

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019

Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

Sales of goods are significant accounting transactions as they represent material amounts in the financial statements and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as traditional trade customers, modern trade customers and overseas customers, pertaining to matters such as sale promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 12.4 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

The fair value measurement of biological assets - palm fruit on trees

As disclosed in Note 5.11 and Note 11 to the financial statements, the subsidiary records biological assets - palm fruit on trees at their fair value less point of harvest cost to sell. The measurement of fair value of biological assets - palm fruit on trees requires the estimating data and assumptions consisting of the estimated harvesting volume and selling price at each point of harvest, considering that they are appropriate and correspond to the nature and circumstances of the biological asset being measured, based on the exercise of the judgement of an internal agriculture expert and management as to the basis and assumptions relevant to the estimations. There may be a risk with respect to the value of biological assets. Thus, I have focused my audit on the fair value measurement of biological assets - palm fruit on trees.

In order to audit this matter, I gained an understanding of, assessed and tested controls of the Group related to the fair value estimation of the biological assets, considered the estimating data preparation, assumptions defining and the valuation method applied by management of the Group. I assessed the estimating data and assumptions used in the valuation by making enquiries of the internal agriculture expert and management, comparing the data used by the Group with historical data, and testing the calculation. Moreover, I reviewed the disclosure made in the notes to the financial statements.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

S. Ratananurak

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 21 February 2020

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Current assets					
Cash and cash equivalents	8	664,166,740	197,382,396	589,021,161	123,132,668
Trade and other receivables	7, 9	889,805,942	882,371,771	776,842,419	751,467,141
Current portion of finance lease receivables		330,650	-	-	-
Short-term loans to related parties	7	-	-	-	-
Inventories	10	841,677,086	1,079,191,775	453,081,876	579,145,263
Biological assets	11	90,928,591	118,519,826	-	-
Other current assets		38,888,478	38,904,870	5,843,643	9,992,998
Total current assets		2,525,797,487	2,316,370,638	1,824,789,099	1,463,738,070
Non-current assets					
Financial lease receivables - long-term portion		640,732	-	-	-
Investments in subsidiaries	12	-	-	1,333,966,824	1,333,966,824
Investment in joint venture	13	26,709,841	38,601,652	-	-
Investment in associated company	14	-	-	-	-
Other long-term investments	15	23,425	23,425	23,425	23,425
Long-term loans to other companies	16	19,320,000	20,240,000	-	-
Investment properties	17	63,488,229	63,029,305	5,614,752	5,614,752
Property, plant and equipment	18	2,284,262,773	2,240,354,272	772,543,549	745,985,163
Bearer plants	19	204,212,237	213,389,162	177,471	189,235
Goodwill	12	196,376,189	196,376,189	-	-
Intangible assets	20	6,162,427	7,846,265	3,712,101	4,590,632
Deferred tax assets	30	63,018,787	51,214,460	19,622,079	17,297,064
Other non-current assets		5,405,278	5,297,647	513,346	404,930
Total non-current assets		2,869,619,918	2,836,372,377	2,136,173,547	2,108,072,025
Total assets		5,395,417,405	5,152,743,015	3,960,962,646	3,571,810,095

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 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	21	470,000,000	450,000,000	-	-
Trade and other payables	7, 22	440,899,357	404,927,022	377,940,259	333,599,235
Current portion of long-term loans	24	16,600,000	112,540,000	-	-
Current portion of liabilities under finance lease agreements	25	-	473,775	-	-
Income tax payable		59,071,532	46,781,981	50,474,803	25,495,318
Other current liabilities	23	22,307,191	24,964,158	2,656,007	3,574,831
Total current liabilities		1,008,878,080	1,039,686,936	431,071,069	362,669,384
Non-current liabilities					
Long-term loans - net of current portion	24	-	33,266,666	-	-
Provision for long-term employee benefits	26	181,099,166	119,151,107	89,241,410	68,011,904
Total non-current liabilities		181,099,166	152,417,773	89,241,410	68,011,904
Total liabilities		1,189,977,246	1,192,104,709	520,312,479	430,681,288

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 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Shareholders' equity					
Share capital					
Registered					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
Issued and fully paid-up					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
		241,970,265	241,970,265	241,970,265	241,970,265
Share premium					
Other surpluses (deficits)					
		5,269,100	5,269,100	5,269,100	5,269,100
Premium on treasury stock					
		(6,579,077)	(6,579,077)	-	-
Deficit on changes in shareholding in subsidiary					
Retained earnings					
	27	125,247,619	122,223,881	82,000,000	82,000,000
Appropriated - statutory reserve					
		2,697,554,289	2,445,153,625	2,291,410,802	1,991,889,442
Unappropriated					
		3,883,462,196	3,628,037,794	3,440,650,167	3,141,128,807
Equity attributable to owners of the Company					
		321,977,963	332,600,512	-	-
Non-controlling interests of the subsidiaries					
		4,205,440,159	3,960,638,306	3,440,650,167	3,141,128,807
Total shareholders' equity					
		5,395,417,405	5,152,743,015	3,960,962,646	3,571,810,095
Total liabilities and shareholders' equity					
		-	-	-	-

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

Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
Profit or loss:					
Revenues					
Revenue from contracts with customers	28	6,397,739,394	7,204,319,153	4,563,024,066	5,044,077,159
Dividend income	7, 12	2,324	315	80,400,881	84,933,175
Gain from change in fair value of biological assets		-	39,271,402	-	-
Other income		59,167,799	65,542,208	26,815,367	46,319,506
Total revenues		6,456,909,517	7,309,133,078	4,670,240,314	5,175,329,840
Expenses					
Cost of sales	29	5,115,762,168	6,072,059,033	3,646,762,610	4,383,213,324
Selling and distribution expenses		471,246,686	518,490,235	301,357,648	296,766,424
Administrative expenses		234,756,868	209,164,663	120,349,741	106,025,734
Loss from impairment of assets		698,969	28,536,004	-	-
Loss from change in fair value of biological assets		26,864,185	-	-	-
Total expenses		5,849,328,876	6,828,249,935	4,068,469,999	4,786,005,482
Profit before share of gain (loss) from investment in joint venture, finance cost and income tax expenses					
Share of gain (loss) from investment in joint venture	13	(6,813,861)	9,507,253	-	-
Profit before finance cost and income tax expenses					
Finance cost		(13,145,305)	(22,659,265)	(1,444,016)	(6,756,823)
Profit before income tax expenses		587,621,475	467,731,131	600,326,299	382,567,535
Income tax expenses	30	(107,143,699)	(79,407,827)	(91,302,895)	(42,670,068)
Profit for the year		480,477,776	388,323,304	509,023,404	339,897,467

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 year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
Other comprehensive income:					
<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		-	521,635	-	521,635
Less: Income tax effect	30	-	(104,328)	-	(104,328)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		-	417,307	-	417,307
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(27,740,711)	-	(5,777,396)	-
Income tax effect	30	5,548,142	-	1,155,479	-
Share of other comprehensive income of investment in joint venture - actuarial loss	13	(77,952)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(22,270,521)	-	(4,621,917)	-
Other comprehensive income for the year		(22,270,521)	417,307	(4,621,917)	417,307
Total comprehensive income for the year		458,207,255	388,740,611	504,401,487	340,314,774
Profit attributable to:					
Equity holders of the Company		482,062,908	381,677,475	509,023,404	339,897,467
Non-controlling interests of the subsidiaries		(1,585,132)	6,645,829		
		480,477,776	388,323,304		
Total comprehensive income attributable to:					
Equity holders of the Company		460,340,384	382,094,782	504,401,487	340,314,774
Non-controlling interests of the subsidiaries		(2,133,129)	6,645,829		
		458,207,255	388,740,611		
Basic earnings per share					
Profit attributable to equity holders of the Company	32	0.59	0.47	0.62	0.41

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
							Other components of equity					
							Other comprehensive income					
							Surplus (deficit)		Equity			
				Deficit		Retained earnings		on changes	Total other	Total equity	attributable to	Total
		Issued and	Share	Premium on	on changes in	Appropriated -	in value of	components of	shareholders of	non-controlling	shareholders'	
Note	share capital	premium	treasury stock	in subsidiary	statutory reserve	Unappropriated	available-for-sale	shareholders' equity	the Company	interests of	equity	
							investments			the subsidiaries		
Balance as at 1 January 2018	820,000,000	241,970,265	5,269,100	(6,579,077)	114,755,441	2,218,553,493	(417,307)	(417,307)	3,393,551,915	336,338,054	3,729,889,969	
Profit for the year	-	-	-	-	-	381,677,475	-	-	381,677,475	6,645,829	388,323,304	
Other comprehensive income for the year	-	-	-	-	-	-	417,307	417,307	417,307	-	417,307	
Total comprehensive income for the year	-	-	-	-	-	381,677,475	417,307	417,307	382,094,782	6,645,829	388,740,611	
Dividend paid	35	-	-	-	-	(147,600,000)	-	-	(147,600,000)	-	(147,600,000)	
Reversal of prior year dividend	-	-	-	-	-	79,657	-	-	79,657	-	79,657	
Appropriation of statutory reserve of subsidiary	-	-	-	-	7,468,440	(7,557,000)	-	-	(88,560)	88,560	-	
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(10,471,931)	(10,471,931)	
Balance as at 31 December 2018	820,000,000	241,970,265	5,269,100	(6,579,077)	122,223,881	2,445,153,625	-	-	3,628,037,794	332,600,512	3,960,638,306	

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Equity attributable to the owners of the Company					Other components of equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
		Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on changes in shareholding in subsidiary	Retained earnings	Surplus (deficit) on changes in value of available-for-sale investments	Other comprehensive income				
					Appropriated - statutory reserve	Unappropriated		Total other components of shareholders' equity				
Balance as at 1 January 2019		820,000,000	241,970,265	5,269,100	(6,579,077)	122,223,881	2,445,153,625	-	-	3,628,037,794	332,600,512	3,960,638,306
Profit for the year		-	-	-	-	-	482,062,908	-	-	482,062,908	(1,585,132)	480,477,776
Other comprehensive income for the year		-	-	-	-	-	(21,722,524)	-	-	(21,722,524)	(547,997)	(22,270,521)
Total comprehensive income for the year		-	-	-	-	-	460,340,384	-	-	460,340,384	(2,133,129)	458,207,255
Dividend paid	35	-	-	-	-	-	(205,000,000)	-	-	(205,000,000)	-	(205,000,000)
Reversal of prior year dividend		-	-	-	-	-	119,873	-	-	119,873	-	119,873
Appropriation of statutory reserve of subsidiary		-	-	-	-	3,023,738	(3,059,593)	-	-	(35,855)	35,855	-
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(8,525,275)	(8,525,275)
Balance as at 31 December 2019		820,000,000	241,970,265	5,269,100	(6,579,077)	125,247,619	2,697,554,289	-	-	3,883,462,196	321,977,963	4,205,440,159

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

		Separate financial statements							
				Retained earnings		Other components of equity			
		Issued and		Premium on	Appropriated -		Other		
		paid up		treasury stock	statutory reserve	Unappropriated	comprehensive		
		share capital	Share premium				income		
							Surplus (deficit)		
							on changes	Total other	
							in value of	components of	
							available-for-sale	shareholders'	
							investments	equity	
Note		share capital	Share premium	treasury stock	statutory reserve	Unappropriated	investments	equity	Total
									shareholders'
									equity
		820,000,000	241,970,265	5,269,100	82,000,000	1,799,512,318	(417,307)	(417,307)	2,948,334,376
		-	-	-	-	339,897,467	-	-	339,897,467
		-	-	-	-	-	417,307	417,307	417,307
		-	-	-	-	339,897,467	417,307	417,307	340,314,774
	35	-	-	-	-	(147,600,000)	-	-	(147,600,000)
		-	-	-	-	79,657	-	-	79,657
		820,000,000	241,970,265	5,269,100	82,000,000	1,991,889,442	-	-	3,141,128,807

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements								
						Other components of equity		
						Other comprehensive income		
						Surplus (deficit) on changes in value of available-for-sale investments		Total other components of shareholders' equity
			Retained earnings					Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Appropriated - statutory reserve	Unappropriated	in value of available-for-sale investments	components of shareholders' equity	shareholders' equity
Balance as at 1 January 2019	820,000,000	241,970,265	5,269,100	82,000,000	1,991,889,442	-	-	3,141,128,807
Profit for the year	-	-	-	-	509,023,404	-	-	509,023,404
Other comprehensive income for the year	-	-	-	-	(4,621,917)	-	-	(4,621,917)
Total comprehensive income for the year	-	-	-	-	504,401,487	-	-	504,401,487
Dividend paid	35	-	-	-	(205,000,000)	-	-	(205,000,000)
Reversal of prior year dividend		-	-	-	119,873	-	-	119,873
Balance as at 31 December 2019	820,000,000	241,970,265	5,269,100	82,000,000	2,291,410,802	-	-	3,440,650,167

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	587,621,475	467,731,131	600,326,299	382,567,535
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	222,899,974	233,488,794	95,421,264	96,527,362
Loss (gain) from change in fair value of biological assets	26,864,185	(39,271,402)	-	-
Share of loss from investment in joint venture	6,813,861	(9,507,253)	-	-
Increase (decrease) in allowance for doubtful accounts	(8,989,509)	561,250	(9,324,430)	(23,814)
Decrease in allowance for diminution in inventory value	516,812	(1,486,406)	-	-
Reversal of allowance for impairment loss of investment in subsidiary	-	-	-	(21,095,880)
Increase (decrease) in allowance for impairment of assets	(836,131)	28,536,004	-	-
Loss on disposals of other long-term investment	-	492,539	-	492,539
Gain on disposals/write-off of equipment and investment properties	(1,840,260)	(2,242,278)	(520,989)	(1,123,321)
Gain on financial lease agreements	(1,022,998)	-	-	-
Loss on write-off of bearer plants	5,948,638	860,757	-	-
Unrealised loss (gain) on exchange	1,420,108	328,169	(68,513)	299,734
Provision for long-term employee benefits	53,003,812	14,060,920	20,012,358	6,937,210
Dividend income from subsidiaries	-	-	(80,398,557)	(84,932,860)
Dividend income from other companies	(2,324)	(315)	(2,324)	(315)
Interest expenses	11,701,289	20,259,502	-	5,220,454
Profit from operating activities before changes in operating assets and liabilities	904,098,932	713,811,412	625,445,108	384,868,644
Decrease (increase) in operating assets				
Trade and other receivables	(8,977)	222,036,724	(16,100,592)	204,350,146
Cash received from financial lease receivables	51,616	-	-	-
Inventories	236,997,877	374,756,234	126,063,387	343,529,490
Biological assets	727,050	(8,632,028)	-	-
Other current assets	212,608	(750,240)	4,149,355	(929,163)
Other non-current assets	542,369	(761,519)	(108,416)	80,306
Increase (decrease) in operating liabilities				
Trade and other payables	23,663,864	(87,620,930)	38,113,418	(137,003,966)
Other current liabilities	(2,654,384)	(15,547,485)	(916,241)	(13,264,580)
Provision for long-term employee benefits	(18,796,464)	(27,247,904)	(4,560,248)	(9,730,953)
Cash from operating activities	1,144,834,491	1,170,044,264	772,085,771	771,899,924
Cash paid for interest expenses	(11,803,055)	(20,721,783)	-	(5,588,038)
Income tax refund	245,887	2,065,129	-	-
Cash paid for corporate income tax	(101,552,436)	(64,172,257)	(67,492,946)	(31,279,129)
Net cash from operating activities	1,031,724,887	1,087,215,353	704,592,825	735,032,757

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Dividend received from subsidiaries	-	-	80,398,557	84,932,860
Dividend received from joint venture	4,999,998	2,499,999	-	-
Dividend received from other companies	2,324	315	2,324	315
Decrease in long-term loans to other companies	920,000	920,000	-	-
Acquisitions of property, plant and equipment	(246,232,432)	(122,838,345)	(115,578,728)	(33,634,918)
Advance payments for plant and equipment	(650,000)	(50,000)	-	-
Proceed from disposals of other long-term investments	-	1,007,461	-	1,007,461
Proceeds from disposals of equipment	7,427,668	7,413,617	1,356,225	5,442,606
Increase in bearer plants	(7,840,675)	(16,455,104)	-	-
Increase in intangible assets	(479,000)	(282,695)	-	(93,990)
Net cash from (used in) investing activities	<u>(241,852,117)</u>	<u>(127,784,752)</u>	<u>(33,821,622)</u>	<u>57,654,334</u>
Cash flows from financing activities				
Decreases (increase) in short-term loans from financial institutions	20,000,000	(1,030,000,000)	-	(570,000,000)
Repayment of liabilities under finance lease agreements	(473,775)	(482,718)	-	-
Cash received from long-term loans	-	200,000,000	-	-
Repayment of long-term loans	(129,206,666)	(187,706,481)	-	(96,013,147)
Dividend paid	(213,407,985)	(158,002,454)	(204,882,710)	(147,530,523)
Net cash used in financing activities	<u>(323,088,426)</u>	<u>(1,176,191,653)</u>	<u>(204,882,710)</u>	<u>(813,543,670)</u>
Net increase (decrease) in cash and cash equivalents	466,784,344	(216,761,052)	465,888,493	(20,856,579)
Cash and cash equivalents at beginning of the year	<u>197,382,396</u>	<u>414,143,448</u>	<u>123,132,668</u>	<u>143,989,247</u>
Cash and cash equivalents at end of the year (Note 8)	<u><u>664,166,740</u></u>	<u><u>197,382,396</u></u>	<u><u>589,021,161</u></u>	<u><u>123,132,668</u></u>

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

19,342,922 6,788,478 7,779,049 1,433,186

Dividend payable

117,290 69,477 117,290 69,477

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2019

1. General 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, Bangna Nuea, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
<u>Subsidiaries directly held by the Company</u>				
United Palm Oil Industry Public Company Limited	Palm oil plantation, crude palm oil and kernel palm oil processing	Thailand	69.96	69.96
Universal Food Public Company Limited	Manufacture and distribution of processed fruits and vegetables, canned juice and drinks	Thailand	98.83	98.83
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
<u>Subsidiaries held by Phansrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	100	100

The frozen vegetable and fruit manufacturing business, which is operated by Union Frost Company Limited (“the subsidiary”), ceased production and laid off most of its employees. At the present, managements are in the process of preparing appropriate business plan.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same reporting period and the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

3. New financial reporting standards

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

The Group adopted TFRS 15 using the full retrospective method of adoption. The Group elected to apply the following practical expedients.

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

The effect of the change is described in Note 4 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
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Financial Reporting Standard Interpretations

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

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

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

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

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

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

The management of the Group expects the effect of the adoption of this accounting standard to the consolidated statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 69 million and the Group's liabilities by approximately Baht 69 million. However, the management of the Company believes that adoption of this standard will not have any significant impact on the separate financial statements

4. Effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has 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 year ended 31 December 2018	
	Consolidated financial statements	Separate financial statements
Statement of comprehensive income		
Profit or loss:		
Revenue from contracts with customers	(96)	(528)
Other income	(6)	(52)
Cost of sales	-	519
Selling and distribution expenses	102	61
Profit for the year	-	-

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 Group has determined that certain promotion expenses which are considered as variable consideration will be recorded as deduction from sales. Under the previous accounting policy, the Group recognises such promotion expenses as selling expenses.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon 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.

Interest income

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

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable and other accounts receivable

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

5.4 Inventories

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all cost of raw materials, labour and factory overheads.

Raw materials, chemicals, packing materials, spare parts and factory supplies are valued at the lower of cost (Moving average method) and net realisable value and are charged to production costs whenever consumed.

5.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

5.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

5.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Building	-	5, 20 and 30 years
Building improvement	-	5 - 20 and 30 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	3 - 20 and 30 years
Furniture, fixtures and office equipment	-	3 - 15 and 20 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement and assets under construction and installation.

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

5.8 Forest land rights and bearer plants and amortisation

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

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

Amortisation is included in determining income.

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

Costs of supplying palm vacancies and infilling mature areas are recognised as expenses in profit or loss.

5.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.10 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

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

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

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

5.11 Agriculture

The subsidiary's biological assets are palm fruit on tree and palm nursery for sale, and agricultural produce is palm fresh fruit bunch.

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

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

The agricultural produce is included in inventories.

5.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.13 Related party transactions

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

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

5.14 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance lease is depreciated over the useful life of the leased asset.

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

5.15 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.16 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, forest land rights, bearer plants (cost of palm plantation) or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.17 Treasury stock

Treasury stock is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

5.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Post-employment benefits and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats this severance payment obligation as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

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

5.19 Provisions

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

5.20 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.21 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

5.22 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

6. Significant accounting judgements and estimates

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

Agriculture

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

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

7. Related party transactions

During the years, 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 bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
				(Restated)	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	432	423	Market prices on the contract date
Purchases of goods	-	-	458	519	Market prices less fixed margin
Dividend income	-	-	80	85	At the declared rate
Rental income	-	-	2	2	Market price
Administrative service income	-	-	3	4	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	184	177	-	-	Price approximates market price
Purchases of goods	8	6	6	3	Price less marketing expenses and margin
Selling expenses	19	20	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	1	15	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	5	3	-	-	As declared by joint venture

As at 31 December 2019 and 2018, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables - related parties</u> (Note 9)				
Subsidiaries	-	-	22,830	20,829
Associated company	452	452	-	-
Related companies (related by common shareholders)	46,856	53,607	-	-
Total trade and other receivables - related parties	47,308	54,059	22,830	20,829
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	<u>26,528</u>	<u>33,279</u>	<u>22,830</u>	<u>20,829</u>
<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 doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Trade and other payables - related parties</u> (Note 22)				
Subsidiaries	-	-	78,146	86,708
Related companies (related by common shareholders)	4,942	4,093	-	-
Total trade and other payables - related parties	<u>4,942</u>	<u>4,093</u>	<u>78,146</u>	<u>86,708</u>

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 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 remuneration

During the years ended 31 December 2019 and 2018, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 142 million and Baht 145 million, respectively (the Company only: Baht 87 million and Baht 88 million, respectively).

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	2,489	2,321	1,038	895
Bank deposits	661,678	195,061	587,983	122,238
Total	<u>664,167</u>	<u>197,382</u>	<u>589,021</u>	<u>123,133</u>

As at 31 December 2019, bank deposits in savings accounts and time deposit accounts carried interests between 0.04 and 1.10 percent per annum (2018: between 0.05 and 0.50 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	26,528	30,484	-	8
Past due				
Up to 3 months	-	2,789	-	-
6 - 12 months	-	5	-	-
Over 12 months	452	452	-	-
Total	26,980	33,730	-	8
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	26,528	33,278	-	8
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	16,955	24,219	16,955	24,219
Cheque returned	12,581	18,667	7,618	13,704
Not yet due	679,808	635,354	599,959	546,836
Past due				
Up to 3 months	146,645	165,679	130,365	138,606
3 - 6 months	10,786	1,162	54	1,004
6 - 12 months	1,879	333	787	256
Over 12 months	28,523	29,487	2,391	3,655
Total	897,177	874,901	758,129	728,280
Less: Allowance for doubtful accounts	(39,538)	(47,774)	(7,737)	(16,308)
Total trade receivables - unrelated parties - net	857,639	827,127	750,392	711,972
Total trade receivables - net	884,167	860,405	750,392	711,980
<u>Other receivables</u>				
Other receivables - related parties	-	1	4,474	3,366
Other receivables - unrelated parties	5,278	22,640	4,329	20,128
Accrued income - related parties	-	-	18,356	17,455
Accrued income - unrelated parties	167	305	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	903	483	-	-
Total	26,676	43,757	27,159	40,949
Less: Allowance for doubtful accounts	(21,037)	(21,790)	(709)	(1,462)
Total other receivables - net	5,639	21,967	26,450	39,487
Total trade and other receivables - net	889,806	882,372	776,842	751,467

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Finished goods	412,632	520,654	(20,427)	(19,192)	392,205
Work in process	298,950	413,049	-	-	298,950	413,049
Raw materials	41,393	50,404	(6,122)	(6,147)	35,271	44,257
Inventories in transit	12,094	5,632	-	-	12,094	5,632
Supplies and spare parts	107,589	119,918	(4,432)	(5,126)	103,157	114,792
Total	872,658	1,109,657	(30,981)	(30,465)	841,677	1,079,192

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Finished goods	87,809	106,406	-	-	87,809
Work in process	299,094	409,302	-	-	299,094	409,302
Raw materials	15,265	23,765	-	-	15,265	23,765
Inventories in transit	11,779	5,632	-	-	11,779	5,632
Supplies and spare parts	39,135	34,040	-	-	39,135	34,040
Total	453,082	579,145	-	-	453,082	579,145

During the current year, the Group reduced the cost of inventories to net realisable value by Baht 0.5 million, which was included in cost of sales (2018: reversed the write-down of cost of inventories by Baht 1.5 million and reduced the amount of inventories recognised as expenses during the year).

11. Biological assets

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

(Unit: Thousand Baht)

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

Significant assumptions for the calculation of fair value are as follows:

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

Weight of palm fruit on tree is estimated with reference to the average weight for each age from historical information when harvesting the palm fruit, taking into consideration the factors affecting fruit bearing and sampling count result.

Discount rate is estimated at the rate of 5 percent (2018: 3 percent) by weighted average cost of capital method.

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

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2019		2018	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Prices of palm fruit at the point of harvest	8,352	(8,352)	7,391	(7,391)
Weight of palm fruit on tree	8,352	(8,352)	7,391	(7,391)

12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht)	
							Dividend received during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96 Percent	69.96 Percent	748,344	748,344	18,137	22,672
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623	62,261	62,261
Total					1,333,967	1,333,967	80,398	84,933

As at 31 December 2019, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on 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 (2018: Baht 988 million).

12.2 Details of investment in subsidiary that has material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(%)	(%)						
United Palm Oil Industry Public Company Limited	30.04	30.04	308	319	(2)	5	(8)	(10)

(Unit: Million Baht)

12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling

Summarised information about financial position

	As at 31 December	
	<u>2019</u>	<u>2018</u>
Current assets	238	231
Non-current assets	1,102	1,131
Current liabilities	302	298
Non-current liabilities	19	13

(Unit: Million Baht)

Summarised information about comprehensive income

	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Revenue	564	683
Profit (loss)	(4)	14
Other comprehensive income	(1)	-
Total comprehensive income	(5)	14

(Unit: Million Baht)

Summarised information about cash flow

	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Cash flow from operating activities	50	119
Cash flow used in investing activities	(31)	(46)
Cash flow used in financing activities	(21)	(162)
Net decrease in cash and cash equivalents	(2)	(89)

(Unit: Million Baht)

12.4 Goodwill

The Company allocated goodwill acquired through business combinations with indefinite useful lives to the cash generating units (CGUs) for annual impairment testing as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2019		
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited	Total
Goodwill	84,585	111,791	196,376

The recoverable amount of the CGUs have been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation are summarised below.

(Unit: Percent per annum)

	As at 31 December 2019	
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited
Long-term growth rate	2.0	2.0
Pre-tax discount rates	5.3	6.5

The management determined growth rates based on historical operating results, expected market growth in the industry and the pre-tax discount rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill with indefinite useful lives.

13. Investment in joint venture

13.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

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

13.2 Share of comprehensive income and dividend received

During the years, the subsidiary recognised its share of gain (loss) and other comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Share of gain (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Siam Elite Palm Co., Ltd.	(6,814)	9,507	(78)	-
Total	(6,814)	9,507	(78)	-

During the year ended 31 December 2019, the subsidiary received dividend from investment in the joint venture of approximately Baht 5.0 million (2018: Baht 2.5 million).

13.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

(Unit: Thousand Baht)

As at 31 December

	<u>2019</u>	<u>2018</u>
Current assets	28,554	47,239
Non-current assets	35,260	36,838
Total assets	63,814	84,077
Current liabilities	(5,935)	(3,793)
Non-current liabilities	(4,459)	(3,080)
Total liabilities	(10,394)	(6,873)
Net assets	53,420	77,204
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	26,710	38,602

Summarised information about comprehensive income

(Unit: Thousand Baht)

For the years ended 31 December

	<u>2019</u>	<u>2018</u>
Revenue	12,939	34,947
Cost of sales	(7,619)	(12,356)
Gain (loss) from change in fair value of biological assets	(5,543)	14,689
Selling and administrative expenses	(13,362)	(18,138)
Income tax expenses	113	(128)
Profit (loss) for the year	(13,472)	19,014
Other comprehensive income	(156)	-
Total comprehensive income	(13,628)	19,014
Shareholding percentage (%)	50	50
Share of comprehensive income of investment in joint venture	(6,814)	9,507

14. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2019	2018	2019	2018
			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 impairment loss of investment		Carrying amount based on cost method - net		Carrying amount based on equity method	
	2019	2018	2019	2018	2019	2018	2019	2018
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

15. Other long-term investments

(Unit: Thousand Baht)

Consolidated financial statements
and Separate
financial statements

	<u>2019</u>	<u>2018</u>
Other long-term investments		
<u>Equity securities</u>		
Datamat Pcl.	16	16
Standard Chartered Bank (Thai) Pcl.	2	2
Phracharat Laksammakkee Trang	5	5
Other long-term investments	<u>23</u>	<u>23</u>

16. Long-term loans to other companies

As at 31 December 2019, a subsidiary had unsecured loans to other companies, amounting to approximately Baht 19.3 million (2018: Baht 20.2 million). The loans carry interest at a rate of THBFIX plus 1% per annum and are due for repayment end of June and December of every year with the last payment in June 2040.

Movement in long-term loans to other companies during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2018	20,240
Less: Receipts	(920)
Balance as at 31 December 2019	<u>19,320</u>

17. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)					
	As at 31 December 2019					
	Consolidated financial statements			Separate financial statements		
	Office			Office		
	Land	building	Total	Land	building	Total
Cost	63,795	138,810	202,605	5,615	33,973	39,588
Less: Accumulated depreciation	-	(77,059)	(77,059)	-	(33,973)	(33,973)
Allowance for impairment	(3,303)	(58,755)	(62,058)	-	-	-
Net book value	<u>60,492</u>	<u>2,996</u>	<u>63,488</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

	(Unit: Thousand Baht)					
	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Office			Office		
	Land	building	Total	Land	building	Total
Cost	63,795	141,950	205,745	5,615	33,973	39,588
Less: Accumulated depreciation	-	(79,123)	(79,123)	-	(33,973)	(33,973)
Allowance for impairment	(4,838)	(58,755)	(63,593)	-	-	-
Net book value	<u>58,957</u>	<u>4,072</u>	<u>63,029</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	63,029	63,691	5,615	5,615
Write-off during the year	(430)	-	-	-
Depreciation for the year	(646)	(662)	-	-
Reversal of allowance for impairment	1,535	-	-	-
Net book value at end of year	<u>63,488</u>	<u>63,029</u>	<u>5,615</u>	<u>5,615</u>

The fair value of land and office building of the Company as at 31 December 2019 was determined at approximately Baht 26 million (2018: Baht 24 million) using the income approach.

The fair value of land and building of the subsidiary was determined based on valuation performed by an independent professional valuer. As at 31 December 2019, the fair value of the land was determined to be Baht 137 million on the basis of market approach, while that of the building was determined to be Baht 51 million using the replacement cost approach. The fair value of the building was not determined based on the income approach because it is not used for rental (2018: Baht 95 million and Baht 62 million, respectively).

Key assumptions used in the valuation are summarised below.

	As at 31 December					
	Consolidated		Separate		Result to fair value where as an	
	financial statements		financial statements		increase in assumption value	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Yield rate (%)	-	-	7.0	7.5	Decrease in fair value	Decrease in fair value
Price per square wah (Baht)	290 - 12,000	160 - 7,200	290	290	Increase in fair value	Increase in fair value

18. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	
Cost								
1 January 2018	759,970	90,357	1,138,601	3,069,046	125,039	236,929	68,951	5,488,893
Additions	-	-	17,123	38,343	3,344	13,462	47,417	119,689
Capitalised interest	-	-	141	661	-	-	43	845
Disposals/write off	-	-	(1,728)	(82,184)	(770)	(10,886)	-	(95,568)
Transfer in (transfer out)	13,992	-	20,064	41,190	788	7,726	(83,760)	-
31 December 2018	773,962	90,357	1,174,201	3,067,056	128,401	247,231	32,651	5,513,859
Additions	-	-	27,492	82,796	2,235	10,374	135,423	258,320
Capitalised interest	-	-	-	-	-	-	468	468
Disposals/write off	(2,844)	-	(254)	(20,176)	(4,685)	(25,937)	-	(53,896)
Transfer in (transfer out)	19,112	-	11,341	54,316	1,058	3,126	(88,953)	-
31 December 2019	790,230	90,357	1,212,780	3,183,992	127,009	234,794	79,589	5,718,751

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 January 2018	-	-	720,412	2,028,419	108,194	204,572	-	3,061,597
Depreciation for the year	-	-	51,865	147,176	4,891	15,703	-	219,635
Depreciation on disposals/write off	-	-	(1,719)	(78,371)	(770)	(9,536)	-	(90,396)
31 December 2018	-	-	770,558	2,097,224	112,315	210,739	-	3,190,836
Depreciation for the year	-	-	53,498	136,868	4,835	13,821	-	209,022
Depreciation on disposals/write off	-	-	(254)	(18,281)	(4,655)	(25,539)	-	(48,729)
31 December 2019	-	-	823,802	2,215,811	112,495	199,021	-	3,351,129
Allowance for impairment								
1 January 2018	14,638	-	-	61,962	159	37	-	14,638
Decrease during the year	5,873	-	-	-	-	-	-	5,873
31 December 2018	20,511	-	-	61,962	159	37	-	82,669
Increase during the year	699	-	-	-	-	-	-	699
Decrease from write-off during the year	-	-	-	(2)	(7)	-	-	(9)
31 December 2019	21,210	-	-	61,960	152	37	-	83,359
Net book value								
31 December 2018	753,451	90,357	403,643	907,870	15,927	36,455	32,651	2,240,354
31 December 2019	769,020	90,357	388,978	906,221	14,362	35,736	79,589	2,284,263

Depreciation for the year

2018 (Baht 208.3 million included in manufacturing cost, and the balance in administrative expenses)

219,635

2019 (Baht 198.2 million included in manufacturing cost, and the balance in administrative expenses)

209,022

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost							
1 January 2018	25,836	414,511	1,523,776	40,725	46,690	9,469	2,061,007
Additions	-	91	10,803	431	5,383	15,290	31,998
Disposals/write off	-	(1,123)	(65,416)	(644)	(7,145)	-	(74,328)
Transfer in (transfer out)	-	4,289	12,655	707	-	(17,651)	-
31 December 2018	25,836	417,768	1,481,818	41,219	44,928	7,108	2,018,677
Additions	-	15	16,172	684	3,875	101,179	121,925
Disposals/write off	-	-	(8,577)	(1,075)	(2,836)	-	(12,488)
Transfer in (transfer out)	-	9,221	43,401	1,044	395	(54,061)	-
31 December 2019	25,836	427,004	1,532,814	41,872	46,362	54,226	2,128,114

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation							
1 January 2018	-	266,668	905,262	37,157	38,015	-	1,247,102
Depreciation for the year	-	13,969	76,688	1,404	3,507	-	95,568
Depreciation on disposals/write off	-	(1,123)	(62,378)	(644)	(5,863)	-	(70,008)
31 December 2018	-	279,514	919,572	37,917	35,659	-	1,272,662
Depreciation for the year	-	13,846	75,796	1,425	3,464	-	94,531
Depreciation on disposals/write off	-	-	(7,742)	(1,075)	(2,836)	-	(11,653)
31 December 2019	-	293,360	987,626	38,267	36,287	-	1,355,540
Allowance for impairment							
1 January 2018	-	-	-	-	-	-	-
Increase during the year	-	-	30	-	-	-	30
31 December 2018	-	-	30	-	-	-	30
31 December 2019	-	-	30	-	-	-	30
Net book value							
31 December 2018	25,836	138,254	562,216	3,302	9,269	7,108	745,985
31 December 2019	25,836	133,644	545,158	3,605	10,075	54,226	772,544
Depreciation for the year							
2018 (Baht 88.3 million included in manufacturing cost, and the balance in administrative expenses)							95,568
2019 (Baht 87.7 million included in manufacturing cost, and the balance in administrative expenses)							94,531

During the year 2019, the subsidiary capitalised borrowing costs amounting to Baht 0.5 million (2018: Baht 0.8 million) to the costs of plant enlargement and machinery installation. These borrowing costs were determined based on the borrowing costs of the general loans, and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 1.72% - 2.37% per annum (2018: 1.95% - 2.99% per annum).

As at 31 December 2019, certain plant and equipment items of the Group had been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,262 million (2018: Baht 1,946 million) and for the Company amounted to approximately Baht 810 million (2018: Baht 780 million).

As at 31 December 2018, a subsidiary had vehicles with net book value of Baht 1.0 million (2019: None) which were acquired under finance lease agreements.

19. Bearer plants

	Consolidated financial statements			Separate financial statements
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total	Bearer plants ready for harvest
	(Unit: Thousand Baht)			
Cost				
1 January 2018	545,089	76,618	621,707	294
Additions	16,455	-	16,455	-
Transfer in (out)	26,035	(26,035)	-	-
Write off	(1,810)	-	(1,810)	-
31 December 2018	585,769	50,583	636,352	294
Additions	7,841	-	7,841	-
Write off	(12,204)	-	(12,204)	-
Transfer in (out)	44,018	(44,018)	-	-
31 December 2019	625,424	6,565	631,989	294
Accumulated amortisation				
1 January 2018	390,776	-	390,776	93
Amortisation for the year	10,473	-	10,473	12
Amortisation on write off	(949)	-	(949)	-
31 December 2018	400,300	-	400,300	105
Amortisation for the year	11,069	-	11,069	12
Amortisation on write off	(6,255)	-	(6,255)	-
31 December 2019	405,114	-	405,114	117
Allowance for impairment				
31 December 2018	22,663	-	22,663	-
31 December 2019	22,663	-	22,663	-
Net book value				
31 December 2018	162,806	50,583	213,389	189
31 December 2019	197,647	6,565	204,212	177
Amortisation for the year (included in manufacturing cost)				
2018			10,473	12
2019			11,069	12

Approximately 13,630 rai of the total area utilised by the subsidiary is with land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

A permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests had expired in January 2015. The subsidiary has used the land of 13,030 rai for palm oil plantation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under the 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.

20. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost	65,245	64,766	28,216	28,216
Less: Accumulated amortisation	(59,083)	(56,920)	(24,504)	(23,625)
Net book value	<u>6,162</u>	<u>7,846</u>	<u>3,712</u>	<u>4,591</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	7,846	10,283	4,591	5,444
Acquisitions - cost	479	283	-	94
Amortisation for the year	(2,163)	(2,720)	(879)	(947)
Net book value at end of year	<u>6,162</u>	<u>7,846</u>	<u>3,712</u>	<u>4,591</u>

21. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(percent per annum)		Consolidated	
			financial statements	
	2019	2018	2019	2018
Short-term loans from financial institutions	1.65 - 1.90	1.85 - 2.25	470,000	450,000
Total			470,000	450,000

Movement in short-term loans from financial institutions during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Balance as at 31 December 2018	450,000
Add: Additional borrowings	290,000
Less: Repayment	(270,000)
Balance as at 31 December 2019	470,000

The short-term loans from financial institutions of the Group are unsecured loans.

22. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	2019	2018	2019	2018
Trade payables - related parties	308	330	77,988	86,634
Trade payables - unrelated parties	218,785	195,525	160,376	132,771
Other payables - related parties	4,472	3,763	-	-
Other payables - unrelated parties	66,556	87,942	43,581	45,986
Advance received from related parties	162	-	158	74
Other payables for purchases of machinery	19,343	6,789	7,779	1,433
Accrued expenses	131,273	110,578	88,058	66,701
Total trade and other payables	440,899	404,927	377,940	333,599

23. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advance income	1,267	13,357	1,267	2,409
Accrued dividend	2,719	3,112	578	580
Others	18,321	8,495	811	586
Total other current liabilities	<u>22,307</u>	<u>24,964</u>	<u>2,656</u>	<u>3,575</u>

24. Long-term loans

(Unit: Million Baht)

Loan facilities	Consolidated		Interest rate (Percent per annum)	Repayment schedule	Security
	financial statements				
	<u>2019</u>	<u>2018</u>			
1	-	12.50	THBFIX	Repayment every 3 months from September 2015 to June 2019	No collateral
2	16.60	66.64	2.80	Repayment every month from May 2018 to April 2020	No collateral
3	-	66.67	BIBOR + 0.85%	Repayment every month from May 2018 to April 2020	No collateral
Total long-term loans	<u>16.60</u>	<u>145.81</u>			
Less: Current portion	<u>(16.60)</u>	<u>(112.54)</u>			
Long-term loans - net of current portion	<u>-</u>	<u>33.27</u>			

The subsidiary has borrowed long-term loans from many banks and were unsecured loans.

Movement of the long - term loan account during the year ended 31 December 2019 are summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u> </u>
Balance as at 1 January 2019	145,807
Less: Repayment	<u>(129,207)</u>
Balance as at 31 December 2019	<u>16,600</u>

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

25. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	-	491
Less: Deferred interest expenses	-	<u>(17)</u>
Total	-	474
Less: Portion due within one year	-	<u>(474)</u>
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>-</u>

The subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

26. Provision for long-term employee benefits

Provision for long-term employee benefits was presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2019			2018		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	116,791	2,360	119,151	129,952	2,386	132,338
Included in profit or loss:						
Current service cost	15,672	165	15,837	10,348	204	10,552
Interest cost	5,144	49	5,193	3,459	50	3,509
Past service costs	31,974	-	31,974	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	19,805	87	19,892	-	-	-
Experience adjustments	7,849	-	7,849	-	-	-
Benefits paid during the year	(18,382)	(415)	(18,797)	(26,968)	(280)	(27,248)
Provision for long-term employee benefits at end of year	178,853	2,246	181,099	116,791	2,360	119,151

(Unit: Thousand Baht)

	Separate financial statements					
	2019			2018		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	65,652	2,360	68,012	68,420	2,386	70,806
Included in profit or loss:						
Current service cost	5,728	165	5,893	5,135	204	5,339
Interest cost	1,846	49	1,895	1,548	50	1,598
Past service costs	12,224	-	12,224	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	5,690	87	5,777	-	-	-
Benefits paid during the year	(4,145)	(415)	(4,560)	(9,451)	(280)	(9,731)
Provision for long-term employee benefits at end of year	86,995	2,246	89,241	65,652	2,360	68,012

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 Group has additional long-term employee benefit liabilities of Baht 32 million (The Company only: Baht 12.2 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in profit or loss in the statements of comprehensive income of the current year.

The Group expects to pay Baht 13.3 million of long-term employee benefits during the next year (Separate financial statements: Baht 5.2 million) (2018: Baht 9.1 million, separate financial statements: Baht 3.4 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 9 - 15 years (Separate financial statements: 9 years) (2018: 13 - 19 years, separate financial statements: 10 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.50 - 1.84	2.50 - 4.80	1.50	2.50
Salary increase rate	2.0 and 5.0	2.0 and 5.0	5.0	5.0

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

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(6.62)	6.90	(2.74)	2.89
Salary increase rate	7.74	(6.12)	3.24	(2.96)

(Unit: Million Baht)

As at 31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4.89)	5.66	(1.98)	2.52
Salary increase rate	5.68	(5.41)	2.29	(2.26)

27. Statutory reserve

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

Statutory reserve of the subsidiaries in the consolidated financial statements are presented in proportion to the Company's interest.

28. Revenue from contracts with customers

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u> (Restated)
Type of goods:				
Sales of goods	6,397,739	7,204,319	4,500,516	4,977,572
Revenue from distribution of goods	-	-	62,508	66,505
Total revenue from contracts with customers - revenue recognised at point in time	<u>6,397,739</u>	<u>7,204,319</u>	<u>4,563,024</u>	<u>5,044,077</u>

29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)
Raw materials and consumables used	4,040,195	4,847,168	3,037,662	3,639,391
Changes in inventories of finished goods and work in process	(244,514)	(316,446)	(128,803)	(304,305)
Salary and wages and other employee benefits	754,569	719,938	307,616	271,216
Depreciation and amortisation	222,864	233,489	95,385	96,527
Promotion expenses	66,263	81,911	58,453	59,629
Transportation expenses	135,289	175,927	115,030	105,800
Repair and maintenance expenses	113,508	105,653	30,374	18,158
Rental expenses from operating lease agreements	51,693	47,456	5,728	6,276

30. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	113,222	78,935	92,473	42,129
Adjustment in respect of income tax expenses of previous year	179	(222)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,257)	695	(1,170)	541
Income tax expenses reported profit or loss	<u>107,144</u>	<u>79,408</u>	<u>91,303</u>	<u>42,670</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to gain or loss on change in value of available-for-sale investments	-	104	-	104
Deferred tax relating to actuarial loss	(5,548)	-	(1,155)	-
Income tax charged directly to other comprehensive income	<u>(5,548)</u>	<u>104</u>	<u>(1,155)</u>	<u>104</u>

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	<u>587,621</u>	<u>467,731</u>	<u>600,326</u>	<u>382,567</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	134,487	114,126	120,065	76,513
Adjustment in respect of current income tax of previous year	179	(222)	-	-
Effects of:				
Promotional privileges (Note 31)	(14,895)	(12,566)	(14,895)	(12,566)
Share of gain (loss) from investment in joint venture	1,363	(1,901)	-	-
Non-deductible expenses	3,244	1,175	2,373	460
Additional expense deductions allowed	(17,520)	(21,972)	(16,215)	(21,601)
Tax loss for the year unrecognised as deferred tax assets	546	910	-	-
Others	(260)	(142)	(25)	(136)
Total	<u>(27,522)</u>	<u>(34,496)</u>	<u>(28,762)</u>	<u>(33,843)</u>
Income tax expenses reported in the profit or loss	<u>107,144</u>	<u>79,408</u>	<u>91,303</u>	<u>42,670</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	17,224	19,022	1,689	3,554
Allowance for diminution in inventory value	4,880	4,777	-	-
Allowance for impairment loss of investment in associated company	2,400	2,400	-	-
Allowance for asset impairment	9,024	8,939	85	85
Provision for long-term employee benefits	36,220	23,885	17,848	13,658
Provision for land rental	1,039	247	-	-
Unused tax loss	7,066	6,937	-	-
Total	77,853	66,207	19,622	17,297
Deferred tax liabilities				
Change in fair value of biological assets	14,640	14,992	-	-
Revenue recognition under finance leases	194	-	-	-
Total	14,834	14,992	-	-
Total deferred tax assets - net	63,019	51,215	19,622	17,297

As at 31 December 2019, the subsidiary had deductible temporary differences and unused tax losses totaling Baht 158 million (2018: Baht 207 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the two subsidiaries amounting to Baht 72 million will gradually expire by 2022 and 2024.

31. Promotional privileges

The Group has received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment in respect of manufacture of products as stipulated in the promotion certificates as follows:

The Company

<u>Certificate No.</u>	<u>Operation</u>
2093(2)/2550	Manufacture of pure vegetable oil
59-1529-0-05-1-0	Manufacture of pure vegetable oil

Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>
1043(2)/2548	Manufacture of crude palm oil and palm kernel seed and electricity from biomasses product

The significant privileges include exemption from corporate income tax on income from the promoted operations for a period of eight years, commencing from the date of first earning operating income (except certificate No. 2093(2)/2550 and 1043(2)/2548, which have been exempted from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital and certificate No. 59-1529-0-05-1-0 which has been exempted from corporate income tax on income from the promoted operations for a period of three years from the date of first earning operating income, up to a maximum of 50 percent of the amount invested, excluding land and working capital).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2019 and 2018 were as follows:

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			(Restated)		(Restated)	
Sales income						
Domestic sales						
income	1,622,982	3,180,922	2,795,023	1,567,952	4,418,005	4,748,874
Export sales	<u>21,504</u>	<u>51,542</u>	<u>123,515</u>	<u>243,661</u>	<u>145,019</u>	<u>295,203</u>
Total sales and						
services	<u>1,644,486</u>	<u>3,232,464</u>	<u>2,918,538</u>	<u>1,811,613</u>	<u>4,563,024</u>	<u>5,044,077</u>

32. Earnings per share

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

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to equity holders of the Company				
(Thousand Baht)	482,063	381,677	509,023	339,897
Weighted average number of ordinary shares				
(Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.59	0.47	0.62	0.41

33. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment, which includes the generation of electricity from biogases, the by-products from palm oil manufacturing.
- (2) The manufacture and distribution of processed fruits and vegetables segment

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenues, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Million Baht)

	Segment				Total		Elimination of inter-segment transactions		Consolidated	
	Palm oil		Processed fruits and vegetables		2019	2018	2019	2018	2019	2018
	2019	2018	2019	2018						
Revenues from external customers	4,677	5,250	1,721	1,954	6,398	7,204	-	-	6,398	7,204
Intersegment revenues	432	423	458	519	890	942	(890)	(942)	-	-
Interest expenses	(8)	(14)	(5)	(9)	(13)	(23)	-	-	(13)	(23)
Depreciation and amortisation	(144)	(161)	(79)	(72)	(223)	(233)	-	-	(223)	(233)
Income tax expenses	(91)	(43)	(16)	(36)	(107)	(79)	-	-	(107)	(79)
Segment profit	1,019	720	267	410	1,286	1,130	(4)	2	1,282	1,132
Segment total assets	5,739	5,399	1,335	1,463	7,074	6,862	(1,679)	(1,709)	5,395	5,153
Investment in associates and joint ventures accounted for by the equity method	27	39	-	-	27	39	-	-	27	39
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	(5)	(116)	26	(16)	21	(132)	-	-	21	(132)
Segment total liabilities	841	742	450	558	1,291	1,300	(101)	(108)	1,190	1,192

Transfer prices between business segments are as set out in Note 7 to the financial statements.

Geographic information

During the year 2019, the Group's sales represent domestic sales of 78 percent (2018: 76 percent) and export sales of 22 percent (2018: 24 percent).

Major customers

For the years 2019 and 2018, the Group has no major external customer with revenue of 10 percent or more of an entity's revenues.

34. Provident fund

The Group and its employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Group and its employees contribute to the fund monthly at the rates of 2 - 5 percent of basic salary. The Company's fund, which is managed by Kasikorn Asset Management Company Limited, and the subsidiaries' funds, which are managed by Kasikorn Asset Management Company Limited and SCB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

During 2019, the contributions of the Group amounting to Baht 12.5 million (2018: Baht 12.2 million), of which Baht 5.8 million (2018: Baht 5.5 million) is from the Company, were recognised as expenses.

35. Dividends

During the years ended 31 December 2019 and 2018, the Group had dividend payments as follows:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2019</u>			
Dividend on 2018 profit	Annual General Meeting of the shareholders on 26 April 2019	205.00	0.25
Total dividends for the year 2019		<u>205.00</u>	<u>0.25</u>
<u>For the year 2018</u>			
Dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	147.60	0.18
Total dividends for the year 2018		<u>147.60</u>	<u>0.18</u>

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>Subsidiaries</u>			
<u>For the year 2019</u>			
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
Total dividends for the year 2019		25.90	0.08
Dividend on 2018 profit	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
<u>For the year 2018</u>			
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
Total dividends for the year 2018		32.40	0.10
Dividend on 2017 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 26 April 2018	63.00	1.20
Total dividends for the year 2018		63.00	1.20

36. Commitments and contingent liabilities

36.1 Capital commitments

As at 31 December 2019, the Group had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to Baht 143.5 million (2018: Baht 48.3 million), the Company only: Baht 52.1 million (2018: Baht 16.1 million).

36.2 Operating lease commitments

The Group has entered into several lease agreements in respect of the leases of office building space, equipment and motor vehicles. 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)	
	As at 31 December	
	<u>2019</u>	<u>2018</u>
Payable:		
Within 1 year	33.2	34.0
In over 1 year and up to 5 years	16.3	38.4
In over 5 years	58.0	13.0

36.3 Guarantees

As at 31 December 2019, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performances bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 15.4 million to guarantee electricity use, among others (2018: Baht 10.5 million) and for the Company: Baht 4.4 million to guarantee electricity use, among others (2018: Baht 1.5 million).

36.4 Land exploit right

- (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.

Consequently, ALRO sent a letter to the subsidiary regarding the distribution of land. 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 approximately cost of land and the net book value of the palm plantation development on such land as at 31 December 2019 totally Baht 8 million, was in conflict with the subsidiary's land title deed. The subsidiary is now processing with ALRO to nullify the status of being land under Sor Por Kor.

- (2) On 11 April 2008, the 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 was set up by the Suratthani Land Reform Commission. The purpose of the 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 plots of land 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 a 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 land and the net book value of 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 designed forest areas.

- (3) On 3 December 2019, the subsidiary received notice from ALRO in Krabi, informing them of vacating a land plot of title deed No. 601 in Karbi 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 No. 7/2019 dated 24 December 2019, the board of directors passed a resolution acting on the notice issued by the Krabi's ALRO to remove all properties from the controversial land by 31 December 2019. The vacating of the premises resulted in the reduction in the area and value of assets. The 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 current year financial statements.

36.5 Litigation

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.

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

37. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets that were measured at fair value or for which fair value is disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	60	31	91
Assets for which fair value is disclosed				
Investment properties	-	-	188	188

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	81	38	119
Assets for which fair value is disclosed				
Investment properties	-	-	157	157

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	794	-	-	794
Investment properties	-	-	26	26

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	988	-	-	988
Investment properties	-	-	24	24

38. Financial instruments

38.1 Financial risk management

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

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans, as stated in the statement of financial position.

Interest rate risk

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

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

(Unit: Million Baht)

As at 31 December 2019						
	Fixed interest rate within one year	Fixed interest rate	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	200	-	431	33	664	0.04 - 1.10
Trade and other receivables	-	-	-	890	890	-
Financial lease receivables	-	1	-	-	1	1.80
Long-term loans to other companies	-	-	19	-	19	THBFIX + 1
	<u>200</u>	<u>1</u>	<u>450</u>	<u>923</u>	<u>1,574</u>	
Financial liabilities						
Short-term loans from financial institutions	470	-	-	-	470	1.65 - 2.25
Trade and other payables	-	-	-	441	441	-
Long-term loans	-	-	17	-	17	2.80
	<u>470</u>	<u>-</u>	<u>17</u>	<u>441</u>	<u>928</u>	

(Unit: Million Baht)

As at 31 December 2018					
	Fixed interest rate within one year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	185	12	197	0.05 - 0.50
Trade and other receivables	-	-	882	882	-
Long-term loans to other companies	-	20	-	20	THBFIX + 1
	<u>-</u>	<u>205</u>	<u>894</u>	<u>1,099</u>	
Financial liabilities					
Short-term loans from financial institutions	270	180	-	450	1.85 - 2.25
Trade and other payables	-	-	405	405	-
Long-term loans	-	146	-	146	THBFIX, BIBOR + 0.85
	<u>270</u>	<u>326</u>	<u>405</u>	<u>1,001</u>	

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.4	3.7	0.2	0.4	30.1540	32.4498
Euro	0.3	0.3	-	-	33.3775	36.7620

Forward exchange contracts outstanding as at 31 December 2019 and 2018 are summarised below.

As at 31 December 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	0.05	-	30.09 - 30.19	March - April 2020
Euro	0.03	-	33.90	January 2020

As at 31 December 2018				
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	0.3	0.2	32.4340 - 32.8000	March - June 2018
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

38.2 Fair values of financial instruments

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

39. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.28:1 (2018: 0.30:1) and the Company's was 0.15:1 (2018: 0.14:1).

40. Events after the reporting period

On 21 February 2020, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2019 profit of Baht 0.40 per share, or a total of Baht 328 million.

On 20 February 2020, a meeting of the Board of Directors of United Palm Oil Industry Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend in respect of 2019 profit of Baht 0.025 per share, or a total of Baht 8 million.

On 20 February 2020, a meeting of the Board of Directors of Universal Food Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend in respect of 2019 profit of Baht 0.40 per share, or a total of Baht 21 million.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company's and its subsidiaries' shareholders.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2020.