

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month period ended 31 March 2020

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 31 March 2020, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

S. Ratananurak

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 8 May 2020

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	4	622,882	664,167	397,417	589,021
Trade and other receivables	3, 5	995,644	889,806	882,531	776,842
Current portion of finance lease receivables		334	331	-	-
Short-term loans to related parties	3	-	-	-	-
Inventories	6	990,108	841,677	667,313	453,082
Biological assets		87,996	90,928	-	-
Value added tax refundable		16,824	14,983	-	-
Other current assets		40,313	23,905	12,683	5,844
Total current assets		2,754,101	2,525,797	1,959,944	1,824,789
Non-current assets					
Financial lease receivables - long-term portion		556	641	-	-
Other non-current financial assets		23	23	23	23
Investments in subsidiaries	7	-	-	1,333,969	1,333,967
Investment in joint venture	8	30,922	26,710	-	-
Investment in associated company	9	-	-	-	-
Long-term loans to other companies	10	18,860	19,320	-	-
Investment properties	11	63,367	63,488	5,615	5,615
Property, plant and equipment	12	2,296,000	2,284,263	777,477	772,544
Right-of-use assets	13	58,030	-	-	-
Bearer plants	14	202,023	204,212	174	177
Goodwill		196,376	196,376	-	-
Intangible assets		7,873	6,162	5,737	3,712
Deferred tax assets		64,699	63,019	21,739	19,622
Other non-current assets		6,120	5,405	1,416	513
Total non-current assets		2,944,849	2,869,619	2,146,150	2,136,173
Total assets		5,698,950	5,395,416	4,106,094	3,960,962

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 March 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)	As at 31 March 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	585,000	470,000	-	-
Trade and other payables	3, 16	539,855	440,899	507,502	377,940
Current portion of long-term loans	17	4,090	16,600	-	-
Current portion of leases liabilities	18	19,935	-	-	-
Income tax payable		66,322	59,071	53,694	50,475
Received in advance		12,407	11,136	-	-
Other current liabilities		11,150	11,171	2,311	2,656
Total current liabilities		1,238,759	1,008,877	563,507	431,071
Non-current liabilities					
Lease liabilities - net of current portion	18	43,515	-	-	-
Provision for long-term employee benefits		191,922	181,099	97,829	89,241
Total non-current liabilities		235,437	181,099	97,829	89,241
Total liabilities		1,474,196	1,189,976	661,336	520,312

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 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)	As at 31 March 2020 (Unaudited but reviewed)	As at 31 December 2019 (Audited)
Shareholders' equity				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Share premium	241,970	241,970	241,970	241,970
Other surpluses (deficits)				
Premium on treasury stock	5,269	5,269	5,269	5,269
Deficit on changes in shareholding in subsidiary	(6,579)	(6,579)	-	-
Retained earnings				
Appropriated - statutory reserve	125,248	125,248	82,000	82,000
Unappropriated	2,715,318	2,697,554	2,295,519	2,291,411
Equity attributable to owners of the Company	3,901,226	3,883,462	3,444,758	3,440,650
Non-controlling interests of the subsidiaries	323,528	321,978	-	-
Total shareholders' equity	4,224,754	4,205,440	3,444,758	3,440,650
Total liabilities and shareholders' equity	5,698,950	5,395,416	4,106,094	3,960,962
	-	-	-	-

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

Directors

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 31 March 2020

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit or loss:					
Revenues					
Revenue from contracts with customers	19	1,677,715	1,536,037	1,248,149	1,098,277
Other income		17,812	14,046	8,720	6,301
Total revenues		1,695,527	1,550,083	1,256,869	1,104,578
Expenses					
Cost of sales		1,492,214	1,273,972	1,141,630	898,854
Selling and distribution expenses		113,408	107,810	71,474	69,625
Administrative expenses		55,947	56,562	32,781	27,782
Loss from change in fair value of biological assets		4,604	3,905	-	-
Total expenses		1,666,173	1,442,249	1,245,885	996,261
Profit from operating activities		29,354	107,834	10,984	108,317
Share of profit (loss) from investment in joint venture	8	4,173	(1,724)	-	-
Finance income		1,090	381	980	237
Finance cost		(3,267)	(3,484)	(357)	(320)
Profit before income tax expenses		31,350	103,007	11,607	108,234
Income tax expenses	20	(6,970)	(18,518)	(2,394)	(18,293)
Profit for the period		24,380	84,489	9,213	89,941

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 three-month period ended 31 March 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(6,462)	-	(6,462)	-
Income tax effect	20	1,292	-	1,292	-
Share of other comprehensive income of investment in joint venture - actuarial gain	8	39	-	-	-
<i>Other comprehensive income not be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(5,131)	-	(5,170)	-
Other comprehensive income for the period		(5,131)	-	(5,170)	-
Total comprehensive income for the period		19,249	84,489	4,043	89,941
Profit or loss attributable to:					
Equity holders of the Company		22,841	90,177	9,213	89,941
Non-controlling interests of the subsidiaries		1,539	(5,688)	-	-
		24,380	84,489		
Total comprehensive income attributable to:					
Equity holders of the Company		17,699	84,489	4,043	89,941
Non-controlling interests of the subsidiaries		1,550	-	-	-
		19,249	84,489		
Basic earnings per share					
	21				
Profit attributable to equity holders of the Company		0.03	0.11	0.01	0.11

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements						Equity		
	Equity attributable to the owners of the Company						attributable to		
	Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on change in shareholding in subsidiary	Retained earnings	Total equity attributable to shareholders of the Company	non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2019	820,000	241,970	5,269	(6,579)	122,224	2,445,154	3,628,038	332,600	3,960,638
Profit (loss) for the period	-	-	-	-	-	90,177	90,177	(5,688)	84,489
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	90,177	90,177	(5,688)	84,489
Reversal of prior year dividend	-	-	-	-	-	120	120	-	120
Balance as at 31 March 2019	820,000	241,970	5,269	(6,579)	122,224	2,535,451	3,718,335	326,912	4,045,247

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements						Equity		
	Equity attributable to the owners of the Company						attributable to		
	Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on change in shareholding in subsidiary	Retained earnings Appropriated - statutory reserve	Unappropriated	Total equity attributable to shareholders of the Company	non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 1 January 2020	820,000	241,970	5,269	(6,579)	125,248	2,697,554	3,883,462	321,978	4,205,440
Profit for the period	-	-	-	-	-	22,841	22,841	1,539	24,380
Other comprehensive income for the period	-	-	-	-	-	(5,142)	(5,142)	11	(5,131)
Total comprehensive income for the period	-	-	-	-	-	17,699	17,699	1,550	19,249
Reversal of prior year dividend	-	-	-	-	-	65	65	-	65
Balance as at 31 March 2020	820,000	241,970	5,269	(6,579)	125,248	2,715,318	3,901,226	323,528	4,224,754

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	820,000	241,970	5,269	82,000	1,991,890	3,141,129
Profit for the period	-	-	-	-	89,941	89,941
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	89,941	89,941
Reversal of prior year dividend	-	-	-	-	120	120
Balance as at 31 March 2019	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>2,081,951</u>	<u>3,231,190</u>
Balance as at 1 January 2020	820,000	241,970	5,269	82,000	2,291,411	3,440,650
Profit for the period	-	-	-	-	9,213	9,213
Other comprehensive income for the period	-	-	-	-	(5,170)	(5,170)
Total comprehensive income for the period	-	-	-	-	4,043	4,043
Reversal of prior year dividend	-	-	-	-	65	65
Balance as at 31 March 2020	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>2,295,519</u>	<u>3,444,758</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Cash flow statements****For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit before tax	31,350	103,007	11,607	108,234
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	62,188	55,692	24,584	23,237
Loss from change in fair value of biological assets	4,604	3,905	-	-
Share of (profit) loss from investment in joint venture	(4,173)	1,724	-	-
Increase (decrease) in allowance for doubtful accounts	2,283	(74)	1,999	-
Increase (decrease) in allowance for diminution in inventory value	(3,780)	1,560	-	-
Gain on disposals of property, plant and equipment	(372)	(521)	(2)	(520)
Reversal of allowance for impairment loss of bearer plants	-	(1,192)	-	-
Unrealised (gain) loss on exchange	(1,273)	566	91	529
Unrealised loss on change in fair value of derivative	1,650	-	-	-
Provision for long-term employee benefits	4,361	3,653	2,126	1,966
Dividend income from other companies	-	(2)	-	(2)
Interest income	(1,090)	(381)	(980)	(237)
Interest expenses	2,909	3,004	-	-
Profit from operating activities before changes in operating assets and liabilities	98,657	170,941	39,425	133,207
Decrease (increase) in operating assets				
Trade and other receivables	(106,555)	9,234	(107,693)	34,931
Cash received from financial lease receivables	82	-	-	-
Inventories	(144,651)	(48,890)	(214,231)	(77,408)
Biological assets	(1,672)	(3,677)	-	-
Other current assets	(17,310)	(7,196)	(6,460)	(405)
Other non-current assets	(945)	(80)	(903)	(80)
Increase (decrease) in operating liabilities				
Trade and other payables	101,911	31,884	127,896	16,889
Other current liabilities	1,315	3,472	(280)	(463)
Provision for long-term employee benefits	-	(518)	-	-
Cash from in operating activities	(69,168)	155,170	(162,246)	106,671
Cash received from interest income	1,090	381	980	237
Cash paid for interest expenses	(2,956)	(3,061)	-	-
Income tax refund	89	-	-	-
Cash paid for income tax	(1,135)	(824)	(379)	(552)
Net cash from (used in) in operating activities	(72,080)	151,666	(161,645)	106,356

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Dividend received from other companies	-	2	-	2
Decrease in long-term loan to other companies	460	460	-	-
Acquisitions of property, plant and equipment	(63,712)	(50,790)	(27,737)	(22,598)
Cash paid for deposit of equipment	(420)	(1,121)	-	-
Proceeds from disposals of equipment	885	521	40	520
Increase in bearer plants	(643)	(2,942)	-	-
Increase in intangible assets	(2,260)	(55)	(2,260)	-
Increase in investments in subsidiaries	-	-	(2)	-
Net cash used in investing activities	<u>(65,690)</u>	<u>(53,925)</u>	<u>(29,959)</u>	<u>(22,076)</u>
Cash flows from financing activities				
Increase in short-term loans from financial institutions	115,000	25,000	-	-
Payment of lease liabilities	(6,005)	(126)	-	-
Repayment of long-term loans	<u>(12,510)</u>	<u>(37,510)</u>	<u>-</u>	<u>-</u>
Net cash from (used in) financing activities	<u>96,485</u>	<u>(12,636)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(41,285)	85,105	(191,604)	84,280
Cash and cash equivalents at beginning of the period	<u>664,167</u>	<u>197,382</u>	<u>589,021</u>	<u>123,133</u>
Cash and cash equivalents at end of the period				
(Note 4)	<u>622,882</u>	<u>282,487</u>	<u>397,417</u>	<u>207,413</u>

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

19,693	16,552	9,359	4,539
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The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2020

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (herein after called “the Company”) and its subsidiaries (herein after called “the subsidiaries”), which were incorporated in Thailand, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. There have been no changes in the composition of the group during the current period.

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

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

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

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

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

TFRS 16 Leases

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

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

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

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

1.5 Significant accounting policies

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

1.5.1 Financial instruments

Classification and measurement

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

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

Financial liabilities are classified and measured at amortised cost.

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

Impairment of financial assets

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

1.5.2 Leases

Right-of-use assets

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

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

Lease liabilities

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

Short-term leases and Leases of low-value assets

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

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

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

The change in accounting policy due to the adoption of TFRS 16 has no impact to retained earnings as at 1 January 2020.

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

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2019	The impacts of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	64,254	64,254
Liabilities and shareholders' equity			
Current liabilities			
Current portion of lease liabilities	-	23,673	23,673
Trade and other payables	440,899	(5,201)	435,698
Non-current liabilities			
Lease liabilities, net of current portion	-	45,782	45,782

2.1 Financial instruments

As at 1 January 2020, the Group's financial statements has no impact from the classifications and measurement of financial assets and liabilities in accordance with TFRS 9 since the Group recognised its financial assets and liabilities using amortised cost method which was the same method under the former accounting basis.

2.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

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

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

	(Unit: Thousand Baht)
	Consolidated financial statements
Land	37,947
Machinery and equipment	26,307
Total right-of-use assets	<u>64,254</u>

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	258.3	91.7	Market price on the contract date
Purchase of goods	-	-	112.4	129.9	Market price less fixed margin
Rental income	-	-	0.5	0.5	Market price
Administrative service income	-	-	0.7	0.7	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	35.4	39.0	-	-	Price approximates market price
Purchase of goods	3.5	0.3	2.8	0.1	Selling price less marketing expenses and profit margin
Selling expenses	4.0	4.4	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Land rental income	0.3	0.3	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	0.6	0.6	-	-	Market price

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<u>Trade and other receivables - related parties</u> (Note 5)				
Subsidiaries	-	-	24,591	22,830
Associated company	452	452	-	-
Related companies (related by common shareholders)	47,140	46,856	-	-
Total trade and other receivables - related parties	47,592	47,308	24,591	22,830
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	26,812	26,528	24,591	22,830
 <u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans - related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
 <u>Trade and other payables - related parties</u> (Note 16)				
Subsidiaries	-	-	147,306	78,146
Related companies (related by common shareholders)	5,554	4,942	1,419	-
Total trade and other payables - related parties	5,554	4,942	148,725	78,146

Short-term loans to related parties

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

Selling and administrative service income

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

Directors and management’s benefits

During the three-month periods ended 31 March 2020 and 2019, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 38 million and Baht 34 million, respectively (the Company only: Baht 24 million and Baht 20 million, respectively).

4. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Cash	3,761	2,489	1,331	1,038
Bank deposits	619,121	661,678	396,086	587,983
Total	<u>622,882</u>	<u>664,167</u>	<u>397,417</u>	<u>589,021</u>

As at 31 March 2020, bank deposits in savings account and fixed deposits carried interest between 0.05 and 1.15 percent per annum (31 December 2019: between 0.04 and 1.10 percent per annum).

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	24,787	26,528	32	-
Past due				
Up to 3 months	2,025	-	-	-
Over 12 months	452	452	-	-
Total	27,264	26,980	32	-
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	26,812	26,528	32	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	10,352	16,955	10,352	16,955
Cheque returned	12,810	12,581	7,846	7,618
Not yet due	782,628	679,808	703,572	599,959
Past due				
Up to 3 months	159,428	146,645	139,288	130,365
3 - 6 months	1,521	10,786	1,521	54
6 - 12 months	9,963	1,879	61	787
Over 12 months	29,133	28,523	2,717	2,391
Total	1,005,835	897,177	865,357	758,129
Less: Allowance for doubtful accounts	(41,821)	(39,538)	(9,736)	(7,737)
Total trade receivables - unrelated parties - net	964,014	857,639	855,621	750,392
Total trade receivables - net	990,826	884,167	855,653	750,392
<u>Other receivables</u>				
Other receivables - related parties	-	-	4,999	4,474
Other receivables - unrelated parties	3,755	5,278	3,028	4,329
Accrued income - related parties	-	-	19,560	18,356
Accrued income - unrelated parties	1,284	167	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	488	903	-	-
Total	25,855	26,676	27,587	27,159
Less: Allowance for doubtful accounts	(21,037)	(21,037)	(709)	(709)
Total other receivables - net	4,818	5,639	26,878	26,450
Total trade and other receivables - net	995,644	889,806	882,531	776,842

6. Reduction of inventory to net realisable value

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

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 31 December 2019	30,981
The reduction of inventory value recorded during the period	(3,780)
Balance as at 31 March 2020	27,201

7. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2020	2019	2020	2019	2020	2019
			Percent	Percent		
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,625	585,623
Total					<u>1,333,969</u>	<u>1,333,967</u>

As at 31 March 2020, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on the latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 472 million (31 December 2019: Baht 794 million).

8. Investment in joint venture

8.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

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

8.2 Share of comprehensive income

During the three-month periods ended 31 March 2020 and 2019, the subsidiary had recognised its share of profit (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	
	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	4,173	(1,724)	39	-
Total	4,173	(1,724)	39	-

9. Investment in associated company

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

(Unit: Thousand Baht)

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

10. Long-term loan to other company

As at 31 March 2020, a subsidiary had long-term loan to other company of Baht 18.9 million (31 December 2019: Baht 19.3 million). The loan has no collateral and carries interest at a rate of THBFIX plus 1 percent per annum and is repayable at the end of June and December each year, with the last payment in June 2040.

11. Investment properties

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	63,488	5,615
Depreciation for the period	(121)	-
Balance as at 31 March 2020	63,367	5,615

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

12. Property, plant and equipment

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
Net book value as at 31 December 2019	2,284,263	772,544
Acquisitions during the period - at cost	64,654	23,317
Disposals during the period - net book value at disposal date	(513)	(38)
Depreciation for the period	(52,462)	(24,346)
Interest capitalised to assets	58	-
Net book value as at 31 March 2020	<hr/> 2,296,000	<hr/> 777,477

During the current period, the subsidiary capitalised interest amounting to Baht 0.05 million (31 December 2019: Baht 0.5 million) to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average interest rate of these loans between 1.10 and 1.82 percent per annum (31 December 2019: 1.72 - 2.37 percent per annum).

13. Right-of-use assets

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

	(Unit: Thousand Baht)
	Consolidated financial statements
	<hr/>
Net book value as at 1 January 2020	64,254
Depreciation for the period	(6,224)
Net book value as at 31 March 2020	<hr/> 58,030

The subsidiary entered into a lease agreement with the Treasury Department for an area of 4,294 rai for 30 years, end of contract on 8 July 2044. The leasehold right has been used to secure a credit facility of Baht 30 million and the subsidiary is required to comply with prescribed terms and conditions.

14. Bearer plants

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2019	204,212	177
Acquisitions during the period - at cost	643	-
Amortisation for the period	(2,832)	(3)
Net book value as at 31 March 2020	<u>202,023</u>	<u>174</u>

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

15. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)		Consolidated financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Short-term loans from financial institutions	1.38 - 1.76	1.65 - 1.90	<u>585,000</u>	<u>470,000</u>
Total			<u>585,000</u>	<u>470,000</u>

(Unaudited but reviewed)

Movement in short-term loans from financial institutions during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2019	470,000
Add: Additions during the period	310,000
Less: Repayments during the period	(195,000)
Balance as at 31 March 2020	<u>585,000</u>

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

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Trade payables - related parties	1,748	308	148,725	77,988
Trade payables - unrelated parties	328,875	218,785	233,218	160,376
Other payables - related parties	3,806	4,472	-	-
Other payables - unrelated parties	80,684	66,556	53,191	43,581
Advance received from related parties	-	162	-	158
Other payables for purchases of machinery	19,693	19,343	9,359	7,779
Accrued expenses	105,049	131,273	63,009	88,058
Total trade and other payables	<u>539,855</u>	<u>440,899</u>	<u>507,502</u>	<u>377,940</u>

17. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	31 March	31 December
	2020	2019
Long-term loans	4,090	16,600
Less: Current portion	(4,090)	(16,600)
Long-term loans - net of current portion	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

Movements in the long-term loan account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2019	16,600
Less: Repayments during the period	(12,510)
Balance as at 31 March 2020	<u>4,090</u>

The long-term loans of its subsidiary are unsecured.

A subsidiary of Company has long-term loans, carrying interest at 2.80% per annum. The principal is repayable every month and ending within April 2020.

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

18. Lease liabilities

	(Unit: Thousand Baht)
	Consolidated financial statements
Lease liabilities	97,154
Less: Deferred interest expenses	(33,704)
Total	63,450
Less: Portion due within one year	(19,935)
Lease liabilities - net of current portion	<u>43,515</u>

(Unaudited but reviewed)

Movements in lease liabilities during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2020	69,455
Less: Payments during the period	(6,005)
Balance as at 31 March 2020	<u>63,450</u>

19. Revenue from contracts with customers

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Type of goods:				
Sales of goods	1,677,715	1,536,037	1,232,826	1,081,788
Revenue from distribution of goods	-	-	15,323	16,489
Total revenue from contracts with customers - revenue recognised at point in time	<u>1,677,715</u>	<u>1,536,037</u>	<u>1,248,149</u>	<u>1,098,277</u>

20. Income tax

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

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	7,358	24,437	3,219	18,692
Deferred tax:				
Relating to origination and reversal of temporary differences	(388)	(5,919)	(825)	(399)
Income tax expenses reported in the profit or loss	<u>6,970</u>	<u>18,518</u>	<u>2,394</u>	<u>18,293</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial losses	(1,292)	-	(1,292)	-
	<u>(1,292)</u>	<u>-</u>	<u>(1,292)</u>	<u>-</u>

21. Earnings per share

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

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	22,841	90,177	9,213	89,941
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.03	0.11	0.01	0.11

22. Operating segment information

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

The following tables present revenue and profit information regarding the Group's operating segments for the three-month periods ended 31 March 2020 and 2019.

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for three-month periods ended 31 March

	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue										
External customers	1,281	1,109	397	427	1,678	1,536	-	-	1,678	1,536
Inter-segment	258	92	-	-	258	92	(258)	(92)	-	-
Total revenue	<u>1,539</u>	<u>1,201</u>	<u>397</u>	<u>427</u>	<u>1,936</u>	<u>1,628</u>	<u>(258)</u>	<u>(92)</u>	<u>1,678</u>	<u>1,536</u>
Operating results										
Segment profit	125	201	60	61	185	262	-	-	185	262
Unallocated income and expenses										
Other income									16	14
Loss from change in fair value of biological assets									(5)	(4)
Selling and distribution expenses									(113)	(107)
Administrative expenses									(54)	(57)
Share of profit (loss) from investment in joint venture									4	(2)
Finance income									1	-
Finance cost									(3)	(3)
Profit before income tax expenses									31	103
Income tax expenses									(7)	(19)
Profit for the period									<u>24</u>	<u>84</u>

The following table presents segment assets of the Group's operating segments as at 31 March 2020 and 31 December 2019.

(Unit: Million Baht)

	Manufacture and distribution			Adjustments and eliminations	Consolidated
	Palm oil products	Processed fruits and vegetables	Total segments		
Segment assets					
As at 31 March 2020	<u>5,999</u>	<u>1,463</u>	<u>7,462</u>	<u>(1,763)</u>	<u>5,699</u>
As at 31 December 2019	<u>5,739</u>	<u>1,335</u>	<u>7,074</u>	<u>(1,679)</u>	<u>5,395</u>

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 31 March 2020, the Group had capital commitments relating to construction of buildings and purchase of machineries and equipment amounting to Baht 157.7 million (31 December 2019: Baht 143.5 million), the Company only: Baht 88.7 million (31 December 2019: Baht 52.1 million).

23.2 Lease and service commitments

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

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

	(Unit: Million Baht)
	<u>31 March 2020</u>
Payable:	
Within 1 year	15.5
In over 1 year and up to 5 years	1.2
In over 5 years	-

23.3 Guarantees

As at 31 March 2020, there were outstanding bank guarantees issued by the banks in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 12.1 million to guarantee import, electricity use, among others (31 December 2019: Baht 15.4 million) and for the Company: Baht 4.3 million to guarantee electricity use, among others (31 December 2019: Baht 4.4 million).

23.4 Contingent liabilities

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

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

Subsequently, the Agricultural Land Reform Office sent a letter to the subsidiary regarding the distribution of land in which the land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the cost of land and the net book value of the oil palm on such land as at 31 March 2020 totalling Baht 8 million, was in conflict with the subsidiary's land title deed. The subsidiary is in a process with the Agricultural Land Reform Office to nullify the status of being land under Sor Por Kor.

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

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

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

- (3) On 3 December 2019, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating a land plot of little deed No. 601 in Krabi Noi Sub-district, Muang District, Krabi, converting a total area of 973 rai and demolishing all constructions thereon within 30 days from the date the notice was served since the Company lacked land ownership documents issued by the governmental authorities. In the Board of Director's Meeting of the subsidiary No. 7/2019 dated 24 December 2019, the Board of Directors passed a resolution acting on the notice issue by the Krabi's ALRO to remove all properties from the controversial land by 31 December 2019. The vacating of the premises resulted in the reduction in the area and value of assets. The subsidiary wrote off the cost of land and net book value of oil palm plantation development on the land of Baht 8 million as expenses in the 2019 financial statements.
- (4) On 9 March 2020, the ALRO issued a notice on land plot of title deed No. 602 in Krabi Noi Sub-district, Muang District and Huayoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai as a target of land reform area which is not in land reform program. Land owner need to clarify evidence and document of land rights according to the Land Code or other laws within 15 days from 31 March 2020 which was the date that the notice was announced at the ALRO in Krabi.

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

23.5 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 planation in the full amount in the 2019 financial statements.

24. Financial instruments

24.1 Foreign currency assets and liabilities

The Group had outstanding financial assets and liabilities denominated in foreign currencies as summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.7	3.4	0.6	0.2	32.6712	30.1540
Euro	0.1	0.3	0.1	-	35.9585	33.3775

24.2 Forward exchange contracts

The Group had outstanding forward exchange contracts, of which details are presented below.

As at 31 March 2020

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
	US dollars	1.1		

As at 31 December 2019

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
	US dollars	0.05		
Euro	0.03	-	33.90	January 2020

As at 31 March 2020, the fair value of derivatives is as follows:

	(Unit: Million Baht)
	Fair value
	Loss
Derivatives	
Forward exchange contracts	1.7

25. Fair value hierarchy

As at 31 March 2020, the Group had the financial liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	Level 2	Total
Financial liabilities measured at fair value		
Derivatives		
Forward exchange contracts	1.7	1.7

26. Events after the reporting period

26.1 On 24 April 2020, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment in respect of the 2019 profit to the Company's shareholders at Baht 0.40 per share, totaling Baht 328 million, which will be paid to the shareholders on 22 May 2020.

26.2 On 24 April 2020, the Annual General Meeting of United Palm Oil Industry Public Company Limited's ("the subsidiary") shareholders passed a resolution to approve a divided payment in respect of 2019 profit to the shareholders at Baht 0.025 per share, totaling Baht 8 million, which will be paid to the shareholders on 22 May 2020.

26.3 On 23 April 2020, the Annual General Meeting of Universal Food Public Company Limited's ("the subsidiary") shareholders passed a resolution to approve a divided payment in respect of 2019 profit to the shareholders at Baht 0.40 per share, totaling Baht 21 million, which will be paid to the shareholders on 20 May 2020.

The dividends of the Company and its subsidiaries will be recorded in the second quarter of 2020.

27. Approval of interim financial statements

These interim financial statements were authorised for issue on 8 May 2020 by the Company's Audit and Corporate Governance Committee under authority delegated by the Board of Directors of the Company.