

United Palm Oil Industry Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month period ended 31 March 2022

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of United Palm Oil Industry Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of United Palm Oil Industry Public Company Limited and its subsidiaries as at 31 March 2022, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of United Palm Oil Industry Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 12 May 2022

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2022

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		84,881	32,782	68,400	16,729
Trade and other receivables	3	185,209	226,958	185,153	226,903
Current portion of financial lease receivables		1,463	1,545	1,463	1,545
Advance to employees		83	81	83	81
Inventories	4	232,215	241,767	232,215	241,767
Biological assets		152,255	112,273	152,255	112,273
Other current assets		15,311	12,483	11,956	9,393
Total current assets		671,417	627,889	651,525	608,691
Non-current assets					
Financial lease receivables - long-term portion		581	896	581	896
Investment in subsidiary		-	-	307,895	307,895
Investment in joint venture		26,874	26,571	25,000	25,000
Long-term loan to other company	5	17,020	17,480	-	-
Property, plant and equipment	6	899,383	877,811	899,383	877,811
Right-of-use assets	7	35,114	34,982	55,614	56,230
Bearer plants	8	175,257	176,452	175,257	176,452
Intangible assets		79	90	79	90
Other non-current assets		1,005	4,152	1,005	4,152
Total non-current assets		1,155,313	1,138,434	1,464,814	1,448,526
Total assets		1,826,730	1,766,323	2,116,339	2,057,217

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	9	20,000	145,000	20,000	145,000
Trade and other payables	10	53,183	35,767	332,266	313,321
Current portion of long-term loan	11	36,667	36,667	36,667	36,667
Current portion of long-term lease liabilities		100	345	491	485
Income tax payable		44,132	9,387	42,877	8,634
Other current liabilities		18,520	6,859	18,520	6,859
Total current liabilities		172,602	234,025	450,821	510,966
Non-current liabilities					
Long-term loan, net of current portion	11	54,167	63,333	54,167	63,333
Long-term lease liabilities, net of current portion		43,412	42,647	63,581	63,705
Deferred tax liabilities		26,234	31,752	26,221	31,762
Provision for long-term employee benefits		17,599	17,390	17,599	17,390
Total non-current liabilities		141,412	155,122	161,568	176,190
Total liabilities		314,014	389,147	612,389	687,156
Shareholders' equity					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050	324,050	324,050	324,050
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050	324,050	324,050	324,050
Share premium		321,545	321,545	321,545	321,545
Retained earnings					
Appropriated - statutory reserve		60,805	60,805	32,405	32,405
Unappropriated		806,316	670,776	825,950	692,061
Total shareholders' equity		1,512,716	1,377,176	1,503,950	1,370,061
Total liabilities and shareholders' equity		1,826,730	1,766,323	2,116,339	2,057,217

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

Directors

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 31 March 2022**

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

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Revenues					
Revenue		787,059	462,472	787,059	462,472
Gain arising from change in fair value of biological assets		38,582	7,067	38,582	7,067
Other income					
Compensation from insurance		-	7,642	-	7,642
Others		19,402	9,697	19,402	9,622
Total revenues		845,043	486,878	845,043	486,803
Expenses					
Cost of sales		654,869	427,484	655,251	427,873
Selling and distribution expenses		12,293	10,171	12,293	10,171
Administrative expenses		12,594	12,819	12,552	12,774
Total expenses		679,756	450,474	680,096	450,818
Profit from operating activities		165,287	36,404	164,947	35,985
Share of profit (loss) of a joint venture		303	(957)	-	-
Finance income		67	79	12	20
Finance cost		(695)	(779)	(2,323)	(2,340)
Profit before income tax expenses		164,962	34,747	162,636	33,665
Income tax expenses	12	(29,422)	(5,931)	(28,747)	(5,257)
Profit for the period		135,540	28,816	133,889	28,408
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		135,540	28,816	133,889	28,408
Basic earnings per share	13				
Profit per share		0.42	0.09	0.41	0.09
Weighted average number of ordinary share (Thousand shares)		324,050	324,050	324,050	324,050

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2021	324,050	321,545	60,805	428,772	1,135,172
Profit for the period	-	-	-	28,816	28,816
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	28,816	28,816
Balance as at 31 March 2021	324,050	321,545	60,805	457,588	1,163,988
Balance as at 1 January 2022	324,050	321,545	60,805	670,776	1,377,176
Profit for the period	-	-	-	135,540	135,540
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	135,540	135,540
Balance as at 31 March 2022	324,050	321,545	60,805	806,316	1,512,716

-

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2021	324,050	321,545	32,405	455,657	1,133,657
Profit for the period	-	-	-	28,408	28,408
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	28,408	28,408
Balance as at 31 March 2021	324,050	321,545	32,405	484,065	1,162,065
Balance as at 1 January 2022	324,050	321,545	32,405	692,061	1,370,061
Profit for the period	-	-	-	133,889	133,889
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	133,889	133,889
Balance as at 31 March 2022	324,050	321,545	32,405	825,950	1,503,950

-

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries**Cash flow statement****For the three-month period ended 31 March 2022**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before tax	164,962	34,747	162,636	33,665
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	10,177	10,762	10,405	10,996
Share of (profit) loss of a joint venture	(303)	957	-	-
Gain arising from change in fair value of biological assets	(38,582)	(7,067)	(38,582)	(7,067)
Loss on write-off bearer plants	14	94	14	94
Reduction of inventory cost to net realisable value (reversal)	25,696	(2,204)	25,696	(2,204)
Loss on disposal/write-off land and vehicles	-	2,842	-	2,842
Provision for termination benefits and provision for long-term employee benefits	287	1,390	287	1,390
Interest expenses	695	779	2,323	2,340
Profit from operating activities before changes in operating assets and liabilities	162,946	42,300	162,779	42,056
Operating assets (increase) decrease				
Trade and other receivables	41,749	(67,081)	41,750	(67,083)
Cash received from financial lease receivables	397	388	397	388
Advance to employees	(2)	(11)	(2)	(11)
Inventories and biological assets	(17,544)	46,506	(17,544)	46,506
Other current assets	(3,030)	(3,756)	(2,765)	(3,490)
Other non-current assets	3,147	277	3,147	277
Operating liabilities increase (decrease)				
Trade and other payables	16,870	12,663	17,541	13,546
Other current liabilities	11,661	1,621	11,661	1,621
Cash paid for termination benefits and long-term employee benefits	(78)	(2,200)	(78)	(2,200)
Cash flows from operating activities	216,116	30,707	216,886	31,610
Cash paid for interest expenses	(740)	(787)	(1,510)	(1,562)
Cash received from income tax	202	-	202	-
Cash paid for income tax	(195)	(648)	(45)	(498)
Net cash flows from operating activities	215,383	29,272	215,533	29,550

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

(Unaudited but reviewed)

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Decrease in long-term loan to other company	460	460	-	-
Cash paid for acquisition of machinery and equipment	(28,206)	(2,248)	(28,206)	(2,248)
Increase in cost of bearer plants	(1,372)	(1,030)	(1,372)	(1,030)
Net cash flows used in investing activities	(29,118)	(2,818)	(29,578)	(3,278)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(125,000)	(10,000)	(125,000)	(10,000)
Repayment for long- term loan	(9,166)	-	(9,166)	-
Cash paid for lease liabilities	-	-	(118)	(113)
Net cash flows used in financing activities	(134,166)	(10,000)	(134,284)	(10,113)
Net increase in cash and cash equivalents	52,099	16,454	51,671	16,159
Cash and cash equivalents at beginning of period	32,782	39,840	16,729	27,104
Cash and cash equivalents at end of period	84,881	56,294	68,400	43,263
	-		-	

Supplemental cash flows information

Non-cash transactions

Purchase of equipment for which no cash has been paid	1,362	7,636	1,362	7,636
Increase in right-of-use assets from contract modification	520	-	-	-

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month period ended 31 March 2022

1. General information

1.1 Corporate information

United Palm Oil Industry Public Company Limited is a public company incorporated and domiciled in Thailand. Its parent company is Lam Soon (Thailand) Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture of crude palm oil and crude palm kernel oil. The registered office of the Company is at No. 64, Soi Bangna-Trad 25, Bangna Nuea Sub-district, Bangna District, Bangkok. Branch office and factory are located at No. 98 Moo 6, Nueaklong-Khao Phanom Road, Huayyoong Sub-district, Nueaklong District, Krabi.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of United Palm Oil Industry Public Company Limited (hereinafter called as "the Company") and its subsidiaries (hereinafter called as "the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021. During the current period, there were no changes in the composition of the Group.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

2. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	For the three-month periods ended 31 March				
	2022	2021	2022	2021	Transfer pricing policies
Transactions with parent company					
Sales of crude palm oil and crude palm kernel oil	744	371	744	371	Market price on contract's date
Sales of fresh fruit bunch	-	63	-	63	Market price on contract's date
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Palm plantation rental expenses	-	-	2	2	Contract rate
Interest expenses	-	-	1	1	THBFIX + 1% per annum
Transactions with joint venture					
Purchases of oil palm seeds and fresh fruit bunch	1	1	1	1	Market price

The balances of the accounts between the Company and those related parties as at 31 March 2022 and 31 December 2021.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Trade and other receivables - related party (Note 3)				
Parent company	169,572	163,499	169,572	163,499
Total	169,572	163,499	169,572	163,499
Trade and other payables - related parties (Note 10)				
Subsidiaries	-	-	279,267	277,703
Total	-	-	279,267	277,703
Lease liabilities - related party				
Subsidiary	-	-	64,072	64,191
Total	-	-	64,072	64,191

Directors and management's benefits

During the three-month period ended 31 March 2022, the Company had short-term employee benefits expenses and post-employment benefits expenses payable to its directors and management totaling Baht 5 million (31 March 2021: Baht 6 million).

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Trade receivables - related party				
Aged on the basis of due dates				
Not yet due	169,572	163,499	169,572	163,499
Total trade receivables - related party (Note 2)	169,572	163,499	169,572	163,499
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	15,300	63,404	15,300	63,404
Total trade receivables - unrelated parties	15,300	63,404	15,300	63,404
Total trade receivables	184,872	226,903	184,872	226,903
Other receivables				
Accrued income	337	55	281	-
Total other receivables	337	55	281	-
Total trade and other receivables	185,209	226,958	185,153	226,903

4. Inventories

Movements in the allowance for reduction of cost of inventories to net realisable value account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Balance as at 1 January 2022	-
Reduction of inventory cost to net realisable value	25,696
Balance as at 31 March 2022	25,696

5. Long-term loan to other company

As at 31 March 2022 and 31 December 2021, a subsidiary had loan to other company of Baht 17 million. The loan has no collateral and carry interest at a rate of THBFIX plus 1% per annum. Principal payments are to be made at the end of June and December each year, with the final payment due in June 2040.

6. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Net book value as at 1 January 2022	877,811
Acquisitions during period - at cost	28,797
Depreciation for the period	(7,225)
Net book value as at 31 March 2022	899,383

7. Right-of-use assets

Movements in the right-of-use assets account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2022	34,982	56,230
Differences from contract modification	520	-
Depreciation for the period	(388)	(616)
Net book value as at 31 March 2022	35,114	55,614

The subsidiary entered into a lease contract with the Treasury Department for an area of 4,294 rai, 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.

8. Bearer plants

Movements in the bearer plants account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Net book value as at 1 January 2022	176,452
Increase during the period - at cost	1,372
Write-off during the period - net book value at write-off date	(14)
Amortisation for the period	(2,553)
Net book value as at 31 March 2022	175,257

A permit from Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary has leased the land of 13,030 rai to the Company for utilisation. The subsidiary 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 11 May 2022, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for 1 year, expired on 11 May 2023 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

9. Short-term loans from financial institutions

	(Unit: Thousand Baht)		Consolidated/Separate financial statements	
	Interest rate (% per annum)			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Short-term loans from financial institutions	1.05	1.05 - 1.10	20,000	145,000
Total			20,000	145,000

10. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
Trade payables - unrelated parties	23,393	12,606	23,393	12,606
Other payables - related parties (Note 2)	-	-	279,267	277,703
Other payables - unrelated parties	7,733	2,864	7,733	2,864
Payables for purchase of assets - unrelated parties	1,362	771	1,362	771
Accrued expenses	20,695	19,526	20,511	19,377
Total trade and other payables	53,183	35,767	332,266	313,321

11. Long-term loan

Movements in the long-term loan account during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at 1 January 2022	100,000
Repayment during the period	(9,166)
Balance as at 31 March 2022	90,834
Less: Portion due within one year	(36,667)
Portion due more than one year	54,167

The Company's long-term loan no. 1 is long-term loan under a joint loan agreement between the Company and parent company and the bank. The Company and parent company agree that the Company, as the party that draws down the loan, is to be primarily responsible for the principal and interest thereon.

The long-term loan is clean loan with a negative pledge of assets belonging to the Company and parent company (no. 1) and the Company (no. 2). The loan agreement contains covenant relating to maintenance of certain financial ratios specified in the agreement.

12. Income tax

Income tax expenses for the three-month periods ended 31 March 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March			
	2022	2021	2022	2021
Current income tax:				
Interim corporate income tax charge	34,940	4,754	34,288	4,120
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,518)	1,177	(5,541)	1,137
Income tax expenses reported in profit or loss	29,422	5,931	28,747	5,257

13. Earnings per share

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

14. 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.

The Group's business operations involve 2 principal segments (1) oil palm plantation, crude palm oil and crude palm kernel oil processing (2) generation of electricity from biogases and biomasses. These activities are carried on exclusively in the single geographic area of Thailand. During the periods, there were no material activities pertaining to the generation of electricity from biogases and biomasses segment for the Group. Accordingly, most of the revenues, operating profit and assets as reflected in these financial statements pertain to the industry segment (1) and geographic area as mentioned above.

For the three-month period ended 31 March 2022, the Group has revenue from one major customer in amount of Baht 744 million, arising from oil palm plantation, crude palm oil and crude palm kernel oil processing segment.

15. Commitments and contingent liabilities**15.1 Capital commitments**

As at 31 March 2022, the Company had capital commitments of Baht 7 million (31 December 2021: Baht 9 million and EUR 0.5 million) relating to the acquisition of machine and equipment.

15.2 Guarantees

As at 31 March 2022 and 31 December 2021, there were outstanding bank guarantees of Baht 3 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

16. Right to utilise land

The additional event from the financial statements for the year ended 31 December 2021 are summarised below.

Location	Additional event
Land plot No. 602 and 603	On 10 March 2022, the ALRO in Krabi filed an objection to the Company's statement.

17. Litigation

There were no additional events as disclosed from the consolidated financial statements for the year ended 31 December 2021.

18. Fair value of financial instruments

Most of the Group's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

19. Fair value hierarchy

As of 31 March 2022 and 31 December 2021, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	As at 31 March 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	26,645	125,610	152,255

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	13,462	98,811	112,273

During the current period, there were no transfers between the levels of the fair value hierarchy.

20. Event after the reporting period

On 8 April 2022, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.50 per share, totaling Baht 162 million, to be paid in May 2022.

21. Approval of interim financial statements

These interim consolidated financial statements were authorised for issue by the Company's Board of Directors on 12 May 2022.