
As at 31 December 2019				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.05	-	30.09 - 30.19 (Baht per 1 foreign currency unit)	March - April 2020
Euro	0.03	-	33.90	January 2020

29. Approval of interim financial statements

These interim financial statements were authorised for issue on 13 November 2020 by the Company's Audit and Corporate Governance Committee under authority delegated by the Board of Directors of the Company.