



รายงานประจำปี 2563
ANNUAL REPORT 2020



บริษัท ยูนิวานิชน้ำมันปาล์ม จำกัด (มหาชน)
Univanich Palm Oil Public Company Limited



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GENERAL INFORMATION

Name	Univanich Palm Oil Public Company Limited
Registered Head Office	258 Aoluk-Laemsak Road, Aoluk, Krabi 81110 Thailand
Operation Headquarters	HQ Offices and Siam Factory: 258 Aoluk-Laemsak Road, Aoluk, Krabi 81110 Tel: 075-634-486 , 075-681-116, Facsimile: 075-681-124
	Plai Phraya Branch: TOPI Factory: 592 Aoluk-Pasaeng Road, Plai Phraya, Krabi 81160 Tel: 075-652-066-8, Facsimile: 075-652-067
	Lamthap Branch: Lamthap Factory: 142 Moo 1 Tambol Toongsaitong, Lamthap District, Krabi 81120 Tel: 086-470-2729, Facsimile: 086-470-2730
	Kuraburi Branch: CVP Factory: 1/4 Moo 3 Tambol Kura , Kuraburi District, Pang-nga 82150 Tel: 076-410-957 Bangwan Nursery: 355 Moo 3 Tambol Bangwan , Kuraburi District , Pang-nga 82150 Tel: 076-670271
	Pabon Branch: Pabon Factory: 659 Moo 8 Tambol Pabon , Pabon District, Phatthalung 93170 Tel: 074-820-371
	Cha-Uat Branch: Cha-Uat Nursery: 173/2 Tambol Thapaja, Cha-Uat, Nakhon Sri Thammarat 80180 Tel: 075-380-754, Facsimile: 075-380-754 Ext.100

Direct and Indirect Subsidiaries

Company	Country	Business	% Ownership interest	Paid-up capital
Univanich Agribusiness Corporation	Philippines	Investment Holding	99.99	9,000,000 Pesos
Univanich Carmen Palm Oil Corporation	Philippines	Palm Oil Mill	51.00(Indirect)	386,000,000 Pesos

Web Site	www.univanich.com
E-mail address	info@univanich.com
Registered No.	0107543000066
Type of Business	Oil palm plantations and crushing mills, oil palm breeding and seed production. The company's main products comprise crude palm oil (CPO), crude palm kernel oil (CPKO), palm kernel cake (PKC), hybrid oil palm seeds and seedlings and electricity.
Registered Capital	940,000,000 common shares
Registered Paid-up Capital	Baht 470 million
Par Value per Share	Baht 0.50



Other References

Share Registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building, 7th Floor, Rachadapisek Road,
Klongtoey, Bangkok 10110
Tel: 0-2229-2800 Facsimile: 0-2359-1262-3

Auditor

Mr Chaisiri Ruangritchai, Certified Public Accountant (Thailand)
No.4526 of Pricewaterhouse Coopers ABAS Limited, 15th Floor,
Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120
Tel: 0-2844-1000 Facsimile: 0-2286-5050

Provident Fund

AIA Munkhong Registered Provident Fund

Investor Relations

Name

Position

Telephone

E-mail

Mr John Clendon

Group CEO

075 681 116 Ext 111

john.clendon@univanich.com

Mr.Thanaphol Leelangamwong

Snr.Commercial Manager

075 681 116 Ext 222

thanaphol.l@univanich.com

Introduction by Board of Directors

Code of Business Principles

Univanich enjoys a reputation for conducting its business with integrity and with respect for the interests of those people and environments our activities can affect. This reputation is an asset, just as real as our people, factories and brand.

Our first priority is to be a profitable business and that means investing for growth and balancing short term and long term business interests. It also means caring about our customers, employees, shareholders, suppliers, and the communities and environments in which we conduct our operations.

In the course of meeting our business objectives, we consider it essential that all employees understand and comply with our values and therefore share the Univanich way of doing things.

It is very easy in the realm of the business ethics to make high sounding statements of little practical value. The general principles contained in this Code are the bedrock; more detailed guidance tailored to the needs of different countries and companies will be further developed.

This Code of Business Principles is a core Univanich statement and we commend it to you.

Apirag Vanich Chairman

Apirag Vanich
Chairman

Standard of Conduct

Univanich will conduct its business with honesty and integrity and with respect for the interests of those with whom it has relationships.

Obeying the Law

Univanich will comply with the laws and regulations of the countries in which we operate.

Employees

Univanich will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. Univanich is committed to providing safe and healthy working conditions for all its employees.

Univanich believes it is essential to maintain good communications with employees, through transparent information and consultation procedures.

Conflicts of Interest

Univanich expects its employees to avoid personal activities and financial interests which could conflict with their commitments to their jobs.



Public Activities

Univanich neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

Univanich companies are encouraged to promote and defend their legitimate business interests. In so doing they may either directly, or through bodies such as trade associations, raise questions and discuss particular government actions or decisions.

Univanich will respond to requests from governments and other agencies for information, observations or opinions on issues relevant to business and the community in which operate.

Product Assurance

Univanich is committed to providing products which consistently offer value in terms of price and quality. Where possible this will be supported by ISO certification.

Environmental Issues

Univanich is committed to running its business in an environmentally sound and sustainable manner. Our aim is to ensure that our processes and products have the minimum adverse environmental impact commensurate with the legitimate needs of the business. Where possible this will be supported by appropriate certification of environmental sustainability.

Competition

Univanich believes in vigorous yet fair competition and supports the development of appropriate competition laws. Employees receive guidance to ensure that they understand such laws and do not transgress them.

Reliability of Financial Reporting

Univanich accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Bribery

Univanich does not give or receive bribes in order to retain or bestow business or financial advantages. Univanich employees are directed that any demand for or offer of such bribe must be immediately rejected.

Application

This Code applies to Univanich activities throughout the world. Where Univanich companies participate in joint ventures the application of these principles will be actively promoted.

Compliance

It is the responsibility of Univanich managers to ensure that the principles embodied in this Code are communicated to, understood and observed by all employees. Independent Internal Auditors will support the Board in monitoring compliance with the Code.

The Board of Univanich will not criticize management for any loss of business resulting from adherence to these principles. Equally, the Board of Univanich undertakes that no employee will suffer as a consequence of bringing to their attention or that of senior management, a breach or suspected breach of these principles.

In this Code the expressions “Univanich” and “Univanich companies” are used for convenience and mean the Univanich Group of companies comprising Univanich Palm Oil Public Company Limited and its subsidiary companies. The Board of Univanich means the Directors of Univanich Palm Oil PCL.

COMPANY PROFILE

Univanich Palm Oil Public Company Limited was established on 26th December 1995 as an amalgamation of three of Thailand's pioneer palm oil companies. The three companies were Thai Oil Palm Industry and Estate Company Limited, Siam Palm Oil and Refinery Industry Company Limited, and Hup Huat Palm Oil Industry Company Limited. The Company was listed on the Stock Exchange of Thailand on 25th November 2003 under the abbreviation UVAN.

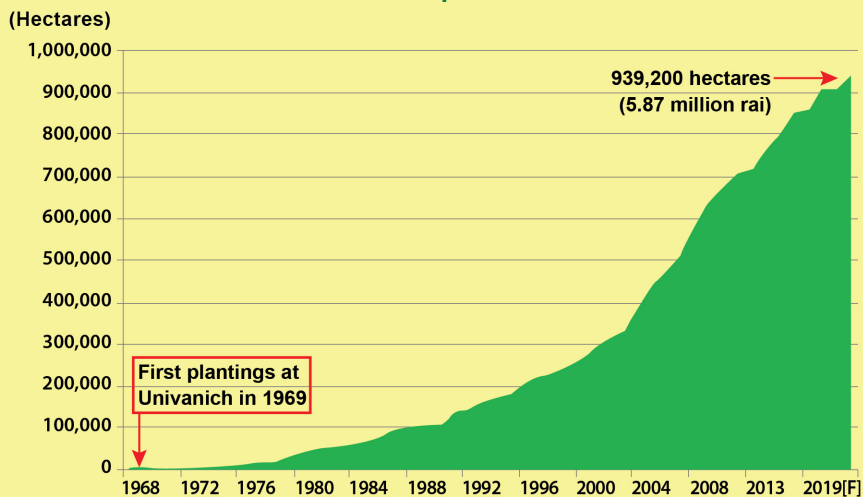
Univanich is one of Thailand's leading producers of crude palm oil ("CPO") and crude palm kernel oil ("PKO"). Palm oils are important ingredients in the manufacture of cooking oils and salad oils, margarines and shortening, snack foods, icecreams, soaps, shampoos and cosmetics. Biodiesel and biofuels are rapidly expanding new uses of palm oil. A byproduct from the production of PKO is palm kernel cake ("PKC") which is used in animal feeds.

The main features of the Company's business are as follows:

- Univanich operates oil palm plantations in Krabi, Surat Thani, Phattalung and Nakhon Si Thammarat Provinces of Southern Thailand, with a planted area in 2020 of 37,316rai (5,970.6hectares) including 2,033 rai (325.4 hectares) immature area. The first plantations were established in 1969 and replanting of a new generation of palms commenced in 1992. The Company has now achieved a balanced age profile of palms with approximately 4% of the area routinely replanted each year.
- In 2020, the Company's own plantations produced 7.3% of the fresh fruit bunches ("FFB") processed by the Companies factories, with 92.7% of FFB being purchased from independent smallholder farmers. The overall planted area of oil palms in Thailand is expanding rapidly and it is this expansion of small-holder plantings that is fueling the Company's long-term growth.
- Univanich has five palm oil crushing mills and two palm kernel crushing plants, located in Krabi , Pang-nga and Phatthalung Provinces. In 2020, Univanich factories processed 1,005,512 tonnes of FFB and 54,390 tonnes of palm kernels (PK). Four of the crushing mills operate methane capture systems to reduce greenhouse gas emissions and to generate approximately 7.0 megawatts of renewable electricity for sale to the Provincial Electricity Authority grid.
- Univanich operates a palm oil exporting facility at the deep-water port of Laemphong in Krabi Province.
- The Univanich Oil Palm Research Centre (OPRC) is internationally recognised for pioneering oil palm research and advanced palm breeding. Univanich drought-tolerant hybrid seeds are now exported to oil palm growers in more than fifteen countries. The company's oil palm nurseries supply annually more than 1.5 million high yielding seedlings to Thailand's smallholder growers.
- Univanich commissioned Thailand's first laboratory for oil palm tissue culture in 2006. Since 2010, the company has been testing elite oil palm clones in field trials and in 2016 the company commenced production of clonal seeds from these elite oil palm clones.
- In 2013, Univanich expanded its business to the Philippines by establishing a 51% owned joint venture company named Univanich Carmen Palm Oil Corporation (UCPOC). UCPOC has constructed a new palm oil crushing mill in North Cotabato province of Mindanao. The new palm oil mill started processing in July 2014. The factory was upgraded to 60t per hour in early 2020
- In Thailand, Univanich employs 1,225 people and is professionally managed to an international standard established during 15 years of joint venture with Unilever PLC. From 1983 to 1998, when Unilever held a 51% shareholding in Univanich, the business was managed through Unilever's International Plantations and Plant Science Group, based in Cambridge, UK.

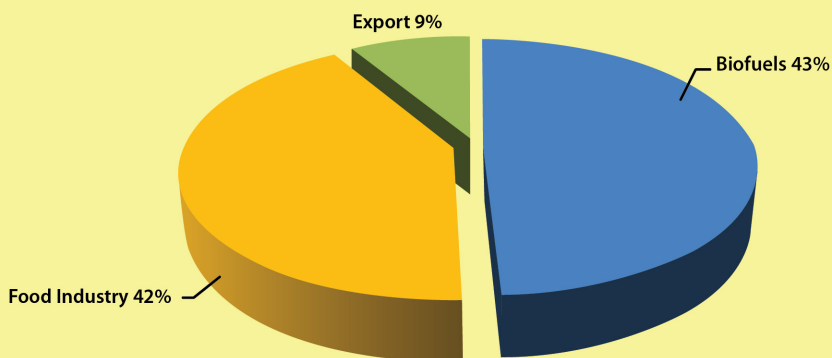


พื้นที่ปลูกปาล์มน้ำมันในประเทศไทย Planted area of oil palms in Thailand



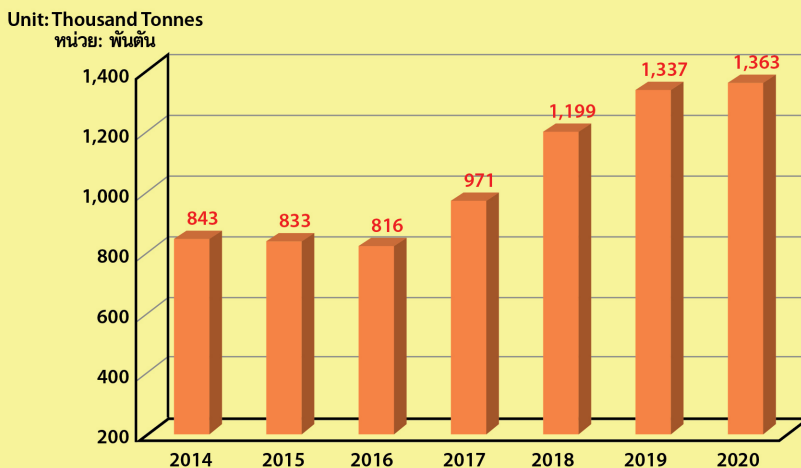
Source : Office of Agricultural Economic

การบริโภคและการใช้น้ำมันปาล์มในประเทศไทย Consumption and Uses of Palm Oil in Thailand 2020 Consumption : 2,528,636 tonnes CPO



Source : Department of Internal Trade

Thailand's Use of Crude Palm Oil for Biofuels ปริมาณการใช้น้ำมันปาล์มดิบเพื่อการผลิตเชื้อเพลิงชีวภาพในประเทศ



FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
ฐานะทางการเงิน (ล้านบาท) Financial Status (Baht millions)					
สินทรัพย์รวม Total assets	3,723	4,127	3,799	3,644	3,885
ลูกหนี้การค้า (สุทธิ) Total accounts receivable, net	131	248	218	157	242
ที่ดิน อาคาร และอุปกรณ์ (สุทธิ) Property, plant & equipment, net	1,472	2,263	2,420	2,551	2,540
หนี้สินรวม Total liabilities	440	598	424	380	537
ส่วนของผู้ถือหุ้นรวม Total shareholders' equity	3,283	3,530	3,375	3,265	3,349
ส่วนของผู้ถือหุ้น-บริษัทใหญ่ Total equity attributable to the owners of the parent	3,224	3,473	3,309	3,151	3,215
ผลประกอบการ (ล้านบาท) Operating Performance (Baht millions)					
รายได้จากการขาย Sales	3,866	5,964	5,718	4,506	5,908
รายได้รวม Total revenues	3,903	5,977	5,748	4,525	5,927
กำไรขั้นต้น Gross profit margin	576	1,060	714	657	718
กำไรก่อนดอกเบี้ยจ่ายและภาษีเงินได้ Earnings before interest expense and income tax	403	760	389	291	428
ภาษีเงินได้นิติบุคคล Corporate income tax	58	124	71	62	81
กำไรสุทธิรวม Net profit	336	627	316	225	342
กำไรสุทธิส่วนที่เป็นของบริษัทใหญ่ Net profit attributable to owner of the parent	345	625	304	217	329
อัตราส่วนทางการเงิน Financial Ratios					
กำไร (บาท/หุ้น) Earnings (Baht/Share)	0.37	0.66	0.32	0.23	0.35
ประกาศจ่ายเงินปันผล (บาท/หุ้น) Dividend Declared (Baht/Share)	0.40	0.50	0.40	0.34	0.27*
มูลค่าทางบัญชีต่อหุ้น (บาท/หุ้น) Book Value (Baht/Share)	3.43	3.69	3.52	3.35	3.42
กำไรสุทธิรวมต่อรายได้รวม Net Profit margin (%)	8.61	10.49	5.50	4.98	5.77
อัตราส่วนสภาพคล่อง Current ratio (Times)	15.17	6.20	9.30	9.28	8.00
อัตราส่วนสภาพคล่องหมุนเร็ว Quick ratio (Times)	13.41	3.78	6.57	6.53	5.67
อัตราผลตอบแทนจากสินทรัพย์รวมเฉลี่ย (%) Return On Assets (ROA) (%)	8.92	15.98	7.97	6.06	9.09
อัตราผลตอบแทนต่อส่วนของผู้ถือหุ้นเฉลี่ย (%) Return on shareholders' equity (ROE)	10.70	18.66	8.96	6.71	10.34
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) Debt to Equity Ratio (Times)	0.13	0.17	0.13	0.12	0.16

หมายเหตุ: * บริษัทฯ ได้จ่ายเงินปันผลระหว่างกาลไปแล้วรวมอัตราหุ้นละ 0.10 บาท ในเดือนกันยายน 2563 และจะจ่ายเงินปันผลงวดสุดท้ายอีกในอัตราหุ้นละ 0.17 บาท ในเดือนพฤษภาคม 2564 ซึ่งจะต้องได้รับอนุมัติจากที่ประชุมผู้ถือหุ้นในวันที่ 30 เมษายน 2564

Note: * Interim dividends totalling Baht 0.10 per share have been paid in September 2020, with a final dividend of Baht 0.17 per share proposed to be paid in May 2021, subject to shareholder approval at the Annual General Meeting on 30th April 2021



Despite the unique challenges of the past year, the global palm oil industry has once again proved to be a dependable performer. Palm oil has continued to provide reliable rural employment and sustainable incomes at a time when many other industries have faltered. With a global production of more than 74 million tonnes, the palm oil industry continued to provide the world with its most dependable source of essential vegetable oils.

Significant industry trends became apparent during 2020. These trends have led to increased optimism within the palm oil industry, following the depressed prices and slow growth of recent years.

The first significant trend has been in the global biofuels markets. Despite the collapse of petroleum prices which made biofuels relatively much more expensive, the demand for palm oil based biofuels has been sustained and even increased in many world markets, including in Thailand where 52% of last year's palm oil production was consumed as domestic biofuels. It is becoming clear that governments in many countries are concerned about the effects of climate change and in order to meet their international commitments to reduce greenhouse gas emissions, they are encouraging the increased use of renewable biofuels. The Covid-19 pandemic has demonstrated the continuing strength of this trend even at a time when the price of fossil fuels was very low.

Another significant global trend has been the slowing growth of palm oil production. This slowdown has been widely anticipated as a result of well-intentioned but misguided anti-palm oil pressures in many production regions and markets. At a recent international price outlook conference, in March 2021, it was noted that global palm oil stocks are currently at multi-year lows and this is largely due to the loss of momentum in global production. A key-note speaker, the Director of 'Oil World', a leading market analyst, predicted that the expected recovery in palm oil production in 2021 will not restore global palm oil stocks back to the level of two years ago. He observed that this is unprecedented. The growth in production is much less than what would have been expected under normal conditions. 'Oil World' has predicted that for the next five to ten years we can expect that the rate of growth in world palm oil production will slow by 20% to 25% as a result of the much lower rate of new plantings during recent years.

Supply and demand growths are key determinants of global palm oil prices so these significant trends are reassuring for producers, coming after a period of depressed prices, both internationally and in Thailand.

Despite the restrictions and fears of the Covid-19 pandemic, during the past year five Univanich factories in Thailand provided an uninterrupted service to our many thousands of out-grower farmers from whom we purchased and processed more than one million tonnes of fruit. This activity helped to stabilize the rural economies and communities in which we operate. It is a tribute to the dedication of our managers and staff that this uninterrupted service to our farmer growers and refinery customers was achieved during such difficult times.

In the Philippines, our subsidiary, Univanich Carmen Palm Oil Corporation, also provided an uninterrupted service during even more difficult pandemic and security restrictions. The community benefit from this investment in North Cotabato province became clearly apparent and this has led to an increasing demand for our seeds and seedlings from small farmers in this region of Mindanao. The Univanich Board remains committed to our strategy of investment in southern Philippines which we view as a region of high potential for our future growth.

CHAIRMAN'S REPORT

During the past year Univanich has continued legal action in the Administrative and Civil Courts to reclaim ownership of 15,510 rai of land seized by the Forestry Department. This litigation has now been in progress for almost six years. Our company claims ownership rights over this land by virtue of legal occupation and proven development by Univanich predecessors since before the 1954 Land Act. Although some recent judgements have been a set-back for the company we remain confident in the evidence and legal precedence for our Appeal.

On this occasion I would like to once again thank our shareholders for their loyal support during these challenging times. Our Board remains confident in our investment strategy and in the dedicated commitment of our experienced management team.

Thank you for your support.



Apirag Vanich
Chairman



AUDIT COMMITTEE REPORT



The Audit Committee of Univanich Palm Oil PCL was established by resolution of the Board of Directors on 29 July 2003. In 2020, the committee comprised the following Independent Directors:

Mr. Suchad Chiaranussati	:	Chairman of Audit Committee
Ms. Supapang Chanlongbutra	:	Member of Audit Committee
Mr. Pramoad Phornprapha	:	Member of Audit Committee

Details of the scope of duties of the Audit Committee, as defined by the Board of Directors, can be found in the Company's Annual Report.

During 2020, the Audit Committee held four meetings. The Committee also reviewed the Quarterly Financial Statements prepared by the external auditor, and recommended these to the Board of Directors.

The Audit Committee has reviewed the Annual Consolidated Financial Statements for 2020 together with the company's management and with the external auditor. The Audit Committee is of the opinion that the Annual Consolidated Financial Statements present fairly, in all material respects, the financial position of Univanich Palm Oil Public Company Limited as at 31st December 2020 and 2019, including the results of the company's operations and its cash flows for those years, in accordance with Thai Financial Reporting Standards.

Thai Accounting Standard No.41: Agriculture (TAS41) has applied since 2016. This standard requires the recording of biological assets such as fruit on the palms and seeds & seedlings in our nurseries. In 2020 there was a net profit of Baht 2.94 million, compared to a net reduction of – Baht 33.91 million in the previous year. This reflected the higher valuation of seedlings in nurseries and higher valuation of fruit on the palms as at 31st December 2020.

Following the request from the audit committee, during 2020 management engaged the audit firm of Kandit Advisory Services Co.,Ltd. to carry out an internal audit review to ensure that effective controls were being operated. Their review included trial sampling, examining supporting evidence, observation and interviewing. The internal audit function has focused on various activities and operations including a review of the following processes: Procurement operations and Sales operations.

The Audit Committee is of the opinion that the management of the company has performed its duties in accordance with all laws and regulations to which the company must comply. The Committee is also of the opinion that all related party transactions have been conducted within the guidelines established to avoid any conflict of interest, and that the published code of good corporate governance has been applied.

The Audit Committee has proposed that the Board of Directors consider the appointment of Miss Varaporn Vorathitikul, of PricewaterhouseCoopers ABAS Limited, to be the company's statutory auditor for 2021. This nomination will be proposed to the Annual General Meeting of Shareholders for confirmation.

Suchad Chiaranussati
Chairman of Audit Committee

MANAGEMENT DISCUSSION AND ANALYSIS

Weather

Table 1: Univanich Soil Moisture Deficit (2016 - 2020)

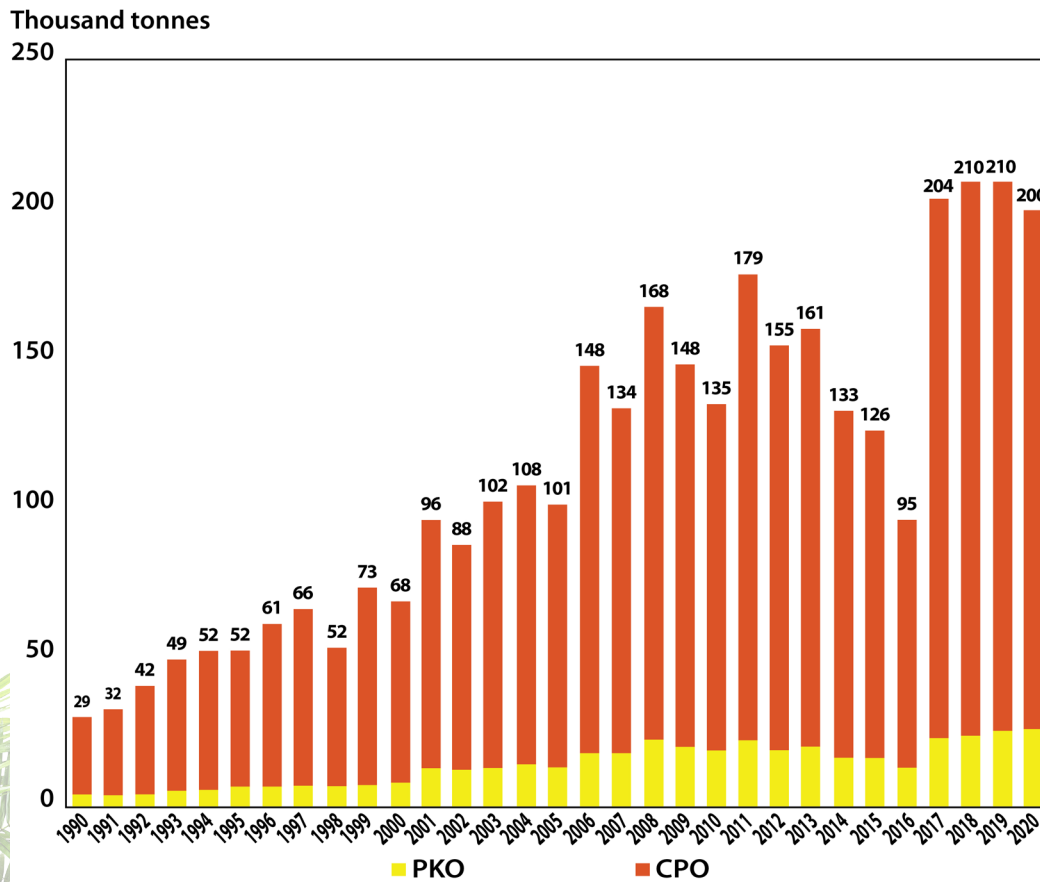
													(mm)
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2016	2	11	69	110	0	0	0	0	0	0	0	0	192
2017	0	0	9	0	0	0	0	0	0	0	0	0	9
2018	0	3	38	1	0	0	0	0	0	0	0	0	42
2019	0	14	52	6	3	0	0	1	0	0	0	0	76
2020	50	114	72	3	1	0	0	0	0	0	0	0	240

High Soil Moisture Deficit in 2020 affected FFB production yield in Thailand in 2020 to be 10.08% lower than year 2019.

Production

Univanich Palm Oil Production 1990 -2020

ผลผลิตน้ำมันปาล์มทั้งหมดของยูนิวานิชปี 2533 - 2563



2020 Volume of Outside Fruit Purchases at 934,292 tonnes was similar to 2019 but CPO produced by Company decreased by 5.2% compared to the previous year. This was primary due to a reduction in the Oil Extraction rate for 2020.

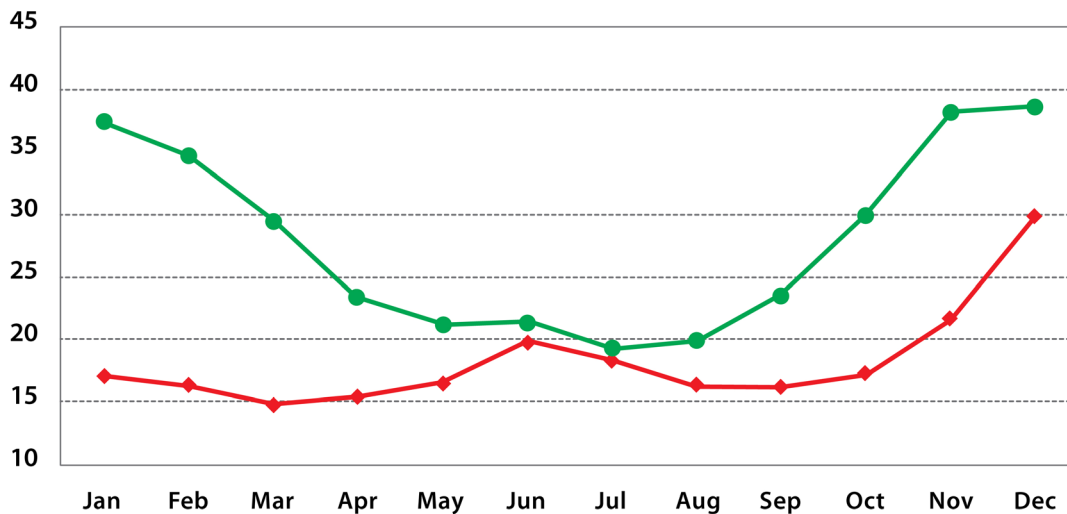


Sales

Total sales revenue of Baht 5.91 billion was 31.1% higher than in the previous year due to the following effects :

The average prices of Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) increased by 47.0% and 21.7% respectively due to significantly lower seasonal production of palm oil, both around the region and in Thailand where the national CPO production declined from 3.03 million tonnes in 2019 to 2.65 million tonnes in 2020.

Thailand CPO Price 2019-2020
 ราคาน้ำมันปาล์มดิบในประเทศไทย ปี 2562-2563



Source: Department of Internal Trade

◆ 2019 ● 2020

The value of seed and seedlings sales increased by 13.4% as higher fruit prices encouraged farmers in Thailand and overseas to resume oil palm planting. Electricity sales value increased by 3.4% to Baht 89.6 million due to earlier investment of a larger, more efficient gas engine.

Cost of Sales

Cost of sales of Baht 5.19 billion was 34.9% higher than the previous year mainly due to higher outside fruit price. The higher outside fruit price was due to the higher palm oil prices and the high demand from crushing mills competing for the lower fruit volumes.

Overall, gross margin for the year decreased from 14.6% to 12.1% mainly due to lower factory crushing margins and a small increase in the volume of low-margin third party oil traded for export.

Overseas Operations

In 2020, Univanich Carmen Palm Oil Corporation's profit after tax of PHP 42.4 million was 48.4% higher than previous year. The profit attributed to UVAN shareholders was Baht 13.66 million and this has been consolidated in the UVAN trading result.

Trading Result

For the financial year ending 31st December 2020, the consolidated net profit after tax of Baht 329.12 million (Baht 0.35 per share) was 51.8% higher than the result of Baht 216.85 million in the previous year. The main factors affecting this higher result was higher palm oil price and increased demand for oil palm seeds and seedlings.

As a result of a new Thai Accounting Standard No. 41: Agriculture, a net profit of Baht 2.94 million was recorded in 2020 due to the change in biological asset values, compared to a reduction of 33.91 million in previous year.

Capital Projects

Investment in Capital Projects during 2020 was Baht 202.12 million.

Plantation projects included the routine replanting of another 35.0 ha (219 rai) of oil palms. The company's plantations have been replanted with a new generation of palms. This routine annual replacement has achieved a stable, well-balanced age profile.

In 2020, the company completed in Factory expansion in Philippines to increase CPO production capacity from 30 mt FFB/hr. to 60 mt FFB/hr. with budget of USD 7.2 million. The expansion was commissioned in Q1 2020.

In 2020, the company completed the Biogas digester for the factory at Phatthalung province.

Other capital projects included the agreed scheduled land purchase in Phang-nga province.

During 2020 the company continued investigations in Thailand and several overseas countries seeking suitable investment opportunities related to our palm oil business.

Cash Flow and Capital Structure

Cash or cash equivalents on hand at 31st December 2020 were Baht 644.97 million, compared to Baht 548.01 million at end of 2019.

- Net cash inflow of Baht 447.29 million for operating activities resulted from the net profit before tax of Baht 422.94 million, depreciation, amortization and other non cash charges in total of Baht 235.74 million, tax paid of Baht 51.13 million and an increase in working capital of Baht 160.26 million.
- Net cash outflow of Baht 182.05 million for investment purposes, included net cash expenditure of Baht 186.30 million, a decrease in loans to contractors of Baht 0.75 million and interest income of Baht 3.50 million.
- Net cash outflow of Baht 169.38 million for financing activities was mostly due to the dividend payment of Baht 253.80 million, being Baht 0.27 per share paid during 2020, Baht 88.11 million cash receipts from loan from financial institution of subsidiary in the Philippines, and subsidiary's interest payment of Baht 3.69 million.
- Effect of exchange rate adjustment Baht 1.10 million

The company's capital structure at 31st December 2020 was strong with a debt to equity ratio of 0.16 times



Topi Biogas replacement cover and digester improvements

The cover sheet for the in-ground anaerobic reactor at the Topi operations was replaced due to general wear and tear, after 11 years in operation. This provided an opportunity to make some modifications to the reactor to improve the flow and ensure adequate retention time of the waste water in the reactor. This will enable improved anaerobic activity and efficiency, and increase the production of methane biogas.



▲ *Modifications were made to the in-ground anaerobic reactor.*

◀ *Completion of the replacement cover.*

CVP concrete Sludge Tank



▲ *New concrete tank in position with an improved working platform for access and maintenance.*

The new concrete sludge tank has been built to replace the worn steel tank.

The new improved concrete tank will give a longer service life, and it is easier to monitor and maintain, with a safe and secure working platform. The new tank will allow for improved oil recovery and will enable us to reduce our oil losses in waste water. Once the oil has been recovered the waste water is then transferred to our waste water facility.





The Prawn Farm planting and irrigation project



◀ *Planting completed and empty fruit bunches applied to add organic matter and fertilise the young palms.*

The 8-hectare ex-prawn farm land situated in opposite CVP factory, purchased in 2018, has been recently converted to an oil palm plantation. It is equipped with an irrigation system to enable the recycling of our treated waste water to ensure the palms retain sufficient moisture throughout the year. The use of waste water will also compliment the palms with nutrients to enhance yield performance and substitute the use of inorganic fertiliser. This is a demonstration of our best management practices.



▲ *Testing the irrigation equipment to ensure all palms are receiving adequate water supply.*

Univanich Philippines 60 tonne Commissioning

The 60 tonne per hour capacity upgrade at the Univanich Philippines factory was fully commissioned in early 2020 in preparation for the expansion of small farmer plantings in North Cotabato area, in the Philippines.



▲ *Smallholder crop being delivered to the FFB ramp.*



◀ *New Steriliser installation.*



ISO certification

As part of our ongoing continuous improvements, all Univanich factories in Thailand have conducted the ISO 9001 certification program. The certification audit by GCL International Ltd. has been successfully carried out at all factories, and certification has been successfully completed.



▲ *Univanich Factory Engineers attending ISO 9001 training.*

Topi Replanting



▲ *Replanting completed with good cover crop establishment to prevent erosion, provide organic matter and lock in nitrogen to the soil, to aid palm growth.*

35 ha of replanting at Topi was carried out in 2020. The replanting was for further research trials on our clonal seed material, as part of our Research and Development program for yield improvement and drought tolerance.

Empty fruit bunches are applied around the base of the palm as an organic fertiliser source. The empty fruit bunch also acts as a mulch to reduce weed growth and provide the palm with the best conditions for growth. A rota-slasher is used to maintain good access to all palms for upkeep purposes. Upkeep in the immature phase is very important to maximise early yield.



◀ *Application of empty fruit bunches in progress. Good cover crop establishment and accessibility are key components to supporting strong palm growth.*



Climate

Climatic factors have significant influence on palm oil production.

Weather patterns, such as a severe drought, can affect average oil palm yields by more than 20%. This impact of climatic events will be experienced in the year of the drought and up to two years after the stress, when the palms produce fewer fruit bunches.

Thailand's annual CPO Production (tonnes)		ผลผลิตน้ำมันปาล์มดิบในประเทศไทย (ตัน)	
2014	2,000,610	2557	2,000,610
2015	2,068,475	2558	2,068,475
2016	1,804,449	2559	1,804,449
2017	2,626,006	2560	2,626,006
2018	2,778,108	2561	2,778,108
2019	3,033,743	2562	3,033,743
2020	2,651,598	2563	2,651,598

Source : Department of Internal Trade

AFTA and Trade Barriers

Under the ASEAN Free Trade Agreement (AFTA) with effect from 1st January 2010 there are no tariffs on the trade of vegetable oils within the ASEAN region. This measure has not yet been fully implemented and palm oil imports into Thailand are subject to some controls intended to stabilise the domestic market. If tariff or non-tariff barriers were imposed to restrict free trade in palm oil it may have a negative impact on Thailand's oil palm industry.

Thailand's Supply & Demand of Palm Oil in 2020

	Supply (Tonnes)		Demand (Tonnes)
Opening Stock 1/01/2020	319,181	Local Consumption	1,164,985
CPO Production in 2020	2,651,598	Exported CPO	236,251
Imported crude palm oil	0	Biofuels	1,363,651
Imported RBD PO	<u>3,436</u>	Ending Stock 31/12/2020	<u>209,328</u>
Total	<u>2,974,215</u>	Total	<u>2,974,215</u>

Source : Department of Internal Trade

Competition from Soybean Oil, Rape Seed Oil and Sunflower Oil

The main competitor for palm oil in world markets and in Thailand's domestic market is soybean oil. Competition from soybean oil may increase as a result of increased plantings in South America, encouraged by growing demand for soybean meal as an animal feed and by the higher yields from genetically modified soy crops (GMOs)

However, oil palms produce an average of 4.16 tonnes oil per hectare, compared to less than 0.5 tonnes per hectare from soybeans. For this reason palm oil's share of world production is steadily increasing.

Palm Oil's Share of World Production

ส่วนแบ่งปริมาณน้ำมันปาล์มในผลผลิตน้ำมันพืชทั่วโลก

	Palm Oil Million tonnes	Share of World Production of 17 main oils & fats
	ผลผลิตน้ำมันปาล์ม (ล้านตัน)	ส่วนแบ่งในผลผลิตของ 17 น้ำมันพืชและไขสัตว์หลักทั่วโลก
1980	4.6	8%
1990	11.0	14%
2000	21.9	19%
2010	47.5	27%
2020	75.1	32%
2030 forecast	95.0	estimated minimum requirement to meet consumption demand

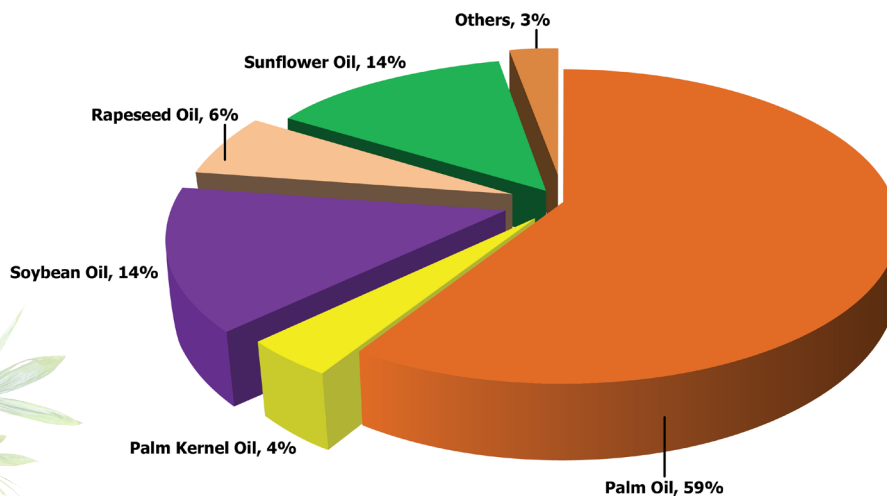
Source: Oil World (2020)

At the present time, palm oil is the most price competitive of the main oils competing for a share of the world market, and palm oil is easily the most efficient and environmentally sustainable of the main oil crops.

Palm Oil's Share of World Trade 2020

International Trade Volume of 5 Vegetable Oils

ส่วนแบ่งน้ำมันปาล์มในตลาดซื้อขายน้ำมันพืชหลัก 5 ชนิด ระหว่างประเทศทั่วโลก



Source: OIL WORLD and LMC (2020)

World oil palm plantings occupy less than 1% of the 5 billion hectares used for agriculture today. But in return, oil palms produce 32% of the world's supply of edible oils and fats.



World Demand Growth

World demand growth for edible oils and fats will depend on world population growth, world economic growth and price trends which will fluctuate according to supply and demand.

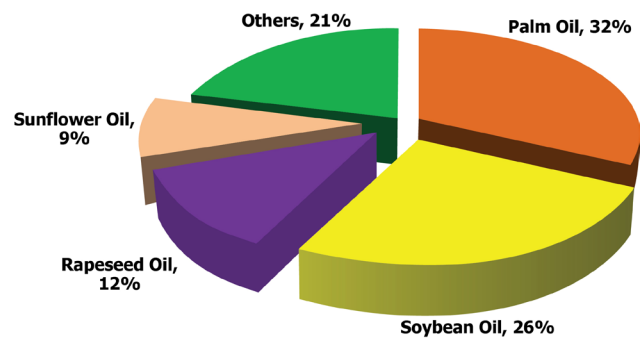
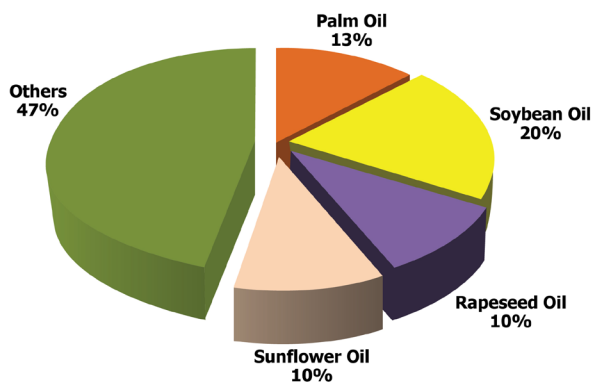
The world's annual production of the 17 main edible oils and fats has grown from 80.7 million tonnes in 1990 to 234.7 million tonnes in 2020.

Growth in world production of main Oils & Fats

การเพิ่มขึ้นของผลผลิตน้ำมันพืชและไขสัตว์ในตลาดโลก

1990 : 80.7 mil tonnes

2020 : 234.7 mil tonnes



Source: Oil World and LMC(2020)

Since year 2000, world consumption of vegetable oils grew at a compound annual growth rate of 5.2%. During this period consumption of palm oil increased at an average annual rate of 8.1% to become the world's leading source of vegetable oil.

One factor driving this consumption increase has been the strong economic growth in large developing countries such as India and China. With the economies of India and China continuing to experience slower growth this has reduced the rate of growth in the world's demand for vegetable oils.

Biofuels Demand Growth

Vegetable oils are increasingly consumed as biofuels and for the manufacture of biodiesel. Over the past 16 years the world consumption of biodiesel has increased from around 4.0 million tonnes in 2004 to 43.6 million tonnes in 2020.

Biodiesel is seen to reduce the effect of fossil fuel on world climate change and oil palm cultivation has been a very successful crop for the alleviation of rural poverty in some of the world's underdeveloped regions. For these reasons, and for reasons of energy security, some countries including Thailand, have legislated to mandate the use of biodiesel in diesel blends. This mandated use means that future consumption growth of biodiesel may not depend on price alone, and that vegetable oil prices are now linked to petroleum prices.

RISK FACTORS

Biofuels Demand Growth (Cont'd)

If the manufacture of biodiesel is perceived to cause the price of vegetable oils to rise to an unacceptably high level some governments may withdraw their biodiesel mandates and biodiesel subsidies. This may cause a reduction in the use of biodiesel and a surplus of vegetable oils on world markets and lower prices for oil palm farmers.

In 2020, 23% of total palm oil usage was used in biodiesel production. If international biodiesel consumers become concerned about the environmental sustainability of Asian palm oil production, there may be reduced demand for palm oil biodiesel. Of the 300 million hectares deforested in the world from 1990 to 2010 about 3% was planted with oil palms (not taking crop conversion into account). (Source: FAO) Despite this fact, oil palms have become a target for some environmental NGOs. Furthermore, the decline in crude petroleum oil price since late 2014 may reduce the use of vegetable oil in the biodiesel industry in the years ahead, resulting in the decline in palm oil prices.

Univanich is a member of the Roundtable on Sustainable Palm Oil (RSPO) and the company is a certified supplier of sustainable palm oil. While sustainability certification increases production costs it also presents an opportunity for a company like Univanich, which can demonstrate a proven track record of environmental, economic and social sustainability.

Exchange rates

International trade in palm oil is conducted in US dollars. Importers and Exporters from Thailand can therefore be affected by the value of the Thai Baht relative to the US dollar.

In the short term Univanich hedges any currency risk on individual sales contracts which are denominated in US dollars.

Renewal of Land Concessions

Parts of the Univanich oil palm plantations are planted on land leased under concession from the Government .

The Topi concession was renewed in 1993 and runs for a further 30 years to 2023.

The Chean Vanich concession was issued in 1983 and ran for 30 years to 2013.

The Chean Vanich concession expired on April 21st, 2013. In 2010 the company submitted a renewal application to continue utilizing 10,849-1-60 rai of the concession area. The company is continuing to pursue legal action to gain access to this land. This is detailed in Auditor Note 17.

Loss of this land would mean a reduction in the company's plantation area and many of the company's research programs would be terminated.

Competition from new crushing mills

In Thailand there is strong competition for purchased fruit amongst at least 50 major crushing mills. Univanich has about 6.2% share of this market. New crushing mills and expanded existing mills can affect the level of competition for purchased fruit.

Although new crushing capacity is entering the industry every year, Univanich has achieved a good long term growth rate. This has been made possible by the company's continuing investment in new processing capacity and by the expansion of Thailand's oil palm planted area which is reported to have increased from 320,000 hectares (2.0 million rai) in 2003 to 939,200 hectares (5.87 million rai) in 2020(F). (source: Office of Agricultural Economics). At this rate of planting growth, Thailand will require a similar rate of expansion of crushing capacity but expansion of new planting and expansion of new crushing capacity will not always match.

SHAREHOLDING STRUCTURE AND MANAGEMENT



Board of Directors and Management

The Company's Board of Directors	No of Shares 31 st December 2019	No of Shares 31 st December 2020	Change
1. Mr. Apirag Vanich	175,910,420	177,850,420	1,940,000
2. Mrs. Phortchana Manoch	6,952,840	6,952,840	0
3. Ms. Kanchana Vanich	0	0	0
4. Dr. Prote Sosothikul	0	0	0
5. Dr. Palat Tittinutchanon	300,000	310,000	10,000
6. Mr. John Clendon	10,843,500	10,843,500	0
7. Mr. Suchad Chiaranussati	0	0	0
8. Ms. Supapang Chanlongbutra	0	0	0
9. Mr. Pramoad Phornprapha	0	0	0

Management Committee	No of Shares 31 st December 2019	No of Shares 31 st December 2020	Change
1. Mr. John Clendon	10,843,500	10,843,500	0
2. Dr. Palat Tittinutchanon	300,000	310,000	10,000
3. Mr. Harry Brock	0	0	0
4. Mr. Thanaphol Leelangamwong	0	0	0
5. Mr. Nattapong Dachanabhirom	30,000	30,000	0
6. Mr. Phiphit Khlaisombat	0	0	0
7. Mr. Santi Suanyot	100,000	100,000	0

Shareholding Structure : The 10 largest shareholders as at 31st December 2020

Shareholders	Number Of Shares	Percent
1. Mr. Apirag Vanich	177,850,420	18.92
2. Mrs. Chantip Vanich	91,116,300	9.69
3. UBS AG Singapore, Branch	57,300,000	6.09
4. Chean Vanich Co.,Ltd.	55,966,620	5.95
5. Mrs. Nuanchan Ratanakulsereeroengrith	40,370,900	4.29
6. Mr. Narut Chitrudiamphai	27,100,320	2.88
7. Bangkok Life Assurance Public Co.Ltd.	26,918,500	2.86
8. Ms. Aungkhana Vanich	23,634,990	2.51
9. Ms. Rojana Vanich	23,294,820	2.48
10. Ms. Oranutch Vanich	22,554,980	2.40

Dividend Policy

The Company has a policy to pay cash dividends of not less than 50% of its net profit after taxation. However, whether the Company will pay a dividend and the amount thereof will depend, amongst other things, on the Company's financial condition and future plans.

BOARD OF DIRECTORS



Mr Apirag Vanich

Chairman

Age 55

Education: Master's degree in Business Administration from Indiana University and a degree in Agricultural Economics from Purdue University in the United States.

Experience: Director of the Vanich group of companies in 1990 and Executive Chairman of the group since 1992. The Vanich group of companies is concentrated mainly in Thailand and in addition to the Univanich palm oil business the group has interests in mining, transport, property development and hospital services.

IOD Program:

- Director Accreditation Program (DAP) #37/2005
- Director Certification Program (DCP) #60/2005
- Finance for Non-Finance Director (FND) #19/2005
- The Role of Chairman (RCP) #13/2006
- Leader Program, Capital Market Academy #11



Mrs Phortchana Manoch

Director

Age 66

Education: Bachelor of Laws from Dhurakij Pundit University. Bachelor of Science in Business Administration from the University of Wisconsin, the United States. Master's degree in Hospital Administration from the University of Wisconsin, the United States. Doctorate in Philosophy in Philosophy and Ethics from Suan Sunandha University

Experience: Currently Chief Executive of Aikchol Hospital Public Co., Ltd., a group of private hospitals in Chonburi Province. Mrs Manoch has been a director of the Univanich business for more than fifteen years and is also a director of other companies in Vanich group.

IOD Program:

- Director Certification Program (DCP) #25/2005
- Financial Statements for Directors (FSD) #13/2011
- Good Governance for Medical Executive Course , King Prajadhipok's Institute #1/2012
- Anti-Corruption for Executive Program (ACEP) (13/2014)
- Governance for Executives (CGE) (14/2019)
- Director Accreditation Program class #175/2020



Ms Kanchana Vanich

Director

Age 62

Education: A degree in finance from the University of Wisconsin, in the United States.

Experience: Ms. Kanchana Vanich has been a Director in the Univanich business since 1983 and is also a director of other companies in the Vanich group, including Aikchol Hospital Public Company Limited.

IOD Program:

- Director Accreditation Program (DAP) #36/2005



Dr Palat Tittinutchanon

Executive Director

Age 74

Education: Ph.D. (Soil and Plant Science) University of Florida, U.S.A., a Master's degree from North Carolina State University, USA. and a Bachelor degree from Kasetsart University in Thailand

Experience: Before joining Univanich in 1988, Palat Tittinutchanon was Senior Oil Palm Agronomist in Thailand's Department of Agriculture. In 1988 he was appointed Research Officer responsible for the Univanich R&D programme. From 1994 he was seconded overseas by Unilever for two years as Estate Manager in Pamol Plantations Sdn Bhd in Malaysia. Upon his return to Thailand in 1996, he was appointed as Plantations Manager, responsible for operations in Univanich oil palm estates. In April 2012, Dr Palat was appointed to the Board as Plantations Director and Head of Oil Palm Research.

IOD Program:

- Director Accreditation Program class #176/2020

BOARD OF DIRECTORS



Dr Prote Sosothikul

Director

Age 53

Education: Doctorate in Business Administration from the American University of Hawaii and Master of Science degree from Boston University, USA.

Experience: Currently Vice President of Business Development for Seacon Development Public Company Limited, the developer and operator of the largest retail shopping complex in Thailand. Dr Prote Sosothikul was appointed as a non-executive director on the Univanich Board in 2000.

IOD Program:

- Director Certification Program (DCP) #40/2004



Mr John Clendon

Director / Group CEO

Age 72

Education: Diplomas in Agriculture and in Valuation and Farm Management, from Lincoln University in New Zealand.

Experience: From 1980 to 1998 John Clendon was employed by Unilever Plantations and Plant Science Group of the UK, holding various management positions in the Asia-Pacific region, including that of Managing Director of the Univanich joint venture in Thailand from 1991 to 1996. Prior to re-joining Univanich in October 1998, Mr Clendon was Director of Unilever's oil palm operations in East Asia, Chairman and Managing Director of Unipamol Malaysia Sdn Bhd. and director of Unifield PLC in the UK.

IOD Program:

- Director Accreditation Program (DAP) #57/2005
- Director Certification Program (DCP) #95/2007





Mr Suchad Chiaranussati

Chairman of the Audit Committee/Independent Director

Age 57

Education: Master's degree in Management Science from Imperial College of Science & Technology & Medicine, University of London and an honours degree in economics and political science from the London School of Economics.

Experience: Between 1992 and 1998, Mr Chiaranussati was a vice-president of Investment Banking at JP Morgan's Proprietary Investment and Investment Banking Unit. Early 1999 he was appointed as an advisor to the Bank of Thailand on matters relating to corporate sector debt restructuring, and the Financial Institutions Development Fund. Mr Chiaranussati was the Managing Principal of Westbrook Partners till 2004. Today, Mr Chiaranussati is the Managing Principal of RECAP Partners and is responsible for RECAP Partners' real estate investment operations for Asia. Mr Chiaranussati was appointed to the Univanich Board as an Independent Director on 12 February, 2000.

IOD Program:

- Director Accreditation Program (DAP) #37/2005



Ms Supapang Chanlongbutra

Audit Committee/Independent Director

Age 63

Education: A degree in Accounting from Thammasart University and Master's degree in Public Administration from the National Institute of Development Administration.

Experience: Ms Chanlongbutra joined Univanich as a Management Trainee in 1985 and was the Company's Financial Controller from 1994 to 1997 before being promoted to the position of Commercial Manager in charge of the Company's financial and accounting activities. During her 15 years with the Company she participated in Unilever's commercial and management training activities in several countries, and in 1990 was seconded as an overseas auditor in Unilever's Internal Audit Department. In 2000 Ms Chanlongbutra resigned her management position with Univanich to take up management responsibility for her family's business interests in plantations, rubber manufacturing and exporting. Ms Chanlongbutra was appointed to the Univanich Board as an Independent Director on 27th July 2003.

IOD Program:

- Director Accreditation Program (DAP) #38/2005
- Audit Committee Program (ACP) #7/2005

BOARD OF DIRECTORS



Mr Pramoad Phornprapha

Audit Committee/Independent Director

Age 54

Education: Mr. Pramoad Phornprapha has a MPA in Business and Government, Kennedy School of Government, Harvard University (Honours), MBA in Marketing, Kellogg School of Management, Northwestern University (Honours), and BS in Electrical Engineering, Northwestern University (Honours)

Experience: Mr. Pramoad Phornprapha is the founding partner of consulting firm Claris Co., Ltd. and an ex-partner at The Boston Consulting Group (BCG). He has been advising leading companies in a number of industries across different functional areas in many Asian countries since 1995. His specific expertise is in strategic planning and corporate restructuring. He accumulated his experience during his nine years at BCG where he was the first South East Asian to be elected partner in 2001. He has been involved on topics ranging from strategy, operational effectiveness, to organisational improvement primarily in financial services, industrial goods, and consumer product industries. His recent focus has been on growth strategies and restructuring of large companies, particularly family owned conglomerates in Thailand.

Mr. Pramoad serves on the boards of a number of private and public companies including Sermsook Public Company Limited, Thai Summit Harness Public Company Limited, Amarin Printing and Publishing Public Company Limited, Saigon Beer-Alcohol-Beverage Corporation and Food and Beverage United Co., Ltd.

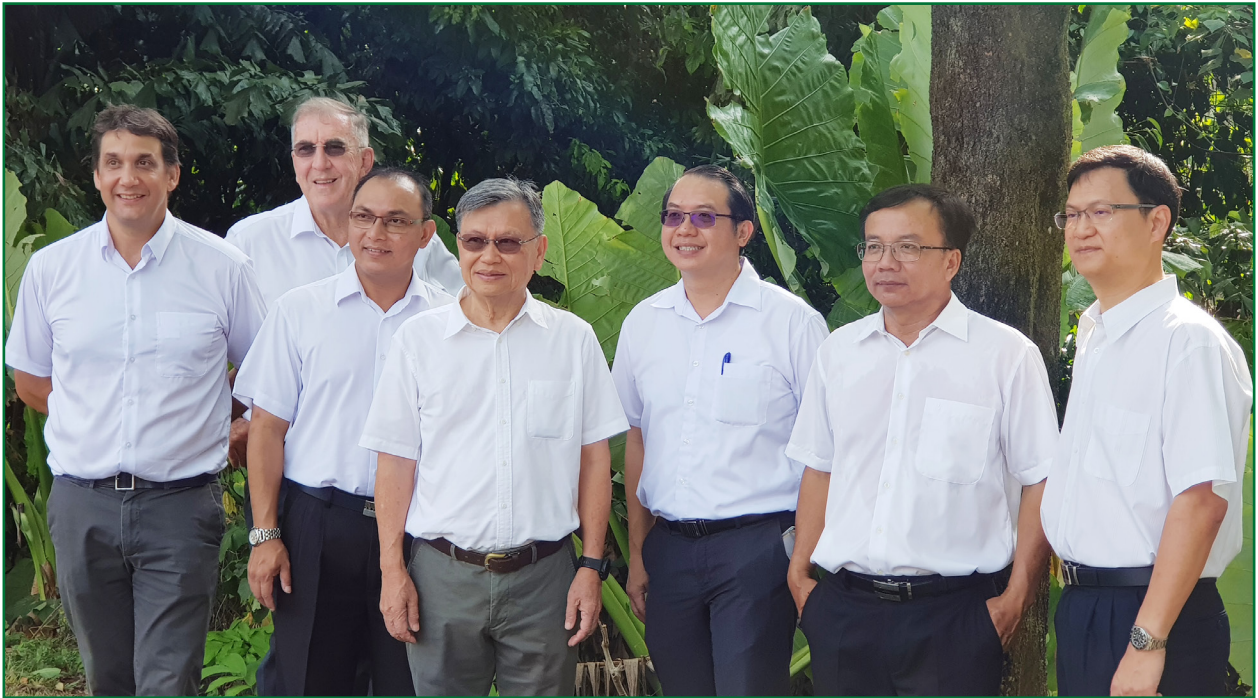
Mr. Pramoad Phornprapha was appointed to the Univanich Board as an Audit Committee/Independent Director on 30th September 2017

IOD Program:

- Directors Certification Program, DCP 55/2005, Thai Institute of Directors (IOD)
- Leader Program, CMA10, Capital Market Academy



MANAGEMENT COMMITTEE



- | | |
|--------------------------------|---|
| 1. Mr. John Clendon | Group CEO |
| 2. Dr. Palat Tittinutchanon | Executive Director, Head of Oil Palm Research |
| 3. Mr. Harry Brock | Chief Operating Officer (UVAN) |
| 4. Mr. Nattapong Dachanabhirom | Chief Financial Officer |
| 5. Mr. Phiphit Khlaisombat | Chief Engineer |
| 6. Mr. Santi Suanyot | Senior Plantations Manager |
| 7. Mr. Thanaphol Leelangamwong | Senior Commercial Manager |

MANAGEMENT COMMITTEE

Mr. John Clendon, *Group CEO (please refer Board of Directors for personal profile)*

Dr. Palat Tittinutchanon *Executive Director, Head of Oil Palm Research
(please refer Board of Directors for personal profile)*

Mr. Nattapong Dachanabhirom

Chief Financial Officer

Age 50

Education: Master of Business Administration, Prince of Songkla University. B.A. (Accounting) The University of the Thai Chamber of Commerce. Certified Public Accountant (Thailand).

Experience: Nattapong Dachanabhirom worked as an Audit Supervisor with Coopers & Lybrand (TH) Company Limited for 5 years from 1992. In 1997 he joined Univanich as Financial Controller and was promoted to Accounting Manager in 2000, responsible for the company's accounting and finance operations. In January 2016 he was promoted to be Chief Financial Officer responsible for financial operations and new business development throughout the Univanich Group

Mr. Phiphit Khlaisombat

Chief Engineer

Age 50

Education: BE in Industrial/Production Engineering, King Mongkut's University of Technology Thonburi

Experience: Before joining Univanich, Phiphit Khlaisombat worked as a Project Manager in Berli Jucker Public Company Limited. He joined Univanich in 2005 as a Factory Engineer and in 2008 was appointed as Factories Manager responsible for the operation of the company's three palm oil crushing mills in Thailand. In January 2016 he was promoted to Chief Engineer responsible for factory operations and new capital projects throughout Univanich group.

Mr. Santi Suanyot

Senior Plantations Manager

Age 57

Education: Bachelor of Science (Agriculture) from Chiang Mai University in Thailand

Experience: Prior to joining Univanich, as an Estate Manager in 1993, Santi Suanyot had been employed in the government's Horticulture Research Centre and as an assistant estate manager elsewhere in the oil palm industry. Since 1993 he has managed several Univanich estates and in 2006 was appointed as the company's District Manager in LamThap District, Krabi Province and in Cha Uat District, Nakhon Sri Thammarat Province. In January 2016 he was promoted to be Senior Plantations Manager with responsibility for management of all Univanich's plantations in Thailand.

**Mr.Thanaphol Leelangamwong****Senior Commercial Manager****Age 49****Education:** Bachelor of Arts (Business English) from Assumption University (ABAC)**Experience:** Prior to joining Univanich, Thanaphol Leelangamwong had 23 years experience in agricultural products having worked in Thailand's leading rice exporting company as Deputy General Manager (Cambodia), Rice Purchasing Manager, and Foreign Trade Manager. He joined the company in July 2016 as Senior Commercial Manager responsible for fruit purchasing operations in Thailand and marketing operations throughout the Univanich Group.**Mr. Harry Brock,****Chief Operating Officer (UVAN)****Age 46****Education:** Bachelor of Science, Biological Sciences at Birmingham University, UK
Masters in Business Administration (MBA) (with Distinction), Bath University, UK**Experience:** From 1998 to 2018 Harry was employed by New Britain Palm Oil Ltd, Papua New Guinea (wholly owned subsidiary of Sime Darby Plantations), holding various management positions. From 2011 – 2018, Harry was General Manager of New Britain Palm Oil Ltd, West New Britain Operations, and in 2018, joined Sime Darby Plantations Malaysia, as Regional Chief Executive Officer for the Central West Region. Harry joined Univanich in September 2019 as General Manager responsible for management of all Univanich's operations in Thailand. He was appointed Chief Operating Officer (COO) for Thailand operations in 2020.

MANAGEMENT STRUCTURE

Board of Directors

As at 31st December 2020, the Company had ten Directors, including three Independent Directors, who make up the Audit Committee.

The Company's Board of Directors at 31st December 2020

Name	Position
1. Mr. Apirag Vanich	Chairman
2. Mrs. Phortchana Manoch	Director
3. Ms. Kanchana Vanich	Director
4. Dr. Prote Sosothikul	Director
5. Dr. Palat Tittinutchanon	Executive Director
6. Mr. John Clendon	Group CEO
7. Mr. Suchad Chiaranussati	Independent Director
8. Ms. Supapang Chanlongbutra	Independent Director
9. Mr. Pramoad Phornprapha	Independent Director

Scope of duties and responsibilities of the Board of Directors

1. The Board of Directors is responsible for managing the public company to be in compliance with the Public Companies Act and in accordance with the Company's Memorandum and Articles of Association.
2. The Board of Directors is responsible for managing the Company to be in line with the objectives and resolutions of the shareholders' meetings.
3. In a transaction in which a director has a personal interest or may have some other conflict of interest with the Company, that director will not have the right to vote on the matter.
4. Authorized directors must comprise two directors co-signing together with the Company's seal in order to bind the Company to its obligations.
5. The Board of Directors can assign power of attorney to any one or more persons or juristic persons to act jointly or severally on behalf of the Company according to the Memorandum and Articles of Association of the Company, including appointment or removal of Company employees. The Board of Directors has the right to change or withdraw such power of attorney already assigned to such persons. The assignment of the power of attorney must not be in such a way that it will cause the Managing Director or management, or potentially conflicting persons, to have a conflict of interest with the Company. Such approval is granted in a case of normal business and when the Board of Directors has already defined the scope of approval clearly.
6. The following activities can be done with the majority approval from the Board of Directors in which one director possesses one vote:
 - 6.1 Budget approval and the annual business plan
 - 6.2 Borrowing or lending the amount of more than Baht 70 million including borrowing at one time or several times from the same lender
 - 6.3 Provision of guarantee of an amount over Baht 70 million, whether at one time or several times for the same borrower
7. The director must inform the Company immediately if:
 - 7.1 He or she has an interest in a contract whether directly or indirectly involving the Company, or
 - 7.2 He or she increases or decreases his/her holding in both shares or debentures of the Company or group companies
8. The Board of Directors is responsible for monitoring the Company in compliance with the rules and regulations of both the SET and SEC regarding connected transactions as well as acquisition and disposal of assets of listed companies.



Independent Directors

The company has three Independent Directors whose personal profiles are included with the Board of Directors in this Annual Report.

All three Independent Directors fulfill the following criteria;

- They are not shareholders of the company or of any related, affiliated or associated company, either directly or indirectly.
- They are not involved in the management of the company or of any related, or associated company, and do not receive a regular salary from any such company.
- They have no direct or indirect beneficial interest in the finance or management of the company or of any related or associated company.
- They are not related in any way to a member of management or to the majority shareholders of the company or of a related or associated company.
- They have not been appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.
- They are skilled and highly capable of performing the duties of Independent Directors, including giving opinions and reporting on the financial performance of the company, and to carry out other duties delegated to them by the Board of Directors, free of the control of management, major shareholders or the close relatives of such connected persons.

Audit Committee

As at 31st December 2020, the Company's Audit Committee comprises three Independent Directors, as follows:

Name	Position
1. Mr. Suchad Chiaranussati	Chairman of the Audit Committee
2. Ms. Supapang Chanlongbutra	Audit Committee member
3. Mr. Pramoad Phornprapha	Audit Committee member

Scope of Duties and Responsibilities of the Audit Committee

- (1) To review the company's financial reporting process to ensure that it is accurate and adequate.
- (2) To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- (3) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
- (4) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
- (5) To review the Connected Transactions, or the transaction that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.

MANAGEMENT STRUCTURE

Audit Committee

Scope of Duties and Responsibilities of the Audit Committee (Cont'd)

- (6) To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information;
 - (a) An opinion on the accuracy, completeness and creditability of the Company's financial report.
 - (b) An opinion on the adequacy of the Company's internal control system.
 - (c) An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
 - (d) An opinion on the suitability of an auditor.
 - (e) An opinion on the transactions that may lead to conflicts of interests.
 - (f) The number of the audit committee meetings, and the attendance of such meetings by each committee member.
 - (g) An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
 - (h) Other transaction which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
- (7) To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

Strategic Planning Subcommittee

The Strategic Planning Subcommittee was established by the Board in 2004. Currently it comprises eight Directors, as follows:

Name	Position
1. Mr. Apirag Vanich	Chairman
2. Mrs. Phortchana Manoch	Director
3. Dr. Prote Sosothikul	Director
4. Dr. Palat Tittinutchanon	Executive Director
5. Mr. John Clendon	Group CEO
6. Mr. Suchad Chiaranussati	Independent Director
7. Ms. Supapang Chanlongbutra	Independent Director
8. Mr. Pramoad Phornprapha	Independent Director

The Strategic Planning Subcommittee meets as required and at least once each year, to review the Company strategy for long-term growth, the Company's Long Term Plan, and other long-term strategic issues including the succession of senior management.

Nominating and Remuneration Subcommittee

The Nominating and Remuneration Subcommittee, whose members comprise Non-Executive Directors was established by the Board on 11st August 2005. Currently the Subcommittee comprises four Directors, as follows:

Name	Position
1. Mr. Apirag Vanich	Chairman
2. Dr. Prote Sosothikul	Director
3. Mr. Suchad Chiaranussati	Independent Director
4. Ms. Supapang Chanlongbutra	Independent Director

The Nominating and Remuneration Subcommittee meets as required and at least once each year, to review and recommend to the Board the framework of senior management appointment and remuneration, and to ensure that there is a succession plan. As the Executive Directors are not members of the Subcommittee, they do not play any part in the decisions of their own remuneration.



Management

As of 31st December 2020, the Company's Management Committee of senior managers comprises seven members as follows:

Name	Position
1. Mr. John Clendon	Group CEO
2. Dr. Palat Tittinutchanon	Executive Director, Head of Oil Palm Research
3. Mr. Harry Brock	Chief Operating Officer (UVAN)
4. Mr. Nattapong Dachanabhirom	Chief Financial Officer
5. Mr. Thanaphol Leelangamwong	Senior Commercial Manager
6. Mr. Phiphit Khlaisombat	Chief Engineer
7. Mr. Santi Suanyot	Senior Plantations Manager

Duties and Responsibilities of the Group Chief Executive Officer (CEO)

The Group CEO has the authority to manage the Company's normal business activities, including procurement of raw materials, machinery and sale of the company's products, engagement of employees, and development of the Univanich business, within the scope of authority and responsibility granted by the Board of Directors.

The Group CEO's authority does not include approval of any transaction that may involve the Group CEO or other connected persons which may cause any conflict of interest within the Company. In compliance with SET regulations, connected transactions or transactions involving the acquisition or disposal of Company assets for which require shareholders' approval, unless such transactions are in the normal course of business and for which the Board of Directors has already clearly defined the scope of approval.

Duties and Responsibilities of the Management

1. Collectively decide on the Company's operational issues including establishing duties, objectives, guidelines, policies, corporate governance, production, community and customer relations as being responsible to the Board of Directors.
2. Authority to approve general expenses, project expenses or investments according to the scope of authorities and responsibilities assigned by the Board of Directors.
3. Authority to hire, appoint, dismiss, define the salary, offer reward, raise the salary and compensate bonus for employees in the various departments of the company, according to the authorities assigned by the Board of Directors
4. Authority to act for and on behalf of the Company in any business that is relevant and beneficial to the Company.
5. Act on the Company's behalf for general management affairs.

The Management's authority does not include approval of any transactions that may involve Management interest that may cause any conflict of interest within the Company, including connected transactions or transactions involving the acquisition or disposal of Company assets, unless such transactions are in the normal course of business and for which the Board of Directors has already clearly defined the scope of approval.

Appointment of Directors and Management

Appointment of Directors

- The Board of Directors comprises at least five directors appointed by the shareholders.
- The Board of Directors shall elect the directors to be Chairman, Vice-Chairman, Group CEO and any other positions as deemed appropriate.
- At each annual general meeting, at least one-third of the total number of directors must resign. If the number of directors cannot be divided evenly into threes, the number of directors to resign must be close to one-third.
- Since the Company's Articles of Association do not specify the method for electing the Board of Directors, therefore, the election of the Board of Director will be done according to the Public Companies Act which sets out an election method known as a "cumulative voting" that has the following principles:
 1. One shareholder has a total number of votes equal to the number of shares held multiplied by the number of directors to be elected.
 2. Each shareholder can cast the total number of votes according to clause (1) above to elect one or more candidate to become directors. In case of voting for many candidates, the shareholder can divide votes in proportion among the candidates.
 3. Candidates will be ranked in descending number of votes, and those with the highest number of votes will be elected to become directors according to the number of vacant positions. In the event of a tie, the decision will be made by drawing lots.

Appointment of the Group CEO and Senior Management

The Board's Nominating and Remuneration Subcommittee has responsibility to review and recommend senior management appointment and succession planning.

Remuneration

Remuneration in terms of money

Remuneration for ten directors

Remuneration Type	2020 (Baht million)
Fees and compensation	6.44

At the Annual General Meeting of Shareholders No. 51 on 17th August 2020, shareholders voted to maintain Director's remuneration without change. The remuneration for individual directors is Baht 406,000 per annum, with the Chairman's fee set at Baht 609,000 per annum. In addition, the Chairman receives expenses totaling Baht 2,196,150 per annum.

Only the Audit Committee receives meeting expenses amounting to Baht 30,000 per meeting in the case of Audit Committee members, and Baht 37,500 per meeting in the case of Audit Committee Chairman.

Remuneration for Auditors

Remuneration Type	2020
Audit Fees	1,781,120 Baht
Audit for Profit per BOI Certificate	65,000 Baht/Certificate

Remuneration for seven senior managers

Remuneration Type	2020 (Baht million)
Salary, awards and compensation	34.85*

* Cash basis

Other compensation

The Company has established a retirement fund for its employees. Retiring employees will receive retirement benefits according to the labour law and other benefits according to the Company's retirement regulations.



Corporate Governance

Before becoming a listed company in 2003, Univanich followed the Unilever Code of Corporate Governance. Since listing, the company has adopted the Stock Exchange of Thailand (SET) guidelines on Good Corporate Governance. The board of Directors has also published a Univanich Code of Business Principles to be seen on pages 6-9 of this Annual Report.

Disclosure of the company's Code of Corporate Governance is included in the Annual SET Filings (Form 56-1), Annual Report (Form 56-2) and in the listing documents.

The 15 principles of Corporate Governance adopted by Univanich are as follows;

1. Policy on corporate governance

- Treat all shareholders and other stakeholders equally.
- The Board of Directors must manage the Company with diligence and care and be fully responsible for their duties.
- Support the management and employees to work with ethical conduct.
- Set up an efficient organization structure with the delegation of decision-making authority to different levels to allow the correct planning, quick delegation and efficient supervision of the work.
- Arrange for risk assessment from both internal and external sources through regular meetings between management and internal auditors to consider various risk factors that could affect the Company's operation and projections.

2. Right and equality of shareholders

In 2020, the Company organized an Annual General Meeting of shareholders at a venue in central Bangkok for shareholders convenience. Notice of the meeting was posted on the company's website one month before the meeting and the company sent invitation letters to the shareholders at least seven days prior to the meeting date, in accordance with the Company's Articles of Association, and also prepared the minutes of the meeting within 14 days after the meeting date. The minutes are filed and can be reviewed by shareholders on the company's website.

3. Right of other stakeholders

The Company places great importance on the rights of various groups of stakeholders as follows:

- **Employees** : **The Company treats all its employees equally.**
- **Trading partners** : **The Company establishes fair policy and operational procedures with its trading partners.**
- **Creditors** : **The Company conforms with the terms and conditions of any loan.**
- **Clients** : **The Company sells quality products to its clients at fair prices.**
- **Competitors** : **The Company does not conduct business in a way that damages its competitors.**
- **Society** : **The Company conducts business that does not negatively affect society or the environment.**

4. Shareholders' Meeting

The Company emphasises the importance of selecting a convenient central location for shareholders' meetings and posting the notice of the meeting on the company's website one month before the meeting. The company will circulate the notice and agenda to all shareholders not less than seven days before the meeting. Every director and Independent Director will normally attend such meetings and the Chairman will allocate appropriate time and opportunity for shareholders to ask questions and express their view.

Corporate Governance (Cont'd)

5. Leadership and Vision

The Board of Directors participates in establishing and approving the Company's policies including the business plan, and budgets. The Board constantly monitors the Company's progress according such business plan and budgets. This also involves assigning responsibility to Management to implement such policies efficiently in order to increase the enterprise's value and to generate expected returns to the shareholders, as well as to disclose accurate information to shareholders in a transparent and timely manner.

Although the Board of Directors has delegated management authority to the Group CEO, the Board of Directors still retains the highest approval authority according to the Company's Articles of Association.

6. Conflicts of Interest

The Company has implemented measures to prevent potential conflicts of interest. The Company will strictly comply with the SEC Act and SET rules and regulations. In any transactions in which directors, management or shareholders are persons whose personal interest may conflict with the Company's interest, such persons will not be eligible to vote approval of such transactions. Any such transactions will be conducted according to the Company's normal practice under which the market price will be regarded as a key benchmark and to be comparable to prices in transactions conducted with unrelated third parties.

The Company publicly discloses its connected party transactions in order to safeguard investors' interests. Details can be found in the notes to the audited financial statements. These connected transactions also have to have Audit Committee approval regarding the necessity and reasonableness of the transactions.

In order to prevent exploitation of inside information, the Company strictly prohibits its directors, management and employees from using any undisclosed inside information that can affect the share price. The Company shall seek litigation against any person who is found to use such inside information for personal benefit.

7. Code of Best Practice

The Company's directors comply with the code of best practice as set out by SET guidelines.

8. Directors' Roles

In 2020, eight directors of the Company are not members of the management team. Three of these eight directors are Independent Directors who make up the Audit Committee.

9. Separation of Responsibilities

Currently, the Chairman of the Board of Directors, Mr. Apirag Vanich, does not hold a management position in the Company. Although Mr. Apirag Vanich is a representative of the Vanich Group, the major shareholder, he is not the Managing Director. Therefore, there is added assurance that the company's management and policies are independent.

10. Director and Management Remuneration

Compensations and incentives provided to directors and management are comparable to other companies in the same industry and therefore, are justifiable.

The Company agrees to disclose information concerning director and management remuneration according to the requirement from the SEC.



Corporate Governance (Cont'd)

11. The Board of Directors' Meeting

The Company organises Board of Directors' meeting at least once every three months. Invitations are sent out to all directors not less than seven days prior to the meeting, according to the Company's Articles of Association. During 2020, the Company organized four Board of Directors' meetings with directors' participation as follows:

Name	Position	2020 Meeting Attended
1. Mr.Apirag Vanich	Chairman	6
2. Mrs.Phorthana Manoch	Director	5
3. Ms.Kanchana Vanich	Director	6
4. Dr.Prote Sosothikul	Director	6
5. Mr.John Clendon	Director	6
6. Dr.Palat Tittinutchanon	Director	6
7. Mr.Suchad Chiaranussati	Chairman of Audit Committee	6
8. Ms.Supapang Chanlongbutra	Audit Committee	6
9. Mr.Pramoad Phornprapha	Audit Committee	5

12. Subcommittees of the Board

In 2020 there were three Board Subcommittees

Audit Committee:

The Board created the Audit Committee on 29th July 2003. Members of the Audit Committee have tenure of three years. During 2020, the Audit Committee conducted four meetings to consider the implementation of the Company's Internal Audit system.

Strategic Planning Subcommittee:

On 13rd November 2004 the Board created the Strategic Planning Subcommittee to consider the Company's long-term growth options, the Company's Long Term Plan, and other long-term strategic issues including the succession of senior management.

Nominating and Remuneration Subcommittee:

On 11st August 2005 the Board created the Nominating and Remuneration Subcommittee to review and recommend to the Board the framework of senior management appointment and remuneration, and to ensure that there is a succession plan.

13. Internal Control System and Internal Audit

The Company set up an internal audit system on 29th July 2003 to be supervised by the Audit Committee. This team may include an internal audit firm employed by the company from time to time to help set up and monitor the internal control system.

14. Report of the Board of Directors

The Board of Directors appointed the Audit Committee for the purpose of seeking opinions regarding the necessity and reasonableness of connected transactions, which were certified and documented in the notes of the financial statement. In the case where the Audit Committee cannot or does not have the capability to assess transactions in a reasonable manner, the Company will be responsible for finding an independent specialist to provide opinions on the transaction on the Audit Committee's behalf in order to provide the Board of Directors and shareholders with the best information for their consideration.

Corporate Governance (Cont'd)

15. Investor Relations

In compliance with SEC requirements, the Company has provided sufficient information in the filing report and prospectus. The Company will continue to disclose relevant information to the public in a timely and correct manner with respect to the SEC and SET regulations. The Company has appointed the Group CEO and the Commercial Manager as the persons responsible for investor relations affairs.

Internal Control

Under the management of Unilever PLC, during the years 1983 - 1998, the company established systems of internal controls which were periodically reviewed by Unilever's Internal Audit Department. In 2003 the company established its own Internal Audit function, reporting to the Audit Committee which comprises three Independent Directors.

During 2004 – 2005, in order to further develop the Company's internal audit skills the Audit Committee appointed BDO Richfield Ltd, of Bangkok, to carry out risk assessments and audits of key business activities.

During 2010 - 2018, the Audit Committee appointed KPMG Phoomchai Business Advisory Ltd., to develop an internal audit plan based on the results of risk assessment and conducting the internal audit execution of key business activities. Details of current internal audit activities are recorded in the Report of the Audit Committee Chairman.

During 2019, the Audit Committee appointed Grant Thornton to review the key business processes relating to the Internal Control implemented by the company. Details of internal audit are recorded in the Report of the Audit Committee Chairman .

During 2020 , the Audit Committee appointed Kandit Advisory Services Company Limited to review the key business processes relating to the Internal Control implemented by the company

Governance for subsidiaries

In order to manage and monitor the company's oversea subsidiaries, the Board of Directors has appointed representatives to be directors in these subsidiaries as shown below:

Name	Position		
	Univanich Palm Oil PCL (Thailand)	Univanich Agribusiness Corporation (Philippines)	Univanich Carmen Palm Oil Corporation (Philippines)
1. Mr.Apirag Vanich	Chairman	Chairman	Director
2. Mrs.Phorthana Manoch	Director		
3. Ms.Kanchana Vanich	Director		
4. Dr.Prote Sosothikul	Director		
5. Mr. John Clendon	Director	Director	Director
6. Dr.Palat Tittinutchanon	Director		Director
7. Mr.Suchad Chiaranussati	Chairman of Audit Committee		
8. Ms.Supapang Chanlongbutra	Audit Committee		
9. Mr.Pramoad Phornprapha	Audit Committee		



Univanich is committed to operating its palm oil business and related businesses sustainably and in an environmentally and socially responsible manner. The company has established its CSR policy as follows:

1. Good Corporate Governance

In order to generate growth and increase value for shareholders, the company will follow best management practices to ensure good corporate governance. This will provide the framework to achieve the company's objectives while balancing the interests of all stakeholders.

2. Treating Employees Fairly and Equally

The company provides fair compensation to its employees at levels which are comparable to other companies in the same industry and which comply with local labour laws. The company will not employ illegal child labour, and will not discriminate on the grounds of race, gender, disability, nationality and sexual orientation. The company respects the right of its employees and will always strive to provide a safe working environment.

3. Care for the Environment and Health & Safety

Currently, Univanich's oil palm plantations and palm oil mills are certified to Roundtable on Sustainable Palm Oil (RSPO) standard. The RSPO certification ensures that the company follows the principles and criteria of RSPO sustainable practices. In addition, the company operates methane capture projects to generate renewable energy and reduce greenhouse gas emissions. The Univanich methane capture projects are registered by the United Nations FCCC as a clean development mechanism (CDM). Univanich Certified Emission Reductions (CER) issued by the UNFCCC has qualified as Gold Standard CERs, sold as carbon credits.

4. Customer and Supplier Relationships

To recognize the importance of its customer and supplier relationships, the company is committed to interacting with all customers and suppliers in an ethical and fair manner. The company will consider customer feedback in order to best meet their requirements and improve customer satisfaction. Further, the company offers fair and equitable prices to suppliers of its oil palm fruits. The company's purchasing process emphasizes transparency and traceability. Through the Univanich Oil Palm Research Centre the company provides knowledge and training in best practice agricultural methods to smallholder oil palm farmers to help them increase yield and profitability. The company has assisted 242 smallholder farmers in successfully obtaining RSPO certification.

5. Community Development

The company is actively involved in improving the quality of life in the local communities in which it works. Each year, the company provides support in the form of farmer training, donations or equipment to local schools, hospitals, and community groups.

In 2020, Univanich performed key CSR activities as follows:

Project: Community Relations

- During 2020 Univanich donated baht 150,000 to more than 52 organizations, mostly to community health & education projects surrounding our operational locations.

RELATED TRANSACTIONS

Name	Relationship	Transaction Description	Amount (Baht million)	
			2019	2020
Related Transactions for the year ended 31st December				
Phuket Rubber Co., Ltd	Common directors and (or), shareholders	• Purchase palm fruit at market price	2.73	4.55
Suan Surat Co., Ltd	Common directors and (or), shareholders	• Purchase palm fruit at market price	14.02	17.02
Chean Vanich Co., Ltd	Common directors and (or), shareholders	• Purchase palm fruit at market price	2.65	3.48
Chean Vanich Transport Co., Ltd	Common directors and (or), shareholders	• Port charge for export shipping	4.77	3.95
Univanich Carmen Palm Oil Corporation (UCPOC)	Univanich's indirect subsidiary in the Philippines where UAC owns 51% of UCPOC shares.	• Univanich charges service fee for managing subsidiary UCPOC.	5.28	5.31
		• Univanich charges interest expense 2% per annum for loan of USD 1.6 million to UCPOC	0.41	0.06
Amount due from/amount due to related as at 31st December				
Univanich Agribusiness Corporation (UAC)	Univanich's subsidiary in the Philippines. Univanich owns 99.99% shares.	• Univanich provided the loan of USD 3 million which will be due for the first repayment on 1 st January 2026 and Peso 71.4 million which is due after 5 years commencing from the first draw-down date (2019: USD 3 million and Peso 71.4 million). This loan is non-collateral and interest-free.	131.58	124.29
Univanich Carmen Palm Oil Corporation (UCPOC)	Univanich's indirect subsidiary in the Philippines where UAC owns 51% of UCPOC shares.	• Univanich advance payments for UCPOC and service fee payable to Univanich for managing subsidiary UCPOC.	8.80*	1.07
		• 2019 Univanich provided the loan of USD 1.6 million to UCPOC with interest 2% per annum. This loan is non-collateral. The repayment will be due within one year.	47.96*	-

*These loan and advance were fully settled on 23rd January 2020

The Necessity and appropriateness of related transactions

- The Company has carefully considered the necessity and the appropriateness in order to obtain the greatest benefit for the Company and its shareholders. The Company has received and paid the compensation at fair market prices as shown in the above table.

Measures or procedures to approve related transactions

- Connected persons were excluded from the approval process whenever the Company entered into connected transactions. Former connected transactions were proven to be normal business of the Company and the pricing policy of those transactions were based on prices comparable to other transactions conducted with other unrelated parties as described by the Company's Auditor in the notes to financial statements as well as in the opinion of the Company's Audit Committee.
- The process for approval of connected transactions must comply with rules and regulations of SET. The Company clearly defines rules and process for approval of the connected transactions. Conflicted parties have no voting rights in approving such connected transactions.



To the shareholders of Univanich Palm Oil Public Company Limited

My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Univanich Palm Oil Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31st December 2020, and its consolidated and separate financial performance, and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31st December 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 consolidated and separate financial statements of the current period. I determine one key audit matter, valuation of biological assets - palm seedlings for sales. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p>Valuation of biological assets - palm seedlings for sales</p> <p>As described in Note 6.7 ‘Accounting policies for biological assets’ and Note 15 “Biological assets” to the consolidated and separate financial statements which determined that biological assets are measured at fair value less costs to sell.</p> <p>As at 31st December 2020, management had estimated the fair value of the Company’s palm seedlings for sales at Baht 28 million in the consolidated and separate financial statements. In assessing the fair value of palm seedlings for sales, significant management estimates and judgments are required to determine underlying assumptions. The Discounted Cash Flow Method is used to determine fair value. Significant assumptions are such as quantity of sellable palm seedlings, selling prices, cost of growing palm seedlings until ready for sales and discount rates.</p> <p>I focussed on this area because the fair value of palm seedlings for sales was material to the consolidated and separate financial statements. In addition, the fair value of palm seedlings for sales involved a significant level of estimation and judgement by management in determining the assumptions used to assess the future cash flows of palm seedlings for sales. These assumptions include the estimated quantity of sellable palm seedlings, the estimated selling prices of palm seedlings, the estimated cost of growing palm seedlings until ready for sales and the discounted rate applied.</p>	<p>I assessed the suitability of the method used to determine the fair value of palm seedlings for sales based on my understanding of the business and determined that it was appropriate in accordance with the definition set out in the relevant financial reporting standards.</p> <p>I assessed the appropriateness of key assumptions used by management to estimate the fair value of palm seedlings for sales by performing the following procedures:</p> <ul style="list-style-type: none"> • challenged management on the reasonableness of key assumptions used to assess the possibility of future cash flows. For example, <ul style="list-style-type: none"> - the estimated selling prices of palm seedlings by considering the historical and current selling prices, and comparing with other traders’ selling prices, including comparisons with the actual selling price after year end. - the estimated quantity of sellable of palm seedlings by considering the historical and current performance and the forecasting market demand trends, including comparisons with the actual quantity sales of palm seedlings after year end. • tested the actual cost of growing palm seedlings during the year to assess the suitability of the data used to estimate cost of growing palm seedlings until ready for sales. • observed the physical count of palm seedlings for sales at the year end, which was used as part of the data to assess the reasonableness of the estimated quantity of sellable palm seedlings and their existence. • tested the parameters used to determine the discount rates by comparing with relevant economic and industry indicators. and re-performed the calculations. <p>Based on these procedures, I found that the assumptions used in estimating and calculating the fair value of palm seedlings for sales were reasonable based on the type of business, the evidence and current circumstances.</p>



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company'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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 and the Company'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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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.

INDEPENDENT AUDITOR'S REPORT

I communicate with the audit committee 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 the audit committee 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 the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate 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.

PricewaterhouseCoopers ABAS Ltd.



Chaisiri Ruangritchai
Certified Public Accountant (Thailand) No. 4526
Bangkok
24th February 2021

FINANCIAL STATEMENTS

Univanich Palm Oil Public Company Limited

Statement of Financial Position As at 31st December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Assets					
Current assets					
Cash and cash equivalents	11	644,970,504	548,005,125	619,230,615	535,440,733
Trade and other receivables, net	12	262,846,786	172,816,210	237,773,579	143,609,645
Short-term loans to a subsidiary	31 d)	-	-	-	47,962,720
Inventories, net	14	248,442,351	159,929,672	219,156,089	151,219,954
Biological assets	15	54,812,985	76,223,119	54,812,985	76,223,119
Other current assets		41,848,856	44,585,918	19,386,053	20,511,714
Total current assets		1,252,921,482	1,001,560,044	1,150,359,321	974,967,885
Non-current assets					
Investment in subsidiaries	16	-	-	21,011,417	6,480,000
Loans to contractors		3,237,229	3,991,390	3,237,229	3,991,390
Long-term loans to a subsidiary	31 e)	-	-	124,285,661	131,584,860
Property, plant and equipment, net	17	2,540,225,650	2,551,138,003	2,174,296,007	2,252,275,667
Intangible assets, net	18	10,843,236	12,601,608	10,843,236	12,601,608
Right-of-use assets, net	19	15,581,300	-	-	-
Prepayment of land rent	31 f)	-	12,757,986	-	-
Advance payment for purchase fixed assets		202,524	191,923	-	-
Deferred tax assets, net	20	45,080,620	45,175,274	49,346,020	44,777,085
Other non-current assets		17,389,787	16,763,913	17,389,787	16,763,913
Total non-current assets		2,632,560,346	2,642,620,097	2,400,409,357	2,468,474,523
Total assets		3,885,481,828	3,644,180,141	3,550,768,678	3,443,442,408

The accompanying notes are an integral part of these consolidated and separate financial statements.

Univanich Palm Oil Public Company Limited

Statement of Financial Position As at 31st December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Liabilities and equity					
Current liabilities					
Trade and other payables	21	32,268,748	39,250,777	29,769,530	31,996,317
Current portion of long-term loans from financial institution	23	29,522,830	18,364,021	-	-
Income tax payable		33,249,448	3,803,635	30,623,984	3,803,635
Accrued expenses	22	54,749,815	38,455,845	30,493,023	27,336,468
Other current liabilities		6,743,110	8,010,772	6,106,433	7,689,888
Total current liabilities		156,533,951	107,885,050	96,992,970	70,826,308
Non-current liabilities					
Long term loans from financial institution	23	149,812,484	67,775,546	-	-
Employee benefits obligation	24	230,384,631	203,879,690	230,384,631	203,879,690
Total non-current liabilities		380,197,115	271,655,236	230,384,631	203,879,690
Total liabilities		536,731,066	379,540,286	327,377,601	274,705,998
Equity					
Share capital					
Registered share capital					
940,000,000 ordinary shares					
at par value of Baht 0.50 each					
		470,000,000	470,000,000	470,000,000	470,000,000
Issued and paid-up share capital					
940,000,000 ordinary shares					
paid-up of Baht 0.50 each					
		470,000,000	470,000,000	470,000,000	470,000,000
Premium on share capital		267,503,419	267,503,419	267,503,419	267,503,419
Retained earnings					
Appropriated - Legal reserve					
	25	47,000,000	47,000,000	47,000,000	47,000,000
Appropriated - General reserve					
		20,000,000	20,000,000	20,000,000	20,000,000
Unappropriated					
		2,403,044,862	2,337,447,340	2,418,887,658	2,364,232,991
Other components of equity		7,949,371	8,721,815	-	-
Total equity attributable to the owners of the parent		3,215,497,652	3,150,672,574	3,223,391,077	3,168,736,410
Non-controlling interests	27	133,253,110	113,967,281	-	-
Total equity		3,348,750,762	3,264,639,855	3,223,391,077	3,168,736,410
Total liabilities and equity		3,885,481,828	3,644,180,141	3,550,768,678	3,443,442,408

The accompanying notes are an integral part of these consolidated and separate financial statements.

FINANCIAL STATEMENTS

Univanich Palm Oil Public Company Limited

Statement of Comprehensive Income For the year ended 31st December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Sales of goods and related services	33	5,908,095,707	4,505,613,242	5,550,173,543	4,139,252,789
Cost of sales		(5,190,404,570)	(3,848,637,541)	(4,930,303,270)	(3,565,318,737)
Gross profit		717,691,137	656,975,701	619,870,273	573,934,052
Other income		18,749,916	19,159,774	27,298,376	24,790,894
Losses on fair value re-measurement of biological assets	15	(1,642,050)	(36,615,502)	(1,642,050)	(36,615,502)
Selling expenses		(161,699,949)	(190,952,603)	(138,265,846)	(161,763,621)
Administrative expenses		(153,531,739)	(150,600,118)	(128,777,858)	(128,231,983)
Gains (losses) on exchange rates, net		8,502,479	(6,934,972)	3,012,240	(10,449,117)
Fair value losses on derivatives		(528,962)	-	(528,962)	-
Finance cost		(4,601,181)	(3,301,294)	-	-
Profit before income tax expense		422,939,651	287,730,986	380,966,173	261,664,723
Income tax expense	29	(80,693,679)	(62,355,109)	(66,620,185)	(53,892,317)
Profit for the year		342,245,972	225,375,877	314,345,988	207,772,406
Other comprehensive income (expense)					
<i>Items that will be reclassified to profit or loss</i>					
- Exchange differences on translation financial statements		5,385,092	103,583	-	-
Total		5,385,092	103,583	-	-
<i>Items that will not be reclassified to profit or loss</i>					
- Remeasurements of post-employment benefit obligations		(11,403,480)	-	(11,403,480)	-
Less Income tax relating to remeasurements of post-employment benefit obligations		2,280,696	-	2,280,696	-
Total		(9,122,784)	-	(9,122,784)	-
Total comprehensive income for the year		338,508,280	225,479,460	305,223,204	207,772,406

The accompanying notes are an integral part of these consolidated and separate financial statements.

Univanich Palm Oil Public Company Limited

Statement of Comprehensive Income For the year ended 31st December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Profit attributable to:					
Owners of the parent		329,117,679	216,854,679	314,345,988	207,772,406
Non-controlling interests		13,128,293	8,521,198	-	-
		<u>342,245,972</u>	<u>225,375,877</u>	<u>314,345,988</u>	<u>207,772,406</u>
Total comprehensive income					
attributable to:					
Owners of the parent		319,222,451	217,419,985	305,223,204	207,772,406
Non-controlling interests		19,285,829	8,059,475	-	-
		<u>338,508,280</u>	<u>225,479,460</u>	<u>305,223,204</u>	<u>207,772,406</u>
Basic earnings per share for the owners of the parent					
Basic earnings per share (Baht)	30	<u>0.35</u>	<u>0.23</u>	<u>0.33</u>	<u>0.22</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Univanich Palm Oil Public Company Limited

Statement of Changes in Equity
For the year ended 31st December 2020

Notes	Consolidated financial statements										
	Attributable to owners of the parent					Other components of equity					Total equity
	Issued and paid-up share capital		Retained earnings		Other comprehensive income		Total owners of the parent		Non-controlling interests		
	Baht	Baht	Legal reserve	Appropriated	General reserve	Unappropriated	Currency translation differences	Baht	Baht	Baht	Baht
Opening balance as at 1st January 2019	470,000,000	267,503,419	47,000,000	20,000,000	20,000,000	2,496,592,661	8,156,509	3,309,252,589	65,529,846	3,374,782,435	
Dividend paid during the year 26	-	-	-	-	-	(376,000,000)	-	(376,000,000)	-	(376,000,000)	
Total comprehensive income for the year	-	-	-	-	-	216,854,679	565,306	217,419,985	8,059,475	225,479,460	
Capital contributions by non-controlling interest in subsidiary 27	-	-	-	-	-	-	-	-	40,377,960	40,377,960	
Closing balance as at 31 st December 2019	470,000,000	267,503,419	47,000,000	20,000,000	20,000,000	2,337,447,340	8,721,815	3,150,672,574	113,967,281	3,264,639,855	
Opening balance as at 1 st January 2020	470,000,000	267,503,419	47,000,000	20,000,000	20,000,000	2,337,447,340	8,721,815	3,150,672,574	113,967,281	3,264,639,855	
- previously reported	-	-	-	-	-	(597,373)	-	(597,373)	-	(597,373)	
Impact of first-time adoption of new accounting standards 5	-	-	-	-	-	2,336,849,967	8,721,815	3,150,075,201	113,967,281	3,264,042,482	
Opening balance as at 1 st January 2020	470,000,000	267,503,419	47,000,000	20,000,000	20,000,000	(253,800,000)	-	(253,800,000)	-	(253,800,000)	
- restated	-	-	-	-	-	319,994,895	(772,444)	319,222,451	19,285,829	338,508,280	
Dividend paid during the year 26	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	2,403,044,862	7,949,371	2,410,994,233	133,253,110	2,544,247,343	
Closing balance as at 31 st December 2020	470,000,000	267,503,419	47,000,000	20,000,000	20,000,000	2,403,044,862	7,949,371	3,215,497,652	133,253,110	3,348,750,762	

The accompanying notes are an integral part of these consolidated and separate financial statements.

Univanich Palm Oil Public Company Limited

Statement of Changes in Equity
For the year ended 31st December 2020

	Separate financial statements									
	Issued and paid-up share capital	Premium on share capital	Retained earnings				Total equity			
			Appropriated		Unappropriated					
			Legal reserve	General reserve	Legal reserve	General reserve				
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Opening balance as at 1st January 2019	470,000,000	267,503,419	47,000,000	20,000,000	47,000,000	20,000,000	2,532,460,585	3,336,964,004		
Dividend paid during the year	-	-	-	-	-	-	(376,000,000)	(376,000,000)		
Total comprehensive income for the year	-	-	-	-	-	-	207,772,406	207,772,406		
Closing balance as at 31st December 2019	470,000,000	267,503,419	47,000,000	20,000,000	47,000,000	20,000,000	2,364,232,991	3,168,736,410		
Opening balance as at 1st January 2020	470,000,000	267,503,419	47,000,000	20,000,000	47,000,000	20,000,000	2,364,232,991	3,168,736,410		
- previously reported										
Impact of first-time adoption of new accounting standards	-	-	-	-	-	-	3,231,463	3,231,463		
Opening balance as at 1st January 2020 - restated	470,000,000	267,503,419	47,000,000	20,000,000	47,000,000	20,000,000	2,367,464,454	3,171,967,873		
Dividend paid during the year	-	-	-	-	-	-	(253,800,000)	(253,800,000)		
Total comprehensive income for the year	-	-	-	-	-	-	305,223,204	305,223,204		
Closing balance as at 31st December 2020	470,000,000	267,503,419	47,000,000	20,000,000	47,000,000	20,000,000	2,418,887,658	3,223,391,077		

The accompanying notes are an integral part of these consolidated and separate financial statements.

FINANCIAL STATEMENTS

Univanich Palm Oil Public Company Limited

Statement of Cash Flows For the year ended 31st December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Cash flows from operating activities					
Profit before income tax expense		422,939,651	287,730,986	380,966,173	261,664,723
Adjustments to:					
Losses on fair value re-measurement of biological assets	15	1,642,050	36,615,502	1,642,050	36,615,502
Fair value losses on derivatives		528,962	-	528,962	-
Expected credit losses of trade receivables	12	1,107,760	-	-	-
Allowance for net realisable value of inventories	14	9,794,500	-	9,794,500	-
Depreciation and amortisation	17,18,19	222,022,866	203,088,730	189,018,804	182,225,746
Gains on disposals of property, plant and equipment		(9,845,474)	(6,307,423)	(9,845,474)	(6,307,423)
Unrealised (gain) loss on exchange rate		(9,700,458)	7,237,146	(2,514,780)	10,329,191
Amortisation on prepayment of land rent		-	295,120	-	-
Increase in employee benefits obligation	24	18,405,657	13,753,909	18,405,657	13,753,909
Interest income		(2,821,136)	(5,757,009)	(5,212,555)	(6,104,675)
Interest expenses		4,601,181	3,301,294	-	-
Cash flows before changes in working capital		658,675,559	539,958,255	582,783,337	492,176,973
Changes in working capital:					
- trade and other receivables		(88,922,816)	74,800,379	(94,768,627)	41,501,548
- inventories		(98,307,179)	39,847,070	(77,730,635)	28,730,443
- biological assets		19,768,084	19,222,878	19,768,084	19,222,878
- other current assets		2,737,062	(28,622,851)	1,125,661	(4,719,692)
- other non-current assets		(625,874)	(2,753,581)	(625,874)	(2,753,581)
- trade and other payables		(5,715,257)	(14,256,634)	(902,910)	(18,205,696)
- accrued expenses		15,377,606	(3,830,630)	3,156,555	(10,829,140)
- other current liabilities		(1,267,662)	(1,089,492)	(1,896,111)	161,846
- cash payment for employee benefits obligation	24	(3,304,196)	(7,970,708)	(3,304,196)	(7,970,708)
Cash generated from operations		498,415,327	615,304,686	427,605,284	537,314,871
Income tax paid		(51,126,784)	(67,028,447)	(42,088,075)	(67,021,891)
Net cash generated from operating activities		447,288,543	548,276,239	385,517,209	470,292,980

The accompanying notes are an integral part of these consolidated and separate financial statements.

Univanich Palm Oil Public Company Limited

Statement of Cash Flows (Cont'd) For the year ended 31st December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Cash flows from investing activities					
Financial assets measured					
at amortised cost increase (decrease)		-	120,000,000	-	120,000,000
Cash payments for purchases of property, plant and equipment		(205,918,914)	(347,516,879)	(120,370,711)	(168,620,760)
Proceeds from disposals of property, plant and equipment		19,611,536	9,200,023	19,611,536	9,200,023
Cash receipts from settlement of loans to contractors		910,528	732,224	910,528	732,224
Cash payments of loan to contractors		(156,367)	(1,000,000)	(156,367)	(1,000,000)
Cash receipts from settlement of short-term loan to a subsidiary	31 d)	-	-	48,592,000	-
Cash payments of loan to subsidiaries		-	-	-	(76,879,971)
Interest received		3,507,181	6,001,494	3,485,687	5,961,653
Net cash flows used in investing activities		(182,046,036)	(212,583,138)	(47,927,327)	(110,606,831)
Cash flows from financing activities					
Cash receipts from loan from financial institution	23	107,376,704	-	-	-
Cash payment of loan from financial institution	23	(19,267,213)	(17,267,836)	-	-
Dividends paid	26	(253,800,000)	(376,000,000)	(253,800,000)	(376,000,000)
Interest paid		(3,684,666)	(3,370,899)	-	-
Capital contributions by non-controlling interest in subsidiary	27	-	40,377,960	-	-
Net cash flows used in financing activities		(169,375,175)	(356,260,775)	(253,800,000)	(376,000,000)
Net increase (decrease) in cash and cash equivalents		95,867,332	(20,567,674)	83,789,882	(16,313,851)
Effect of exchange rate		1,098,047	(1,859,481)	-	-
Cash and cash equivalents at opening of the year		548,005,125	570,432,280	535,440,733	551,754,584
Cash and cash equivalents at closing of the year	11	644,970,504	548,005,125	619,230,615	535,440,733
Non-cash transactions					
Purchases of machinery and equipment not yet paid	21	2,332,551	3,599,323	1,241,521	2,565,398
Interest income calculated using the effective interest method	31 e)	-	-	2,331,561	-

The accompanying notes are an integral part of these consolidated and separate financial statements.

Univanich Palm Oil Public Company Limited

Notes to the Consolidated and Separate Financial Statements
For the year ended 31st December 2020

1 General information

Univanich Palm Oil Public Company Limited (the Company) is a public limited company which listed on the Stock Exchange of Thailand and was formed from the amalgamation, according to the Civil and Commercial Code, of Hup Huat Palm Oil Industry Company Limited, Siam Palm Oil and Refinery Industry Company Limited and Thai Oil Palm Industry and Estate Company Limited. The Company has assumed all of the assets, liabilities, rights and obligations of the companies amalgamated on the date of amalgamation. However, as at 31st December 2020, the names on some legal documents of the three amalgamated companies relating to assets assumed before the companies amalgamated have not been converted to the name of Univanich Palm Oil Public Company Limited.

The Company's head office is located at 258 Aoluk-Laemsak Road, Ampur Aoluk, Krabi province.

The Company has 5 branches located at the following addresses:

- 1) Plai Phraya Branch : 592 Aoluk-Prasaeng Road, Plaiphraya District, Krabi province.
- 2) Lamthap Branch : 142 Moo 1 Tambol Toongsaitong, Lamthap District, Krabi province.
- 3) Cha-Uat Branch : 173/2 Moo 6 Tambol Thapraja, Cha-Uat District, Nakhon Sri Thammarat province.
- 4) Chokvallapa Branch : 1/4 Moo 3 Tambol Khura, Khura Buri District, Phang-nga province.
- 5) Pabon Branch : 659 Moo 8 Tambol Pabon, Pabon District, Phatthalung province.

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The Group is engaged in oil palm plantations, crushing mills, oil palm research and seed businesses and electric power plant with methane capture biogas project.

These consolidated and separate financial statements were authorised by the Board of Directors on 24 February 2021.

2 Significant events during the current period

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 resulted in a global economic slowdown and adversely impacted most businesses and industries worldwide. However, the Group's operating results for the year ended 31st December 2020 weren't impacted by the COVID-19 pandemic and the Group's management assessed that the future operations, financial condition and liquidity aren't expected to be significantly impacted by it either. The full impact, however, of the COVID-19 pandemic will depend on its future developments of the disease control and prevention, such as its ultimate duration and scope of the pandemic including the government's measures on disease control and to ease economic impacts. The Group's management has implemented early precautions within its operations. It is continuously monitoring ongoing developments and assessing the financial impact.



3 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 9.

An English-language version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai-language. In the event of a conflict or a difference in interpretation between the two languages, the Thai-language statutory financial statements shall prevail.

4 New and amended financial reporting standards

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1st January 2020 and have significant impacts to the Group

a) Financial instruments

The new financial standards relate to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Group to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Group whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets’ measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1st January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

4 New and amended financial reporting standards (Cont'd)

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1st January 2020 and have significant impacts to the Group (Cont'd)

b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1st January 2020, the Group has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

4.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1st January 2021 and have relevant to the Group

Certain amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Group.

Revised Conceptual Framework for Financial Reporting added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

5 Impacts from initial application of the new and revised financial reporting standards

This note explains the impact of the adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Group's consolidated financial statements and the Company's separate financial statements. The new accounting policies applied from 1st January 2020 were disclosed in Note 6.6, Note 6.11 and Note 6.12.

The Group and the Company have adopted those accounting policies from 1st January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1st January 2020.

The impact of first-time adoption of new financial reporting standards on the consolidated and separate statements of financial position are as follows:

	Consolidated financial statements			
	As at 31 st December 2019 Thousand Baht	TAS 32 and TFRS 9 Reclassifications and adjustments Thousand Baht	TFRS 16 Reclassifications and adjustments Thousand Baht	As at 1 st January 2020 Thousand Baht
Statement of financial position				
Current assets				
Trade and other receivables, net	172,816	(1,162)	(295)	171,359
Derivative assets	-	216	-	216
Non-current assets				
Prepayment of land rent	12,758	-	(12,758)	-
Right-of-use assets, net	-	-	13,053	13,053
Deferred tax assets, net	45,175	348	-	45,523
Total assets	230,749	(598)	-	230,151
Equity				
Unappropriated retained earnings	2,337,447	(598)	-	2,336,849
Total equity	2,337,447	(598)	-	2,336,849

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

Separate financial statements

	As at 31 st December 2019 Thousand Baht	TAS 32 and TFRS 9 Reclassifications and adjustments Thousand Baht	TFRS 16 Reclassifications and adjustments Thousand Baht	As at 1 st January 2020 Thousand Baht
Statement of financial position				
Current assets				
Derivative assets	-	216	-	216
Non-current assets				
Investment in subsidiaries	6,480	14,531	-	21,011
Long-term loans to a subsidiary	131,585	(11,516)	-	120,069
Total assets	138,065	3,231	-	141,296
Equity				
Unappropriated retained earnings	2,364,233	3,231	-	2,367,464
Total equity	2,364,233	3,231	-	2,367,464

The adjustments and reclassifications above are summarized below.

- Adjusted long-term loan to a subsidiary to financial assets at fair value at initial recognition and subsequently measured at amortised cost, and reclassified cumulative fair value adjustments at the beginning period to retained earnings;
- Adjusted loss allowance for trade receivables, through retained earnings;
- Recognise derivative accounting;
- Recognised right of use assets against prepayment of land rent; and
- Adjusted deferred tax assets resulted from the above adjustments.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

a) The impact of adoption of Thai Financial Reporting Standards relating to financial instruments (TAS 32 and TFRS 9)

The total impact on the Group's and the Company's unappropriated retained earnings as of 1st January 2020 are as follows:

	Consolidated financial statements Thousand Baht	Separate financial statements Thousand Baht
Unappropriated retained earnings as of 31 st December 2019 (as previously reported)	2,337,447	2,364,233
Adjusted loss allowance for trade receivables	(1,162)	-
Fair value adjustments on derivatives	216	216
Recognised interest income using the effective interest method	-	3,015
Adjusted deferred tax assets resulted from the above adjustments	348	-
Total adjustments to opening unappropriated retained earnings from adoption of TFRS 9	(598)	3,231
Unappropriated retained earnings as of 1 st January 2020 after reflecting TFRS 9 adoption	2,336,849	2,367,464

Classification and measurement

On 1st January 2020 (the date of initial application), the management has assessed which business models apply to the financial assets and financial liabilities, and has classified its financial instruments into the appropriate TFRS 9 categories as follows:

	Consolidated financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New (TFRS 9)	Previously reported Thousand Baht	New Thousand Baht	Difference Thousand Baht
Financial assets					
Trade and other receivables, net	Amortised cost	Amortised cost	156,986	155,824	1,162
Derivative assets	Unrecognised	FVPL	-	216	(216)

	Separate financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New (TFRS 9)	Previously reported Thousand Baht	New Thousand Baht	Difference Thousand Baht
Financial assets					
Derivative assets	Unrecognised	FVPL	-	216	(216)
Investment in subsidiaries	Amortised cost	Amortised cost	6,480	21,011	(14,531)
Long-term loans to a subsidiary	Amortised cost	Amortised cost	131,585	120,069	11,516

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

Impairment of financial assets

The Group and the Company have following financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents
- Trade and other receivables
- Long-term loans to a subsidiary

The Group applies the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced and the impact of potential factor to the expected loss rates.

For long-term loans to a subsidiary, management considered the factors both of internal factors and external factors that may influence the credit risk of related party which the management determine to have low credit risk. The Group's policy is to provide loans to its subsidiaries only.

Management consider that cash and cash equivalents and long-term loans to a subsidiary measured at amortised cost are subject to the new impairment requirement, the identified impact was immaterial.

To relieve the impact from COVID-19, the Group chose to apply the application of the temporary exemption guidance (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting periods ending between 1st January 2020 and 30 September 2020 regarding the impairment of trade receivable by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade receivables. However, during the preparation of the financial statements for the year ended 31st December 2020, the Group decided to stop applying such temporary exemption guidance as it assessed and considered that the impact was not material to the consolidated and separated financial statements.

The adjustment for the impact of adoption of new TFRS was disclosed in Note 12.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

Long-term loans to a subsidiary

The Company has long-term loans to a subsidiary with interest free are initially recognised at fair value by using the present value of all future cash receipts discounted using the prevailing market rate. The additional loan is recognised as part of the investment in subsidiaries. The loan subsequently measured at amortised cost. Interest income is included in finance income using the effective interest method. Any gain or loss on derecognition is presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item.

	Separate financial statements
	Thousand Baht
As at 31 st December 2019 (previously reported)	131,585
Amounts restated through opening unappropriated retained earnings	
Initial recognition at fair value by recognised as investment in subsidiaries (Note 16)	(14,531)
Recognised interest income using the effective interest method	3,015
As at 1 st January 2020 (restated)	120,069

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The changes in the fair value is recognised to other gains (losses).

The derivative was a result from the adoption of new financial reporting standards. The Group has adopted the new standards from 1st January 2020 under the modified retrospective approach as follows:

	Consolidated and Separate financial statements
	Thousand Baht
As at 1st January 2020	
<u>Derivative</u>	
Foreign exchange forward contracts	216
Total current derivative assets	216

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

b) The impact of adoption of Thai Financial Reporting Standard no.16 Leases (TFRS 16)

On adoption of TFRS 16, the Group has reclassified the subsidiary's prepayment of rental relating to leases its land to construct a new palm oil mill factory and agreed for a lease term of 50 years. The subsidiary has the fully rental payment for the entire lease period. The reclassifications are detailed as follows:

	Consolidated financial statements		
	As at 31 st December 2019 Thousand Baht	Reclassifications Thousand Baht	As at 1 st January 2020 Thousand Baht
Current portion of prepayment of land rent	295	(295)	-
Prepayment of land rent later than 1 year	12,758	(12,758)	-
Right-of-use assets, net	-	13,053	13,053

6 Accounting policies

6.1 Principles of consolidation accounting

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method.

A list of the Group's subsidiaries are shown in Note 16.



6 Accounting policies (Cont'd)

6.1 Principles of consolidation accounting (Cont'd)

b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates and joint ventures is reduced but significant influence and joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates and joint ventures is recognise in profit or loss.

When the Group losses control, joint control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture or a financial asset accordingly.

c) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

6.2 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's and the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

6 Accounting policies (Cont'd)

6.2 Foreign currency translation (Cont'd)

e) Group companies

The operational results and financial position of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a different functional currency from the Group's presentation currency are translated into the presentation currency as follows.

- Assets and liabilities are translated at the closing rate at the date of respective statement of financial position;
- Income and expenses for statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

6.3 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts.

In the statements of financial position, bank overdrafts are shown in current liabilities.

6.4 Trade receivables

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables are disclosed in Note 6.6 e).

6.5 Inventories

Inventories are stated at the lower of cost or net realisable value.

Cost of inventories is determined by the weighted average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

6 Accounting policies (Cont'd)

6.6 Financial asset

For the year ended 31st December 2020

a) Classification

From 1st January 2020, the Group classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income] using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

6 Accounting policies (Cont'd)

6.6 Financial asset (Cont'd)

d) Debt instruments (Cont'd)

- FVOCI: Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.
- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Impairment

From 1 January 2020, the Group applies the TFRS 9 simplified approach in measuring the impairment of trade receivables which applies lifetime expected credit loss, from initial recognition, for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

6.7 Biological assets

Biological assets are measured at fair value less costs to sell. Fair value is determined based on the present value of expected net cash flows from the biological assets, the expected net cash flows are estimated market price of the biological asset less costs to sell.

Biological assets comprise fresh fruit bunches (FFB) growing on palm trees, palm seeds and palm seedlings for sales.

The palm trees are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the FFB growing on the palm trees is accounted for as biological assets until the point of harvest. Harvested FFB are transferred to cost of inventory at fair value less costs to sell when harvested.

Any gains or losses arising from changes in the fair value less costs to sell of the FFB growing on palm trees, palm seeds for sales and seedlings for sales are recognised in the statement of income.



6 Accounting policies (Cont'd)

6.8 Property, plant and equipment

Land is stated at cost. All other plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group, capitalised where there is future economic benefits. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvement	20 years
Buildings and plants	10 - 20 years
Machinery and equipment	5 - 10 years
Motor vehicles	5 - 10 years
Furniture, fixtures and office equipment	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Fruit bearer palm trees are recognised as property, plant and equipment and are stated at historical cost less accumulated depreciation and impairment, if any.

Fruit bearer palm trees are stated at cost. All costs comprising mainly palm falling and clearing, land terracing and drainage, palm planting, weeding and fertilizing involved during the immature period until the palms are ready for commercial harvesting at approximately 2 - 3 years, are capitalised.

Depreciation on fruit bearer palm trees is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Fruit bearer palm trees	20 years or over the remaining period of the concessions to which it relates, whichever is shorter.
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Fruit bearer palm trees are classified as immature until the produce can be commercially harvested. At that point they are reclassified as mature palm and depreciation commences. Immature fruit bearer palm trees are measured at accumulated cost.

6 Accounting policies (Cont'd)

6.9 Intangible assets

Intangible assets represent revenue sharing contract from electricity sales under a very small power plant project, which are identifiable assets acquired from business acquisition. Revenue sharing contract from electricity sales are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method over the expected life of the contract of 10 years.

6.10 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

6.11 Leases - where the Group is the lessee

For the year ended 31st December 2020

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group recognises right-of-use asset by reclassification from prepayment of land rent. The right-of-use asset is depreciated using the straight-line method over the lease term of 44 years.

Short-term leases and leases of low-value assets

The Group has elected not recognised ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or leases of low-value assets. The Group recognised the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For the year ended 31st December 2019

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property or the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.



6 Accounting policies (Cont'd)

6.12 Financial liabilities

For the year ended 31st December 2020

a) Classification

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation/modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated/modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

6 Accounting policies (Cont'd)

6.12 Financial liabilities (Cont'd)

For the year ended 31st December 2019

Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

6.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that take 12 months to get ready for its intended use or sale) are added to the cost of those assets less investment income earned from those specific borrowings. The capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs are expensed in the period in which they are incurred.

6.14 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



6 Accounting policies (Cont'd)

6.14 Current and deferred income taxes (Cont'd)

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised.
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.15 Employee benefits

a) Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries and bonuses that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

b) Defined contribution plan

The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

6 Accounting policies (Cont'd)

6.15 Employee benefits (Cont'd)

c) Defined benefit plans

Amount of employee benefits is defined by the agreed benefits the employees will receive after the completion of employment or resign from the Company after working for the Company for the period or at age as specified in the employee benefit schemes. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement or resignation.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

6.16 Other provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

6.17 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

The Group recognises revenue from sales of goods at point in time when control of the goods transferred to the customer, which depending on the terms of the underlying contract. In the case that a customer receives control of the goods at the shipping point, the Company will separate revenue from transportation as another performance obligation and recognise revenue over time of promises to deliver goods to a customer. If a customer receives control of the goods at the destination, the Company will recognise the shipping costs in bringing the product to the destination as cost incurred to complete the promise to transfer goods, which is not a separate performance obligation. The shipping cost will be recognised in the period that sales of goods incurred.

The Group recognises revenue from sales of goods at the price which is entitled in exchange for the goods, net of value-added tax, returns and discounts. For the contract with more than one performance obligations, the transaction price will be allocated to each distinct performance obligation based on the relative standalone selling price of the goods and other performance obligations.



6 Accounting policies (Cont'd)

6.18 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

6.19 Derivatives

Embedded derivative that is separately accounted for and derivatives that do not qualify for hedge accounting is initially recognised at fair value. Changes in the fair value are included in other gains(losses).

Fair value of derivatives is classified as a current or non-current following its remaining maturity.

6.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Managing Director that makes strategic decisions.

7 Financial risk management

7.1 Financial risk

The Group exposes to a variety of financial risk: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Financial risk management is carried out by the Group financial management. The Group's policy includes areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for Group financial management.

7 Financial risk management (Cont'd)

7.1 Financial risk (Cont'd)

7.1.1 Market risk

a) Foreign exchange risk

The Group's primary functional currency is Thai Baht, while certain sales transactions are entered into in foreign currencies. The Group is exposed to foreign currency risk arises mainly from trading transactions, cash and cash equivalents and loans to subsidiaries that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate.

The Group uses forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency. The Group minimises the potential adverse effects of fluctuation currency values on the financial performance of the Group by using forward foreign exchange contracts to hedge all such export sales currency risk.

The Group does not enter into forward foreign exchange contracts to hedge foreign exchange rate risk on its cash and cash equivalents and loans to subsidiaries because the management consider that the impact was immaterial.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Baht are as follows:

	Consolidated financial statements	
	2020 US Dollar Thousand Baht	2019 US Dollar Thousand Baht
Cash and cash equivalents	12,116	6,939
Trade and other receivables, net	70,715	-

	Separate financial statements			
	2020 US Dollar Thousand Baht	Pesos Thousand Baht	2019 US Dollar Thousand Baht	Pesos Thousand Baht
Trade and other receivables, net	70,715	-	-	-
Loans to subsidiaries	89,602	43,868	137,893	41,655

Changes in foreign exchange have no significant impact on the Group's net profit.

b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk relates primarily to its deposits at financial institutions and long-term loans from financial institution. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group does not apply hedge accounting.



7 Financial risk management (Cont'd)

7.1 Financial risk (Cont'd)

7.1.2 Credit risk

Credit risk arises from cash and cash equivalents carried and outstanding receivables.

a) Risk management

The Group has a concentration of credit risk with respect to receivables from customers. However, the Group has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit. Derivative counterparties and deposits are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

b) Impairment of financial assets

The Group has financial assets that are subject to the expected credit loss model:

- Trade and other receivables
- Long-term loans to a subsidiary

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

7.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period, the group held deposits at call of Baht 645 million (2019: Baht 548 million) Due to the dynamic nature of the underlying businesses, the Group financial management maintains flexibility in funding by maintaining availability under committed credit lines.

7 Financial risk management (Cont'd)

7.1 Financial risk (Cont'd)

7.1.3 Liquidity risk (Cont'd)

Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Consolidated financial statements				
	2020				
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total contractual cash flows Thousand Baht	Carrying amount Thousand Baht
Long-term loan from financial institutions	38,981	121,879	54,005	214,865	179,335

	Consolidated financial statements			
	2019			
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Total contractual cash flows Thousand Baht	Carrying amount Thousand Baht
Long-term loan from financial institutions	22,733	73,830	96,563	86,140

7.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.



8 Fair value

Fair values are categorised into hierarchy based on inputs used as follows:

- Level 1 : The fair value of financial instruments is based on the current bid price / closing price by reference to the Stock Exchange of Thailand / the Thai Bond Dealing Centre.
- Level 2 : The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.
- Level 3 : The fair value of financial instruments is not based on observable market data.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of long-term loans to a subsidiary and long-term loans from financial institutions with interest charged at the floating rates, the carrying amount of such loans approximates the fair value within level 2 of the fair value hierarchy. The calculation of fair values are based on discounted cash flows using discount rates based upon market interest rates for borrowing in the same risk level at the date of the financial statements.

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts. The fair values of foreign currency forward contracts have been calculated using the net present value technique which is the estimated amount that a bank would receive or pay to terminate the forward contracts at the financial position date. Fair value of foreign currency forward contracts are within level 2 of the value hierarchy. As at 31st December 2020, the unfavourable fair values of the outstanding foreign exchange forward contracts amounted to Baht 0.31 million are recorded as derivatives liabilities which has been included in other current liabilities in this consolidated and separated financial statements.

	Consolidated and Separate financial statements	
	Foreign currency amounts	Derivatives liabilities Thousand Baht
As at 31st December 2020		
Foreign exchange forward contracts US Dollar	2.22 million	313

During the year, the Group has no transfers between fair value hierarchy levels.

For disclosure of biological assets that are measured at fair value, please see Note 15.

9 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

9.1 Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in Note 24.

9.2 Biological assets valuation

The accounting policy on valuation of biological assets and the significant assumptions that have been applied in determining the fair value of the biological assets are described in detailed in Note 6.7 and Note 15 to the financial statements.

9.3 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

10 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Managing Director that makes strategic decisions which is reported as two operating segments information as follows:

1. Oil palm plantations, palm fruit processing, oil palm seed and seedling business
2. Electric power plant with methane capture biogas project

There was no material activity pertaining to the electric power plant with methane capture biogas project. The Group's total sales and total assets of the electric power plant with methane capture biogas project represented 1.55% and 2.14% of the total balance in the consolidated financial statement, respectively. Therefore, the internal reporting is reported as one operating segment information and presented in the same manner as the consolidated financial statements and reported to Managing Director for the purpose of assessment of operating performance by considering from profit before income tax expense.

The Group operated mainly in Thailand. It's total assets and revenue in Philippines are not material, therefore geographic information has not been presented.

During the year ended 31st December 2020 and 2019, the Group recognises all revenues at a point in time.

Information about major customers

For the year ended 31st December 2020, the Group had revenues from two major customer, generated from oil palm plantations, palm fruit processing, oil palm seed and seedling business amounting to Baht 1,812 million (2019: one major customers amounting to Baht 468 million).

11 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Cash on hand	10	30	-	-
Deposits at banks				
- current accounts	23,357	8,421	18,358	8,242
- saving accounts	621,604	189,729	600,873	177,374
Fixed deposits with bank	-	100,000	-	100,000
Investment in bonds	-	249,825	-	249,825
Total cash and cash equivalents	644,971	548,005	619,231	535,441

As at 31st December 2020, saving accounts bear interest at the rates of 0.125% - 0.55% per annum (2019: 0.13% - 0.50% per annum).

As at 31st December 2019, fixed deposits with bank represented three-month term and carried interest at the rate of 1.30% per annum.

As at 31st December 2019, investment in bonds represented investment in Bank of Thailand bonds with maturity of 41 days and 49 days term and carried yield at the rate of 1.11% - 1.23% per annum.

12 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Trade receivables	256,204	168,830	231,882	132,687
Less Allowance for expected credit losses (2019: Allowance for doubtful accounts under TAS 101)	(14,234)	(11,900)	(11,900)	(11,900)
Trade receivables, net	241,970	156,930	219,982	120,787
Amount due from related parties (Note 31 b)	-	-	1,068	8,802
Other receivable	4,000	-	4,000	-
Accrued interest income	1	56	1	56
Advance payment	10,126	12,023	9,238	10,807
Prepayments	6,750	3,807	3,485	3,158
Total trade and other receivables, net	262,847	172,816	237,774	143,610

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12 Trade and other receivables, net (Cont'd)

The loss allowance for trade receivables under TFRS is determined as follows:

Consolidated financial statements

	Not yet due Thousand Baht	Up to 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	Over 12 months Thousand Baht	Total Thousand Baht
As at 1st January 2020						
Gross carrying amount	154,998	97	677	-	13,058	168,830
Allowance for expected credit losses	-	-	75	-	12,987	13,062

Separate financial statements

	Not yet due Thousand Baht	Up to 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	Over 12 months Thousand Baht	Total Thousand Baht
As at 1st January 2020						
Gross carrying amount	120,617	97	2	-	11,971	132,687
Allowance for expected credit losses	-	-	-	-	11,900	11,900

Consolidated financial statements

	Not yet due Thousand Baht	Up to 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	Over 12 months Thousand Baht	Total Thousand Baht
As at 31st December 2020						
Gross carrying amount	226,344	16,608	38	53	13,161	256,204
Allowance for expected credit losses	-	1,191	10	-	13,033	14,234

Separate financial statements

	Not yet due Thousand Baht	Up to 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	Over 12 months Thousand Baht	Total Thousand Baht
As at 31st December 2020						
Gross carrying amount	219,730	58	13	53	12,028	231,882
Allowance for expected credit losses	-	-	-	-	11,900	11,900

12 Trade and other receivables, net (Cont'd)

The reconciliations of loss allowance for trade receivables under TFRS 9 at the date of initial application are as follow:

	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
As at 31st December 2019	11,900	11,900
Adjustment from first-time adoption of TFRS 9 on 1 st January 2020 (Note 5)	1,162	-
Opening loss allowance as at 1 January 2020 - calculated under TFRS 9	13,062	11,900
Increase in expected credit losses recognised in profit or loss during the year	1,108	-
Currency translation differences	64	-
As at 31st December 2020	14,234	11,900

13 Financial assets and financial liabilities

As at 31st December 2020, the Group has measured all financial assets and financial liabilities at fair value and subsequently measured at amortised cost, except for derivatives which are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period as disclosed in Note 8.

14 Inventories, net

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Palm oil	202,994	112,112	173,948	104,129
By products from palm oil production	18,272	8,409	18,032	7,682
Fertilizers and general supplies	39,371	41,809	39,371	41,809
	260,637	162,330	231,351	153,620
Less Allowance for obsolescence of general supplies	(2,400)	(2,400)	(2,400)	(2,400)
Allowance for net realisable value of inventories	(9,795)	-	(9,795)	-
Total inventories, net	248,442	159,930	219,156	151,220

15 Biological assets

	Consolidated and Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht
Fresh fruit bunches (FFB) growing on palm trees	25,205	14,783
Palm seeds	1,958	5,348
Palm seedlings for sales	27,650	56,092
Total biological assets	54,813	76,223

15 Biological assets (Cont'd)

The movement in the biological assets are as follows:

Consolidated and Separate financial statements

	FFB growing on palm tress Thousand Baht	Palm seeds Thousand Baht	Palm seedlings for sales Thousand Baht	Total Thousand Baht
As at 1 st January 2019	15,579	9,204	107,278	132,061
Cost incurred during the year	-	6,259	38,663	44,922
Transfer from palm seeds to palm seedlings for sales	-	(1,437)	1,437	-
Decrease due to sale of palm seeds and palm seedlings	-	(4,635)	(59,510)	(64,145)
Gain (loss) on change in fair value of biological assets	(796)	(4,043)	(31,776)	(36,615)
As at 31 st December 2019	14,783	5,348	56,092	76,223
Cost incurred during the year	-	48,566	52,805	101,371
Transfer from palm seeds to palm seedlings for sales	-	(28,081)	28,081	-
Decrease due to sale of palm seeds and palm seedlings	-	(24,647)	(96,492)	(121,139)
Loss on change in fair value of biological assets	10,422	772	(12,836)	(1,642)
As at 31 st December 2020	25,205	1,958	27,650	54,813

Biological assets are measured at fair value less costs to sell, determined on the following basis:

- The fair value of FFB growing on palm trees is determined the assumption that measurable value of FFB growing on palm trees is related to the increase in oil palm content, which accrues exponentially one month prior to harvest, as well as of the estimated oil palm content yield. Net cash flows are forecasted using the estimated market price of the FFB growing on palm trees less costs to harvest and transport.
- The fair value of palm seeds is determined based on the quantity of sellable palm seeds expected to be sold and the estimated selling prices less estimated costs to sell.
- The fair value of palm seedlings for sales is determined by using Discounted Cash Flow Method is used to determine fair value. Significant assumptions are such as quantity of sellable palm seedlings, selling prices, cost of growing palm seedlings until ready for sales and discount rates.



15 Biological assets (Cont'd)

The Group's finance department includes a team that performs the valuations of biological assets required for financial reporting purposes. The valuation processes have been prepared at least once every quarter, in line with the Group's quarterly reporting dates.

Management estimates the fair value of FFB growing on palm trees, palm seeds for sales and seedlings for sales. The fair value measurement of the Group's biological assets are categorized within Level 3 of the fair value hierarchy. The main inputs to the valuation model are unobservable, as they comprise production volume of FFB growing on palm trees and their estimated market prices, the estimated quantity of sellable palm seeds and palm seedlings, the estimated selling prices, the estimated cost of growing palm seedlings until ready for sales and the discounted rate applied.

Relationship of unobservable inputs to fair value are as follows:

Description	Unobservable inputs	Relationship of unobservable inputs to fair value
Fresh fruit bunches growing on palm trees	<ul style="list-style-type: none"> - Estimated palm oil content of FFB growing - Estimated market price - Costs to harvest and transport 	An increase in the palm oil content of FFB-growing and market price, the fair value would increase.
Palm seeds for sales	<ul style="list-style-type: none"> - Quantity of sellable palm seeds - Estimated selling prices 	An increase in the quantity of palm seeds and selling prices, the fair value would increase.
Palm seedlings for sales	<ul style="list-style-type: none"> - Quantity of sellable palm seedlings by age - Estimated selling prices 	<p>An increase in the quantity of palm seedlings and selling prices, the fair value would increase.</p> <p>A decrease in the estimation of culling rates, the fair value would increase.</p>

During the year ended 31st December 2020, the change in biological assets arising from temporary differences between the tax bases and their carrying amounts of biological assets increased by Baht 4 million and the resulting tax effects of temporary differences which are recognised as deferred tax expense increased by Baht 1 million which has been recorded in these financial statements (Note 20).

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16 Investment in subsidiaries

The Group had the following subsidiaries.

	Countries	Business	capital	Paid-up ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the group (%)	Proportion of shares held by non-controlling interests (%)	Cost value Thousand Baht
Univanich Agribusiness Corporation	Philippines	investment holding	9,000,000 Pesos	100	100	-	6,480
Subsidiary of Univanich Agribusiness Corporation							
Univanich Carmen Palm Oil Corporation	Philippines	Palm oil crushing mill	386,000,000 Pesos	51	51	49	-
							6,480

The movements of investments in subsidiaries during the year are as follows:

	Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht
Opening balance	6,480	6,480
Adjustment from first-time adoption of TFRS 9 on 1 st January 2020 (Note 5)	14,531	-
Closing balance	21,011	6,480

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The total non-controlling interest for the year is Baht 133 million, that is attributed to Univanich Carmen Palm Oil Corporation, management assessed that it was not material to the Group.



17 Property, plant and equipment, net

Consolidated financial statements

	Fruit bearer palm trees Thousand Baht	Immature palm trees Thousand Baht	Land Thousand Baht	Land improvement Thousand Baht	Buildings and plant Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment and motor vehicles Thousand Baht	Assets under construction and installation Thousand Baht	Total Thousand Baht
As at 1st January 2019									
Cost	446,360	18,720	795,660	293,714	975,258	1,723,415	242,905	229,769	4,725,801
Less: Accumulated depreciation	(333,466)	-	-	(162,489)	(475,546)	(1,172,018)	(162,682)	-	(2,306,201)
Net book amount	112,894	18,720	795,660	131,225	499,712	551,397	80,223	229,769	2,419,600
For the year ended 31st December 2019									
Opening net book amount	112,894	18,720	795,660	131,225	499,712	551,397	80,223	229,769	2,419,600
Additions	-	7,364	-	-	347	1,712	9,406	319,953	338,782
Transfer in (out)	8,990	(8,990)	-	45,278	64,578	149,143	18,167	(277,166)	-
Disposals - net	-	-	-	-	-	(1,873)	(1,020)	-	(2,893)
Depreciation charge	(11,534)	-	-	(8,326)	(39,869)	(114,986)	(26,616)	-	(201,331)
Currency translation differences	-	-	-	-	(1,174)	(1,955)	(23)	132	(3,020)
Closing net book amount	110,350	17,094	795,660	168,177	523,594	583,438	80,137	272,688	2,551,138
As at 31st December 2020									
Cost	455,349	17,094	795,660	338,048	1,038,586	1,798,520	259,772	272,688	4,975,717
Less: Accumulated depreciation	(344,999)	-	-	(169,871)	(514,992)	(1,215,082)	(179,635)	-	(2,424,579)
Net book amount	110,350	17,094	795,660	168,177	523,594	583,438	80,137	272,688	2,551,138

17 Property, plant and equipment, net (Cont'd)

Consolidated financial statements

	Fruit bearer palm trees Thousand Baht	Immature palm trees Thousand Baht	Land Thousand Baht	Land improvement Thousand Baht	Buildings and plant Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment and motor vehicles Thousand Baht	Assets under construction and installation Thousand Baht	Total Thousand Baht
For the year ended 31st December 2020									
Opening net book amount	110,350	17,094	795,660	168,177	523,594	583,438	80,137	272,688	2,551,138
Additions	-	6,713	39,968	-	-	1,344	2,710	151,382	202,117
Transfer in (out)	19,318	(19,318)	-	11,092	64,252	254,746	11,330	(341,420)	-
Reclassification - net	-	-	-	(5,319)	5,319	-	-	-	-
Disposals - net	-	-	(108)	-	-	(227)	(9,431)	-	(9,766)
Depreciation charge	(11,560)	-	-	(11,759)	(47,643)	(122,956)	(26,039)	-	(219,957)
Currency translation differences	-	-	-	-	2,870	4,647	33	9,144	16,694
Closing net book amount	118,108	4,489	835,520	162,191	548,392	720,992	58,740	91,794	2,540,226
As at 31st December 2020									
Cost	474,667	4,489	835,520	342,794	1,105,822	2,033,634	236,324	91,794	5,125,044
Less Accumulated depreciation	(356,559)	-	-	(180,603)	(557,430)	(1,312,642)	(177,584)	-	(2,584,818)
Net book amount	118,108	4,489	835,520	162,191	548,392	720,992	58,740	91,794	2,540,226

Subsidiary

Borrowing costs of Baht 4 million (2019 : Baht 3 million) arising from financing specifically entered into the project for the construction of factory building, are capitalised during the year.

A capitalisation rate of 4.23% per annum (2019 : 5.54% per annum) is used representing the actual borrowing costs of the loan used to finance the construction of assets.



17 Property, plant and equipment, net (Cont'd)

Separate financial statements

	Fruit bearer palm trees Thousand Baht	Immature palm trees Thousand Baht	Land Thousand Baht	Land improvement Thousand Baht	Buildings and plant Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment and motor vehicles Thousand Baht	Assets under construction and installation Thousand Baht	Total Thousand Baht
As at 1st January 2019									
Cost	446,360	18,720	795,660	293,714	900,758	1,531,580	239,917	229,105	4,455,814
Less Accumulated depreciation	(333,466)	-	-	(162,488)	(455,630)	(1,070,798)	(160,732)	-	(2,183,114)
Net book amount	112,894	18,720	795,660	131,226	445,128	460,782	79,185	229,105	2,272,700
For the year ended 31st December 2019									
Opening net book amount	112,894	18,720	795,660	131,226	445,128	460,782	79,185	229,105	2,272,700
Additions	-	7,364	-	-	103	1,205	9,287	144,978	162,937
Transfer in (out)	8,990	(8,990)	-	45,278	64,578	149,143	18,167	(277,166)	-
Disposals - net	-	-	-	-	-	(1,873)	(1,020)	-	(2,893)
Depreciation charge	(11,534)	-	-	(8,327)	(35,004)	(99,504)	(26,099)	-	(180,468)
Closing net book amount	110,350	17,094	795,660	168,177	474,805	509,753	79,520	96,917	2,252,276
As at 31st December 2019									
Cost	455,349	17,094	795,660	338,048	965,439	1,610,289	256,729	96,917	4,555,525
Less Accumulated depreciation	(344,999)	-	-	(169,871)	(490,634)	(1,100,536)	(177,209)	-	(2,283,249)
Net book amount	110,350	17,094	795,660	168,177	474,805	509,753	79,520	96,917	2,252,276

17 Property, plant and equipment, net (Cont'd)

	Separate financial statements								
	Fruit bearer palm trees Thousand Baht	Immature palm trees Thousand Baht	Land Thousand Baht	Land improvement Thousand Baht	Buildings and plant Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment and motor vehicles Thousand Baht	Assets under construction and installation Thousand Baht	Total Thousand Baht
For the year ended 31st December 2020									
Opening net book amount	110,350	17,094	795,660	168,177	474,805	509,753	79,520	96,917	2,252,276
Additions	-	6,713	39,968	-	-	160	2,710	69,496	119,047
Transfer in (out)	19,318	(19,318)	-	11,092	8,862	76,801	11,330	(108,085)	-
Reclassification - net	-	-	-	(5,319)	5,319	-	-	-	-
Disposals - net	-	-	(108)	-	-	(227)	(9,431)	-	(9,766)
Depreciation charge	(11,560)	-	-	(11,759)	(39,714)	(98,518)	(25,710)	-	(187,261)
Closing net book amount	118,108	4,489	835,520	162,191	449,272	487,969	58,419	58,328	2,174,296
As at 31st December 2020									
Cost	474,667	4,489	835,520	342,794	973,039	1,655,210	233,113	58,328	4,577,160
Less: Accumulated depreciation	(356,559)	-	-	(180,603)	(523,767)	(1,167,241)	(174,694)	-	(2,402,864)
Net book amount	118,108	4,489	835,520	162,191	449,272	487,969	58,419	58,328	2,174,296

17 Property, plant and equipment, net (Cont'd)

The Company's plantation has been made on the Company's own land, concession land and lease land. Details of land under concession and under operating lease agreements as at 31st December 2020 are as follows:

Name of estate	Type	Terms	Area per contract (Rai)	Planted area (Rai)
TOPI	Concession	For 30 years from 19 th November 1993	8,250	8,250
TOPI	Lease	Leased from Co-operative Promotion Department for 30 years, at the rates of Baht 100 to Baht 300 per Rai per year, commencing on 27 th April 1994	2,500	2,500

In addition, Univanich Palm Oil Public Company Limited's predecessor was granted a concession for the development of an oil palm plantation on 20,000 rai in Krabi Province. The concession known as the Chean Vanich Concession was for thirty years, from 22nd April 1983 to 21st April 2013.

On 1st July 2010, the Company commenced the due process to renew the land concession on 10,849 rai located in Tambon Plaipraya, Plaipraya District and Tambun Klongya, Aoluk District of Krabi Province (the Chean Vanich concession). Although the due process for this renewal was completed by 28th March 2012, approval by the Government authority has been delayed. Therefore, on 7th March 2013 the Company submitted a petition to the Administrative Court in Nakhon Sri Thammarat seeking a Court order that the renewal application on 10,849 rai should proceed for Cabinet endorsement according to the due process. On 11st May 2016, the Administrative Court in Nakhon Sri Thammarat judged that the Minister of Natural Resources must propose the Company's application to the Cabinet for approval within 60 days after final judgment. This final judgment was subject to 30 days appeal by the Minister of Natural Resources. No appeal was submitted. The final court judgment now directs the Minister of Natural Resources to submit the Company's application for renewal of the concession to the Cabinet for consideration within 60 days. The Director General of Forestry Department, as proxy of the Minister of Natural Resources and Environment requested the Court to grant extensions for compliance with the judgment. Until now the Minister of Natural Resources has still not submitted the Company's application to the Cabinet for consideration.

On 30th August 2013, the Government Forestry Department instructed the Company to cease operations within the Chean Vanich concession area. Therefore, on 20th December 2013 the Company submitted another petition to the Administrative Court in Nakhon Sri Thammarat seeking damage compensation for this unlawful restriction of the Company's activities in that area and appealing the Ministry of Natural Resources' claim that oil palm fruit from the Chean Vanich concession area is a natural forest product liable for forest royalty and maintenance fees. On 19th February 2018, the Nakhon Sri Thammarat Administrative Court dismissed the Company's petition on the above case. The Company therefore submitted an appeal to the Supreme Administrative Court on 19th March 2018 and the Court has accepted the Company's appeal on 5th April 2018. The matter is now under consideration by the Supreme Administrative Court.

From 2014 to 2016, the Company was authorised to harvest oil palm fruit claimed by the Forestry Department, it is a forestry product, in according with the order of Nakhorn Sri Thammarat Administrative Court first judgement to alleviate the suffering for the Company. As at 31st December 2020, the Company has paid royalty and maintenance fees totaling Baht 13 million for oil palm fruit harvested from the Chean Vanich concession area that is recorded as non-current assets in these financial statements. This amount will be reclaimed by the Company if the Supreme Administrative Court rules in favour of the Company's additional petition appealing against forest royalty and maintenance fees.

17 Property, plant and equipment, net (Cont'd)

Between 2017 and 2020, the Company has pursued and accelerated the progress of the execution of judgement through the Nakhon Sri Thammarat Administrative Court Office and the Forestry Department. In addition, a letter has been sent the Prime Minister's Office asking him to expedite the Minister of Natural Resources and Environment to comply with the Court's order as soon as possible.

Additional documents and aerial photographic surveys disclosed during the above legal actions concerning renewal of the Chean Vanich concession reveal that the Company or its predecessors, from whom the Company purchased the land, had occupied approximately 15,510 rai of this area before the Land Laws introduced in 1954. Survey maps reveal that the Government's Land Department "Walking Survey" had investigated and surveyed those occupied areas in 1977, before the announcement of the National Forest Reserve "Pa Plai Klong Phraya" in 1983. The Company claims ownership rights over that land by virtue of the Civil and Commercial Code, Section 1367 and Section 1336, having rights under the Land Code B.E. 2497, Section 4 and Section 27 tri. Therefore, the Company has applied to the Land Department to receive land titles over several blocks of this previously occupied and utilised the land. The Company has also submitted this matter to the Administrative Court in Nakhon Sri Thammarat seeking the Court's instruction to the Land Department to issue land ownership titles to the Company in those occupied areas. The Administrative Court accepted that second petition which is now under consideration by the Court.

18 Intangible assets, net

Consolidated and Separate financial statements

Thousand Baht

As at 1st January 2019	
Cost	17,291
Less Accumulated amortisation	(2,931)
Closing net book amount	14,360
For the year ended 31st December 2019	
Opening net book amount	14,360
Amortisation charge	(1,758)
Closing net book amount	12,602
As at 31st December 2019	
Cost	17,291
Less Accumulated amortisation	(4,689)
Closing net book amount	12,602
For the year ended 31st December 2020	
Opening net book amount	12,602
Amortisation charge	(1,759)
Closing net book amount	10,843
As at 31st December 2020	
Cost	17,291
Less Accumulated amortisation	(6,448)
Closing net book amount	10,843



19 Right-of-use assets, net

	Consolidated and Separate financial statements
	Thousand Baht
For the year ended 31st December 2020	
Opening net book amount (previously reported)	-
Adjustment from first-time adoption of TFRS 16 on 1 January 2020 (Note 5)	13,053
Opening net book amount (restated)	13,053
Additions	2,536
Amortisation charge	(307)
Currency translation differences	299
Closing net book amount	15,581
As at 31st December 2020	
Cost	16,235
Less Accumulated amortisation	(654)
Closing net book amount	15,581

20 Deferred income taxes, net

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deferred income tax assets:				
Deferred income tax asset to be recovered within 12 months	6,139	7,753	4,266	3,203
Deferred income tax asset to be recovered after 12 months	54,327	50,086	54,327	50,086
	60,466	57,839	58,593	53,289
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled within 12 months	9,461	8,841	9,247	8,512
Deferred income tax liabilities to be settled after 12 months	5,925	3,823	-	-
	15,386	12,664	9,247	8,512
Deferred income taxes, net	45,080	45,175	49,346	44,777

20 Deferred income taxes, net (Cont'd)

The gross movement and the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Opening balance (previously reported)	45,175	46,760	44,777	37,705
Adjustment from adoption of new TFRS on 1 st January 2020 (Note 5)	348	-	-	-
Opening balance (restated)	45,523	46,760	44,777	37,705
Charged/(credited) to profit or loss (Note 29)	(443)	(1,585)	4,569	7,072
Closing balance	45,080	45,175	49,346	44,777

The movement in deferred tax assets and liabilities during the year is as follows:

	Consolidated financial statements		
	As at 1 st January 2019 Thousand Baht	Charged/ credited to profit or loss Thousand Baht	As at 31 st December 2019 Thousand Baht
Deferred tax assets			
Employee benefits obligation	39,314	832	40,146
Amortisation of intangible assets	5,548	(1,460)	4,088
Amortisation charge of palm plantation	8,548	(625)	7,923
Tax losses carried forward	5,075	(4,207)	868
Others	8,565	(3,751)	4,814
	67,050	(9,211)	57,839
Deferred tax liabilities			
Biological assets	16,990	(8,478)	8,512
Prepayment of land rent	3,300	(143)	3,157
Others	-	995	995
	20,290	(7,626)	12,664
Deferred income taxes, net	46,760	(1,585)	45,175

20 Deferred income taxes, net (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Consolidated financial statements				
	As at 31 st December 2019 Thousand Baht	Adjustment on adoption of new TFRS Thousand Baht	As at 1 st January 2020 Thousand Baht	Charged/ credited to profit or loss Thousand Baht	As at 31 st December 2020 Thousand Baht
Deferred tax assets					
Employee benefits obligation	40,146	-	40,146	5,652	45,798
Amortisation of intangible assets	4,088	-	4,088	(1,460)	2,628
Amortisation charge of palm plantation	7,923	-	7,923	(625)	7,298
Allowance for expected credit losses	-	348	348	352	700
Tax losses carried forward	868	-	868	(868)	-
Others	4,814	-	4,814	(772)	4,042
	57,839	348	58,187	2,279	60,466
Deferred tax liabilities					
Biological assets	8,512	-	8,512	735	9,247
Prepayment of land rent	3,157	(3,157)	-	-	-
Right-of-use assets	-	3,157	3,157	843	4,000
Others	995	-	995	1,144	2,139
	12,664	-	12,664	2,722	15,386
Deferred income taxes, net	45,175	348	45,523	(443)	45,080

	Separate financial statements		
	As at 1 st January 2019 Thousand Baht	Charged/ credited to profit or loss Thousand Baht	As at 31 st December 2019 Thousand Baht
Deferred tax assets			
Employee benefits obligation	39,314	832	40,146
Amortisation of intangible assets	5,548	(1,460)	4,088
Amortisation charge of palm plantation	8,548	(625)	7,923
Others	1,285	(153)	1,132
	54,695	(1,406)	53,289
Deferred tax liabilities			
Biological assets	16,990	(8,478)	8,512
Deferred income taxes, net	37,705	7,072	44,777

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20 Deferred income taxes, net (Cont'd)

	Separate financial statements		
	As at 1 st January 2020 Thousand Baht	Charged/ credited to profit or loss Thousand Baht	As at 31 st December 2020 Thousand Baht
Deferred tax assets			
Employee benefits obligation	40,146	5,652	45,798
Amortisation of intangible assets	4,088	(1,460)	2,628
Amortisation charge of palm plantation	7,923	(625)	7,298
Others	1,132	1,737	2,869
	<u>53,289</u>	<u>5,304</u>	<u>58,593</u>
Deferred tax liabilities			
Biological assets	8,512	735	9,247
Deferred income taxes, net	<u>44,777</u>	<u>4,569</u>	<u>49,346</u>

21 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Trade payables	11,409	26,970	10,047	20,859
Other payables for purchase of fixed assets	2,333	3,600	1,242	2,565
Deposit from customers	10,373	2,915	10,373	2,915
Others	8,154	5,766	8,108	5,657
Total trade and other payables	<u>32,269</u>	<u>39,251</u>	<u>29,770</u>	<u>31,996</u>

22 Accrued expenses

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Accrued transportation expenses	9,665	16,137	6,002	7,295
Accrued contractor cost	24,499	7,583	5,784	7,583
Accrued employee expenses	12,151	6,753	12,151	6,753
Interests payable to a financial institution	1,022	105	-	-
Others	7,413	7,878	6,556	5,705
Total accrued expenses	<u>54,750</u>	<u>38,456</u>	<u>30,493</u>	<u>27,336</u>

23 Long term loan from financial institution

The subsidiary availed an interest-bearing loan with Land Bank of the Philippines (LBP) amounting to Pesos 234 million. The proceeds of the loan were used to finance the construction of a palm oil mill and fabrication of certain machinery. The interest-bearing loan is payable for ten years with one year grace period on principal which is payable in 36 equal quarterly payments. The loan with LBP is secured by parcels of land owned by a related party which has the same directors as the Group.

The movement in long-term loan from financial institutions is as follows:

	Consolidated financial statements	
	2020 Thousand Baht	2019 Thousand Baht
For the year ended 31st December		
Opening balance	86,140	105,686
Addition	107,377	-
Repayment	(19,267)	(17,268)
Currency translation differences	5,085	(2,278)
Closing balance	179,335	86,140

As at 31st December 2020, the weighted average effective interest rate of the long-term loans of the Group was approximately 4% per annum (2019: 6% per annum).

Maturity of long-term loan from financial institution is as follow:

	Consolidated financial statements	
	2020 Thousand Baht	2019 Thousand Baht
Long-term loan from financial institution		
- Within 1 year	29,523	18,364
- Later than 1 year but no later than 5 years	98,918	67,776
- Later than 5 years	50,894	-
Total long-term loan from financial institution	179,335	86,140

On 25th November 2019, the subsidiary entered an additional interest-bearing loan agreement with Land Bank of the Philippines (LBP) amounting to Pesos 170 million (Baht 107 million). The interest-bearing loan is payable for ten years with one year grace period on principal. The loan was fully drawn down in May 2020. The loan is secured by parcels of land owned by non-controlling interests.

24 Employee benefits obligation

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Statement of financial position	230,385	203,880	230,385	203,880
Expenses of employee benefits for the year	18,406	13,754	18,406	13,754

The movement in the employee benefits obligation over the year is as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Opening balance	203,880	198,097	203,880	198,097
Current service cost	15,592	8,628	15,592	8,628
Interest cost	2,814	5,126	2,814	5,126
Remeasurements of post-employment benefits	11,403	-	11,403	-
Benefits paid	(3,304)	(7,971)	(3,304)	(7,971)
Closing balance	230,385	203,880	230,385	203,880

The amounts recognised in the statement of income are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Current service cost	15,592	8,628	15,592	8,628
Interest cost	2,814	5,126	2,814	5,126
Total, (included in staff costs)	18,406	13,754	18,406	13,754

The principle actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate	1.66%	3.3% - 3.5%	1.66%	3.3% - 3.5%
Salary growth rate	2.0% - 3.5%	3.5% - 7.0%	2.0% - 3.5%	3.5% - 7.0%

24 Employee benefits obligation (Cont'd)

	Change in assumption		Impact on defined benefit obligation			
	2020	2019	Increase in assumption		Decrease in assumption	
			2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Discount rate	1.0%	0.5%	Decrease by 16,199	Decrease by 975	Increase by 18,920	Increase by 1,118
Salary increase rate	1.0%	0.5%	Increase by 17,760	Increase by 3,384	Decrease by 15,495	Decrease by 2,953

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee benefits obligation recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation for staffs are 11 years (2019 : 16 years for management and 13 years for workers).

25 Legal reserve

Under the Public Companies Act, the Company is required to set aside as statutory reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The Company has fully set the legal reserve. This reserve is not available for dividend distribution.

26 Dividends paid**2020**

At the Annual General Shareholders' Meeting held on 17th August 2020, the Shareholders approved a dividend payment for the year ended 31st December 2019 of Baht 0.34 per share, totaling Baht 320 million. The Company has already paid the interim dividend at Baht 0.17 per share, totaling Baht 160 million in September 2019 and at Baht 0.17 per share, totaling Baht 160 million in May 2020.

At the Board of Directors' Meeting held on 14th August 2020, the Board of Directors passed a resolution to approve an interim dividend for the year ending 31st December 2020 of Baht 0.10 per share, totaling Baht 94 million. The Company has already paid the interim dividends in September 2020.

26 Dividends paid (Cont'd)

2019

At the Annual General Shareholders' Meeting held on 26th April 2019, the Shareholders approved a dividend payment for the year ended 31st December 2018 of Baht 0.40 per share, totaling Baht 376 million. During 2018, the Company has already paid the interim dividend at Baht 0.17 per share, totaling Baht 160 million. Therefore, the remaining dividend to be paid is Baht 0.23 per share, totaling Baht 216 million. The Company paid the remaining dividend on 31st May 2019.

At the Board of Directors' Meeting held on 8th August 2019, the Board of Directors passed a resolution to approve an interim dividend for the year ending 31st December 2019 of Baht 0.17 per share, totaling Baht 160 million. The Company paid the interim dividend on 6 September 2019.

27 Non-controlling interests

	Consolidated financial statements	
	2020 Thousand Baht	2019 Thousand Baht
Opening balance	113,967	65,530
Capital contributions by non-controlling interest in subsidiary	-	40,378
Total comprehensive income attributable to non-controlling interests	19,286	8,059
Closing balance	133,253	113,967

In August 2019, the Board of Directors' meeting of Univanich Carmen Palm Oil Corporation (a subsidiary of Univanich Agribusiness Corporation) called up additional 140 million ordinary shares at the par value Peso 1 per share. The Group holds 51% of total authorised share capital totalling Pesos 71 million (Baht 42 million) and 49% of the authorised share capital totalling Pesos 69 million (Baht 40 million) is held by non-controlling interests.

28 Expenses by nature

The following expenses classified by nature, have been charged in arriving at operating profit for the years.

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Raw materials and consumables used	4,493,110	2,994,812	4,270,649	2,767,153
Changes in inventories of palm oil and by products	(94,876)	48,016	(74,855)	36,457
Staff costs	333,887	339,700	324,732	330,804
Transportation expenses	151,509	189,908	128,075	156,774

29 Income tax

The income tax is corporate income tax which calculated from the profit of Non-BOI activities.

The Group recognises income tax payable or receivable in future periods in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Income tax expense for the year comprises the following:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Current income tax expense	80,251	60,770	71,189	60,964
Deferred income tax				
during the year (Note 20)	443	1,585	(4,569)	(7,072)
Total tax expense for the year	80,694	62,355	66,620	53,892

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company, as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Profit before tax	422,940	287,731	380,966	261,665
Tax calculated	20% and 30%	20% and 30%	20% and 30%	20%
Current income tax on accounting profit	88,785	60,788	76,193	52,333
Tax effect of:				
- Income not subject to tax	(5,799)	-	(5,799)	-
- Taxable income not recognised as accounting income	141	425	141	425
- Expenses not deductible for tax purpose	1,727	1,974	245	1,967
- Over-estimated of income tax of prior year	(3,804)	-	(3,804)	-
- Changes in temporary differences which was not recognised	(356)	(832)	(356)	(833)
Tax charge	80,694	62,355	66,620	53,892

The weighted average applicable tax rate for the Group and the Company were 19.1% and 17.5%, respectively (2019: 21.7% and 20.6%, respectively).

30 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Profit attributable to owners of the parent (Thousand Baht)	329,118	216,855	314,346	207,772
Weighted average number of ordinary shares in issue during the year (Shares)	940,000,000	940,000,000	940,000,000	940,000,000
Basic earnings per share for the owners of the parent (Baht)	0.35	0.23	0.33	0.22

31 Related party transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Mr. Apirag Vanich and member of his family are major shareholders.

The following significant transactions were carried out with related parties:

a) Sales / Purchases of goods and services

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Other income				
- Subsidiaries	-	-	5,309	5,283
Interest income				
- Subsidiaries	-	-	60	406
Purchases of goods				
- the same shareholders and directors	25,354	19,395	25,354	19,395
Purchases of services				
- the same shareholders and directors	3,946	4,773	3,946	4,773

31 Related party transactions (Cont'd)

b) Amount due from related parties

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Amount due from related parties				
- Amount due from subsidiaries	-	-	1,068	6,890
- Accrued interest income from subsidiaries	-	-	-	550
- Advance to subsidiaries	-	-	-	1,362
	-	-	1,068	8,802

c) Outstanding balances arising from purchases of goods and services

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
As at				
Accrued expenses				
Other related parties				
- the same shareholders and directors	129	130	129	130
	129	130	129	130

d) Short-term loans to a subsidiary

The short-term loans to a subsidiary amounting to USD 0.5 million carries interest at the rate of 2% per annum and is due on 31st October 2019. However, on 31st October 2019, the Company entered into Supplemental Agreement to amend the term of repayment to be within 30th December 2019.

On 28th October 2019, the Company has entered into a short-term loan agreement with Univanich Carmen Palm Oil Corporation amounting to USD 1 million and is due on 30th December 2019.

However, these loans were fully settled on 23rd January 2020.

The movements in short-term loans to a subsidiary can be analysed as follow:

	Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht
For the year ended 31st December		
Opening balance	47,963	16,143
Addition during the period	-	33,397
Repayment	(48,592)	-
Unrealised loss on exchange rate	629	(1,577)
Closing balance	-	47,963

31 Related party transactions (Cont'd)

e) Long-term loans to a subsidiary

The Company has entered into a long-term loan agreement with Univanich Agribusiness Corporation, a subsidiary, for a maximum of USD 3 million, for investment in a joint venture business project to construct a new palm oil mill factory. The repayment of principal will be due annually at the amount specified in the loan agreement. The first repayment is due after 5 years, commencing from the first draw-down date which will be due for the first repayment on 21st June 2018.

On 21st June 2018, the Company entered into Supplemental Agreement to amend the term of repayment by changing the first repayment to be due on 21st June 2021. Later on 30th December 2020, the Company entered into Supplemental Agreement to amend the term of repayment by changing the first repayment to be due on 1st January 2026. Other terms are the same as of the principal loan agreement.

In addition, on 2nd August 2019, the Company entered into an additional long-term loan agreement with Univanich Agribusiness Corporation amounting to Peso 71 million. The repayment of loan is due within 5 years commencing from the draw-down date.

These loans are uncollateralised and interest-free.

The movements in long-term loans to a subsidiary can be analysed as follow:

	Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht
For the year ended 31st December		
Opening balance (previously reported)	131,585	96,854
Adjustment from first-time adoption of TFRS 9 on 1 st January 2020 (Note 5)	(11,516)	-
Opening balance (restated)	120,069	96,854
Addition during the period	-	43,483
Recognised interest income calculated using the effective interest method	2,332	-
Unrealised loss on exchange rate	1,885	(8,752)
Closing balance	124,286	131,585

f) Prepayment of land rent

The subsidiary entered into an operating lease agreement with a related party, which has the same directors as the Group, relating to leases its land to construct a new palm oil mill factory and agreed for a lease term of 50 years and for a consideration of Pesos 20 million as full rental payment for the entire lease period which has been presented as prepayment of rental in the consolidated financial statements.

	Consolidated financial statements	
	2020 Thousand Baht	2019 Thousand Baht
Current portion of prepayment of land rent	-	295
Prepayment of land rent later than 1 year	-	12,758
	-	13,053

On 1st January 2020, the Group has first-time adoption of the TFRS 16 and reclassified the subsidiary's prepayment of rental relating to leases by recognised as right of use assets (Note 5 and Note 19).

31 Related party transactions (Cont'd)

g) Key management compensation

Key management includes the Company's Chairman, Directors and Audit Committee members. The compensation paid or payable to key management are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Short-term employee benefits	50,326	52,807	42,865	45,743
Post-employment benefits	5,959	4,590	5,959	4,590
	56,285	57,397	48,824	50,333

32 Commitments and contingencies

32.1 Capital commitments

The Group had capital commitments as at the statement of financial position date but not recognised as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
As at				
Construction, purchase of machinery and equipment agreements	Baht 6.64 million Pesos 5.14 million	Baht 1.87 million	Baht 6.64 million	Baht 1.87 million

32.2 Letters of guarantee

As at 31st December 2020, the Group had commitments under bank guarantees arising in the ordinary course of business amounted to Baht 2 million (2019: Baht 2 million).

33 Promotional privileges

Sales, classified as promoted and non-promoted activities are summarised as follows:

	Separate financial statements					
	2020			2019		
	Promoted activities Thousand Baht	Non-promoted activities Thousand Baht	Total Thousand Baht	Promoted activities Thousand Baht	Non-promoted activities Thousand Baht	Total Thousand Baht
Export sales	93,649	1,237,470	1,331,119	294,153	967,929	1,262,082
Domestic sales	1,564,180	2,654,875	4,219,055	1,454,060	1,423,111	2,877,171
Total sales	1,657,829	3,892,345	5,550,174	1,748,213	2,391,040	4,139,253

On 9th June 2007, the Company received approval for promotion privileges from the BOI for electricity from Biogas at Aoluk Branch per promotional privilege certificate no. 60-0642-1-00-1-0. The main privileges include the exemption of import duties on machinery; exemption of corporate income tax for the total promoted activities, but not exceeding 100% of investment excluding land and working capital, for the period of 8 years from the date income is first derived (28th March 2019).

On 28th December 2009, the Company received approval for promotion privileges from the BOI for seed and seedling production under promotional privilege certificate no. 1209(2)/2553. The main privileges include the exemption of import duties on machinery, exemption of corporate income tax for the total promoted activities, but not exceeding 100% of investment excluding land and working capital, for the period of 8 years from the date income is first derived (2nd August 2010).

On 5th March 2012, the Company received approval for promotion privileges from the BOI for crude palm oil and palm kernel production under promotional privilege certificate no. 1564(2)/2555. The main privileges include the exemption of import duties on machinery, exemption of corporate income tax for the total promoted activities, but not exceeding 100% of investment excluding land and working capital, for the period of 8 years from the date income is first derived (3rd March 2012).

On 27th May 2015, the Company received approval for promotion privileges from the BOI for crude palm oil and palm kernel under promotional privilege certificate no. 1683(2)/2558. The main privileges include the exemption of import duties on machinery, exemption of corporate income tax for the total promoted activities, but not exceeding 100% of investment excluding land and working capital, for the period of 8 years from the date income is first derived (2nd March 2018).

On 26th June 2018, the Company received the transfer of rights of promotion privileges from the BOI arising from the business acquisitions from a third party, which has transferred the rights of promotion privileges certificate no. 1873(2)/2553 dated 20th August 2010 to the Company as per certificate no. 61-0738-0-00-1-2. The Company received approval for promotion privileges from the BOI for crude palm oil. The main privileges include the exemption of import duties on machinery, exemption of corporate income tax for the total promoted activities, but not exceeding 100% of investment excluding land and working capital until 6th March 2021.



33 Promotional privileges (Cont'd)

On 16th August 2018, the Company received approval for promotion privileges from the BOI for crude palm oil production under promotional privilege certificate no. 61-0979-1-00-1-0. The main privileges include the exemption of import duties on machinery, exemption of corporate income tax for the total promoted activities, but not exceeding 100% of investment excluding land and working capital, for the period of 5 years from the date income is first derived (1st March 2019).

On 25th March 2019, the Company received approval for promotion privileges from the BOI for crude palm oil production under promotional privilege certificate no. 62-0292-1-00-1-0. The main privileges include the exemption of import duties on machinery, exemption of corporate income tax for the total promoted activities, but not exceeding 100% of investment excluding land and working capital, for the period of 5 years from the date income is first derived (19th August 2019).

The Company must comply with conditions and restrictions indicated in the promotional certificates.

34 Events after the reporting period

At the Board of Directors of the Company's meeting on 24th February 2021, it approved a proposed dividend payment for the operating results of 2020 at Baht 0.27 per share, totaling Baht 254 million. During 2020, the Company has already paid the interim dividend at Baht 0.10 per share, totaling Baht 94 million. Therefore, the remaining dividend will be paid at Baht 0.17 per share, totaling Baht 160 million. The proposed dividend payment will be further proposed at the Annual Shareholders' Meeting for the year 2021 for the consideration and approval.