

Lam Soon (Thailand) Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2020

## **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 2020, 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 2020, 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 19 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 5.10 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 the internal agricultural officers 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 agricultural officers 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: 25 February 2021

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

**Statements of financial position**

**As at 31 December 2020**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	238,285,528	664,166,740	84,604,865	589,021,161
Trade and other receivables	7, 9	885,362,401	889,805,942	811,218,358	776,842,419
Current portion of finance lease receivables		1,567,066	330,650	-	-
Short-term loans to related parties	7	-	-	-	-
Inventories	10	1,389,107,615	841,677,086	909,143,050	453,081,876
Biological assets	11	95,620,275	90,928,591	-	-
Value added tax refundable		5,117,900	14,983,004	-	-
Other current assets		37,098,906	23,905,474	11,488,211	5,843,643
<b>Total current assets</b>		<b>2,652,159,691</b>	<b>2,525,797,487</b>	<b>1,816,454,484</b>	<b>1,824,789,099</b>
<b>Non-current assets</b>					
Financial lease receivables - long-term portion		2,441,124	640,732	-	-
Investments in subsidiaries	12	-	-	1,333,969,224	1,333,966,824
Investment in joint venture	13	22,997,536	26,709,841	-	-
Investment in associated company	14	-	-	-	-
Long-term loans to other companies	15	18,400,000	19,320,000	-	-
Investment properties	16	61,505,526	63,488,229	5,614,752	5,614,752
Property, plant and equipment	17	2,452,937,375	2,284,262,773	847,104,132	772,543,549
Right-of-use assets	24	39,221,680	-	-	-
Bearer plants	18	196,498,806	204,212,237	165,706	177,471
Goodwill	19	196,376,189	196,376,189	-	-
Intangible assets	20	7,540,983	6,162,427	5,994,055	3,712,101
Deferred tax assets	29	51,626,488	63,018,787	21,483,911	19,622,079
Other non-current financial assets		23,425	23,425	23,425	23,425
Other non-current assets		3,992,085	5,405,278	473,345	513,346
<b>Total non-current assets</b>		<b>3,053,561,217</b>	<b>2,869,619,918</b>	<b>2,214,828,550</b>	<b>2,136,173,547</b>
<b>Total assets</b>		<b>5,705,720,908</b>	<b>5,395,417,405</b>	<b>4,031,283,034</b>	<b>3,960,962,646</b>

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



Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from banks	21	460,000,000	470,000,000	65,000,000	-
Trade and other payables	7, 22	471,049,325	440,899,357	429,548,562	377,940,259
Current portion of long-term loans	23	50,400,000	16,600,000	-	-
Current portion of liabilities under finance lease agreements	24	3,236,744	-	-	-
Income tax payable		69,176,384	59,071,532	49,813,497	50,474,803
Advance received from customers		35,855,838	-	4,118,399	-
Other current financial liabilities		5,815,226	-	1,787,729	-
Other current liabilities		1,771,195	22,307,191	779,043	2,656,007
<b>Total current liabilities</b>		<b>1,097,304,712</b>	<b>1,008,878,080</b>	<b>551,047,230</b>	<b>431,071,069</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	23	82,800,000	-	-	-
Lease liabilities - net of current portion	24	42,546,367	-	-	-
Deferred tax liabilities	29	2,610,783	-	-	-
Provision for long-term employee benefits	25	191,855,971	181,099,166	96,540,812	89,241,410
<b>Total non-current liabilities</b>		<b>319,813,121</b>	<b>181,099,166</b>	<b>96,540,812</b>	<b>89,241,410</b>
<b>Total liabilities</b>		<b>1,417,117,833</b>	<b>1,189,977,246</b>	<b>647,588,042</b>	<b>520,312,479</b>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Shareholders' equity</b>					
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					
		(6,577,607)	(6,579,077)	-	-
Deficit on changes in shareholding in subsidiary					
Retained earnings					
	26	127,687,224	125,247,619	82,000,000	82,000,000
Appropriated - statutory reserve					
		2,744,369,110	2,697,554,289	2,234,455,627	2,291,410,802
Unappropriated					
		3,932,718,092	3,883,462,196	3,383,694,992	3,440,650,167
Equity attributable to owners of the Company					
		355,884,983	321,977,963	-	-
Non-controlling interests of the subsidiaries					
		4,288,603,075	4,205,440,159	3,383,694,992	3,440,650,167
<b>Total shareholders' equity</b>					
		5,705,720,908	5,395,417,405	4,031,283,034	3,960,962,646
<b>Total liabilities and shareholders' equity</b>					
		-	-	-	-

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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	27	6,730,662,436	6,397,739,394	4,974,219,337	4,563,024,066
Dividend income	7, 12	244	2,324	26,421,985	80,400,881
Gain from change in fair value of biological assets		18,691,732	-	-	-
Compensation from insurance		18,736,306	-	-	-
Other income		70,486,184	56,144,155	34,257,741	24,761,214
<b>Total revenues</b>		<b>6,838,576,902</b>	<b>6,453,885,873</b>	<b>5,034,899,063</b>	<b>4,668,186,161</b>
<b>Expenses</b>					
	28				
Cost of sales		5,599,080,691	5,115,762,168	4,268,827,216	3,646,762,610
Selling and distribution expenses		480,769,737	471,246,686	311,137,583	301,357,648
Administrative expenses		212,633,297	234,756,868	116,042,166	120,349,741
Loss from impairment of assets		-	698,969	-	-
Loss from change in fair value of biological assets		-	26,864,185	-	-
<b>Total expenses</b>		<b>6,292,483,725</b>	<b>5,849,328,876</b>	<b>4,696,006,965</b>	<b>4,068,469,999</b>
<b>Profit from operating activities</b>		<b>546,093,177</b>	<b>604,556,997</b>	<b>338,892,098</b>	<b>599,716,162</b>
Share of loss from investment in joint venture	13	(3,751,777)	(6,813,861)	-	-
Finance income		1,968,587	3,023,644	1,302,944	2,054,153
Finance cost		(13,770,330)	(13,145,305)	(1,708,473)	(1,444,016)
<b>Profit before income tax expenses</b>		<b>530,539,657</b>	<b>587,621,475</b>	<b>338,486,569</b>	<b>600,326,299</b>
Income tax expenses	29	(110,538,323)	(107,143,699)	(62,676,836)	(91,302,895)
<b>Profit for the year</b>		<b>420,001,334</b>	<b>480,477,776</b>	<b>275,809,733</b>	<b>509,023,404</b>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(7,826,517)	(27,740,711)	(6,037,614)	(5,777,396)
Income tax effect	29	1,565,304	5,548,142	1,207,523	1,155,479
Share of other comprehensive income of investment in joint venture - actuarial loss	13	39,472	(77,952)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(6,221,741)	(22,270,521)	(4,830,091)	(4,621,917)
<b>Other comprehensive income for the year</b>		<b>(6,221,741)</b>	<b>(22,270,521)</b>	<b>(4,830,091)</b>	<b>(4,621,917)</b>
<b>Total comprehensive income for the year</b>		<b>413,779,593</b>	<b>458,207,255</b>	<b>270,979,642</b>	<b>504,401,487</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		383,021,893	482,062,908	275,809,733	509,023,404
Non-controlling interests of the subsidiaries		36,979,441	(1,585,132)		
		<u>420,001,334</u>	<u>480,477,776</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		377,218,162	460,340,384	270,979,642	504,401,487
Non-controlling interests of the subsidiaries		36,561,431	(2,133,129)		
		<u>413,779,593</u>	<u>458,207,255</u>		
<b>Basic earnings per share</b>					
	31				
Profit attributable to equity holders of the Company		0.47	0.59	0.34	0.62

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 2020

(Unit: Baht)

Consolidated financial statements									
Equity attributable to the owners of the Company									
	Issued and	Share	Premium on	Deficit	Retained earnings		Total equity	Equity	Total
	paid up	premium	treasury stock	on changes in	Appropriated -	Unappropriated	attributable to	attributable to	shareholders'
Note	share capital			in subsidiary	statutory reserve		the Company	non-controlling	equity
							shareholders of	interests of	
							the Company	the subsidiaries	
<b>Balance as at 1 January 2019</b>	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	34	-	-	-	-	(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)
<b>Balance as at 31 December 2019</b>	<b>820,000,000</b>	<b>241,970,265</b>	<b>5,269,100</b>	<b>(6,579,077)</b>	<b>125,247,619</b>	<b>2,697,554,289</b>	<b>3,883,462,196</b>	<b>321,977,963</b>	<b>4,205,440,159</b>

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 2020

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the owners of the Company										
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Surplus (deficit) on changes in shareholding in subsidiary	Retained earnings		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Appropriated - statutory reserve	Unappropriated			
<b>Balance as at 1 January 2020</b>		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
Profit for the year		-	-	-	-	-	383,021,893	383,021,893	36,979,441	420,001,334
Other comprehensive income for the year		-	-	-	-	-	(5,803,731)	(5,803,731)	(418,010)	(6,221,741)
Total comprehensive income for the year		-	-	-	-	-	377,218,162	377,218,162	36,561,431	413,779,593
Dividend paid	34	-	-	-	-	-	(328,000,000)	(328,000,000)	-	(328,000,000)
Reversal of prior year dividend		-	-	-	-	-	65,183	65,183	-	65,183
Acquisition of investment in subsidiary from non-controlling interests		-	-	-	1,470	-	-	1,470	(3,870)	(2,400)
Appropriation of statutory reserve of subsidiary		-	-	-	-	2,439,605	(2,468,524)	(28,919)	28,919	-
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	(2,679,460)	(2,679,460)
<b>Balance as at 31 December 2020</b>		<b>820,000,000</b>	<b>241,970,265</b>	<b>5,269,100</b>	<b>(6,577,607)</b>	<b>127,687,224</b>	<b>2,744,369,110</b>	<b>3,932,718,092</b>	<b>355,884,983</b>	<b>4,288,603,075</b>

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 2020

(Unit: Baht)

		Separate financial statements					
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
<b>Balance as at 1 January 2019</b>		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	34	-	-	-	-	(205,000,000)	(205,000,000)
Reversal of prior year dividend		-	-	-	-	119,873	119,873
<b>Balance as at 31 December 2019</b>		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>2,291,410,802</u>	<u>3,440,650,167</u>

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 2020

(Unit: Baht)

		Separate financial statements					
		Issued and			Retained earnings		Total
		paid up		Premium on	Appropriated -		shareholders'
Note		share capital	Share premium	treasury stock	statutory reserve	Unappropriated	equity
	<b>Balance as at 1 January 2020</b>	820,000,000	241,970,265	5,269,100	82,000,000	2,291,410,802	3,440,650,167
	Profit for the year	-	-	-	-	275,809,733	275,809,733
	Other comprehensive income for the year	-	-	-	-	(4,830,091)	(4,830,091)
	Total comprehensive income for the year	-	-	-	-	270,979,642	270,979,642
	Dividend paid	-	-	-	-	(328,000,000)	(328,000,000)
	Reversal of prior year dividend	-	-	-	-	65,183	65,183
	<b>Balance as at 31 December 2020</b>	<b>820,000,000</b>	<b>241,970,265</b>	<b>5,269,100</b>	<b>82,000,000</b>	<b>2,234,455,627</b>	<b>3,383,694,992</b>

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 2020**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit before tax	530,539,657	587,621,475	338,486,569	600,326,299
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	256,294,267	222,899,974	100,857,560	95,421,264
Loss (gain) from change in fair value of biological assets	(18,691,732)	26,864,185	-	-
Share of loss from investment in joint venture	3,751,777	6,813,861	-	-
Increase (decrease) in allowance for expected credit losses	3,748,079	(8,989,509)	1,999,130	(9,324,430)
Increase (decrease) in allowance for diminution in inventory value	(4,109,534)	516,812	10,626	-
Decrease in allowance for impairment of assets	-	(836,131)	-	-
Loss on write-off assets	2,083,664	-	-	-
(Gain) loss on disposals/write-off of property, plant and equipment	(143,004)	(1,840,260)	4,836,371	(520,989)
Loss on write-off of intangible assets	2	-	-	-
Loss on write-off of bearer plants	-	5,948,638	-	-
Unrealised loss (gain) on exchange	2,028,948	1,420,108	759,816	(68,513)
Unrealised loss on fair value of derivatives	545,347	-	468,766	-
Gain on financial lease agreements	(3,778,947)	(1,022,998)	-	-
Provision for termination benefits and long-term employee benefits	27,513,793	53,003,812	8,927,675	20,012,358
Dividend income from subsidiaries	-	-	(26,421,741)	(80,398,557)
Dividend income from other companies	(244)	(2,324)	(244)	(2,324)
Finance income	(1,968,587)	(3,023,644)	(1,302,944)	(2,054,153)
Finance cost	12,343,712	11,701,289	281,854	-
Profit from operating activities before changes in operating assets and liabilities	810,157,198	901,075,288	428,903,438	623,390,955
Decrease (increase) in operating assets				
Trade and other receivables	(582,212)	(8,977)	(36,356,613)	(16,100,592)
Cash received from financial lease receivables	742,139	51,616	-	-
Inventories	(543,320,995)	236,997,877	(456,071,800)	126,063,387
Biological assets	14,000,048	727,050	-	-
Other current assets	(5,644,885)	212,608	(5,644,568)	4,149,355
Other non-current assets	(837,307)	542,369	40,001	(108,416)
Increase (decrease) in operating liabilities				
Trade and other payables	4,833,544	23,663,864	16,821,631	38,113,418
Other current financial liabilities	(4,578,923)	-	(730,869)	-
Other current liabilities	25,064,309	(2,654,384)	4,186,932	(916,241)
Provision for termination benefits and long-term employee benefits	(24,583,505)	(18,796,464)	(7,665,887)	(4,560,248)
Cash from operating activities	275,249,411	1,141,810,847	(56,517,735)	770,031,618
Cash received from interest income	1,968,587	3,023,644	1,302,944	2,054,153
Cash paid for interest expenses	(12,372,615)	(11,803,055)	(276,491)	-
Income tax refund	2,389,007	245,887	-	-
Cash paid for corporate income tax	(85,231,542)	(101,552,436)	(63,992,451)	(67,492,946)
<b>Net cash from (used in) operating activities</b>	<b>182,002,848</b>	<b>1,031,724,887</b>	<b>(119,483,733)</b>	<b>704,592,825</b>

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 2020**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from investing activities</b>				
Acquisition of investment in subsidiary from non-controlling interests	(2,400)	-	(2,400)	-
Dividend received from subsidiaries	-	-	26,421,741	80,398,557
Dividend received from joint venture	-	4,999,998	-	-
Dividend received from other companies	244	2,324	244	2,324
Decrease in long-term loans to other companies	920,000	920,000	-	-
Acquisitions of property, plant and equipment	(387,052,465)	(246,232,432)	(148,256,494)	(115,578,728)
Advance payments for equipment	(199,500)	(650,000)	-	-
Proceeds from disposals of property, plant and equipment	33,140,149	7,427,668	3,023,492	1,356,225
Increase in bearer plants	(3,681,047)	(7,840,675)	-	-
Acquisitions of intangible assets	(3,426,694)	(479,000)	(3,288,664)	-
<b>Net cash used in investing activities</b>	<b>(360,301,713)</b>	<b>(241,852,117)</b>	<b>(122,102,081)</b>	<b>(33,821,622)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	(10,000,000)	20,000,000	65,000,000	-
Cash received from long-term loans	150,000,000	-	-	-
Payment of lease liabilities	(23,672,405)	-	-	-
Payment of liabilities under finance lease agreements	-	(473,775)	-	-
Repayment of long-term loans	(33,400,000)	(129,206,666)	-	-
Dividend paid	(330,509,942)	(213,407,985)	(327,830,482)	(204,882,710)
<b>Net cash used in financing activities</b>	<b>(247,582,347)</b>	<b>(323,088,426)</b>	<b>(262,830,482)</b>	<b>(204,882,710)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(425,881,212)</b>	<b>466,784,344</b>	<b>(504,416,296)</b>	<b>465,888,493</b>
Cash and cash equivalents at beginning of the year	664,166,740	197,382,396	589,021,161	123,132,668
<b>Cash and cash equivalents at end of the year (Note 8)</b>	<b>238,285,528</b>	<b>664,166,740</b>	<b>84,604,865</b>	<b>589,021,161</b>

**Supplementary disclosures of cash flows information**

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

Transfer of deposits for equipment to equipment

Dividend payable

49,148,058	19,342,922	41,782,086	7,779,049
650,000	-	-	-
682,007	577,672	682,007	577,672

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 2020**

**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>2020</u> Percent	<u>2019</u> Percent
<b><u>Subsidiaries directly held by the Company</u></b>				
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
<b><u>Subsidiary held by United Palm Oil Industry Public Company Limited</u></b>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2020</u> Percent	<u>2019</u> Percent
<b><u>Subsidiaries held by Phansrivivat Company Limited</u></b>				
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
<b><u>Subsidiary held by Universal Food Public Company Limited</u></b>				
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, the subsidiary allocates the area of cold room using for freezing goods for rent.

- 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 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. They also include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards has the impact on the Group's financial statements 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 recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to 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 recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative 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 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group has evaluated that these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

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

As described in Note 3 to the financial statements, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

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

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2019	The effect of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Right-of-use assets	-	-	64,254	64,254
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	23,673	23,673
Trade and other payables	440,899	-	(5,201)	435,698
Advance received from customers	-	11,136	-	11,136
Other current financial liabilities	-	9,744	-	9,744
Other current liabilities	22,307	(20,880)	-	1,427
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	-	-	45,782	45,782

(Unit: Thousand Baht)

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

#### 4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

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



(Unit: Thousand Baht)

	Separate financial statements			
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>				
Cash and cash equivalents	589,021	-	589,021	589,021
Trade and other receivables	776,842	-	776,842	776,842
Other non-current financial assets	23	23	-	23
<b>Total financial assets</b>	<b>1,365,886</b>	<b>23</b>	<b>1,365,863</b>	<b>1,365,886</b>

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

## 4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(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 the adoption of TFRS 16	69,455	-
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	69,455	-
Weighted average incremental borrowing rate (percent per annum)	5.25	-
Comprise of:		
Current lease liabilities	23,673	-
Non-current lease liabilities	45,782	-
	69,455	-

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
<b>Total right-of-use assets</b>	<b>64,254</b>

## **5. Significant accounting policies**

### **5.1 Revenue and expense 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 calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

#### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### *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 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.

#### **5.4 Investments in subsidiaries, joint ventures and associates**

Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

#### **5.5 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.

#### **5.6 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.

## 5.7 Bearer plants and amortisation

Bearer plants are stated at cost less accumulated amortisation and impairment losses (if any). The cost includes development costs of 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 (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.

## 5.8 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.

## 5.9 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

## **5.10 Agriculture**

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

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 brunch 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.

## **5.11 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.

## 5.12 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **The Group as a lessee**

#### Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

#### **Right-of-use assets**

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

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	24	years
Machinery and equipment	1	year 4 months

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### **Lease liabilities**

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments 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 change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### **Accounting policies adopted before 1 January 2020**

Leases of property, plant or 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the 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 an expense in profit or loss on a straight-line basis over the lease term.

### **The Group as a lessor**

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.



### **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 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's 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.

### **5.15 Impairment of non-financial assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset, investment properties, bearer plants and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

## 5.16 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.

## 5.17 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.

## 5.18 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.

## 5.19 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.

## 5.20 Financial instruments

### Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

## **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition 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 at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

## **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### *Accounting policies adopted before 1 January 2020*

#### **Trade and other accounts receivable**

Trade 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.

#### **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 Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

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.

## 5.21 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## 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.

### **Leases**

#### ***Determining the lease term with extension and termination options - The Group as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### ***Estimating the incremental borrowing rate - The Group as a lessee***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.



## **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.

## **Contingent liabilities**

The Company has contingent liabilities as a result of import duty and VAT assessment by the Customs Department. The Company's management has used judgement to assess of the results of the import duty and VAT assessment by the Customs Department and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	758	432	Market prices on the contract date
Purchases of goods	-	-	390	458	Market prices less fixed margin
Dividend income	-	-	26	80	At the declared rate
Rental income	-	-	2	2	Market price
Administrative service income	-	-	3	3	Actual charge
<b><u>Transactions with related companies</u></b>					
Sales of goods	191	184	-	-	Price approximates market price
Purchases of goods	9	8	5	6	Price less marketing expenses and margin
Selling expenses	23	19	-	-	Actual charge
<b><u>Transactions with joint venture of subsidiary</u></b>					
Purchases of oil palm seeds and fresh fruit bunch	3	1	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	-	5	-	-	As declared by joint venture

As at 31 December 2020 and 2019, 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b><u>Trade and other receivables - related parties</u></b> (Note 9)				
Subsidiaries	-	-	27,259	22,830
Associated company	452	452	-	-
Related companies (related by common shareholders)	36,171	46,856	-	-
<b>Total trade and other receivables - related parties</b>	<b>36,623</b>	<b>47,308</b>	<b>27,259</b>	<b>22,830</b>
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(20,780)	(20,780)	-	-
<b>Total trade and other receivables - related parties - net</b>	<b>15,843</b>	<b>26,528</b>	<b>27,259</b>	<b>22,830</b>
<b><u>Short-term loans to related parties</u></b>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
<b>Total short-term loans - related parties</b>	<b>45,611</b>	<b>45,611</b>	<b>-</b>	<b>-</b>
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(45,611)	(45,611)	-	-
<b>Total short-term loans to related parties - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Trade and other payables - related parties</u></b> (Note 22)				
Subsidiaries	-	-	109,516	78,146
Related companies (related by common shareholders)	9,500	4,942	1,209	-
<b>Total trade and other payables - related parties</b>	<b>9,500</b>	<b>4,942</b>	<b>110,725</b>	<b>78,146</b>

**Short-term loans to related parties**

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

### Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited (“UFC”), a subsidiary, entered into a memorandum related to the agency agreement 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 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 150 million and Baht 142 million, respectively (the Company only: Baht 88 million and Baht 87 million, respectively).

## **8. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	2,053	2,489	593	1,038
Bank deposits	236,233	661,678	84,012	587,983
Total	<u>238,286</u>	<u>664,167</u>	<u>84,605</u>	<u>589,021</u>

As at 31 December 2020, bank deposits in savings accounts and time deposit accounts carried interests between 0.05 and 0.25 percent per annum (2019: between 0.04 and 1.10 percent per annum).

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	15,843	26,528	49	-
Past due				
Over 12 months	452	452	-	-
Total	16,295	26,980	49	-
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(452)	(452)	-	-
Total trade receivables - related parties - net	15,843	26,528	49	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	17,499	16,955	17,499	16,955
Cheque returned	12,618	12,581	7,655	7,618
Not yet due	712,968	679,808	656,377	599,959
Past due				
Up to 3 months	136,041	146,645	108,542	130,365
3 - 6 months	-	10,786	-	54
6 - 12 months	515	1,879	515	787
Over 12 months	30,606	28,523	2,705	2,391
Total	910,247	897,177	793,293	758,129
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(43,220)	(39,538)	(9,736)	(7,737)
Total trade receivables - unrelated parties - net	867,027	857,639	783,557	750,392
Total trade receivables - net	882,870	884,167	783,606	750,392
<u>Other receivables</u>				
Other receivables - related parties	-	-	6,157	4,474
Other receivables - unrelated parties	2,774	5,278	1,111	4,329
Accrued income - related parties	-	-	21,053	18,356
Accrued income - unrelated parties	73	167	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	420	903	-	-
Total	23,595	26,676	28,321	27,159
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(21,103)	(21,037)	(709)	(709)
Total other receivables - net	2,492	5,639	27,612	26,450
<b>Total trade and other receivables - net</b>	<b>885,362</b>	<b>889,806</b>	<b>811,218</b>	<b>776,842</b>

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	61,027	8,446
Provision for expected credit losses	3,999	1,999
Effect from foreign exchange	(251)	-
As at 31 December 2020	<u>64,775</u>	<u>10,445</u>

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	529,989	412,632	(19,182)	(20,427)	510,807	392,205
Work in process	723,164	298,950	-	-	723,164	298,950
Raw materials	37,418	41,393	(4,868)	(6,122)	32,550	35,271
Inventories in transit	2,840	12,094	-	-	2,840	12,094
Supplies and spare parts	122,569	107,589	(2,822)	(4,432)	119,747	103,157
Total	<u>1,415,980</u>	<u>872,658</u>	<u>(26,872)</u>	<u>(30,981)</u>	<u>1,389,108</u>	<u>841,677</u>

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	139,205	87,809	(11)	-	139,194	87,809
Work in process	725,387	299,094	-	-	725,387	299,094
Raw materials	-	15,265	-	-	-	15,265
Inventories in transit	2,509	11,779	-	-	2,509	11,779
Supplies and spare parts	42,053	39,135	-	-	42,053	39,135
Total	<u>909,154</u>	<u>453,082</u>	<u>(11)</u>	<u>-</u>	<u>909,143</u>	<u>453,082</u>

During the current year, the Group reversed the write-down of cost of inventories by Baht 4.1 million and reduced the amount of inventories recognised as expenses during the year (2019: reduced cost of inventories to net realisable value by Baht 0.5 million, which was included in cost of sales) (The Company only: reduced cost of inventories to net realisable value by Baht 0.01 million, which was included in cost of sales (2019: Nil)).

## 11. Biological assets

Movements of the biological assets account for the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
<b>Balance as at 1 January 2019</b>	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)
<b>Balance as at 31 December 2019</b>	59,890	31,038	90,928
Gain from changes in fair value	3,114	344,370	347,484
Decreases from harvest	-	(264,849)	(264,849)
Decreases from sales	(21,319)	(44,124)	(65,443)
Decrease from write-off	(12,500)	-	(12,500)
<b>Balance as at 31 December 2020</b>	29,185	66,435	95,620

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 3 percent (2019: 5 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 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	2020		2019	
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Prices of palm fruit at the point of harvest	12,466	(12,466)	8,352	(8,352)
Weight of palm fruit on tree	12,466	(12,466)	8,352	(8,352)

## 12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2020	2019	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	5,668	18,137
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,625	585,623	20,754	62,261
<b>Total</b>					<b>1,333,969</b>	<b>1,333,967</b>	<b>26,422</b>	<b>80,398</b>

As at 31 December 2020, 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 966 million (2019: Baht 794 million).

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

(Unit: Million Baht)

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	
	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)						
United Palm Oil Industry Public Company Limited	30.04	30.04	342	308	36	(2)	2	8



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

(Unit: Million Baht)

As at 31 December

	<u>2020</u>	<u>2019</u>
Current assets	319	238
Non-current assets	1,166	1,102
Current liabilities	286	302
Non-current liabilities	64	19

Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	<u>2020</u>	<u>2019</u>
Revenue	987	564
Profit (loss)	125	(4)
Other comprehensive income	(1)	(1)
Total comprehensive income	124	(5)

Summarised information about cash flow

(Unit: Million Baht)

For the years ended 31 December

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities	129	50
Cash flow used in investing activities	(72)	(31)
Cash flow used in financing activities	(38)	(21)
Net increase (decrease) in cash and cash equivalents	19	(2)

### 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	
		2020 (%)	2019 (%)	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	22,997	26,710
Total				25,000	25,000	22,997	26,710

#### 13.2 Share of comprehensive income and dividend received

During the years, the subsidiary recognised its share of comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Share of 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.	(3,752)	(6,814)	39	(78)
Total	(3,752)	(6,814)	39	(78)

During the year ended 31 December 2020, the subsidiary did not receive dividend from investment in the joint venture (2019: Baht 5.0 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>2020</u>	<u>2019</u>
Current assets	20,294	28,554
Non-current assets	33,693	35,260
<b>Total assets</b>	<b>53,987</b>	<b>63,814</b>
Current liabilities	(3,612)	(5,935)
Non-current liabilities	(4,380)	(4,459)
<b>Total liabilities</b>	<b>(7,992)</b>	<b>(10,394)</b>
<b>Net assets</b>	<b>45,995</b>	<b>53,420</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>22,997</b>	<b>26,710</b>

#### Summarised information about comprehensive income

(Unit: Thousand Baht)

For the years ended 31 December

	<u>2020</u>	<u>2019</u>
Revenue	13,884	12,939
Cost of sales	(6,655)	(7,619)
The differences between fair value and costs of agriculture produce	(2,550)	(5,543)
Selling and administrative expenses	(12,262)	(13,362)
<b>Loss before income tax</b>	<b>(7,583)</b>	<b>(13,585)</b>
Income tax	-	113
<b>Loss for the year</b>	<b>(7,583)</b>	<b>(13,472)</b>
Other comprehensive income	79	(156)
<b>Total comprehensive income</b>	<b>(7,504)</b>	<b>(13,628)</b>
Shareholding percentage (%)	50	50
<b>Share of comprehensive income of investment in joint venture</b>	<b>(3,752)</b>	<b>(6,814)</b>

#### 14. Investment in associated company

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment loss of investment		Carrying amount based on cost method - net		Carrying amount based on equity method	
	2020	2019	2020	2019	2020	2019	2020	2019
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

#### 15. Long-term loans to other companies

As at 31 December 2020, a subsidiary had unsecured loans to other companies, amounting to approximately Baht 18.4 million (2019: Baht 19.3 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 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
<b>Balance as at 31 December 2019</b>	19,320
Less: Receipts	(920)
<b>Balance as at 31 December 2020</b>	<b>18,400</b>

## 16. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	As at 31 December 2020					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	62,299	138,811	201,110	5,615	33,973	39,588
Less: Accumulated depreciation	-	(77,547)	(77,547)	-	(33,973)	(33,973)
Allowance for impairment	(3,302)	(58,755)	(62,057)	-	-	-
Net book value	<u>58,997</u>	<u>2,509</u>	<u>61,506</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

(Unit: Thousand Baht)

	As at 31 December 2019					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office 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>

A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	63,488	63,029	5,615	5,615
Write-off during the year	-	(430)	-	-
Disposals during the year	(1,495)	-	-	-
Depreciation for the year	(487)	(646)	-	-
Reversal of allowance for impairment	-	1,535	-	-
Net book value at end of year	<u>61,506</u>	<u>63,488</u>	<u>5,615</u>	<u>5,615</u>

The fair value of land and office building of the Company as at 31 December 2020 was determined at approximately Baht 26 million (2019: Baht 26 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 2020, the fair value of the land was determined to be Baht 134 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 (2019: Baht 137 million and Baht 51 million, respectively).

## 17. 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	
<b>Cost</b>								
1 January 2019	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
Additions	-	-	26,677	125,407	4,552	12,101	248,457	417,194
Capitalised interest	-	-	106	202	-	-	3	311
Disposals/write off	(20,033)	-	(35,895)	(102,939)	(4,697)	(36,177)	-	(199,741)
Transfer in (transfer out)	17,665	-	45,520	82,427	1,396	820	(147,828)	-
31 December 2020	787,862	90,357	1,249,188	3,289,089	128,260	211,538	180,221	5,936,515

(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
<b>Accumulated depreciation</b>								
1 January 2019	-	-	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
Depreciation for the year	-	-	58,751	141,703	4,859	12,018	-	217,331
Depreciation on disposals/write off	-	-	(34,054)	(95,231)	(4,654)	(34,289)	-	(168,228)
31 December 2020	-	-	848,499	2,262,283	112,700	176,750	-	3,400,232
<b>Allowance for impairment</b>								
1 January 2019	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
Decrease from write-off during the year	-	-	-	(13)	-	-	-	(13)
31 December 2020	21,210	-	-	61,947	152	37	-	83,346
<b>Net book value</b>								
31 December 2019	769,020	90,357	388,978	906,221	14,362	35,736	79,589	2,284,263
31 December 2020	766,652	90,357	400,689	964,859	15,408	34,751	180,221	2,452,937
<b>Depreciation for the year</b>								
2019 (Baht 198.2 million included in manufacturing cost, and the balance in administrative expenses)								209,022
2020 (Baht 208.8 million included in manufacturing cost, and the balance in administrative expenses)								217,331



(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
<b>Cost</b>							
1 January 2019	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
Additions	-	2,277	15,649	1,127	4,179	159,027	182,259
Disposals/write off	-	(23,550)	(16,128)	(608)	(3,974)	-	(44,260)
Transfer in (transfer out)	-	34,627	54,220	1,391	820	(91,058)	-
31 December 2020	25,836	440,358	1,586,555	43,782	47,387	122,195	2,266,113

(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
<b>Accumulated depreciation</b>							
1 January 2019	-	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
Depreciation for the year	-	14,699	79,381	1,620	4,140	-	99,840
Depreciation on disposals/write off	-	(22,790)	(9,066)	(571)	(3,974)	-	(36,401)
31 December 2020	-	285,269	1,057,941	39,316	36,453	-	1,418,979
<b>Allowance for impairment</b>							
31 December 2019	-	-	30	-	-	-	30
31 December 2020	-	-	30	-	-	-	30
<b>Net book value</b>							
31 December 2019	25,836	133,644	545,158	3,605	10,075	54,226	772,544
31 December 2020	25,836	155,089	528,584	4,466	10,934	122,195	847,104
<b>Depreciation for the year</b>							
2019 (Baht 87.7 million included in manufacturing cost, and the balance in administrative expenses)							94,531
2020 (Baht 92.2 million included in manufacturing cost, and the balance in administrative expenses)							99,840

During the year 2020, the subsidiary capitalised borrowing costs amounting to Baht 0.3 million (2019: Baht 0.5 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 1.04% - 1.82% per annum (2019: 1.72% - 2.37% per annum).

As at 31 December 2020, 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 2,200 million (2019: Baht 2,262 million) and for the Company amounted to approximately Baht 833 million (2019: Baht 810 million).

## 18. 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)			
<b>Cost</b>				
1 January 2019	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
Additions	-	3,681	3,681	-
Write off	(7)	-	(7)	-
31 December 2020	625,417	10,246	635,663	294
<b>Accumulated amortisation</b>				
1 January 2019	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
Amortisation for the year	11,394	-	11,394	11
Amortisation on write off	(7)	-	(7)	-
31 December 2020	416,501	-	416,501	128
<b>Allowance for impairment</b>				
31 December 2019	22,663	-	22,663	-
31 December 2020	22,663	-	22,663	-
<b>Net book value</b>				
31 December 2019	197,647	6,565	204,212	177
31 December 2020	186,253	10,246	196,499	166
<b>Amortisation for the year (included in manufacturing cost)</b>				
2019			11,069	12
2020			11,394	11

As at 31 December 2020, approximately 13,478 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 Royal Forest Department granted to a subsidiary of subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary of subsidiary has leased the land of 13,030 rai to the subsidiary for utilisation. The subsidiary of subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 15 May 2020, that subsidiary of subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 14 May 2021 and the subsidiary of subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

## 19. 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 2020		
	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 2020	
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited
Long-term growth rate	1	1
Pre-tax discount rates	6	7

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.

## 20. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cost	64,790	65,245	31,505	28,216
Less: Accumulated amortisation	(57,249)	(59,083)	(25,511)	(24,504)
Net book value	<u>7,541</u>	<u>6,162</u>	<u>5,994</u>	<u>3,712</u>

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net book value at beginning of year	6,162	7,846	3,712	4,591
Acquisitions - cost	3,391	479	3,289	-
Amortisation for the year	(2,012)	(2,163)	(1,007)	(879)
Net book value at end of year	<u>7,541</u>	<u>6,162</u>	<u>5,994</u>	<u>3,712</u>

## 21. Short-term loans from banks

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2020	2019	2020	2019	2020	2019
Short-term loans from banks	1.00 - 1.50	1.65 - 1.90	460,000	470,000	65,000	-
Total			460,000	470,000	65,000	-

Movement in short-term loans from banks during the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2019</b>	470,000	-
Add: Additional borrowings	1,665,000	315,000
Less: Repayment	(1,675,000)	(250,000)
<b>Balance as at 31 December 2020</b>	<b>460,000</b>	<b>65,000</b>

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

## 22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables - related parties	1,847	308	110,574	77,988
Trade payables - unrelated parties	189,282	218,785	126,489	160,376
Other payables - related parties	7,653	4,472	-	-
Other payables - unrelated parties	87,281	66,556	60,208	43,581
Advance received from related parties	-	162	151	158
Other payables for purchases of machinery	49,148	19,343	41,782	7,779
Accrued expenses	135,838	131,273	90,345	88,058
Total trade and other payables	<u>471,049</u>	<u>440,899</u>	<u>429,549</u>	<u>377,940</u>

## 23. Long-term loans

(Unit: Million Baht)

Loan facilities	Interest rate (Percent per annum)	Repayment schedule	Consolidated financial statements	
			2020	2019
1	2.80	Repayment every month from May 2018 to April 2020	-	16,600
2	2.50	Repayment every month from September 2019 to August 2022	133,200	-
Total long-term loans			133,200	16,600
Less: Current portion			(50,400)	(16,600)
Long-term loans - net of current portion			82,800	-

Movement of the long - term loan account during the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2020	16,600
Add: Additional borrowings	150,000
Less: Repayment	(33,400)
Balance as at 31 December 2020	133,200

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

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.

## 24. Leases

### The Group as a lessee

The Group has lease contracts for land, machinery and factory equipment used in its operations. Lease contract for land of a subsidiary is not allowed to be subleased and transferred to others unless a prior written consent of the lessor has been obtained.

#### a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land	Machinery and equipment	Total
1 January 2020	37,947	26,307	64,254
Depreciation for the year	(1,551)	(23,482)	(25,033)
31 December 2020	<u>36,396</u>	<u>2,825</u>	<u>39,221</u>

The subsidiary of 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.

#### b) Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2020</u>	<u>2019</u>
Lease payments	78,926	-
Less: Deferred interest expenses	(33,143)	-
Total	45,783	-
Less: Portion due within one year	(3,237)	-
Lease liabilities - net of current portion	<u>42,546</u>	<u>-</u>

A maturity analysis of lease payments is disclosed in Note 38 under the liquidity risk.



**c) Expenses relating to leases that are recognised in profit or loss**

(Unit: Thousand Baht)

For the year ended  
31 December 2020

	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	25,033	-
Interest expense on lease liabilities	2,986	-
Expense relating to short-term leases	9,599	4,198
Expense relating to leases of low-value assets	117	-
Expense relating to variable lease payments	3,413	-

**d) Others**

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 39.8 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

## 25. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2020			2019		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Provision for long-term employee benefits at beginning of year</b>	178,853	2,246	181,099	116,791	2,360	119,151
Included in profit or loss:						
Current service cost	14,262	221	14,483	15,672	165	15,837
Interest cost	3,009	33	3,042	5,144	49	5,193
Past service costs	-	-	-	31,974	-	31,974
Actuarial loss arising from						
Financial assumptions changes	-	100	100	-	-	-
Experience adjustments	-	324	324	-	-	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Financial assumptions changes	(1)	-	(1)	19,805	87	19,892
Experience adjustments	7,828	-	7,828	7,849	-	7,849
Benefits paid during the year	(14,581)	(438)	(15,019)	(18,382)	(415)	(18,797)
<b>Provision for long-term employee benefits at end of year</b>	<b>189,370</b>	<b>2,486</b>	<b>191,856</b>	<b>178,853</b>	<b>2,246</b>	<b>181,099</b>

(Unit: Thousand Baht)

	Separate financial statements					
	2020			2019		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Provision for long-term employee benefits at beginning of year</b>	86,995	2,246	89,241	65,652	2,360	68,012
Included in profit or loss:						
Current service cost	6,929	221	7,150	5,728	165	5,893
Interest cost	1,321	33	1,354	1,846	49	1,895
Past service costs	-	-	-	12,224	-	12,224
Actuarial loss arising from						
Financial assumptions changes	-	100	100	-	-	-
Experience adjustments	-	324	324	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	631	-	631	5,690	87	5,777
Experience adjustments	5,407	-	5,407	-	-	-
Benefits paid during the year	(7,228)	(438)	(7,666)	(4,145)	(415)	(4,560)
<b>Provision for long-term employee benefits at end of year</b>	<b>94,055</b>	<b>2,486</b>	<b>96,541</b>	<b>86,995</b>	<b>2,246</b>	<b>89,241</b>

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 year 2019.

The subsidiary had obligations in respect of compensation payables to employees who voluntarily participated in the early retirement schemes. The subsidiary considered these compensations as termination benefits and recorded additional compensations to employees as expenses. During the current year, the subsidiary recognised compensations of termination benefits for the early retirement schemes of Baht 9.6 million as expenses in profit or loss in the statements of comprehensive income (2019: Baht 5.3 million).

The Group expects to pay Baht 14.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 5.1 million) (2019: Baht 13.3 million, separate financial statements: Baht 5.2 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefits is 9 - 15 years (Separate financial statements: 9 years) (2019: 9 - 15 years, separate financial statements: 9 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.10, 1.50 and 1.84	1.50 and 1.84	1.50	1.50
Salary increase rate	2.0, 4.0 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 2020 and 2019 are summarised below.

(Unit: Million Baht)

	As at 31 December 2020			
	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	(7.06)	7.24	(3.18)	3.34
Salary increase rate	8.40	(8.06)	3.72	(3.41)

(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	(7.21)	3.24	(2.96)

## 26. 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.

## 27. 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>
<b>Type of goods:</b>				
Sales of goods	6,730,662	6,397,739	4,921,058	4,500,516
Revenue from distribution of goods	-	-	53,161	62,508
Total revenue from contracts with customers - revenue recognised at point in time	<u>6,730,662</u>	<u>6,397,739</u>	<u>4,974,219</u>	<u>4,563,024</u>

## 28. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Raw materials and consumables used	4,830,549	4,040,195	4,279,072	3,037,662
Changes in inventories of finished goods and work in process	(541,571)	(244,514)	(477,689)	128,803
Salary and wages and other employee benefits	712,633	754,569	300,629	307,616
Depreciation and amortisation	256,294	222,900	100,858	95,421
Promotion expenses	72,900	75,408	54,809	58,453
Transportation expenses	130,187	135,289	110,275	115,030
Repair and maintenance expenses	99,544	113,508	23,051	30,374

## 29. Income tax

Income tax expenses for the years ended 31 December 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>
<b>Current income tax:</b>				
Current income tax charge	94,970	113,222	63,331	92,473
Adjustment in respect of income tax expenses of previous year	-	179	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	15,568	(6,257)	(654)	(1,170)
<b>Income tax expenses reported profit or loss</b>	<u>110,538</u>	<u>107,144</u>	<u>62,677</u>	<u>91,303</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 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 loss	(1,565)	(5,548)	(1,208)	(1,155)
Income tax charged directly to other comprehensive income	<u>(1,565)</u>	<u>(5,548)</u>	<u>(1,208)</u>	<u>(1,155)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	<u>530,540</u>	<u>587,621</u>	<u>338,487</u>	<u>600,326</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	112,186	134,487	67,697	120,065
Adjustment in respect of current income tax of previous year	-	179	-	-
Effects of:				
Promotional privileges (Note 30)	-	(14,895)	-	(14,895)
Share of loss from investment in joint venture	750	1,363	-	-
Non-deductible expenses	8,927	3,244	346	2,373
Additional expense deductions allowed	(11,318)	(17,520)	(5,366)	(16,215)
Tax loss for the year unrecognised as deferred tax assets	268	546	-	-
Others	(275)	(260)	-	(25)
Total	<u>(1,648)</u>	<u>(27,522)</u>	<u>(5,020)</u>	<u>(28,762)</u>
Income tax expenses reported in the profit or loss	<u>110,538</u>	<u>107,144</u>	<u>62,677</u>	<u>91,303</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separated financial statements	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	11,264	17,224	2,089	1,689
Allowance for diminution in inventory value	4,060	4,880	2	-
Allowance for impairment loss of				
investment in associated company	2,400	2,400	-	-
Allowance for impairment of assets	8,970	9,024	85	85
Provision for long-term employee benefits	38,371	36,220	19,308	17,848
Provision for land rental	-	1,039	-	-
Loss on fair value of derivatives	15	-	-	-
Leases	1,291	-	-	-
Unused tax loss	-	7,066	-	-
<b>Total</b>	<b>66,371</b>	<b>77,853</b>	<b>21,484</b>	<b>19,622</b>
<b>Deferred tax liabilities</b>				
Change in fair value of biological assets	16,553	14,640	-	-
Revenue recognition under finance leases	802	194	-	-
<b>Total</b>	<b>17,355</b>	<b>14,834</b>	<b>-</b>	<b>-</b>
<b>Total deferred tax assets - net</b>	<b>49,016</b>	<b>63,019</b>	<b>21,484</b>	<b>19,622</b>

Deferred tax assets and liabilities as presented in the statements of financial position as at 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Deferred tax assets	51,627	63,019	21,484	19,622
Deferred tax liabilities	(2,611)	-	-	-
<b>Total deferred tax assets - net</b>	<b>49,016</b>	<b>63,019</b>	<b>21,484</b>	<b>19,622</b>



As at 31 December 2020, the subsidiary of subsidiary had deductible temporary differences and unused tax losses totaling Baht 131 million (2019: Baht 158 million), on which deferred tax assets have not been recognised as such 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 such subsidiary amounting to Baht 10 million will gradually expire by 2025.

### 30. 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>	<u>Principal privileges</u>
2093(2)/2550	Pure vegetable oil product	Exemption 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 (1 February 2011).

#### Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>	<u>Principal privileges</u>
1043(2)/2548	Electricity from biomasses product	Exemption from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income (21 August 2015).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2020 and 2019 were as follows:

	Promoted operations		Non-promoted operations		(Unit: Thousand Baht) Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<b>Sales income</b>					
Domestic sales						
income	-	1,622,982	4,812,901	2,795,023	4,812,901	4,418,005
Export sales	-	21,504	161,318	123,515	161,318	145,019
Total sales and services	-	1,644,486	4,974,219	2,918,538	4,974,219	4,563,024

### 31. 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 financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit attributable to equity holders of the Company (Thousand Baht)	383,022	482,063	275,809	509,023
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.47	0.59	0.34	0.62

### 32. 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 and profit information regarding the Group's operating segments for the years ended 31 December 2020 and 2019.

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues from external customers	4,698	4,238	2,033	2,160	6,731	6,398	-	-	6,731	6,398
Intersegment revenues	757	432	-	-	757	432	(757)	(432)	-	-
Interest expenses	(9)	(8)	(5)	(5)	(14)	(13)	-	-	(14)	(13)
Depreciation and amortisation	(142)	(144)	(116)	(79)	(258)	(223)	2	-	(256)	(223)
Income tax expenses	(95)	(91)	(16)	(16)	(111)	(107)	-	-	(111)	(107)
<b>Segment profit</b>	<b>820</b>	<b>966</b>	<b>316</b>	<b>320</b>	<b>1,136</b>	<b>1,286</b>	<b>(4)</b>	<b>(4)</b>	<b>1,132</b>	<b>1,282</b>

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

#### *Geographic information*

During the year 2020, the Group's sales represent domestic sales of 80 percent (2019: 78 percent) and export sales of 20 percent (2019: 22 percent).

#### *Major customers*

For the years 2020 and 2019, the Group has no major external customer with revenue of 10 percent or more of an entity's revenues.

### **33. 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 2020, the contributions of the Group amounting to Baht 12.2 million (2019: Baht 12.5 million), of which Baht 6.3 million (2019: Baht 5.8 million) is from the Company, were recognised as expenses.

### 34. Dividends

During the years ended 31 December 2020 and 2019, the Group had dividend payments as follows:

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

## 35. Commitments and contingent liabilities

### 35.1 Capital commitments

As at 31 December 2020, the Group had capital commitments relating to construction of buildings, building improvement and purchase of machineries and equipment amounting to Baht 37.1 million (2019: Baht 143.5 million), the Company only: Baht 23.4 million (2019: Baht 52.1 million).

### 35.2 Operating lease commitments

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

As at 31 December 2020, future minimum lease payments required under these non-cancellable contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	Consolidated financial statements	Separate financial statements
Payable:		
Within 1 year	18.3	6.4
In over 1 year and up to 5 years	0.5	0.5
Total	18.8	6.9

### 35.3 Long-term commitments

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

During the current year, the subsidiary had paid electricity charges of Baht 2.4 million.

### **35.4 Guarantees**

As at 31 December 2020, 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 11.3 million to guarantee electricity use, among others (2019: Baht 15.4 million) and for the Company: Baht 4.3 million to guarantee electricity use, among others (2019: Baht 4.4 million).

### **35.5 Contingent liabilities**

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

On 22 September 2020, the Company filed a request for deferral of VAT payments with the Revenue Department. In addition, as at 31 December 2020, the Company had bank guarantee issued by the bank amounting to Baht 23.9 million in respect of the obligation to the Revenue Department regarding the payments of VAT for the period during October 2016 to December 2016 and May 2017 to June 2017 including penalties and surcharges.

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

### **35.6 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 2020 totally Baht 7 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 2019 financial statements.

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

On 13 April 2020, the subsidiary as a land owner, filed a petition and submitted an evidence and documentation regarding rights over the land plots. On 14 May 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions within 30 days from the date that the notice was served. On 16 June 2020, the subsidiary filed a lawsuit against the ALRO and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

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

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the subsidiary as at 31 December 2020 are to decrease by Baht 5 million.



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

On 21 October 2020, the ALRO in Krabi presented assessment results considering that the petition was unacceptable. On 30 October 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 24 November 2020, the subsidiary appealed the order of the ALRO in Krabi. However, if the land plots become a designed area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the subsidiary as at 31 December 2020 are to decrease by Baht 14 million.

### **35.7 Litigation**

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

In August 2019, the Court dismissed the case and gave the subsidiary an order for the handover of the land. In December 2019, the subsidiary appealed the judgement of the Court of First Instance. On 28 April 2020, the Appeals Court dismissed the case. The case is therefore finalised.

- (2) On 6 July 2020, the subsidiary was served with a summons in a criminal action involving alleged trespass. The ALRO in Krabi had made an allegation against the subsidiary. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the subsidiary. On 20 August 2020, the subsidiary turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the subsidiary submitted a written testimony to inquiry officers. The case is currently under consideration of Krabi chief public prosecutor.
- 3) The subsidiary faced a legal action brought by a group of villagers who claimed to be farmers and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the subsidiary's land title deeds of 13 plots, covering a total area of 82 rai, and 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai, in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. The villagers alleged that land officers had issued the documentation in an unethical manner. The Central Administrative Court scheduled a first hearing for 23 February 2021 and a verdict hearing for 19 March 2021. The subsidiary had prepared a written statement and submitted it to the Central Administrative Court. The management believed that the subsidiary was able to produce solid evidence to refute the allegation.
- 4) The subsidiary faced a legal action brought by leaders of protesters who filed a petition to the Nakhon Si Thammarat Administrative Court, asking for its reconsideration in issuing the subsidiary's land title deeds of 11 plots, covering a total area of 402 rai, in Krabi Noi Sub-district, Muang District, Krabi. The leaders alleged that the issuance of the land title deeds was based on reservation certificates (Nor Sor 2) from other villages, indicating that the location of the land differed from the designated land and in the Rama IX land reform areas for agricultural purposes, which are allocated to landless farmers who are each entitled to no more than 50 rai of land for subsistence farming. Instead of land title deeds, the so-called Sor Por Kor 401 certificates were supposed to be issued. Later, the subsidiary lodged a criminal lawsuit against the plaintiffs. However, the latter put forward the case to the Nakhon Si Thammarat Administrative Court. The case is currently under consideration of the Nakhon Si Thammarat Administrative Court. The management believed that the subsidiary was able to produce solid evidence to refute the allegation.

### **36. Fire incident**

On 26 August 2020, a fire broke out in a subsidiary crude palm oil processing plant in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The subsidiary started to bring machine into operation again on 16 November 2020. The subsidiary had insurance to cover damaged assets and business interruption. Currently, the subsidiary received some compensation from insurance and the remaining amount is under consideration of insurance companies.

### 37. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities 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 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Biological assets	-	29	67	96
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Assets for which fair value is disclosed</b>				
Investment properties	-	-	185	185

(Unit: Million Baht)

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

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Assets for which fair value is disclosed</b>				
Investments in subsidiaries	966	-	-	966
Investment properties	-	-	26	26

(Unit: Million Baht)

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

During the years 2020 and 2019, there were no transfers within the fair value hierarchy.

## 38. Financial instruments

### 38.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Derivative liabilities</b>				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	545	-	469	-
<b>Total derivative liabilities</b>	<b>545</b>	<b>-</b>	<b>469</b>	<b>-</b>

### **Derivatives not designated as hedging instruments**

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 months to 6 months.

### **38.2 Financial risk management objectives and policies**

The Group's financial instruments principally comprise cash and cash equivalents, trade and other accounts receivable, loans, trade and other payable, short-term and long-term loans and lease liabilities. 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 and other receivables, loans, deposits with banks and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

#### ***Trade and other receivables***

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major and overseas customers are generally covered by letters of credit or advance payment or other forms of credit insurance obtained from reputable banks.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. The Group does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, the Group proceeds to collect debts in accordance with legal procedures. The write-off of trade receivables is subjected to the approval of top management. The operation section will propose to the top management the write-off in case trade receivables have long been overdue and the Group is unable to enforce debt collection activity.

### ***Financial instruments and cash deposits***

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed and may be updated throughout the year subject to approval of management and then pass to Executive Committee of each company to approve. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **Market risk**

There are three types of market risk comprising currency risk, interest rate risk and commodity price risk.

### ***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 six months.

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	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	2.9	3.4	0.2	0.2	30.0371	30.1540
Euro	-	0.3	0.8	-	37.2578	33.3775

Forward exchange contracts outstanding as at 31 December 2020 and 2019 are summarised below.

As at 31 December 2020				
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	0.20	-	29.80 - 29.90	June 2021

As at 31 December 2020				
Foreign currency	Bought 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	0.80	0.80	30.03	February - June 2021

As at 31 December 2019				
Foreign currency	Sold amount		Contractual exchange rate of bought 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

### ***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 and lease liabilities. 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 2020 and 2019 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)

## Consolidated financial statements

As at 31 December 2020

	Fixed interest rate			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	220	18	238	0.05 - 0.25
Trade and other receivables	-	-	-	-	885	885	-
Financial lease receivables	2	2	-	-	-	4	1.80
Long-term loans to other companies	-	-	-	18	-	18	THBFIX + 1
	<u>2</u>	<u>2</u>	<u>-</u>	<u>238</u>	<u>903</u>	<u>1,145</u>	
<b>Financial liabilities</b>							
Short-term loans from banks	460	-	-	-	-	460	1.00 - 1.50
Trade and other payables	-	-	-	-	471	471	-
Long-term loans	50	83	-	-	-	133	2.50
Lease liabilities	3	2	41	-	-	46	4.75, 4.80 and 6.92
Other current financial liabilities	-	-	-	-	6	6	-
	<u>513</u>	<u>85</u>	<u>41</u>	<u>-</u>	<u>477</u>	<u>1,116</u>	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2019

	Fixed interest rate			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	200	-	-	441	23	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>-</u>	<u>450</u>	<u>923</u>	<u>1,574</u>	
<b>Financial liabilities</b>							
Short-term loans from banks	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>-</u>	<u>17</u>	<u>441</u>	<u>928</u>	



(Unit: Million Baht)

## Separate financial statements

As at 31 December 2020

	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	70	15	85	0.05 - 0.25
Trade and other receivables	-	-	-	811	811	-
	-	-	70	826	896	
<b>Financial liabilities</b>						
Short-term loans from banks	65	-	-	-	65	1.15, 1.20
Trade and other payables	-	-	-	430	430	-
	65	-	-	430	495	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2019

	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	200	-	371	18	589	0.10 - 1.00
Trade and other receivables	-	-	-	777	777	-
	200	-	371	795	1,366	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	378	378	-
	-	-	-	378	378	

### **Commodity price risk**

The Group is affected by the price volatility of certain commodities which were fresh palm fruit and crude palm oil. Price volatility has depended on the shortage or oversupply of fresh palm fruit and crude palm oil among the market. The Group has developed and enacted procurement and inventory management policy taking into accounts of forecasted production volume and changes in the price of fresh palm fruit and crude palm oil.

### **Liquidity risk**

The adequacy of cash represented the risk and liquidity management. The Group has deposited cash with the reputable and creditable banks or financial institutions, and has access to sources of funding with high credit-rating banks. The Group monitors the risk of a shortage of liquidity through the use of short-term and long-term credit facilities and lease contracts. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from banks	40,000	420,000	-	-	460,000
Trade and other payables	-	471,049	-	-	471,049
Long-term loans	-	50,400	82,800	-	133,200
Lease liabilities	-	5,316	12,676	60,934	78,926
Other financial liabilities	-	5,270	-	-	5,270
<b>Total non-derivatives</b>	<b>40,000</b>	<b>952,035</b>	<b>95,476</b>	<b>60,934</b>	<b>1,148,445</b>
<b>Derivatives</b>					
Derivative liabilities: net settled					
Cash outflows	-	545	-	-	545
<b>Total derivatives</b>	<b>-</b>	<b>545</b>	<b>-</b>	<b>-</b>	<b>545</b>

(Unit: Thousand Baht)

	Separate financial statements				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
<b>Non-derivatives</b>					
Short-term loans from banks	40,000	25,000	-	-	65,000
Trade and other payables	-	429,549	-	-	429,549
Other financial liabilities	-	1,319	-	-	1,319
<b>Total non-derivatives</b>	<b>40,000</b>	<b>455,868</b>	<b>-</b>	<b>-</b>	<b>495,868</b>
<b>Derivatives</b>					
Derivative liabilities: net settled					
Cash outflows	-	469	-	-	469
<b>Total derivatives</b>	<b>-</b>	<b>469</b>	<b>-</b>	<b>-</b>	<b>469</b>

### 38.3 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 2020, the Group's debt-to-equity ratio was 0.33:1 (2019: 0.28:1) and the Company's was 0.19:1 (2019: 0.15:1).

### 40. Events after the reporting period

On 25 February 2021, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2020 profit of Baht 0.22 per share, or a total of Baht 180.4 million.

On 24 February 2021, 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 2020 profit of Baht 0.20 per share, or a total of Baht 65 million.

On 24 February 2021, 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 2020 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 25 February 2021.