

Thai Agro Energy Public Company Limited  
Review report and interim financial information  
For the three-month and six-month periods ended  
30 June 2020

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Thai Agro Energy Public Company Limited

I have reviewed the accompanying statement of financial position of Thai Agro Energy Public Company Limited as at 30 June 2020, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

### Emphasis of Matter

I draw attention to Note 1.2 to the interim financial statements. The COVID-19 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation affects the Company's business activities in terms of a significant decrease in purchase orders from the customers, and this is impacting the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage.

The Company's management has continuously monitored the ongoing developments and assessed the financial impact, and will record the impact when it is possible to do so. My conclusion is not modified in respect of this matter.



Patcharawan Koonarangsri

Certified Public Accountant (Thailand) No. 6650

EY Office Limited

Bangkok: 6 August 2020

Thai Agro Energy Public Company Limited

Statement of financial position

As at 30 June 2020

		(Unit: Thousand Baht)	
	Note	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		25,829	25,441
Current investment - open fund		-	1,056
Trade and other receivables	5	190,486	200,305
Inventories		690,970	424,487
Advance payments for purchase of goods		80,199	602,561
Other current financial asset		1,062	-
Other current assets		6,139	49,052
<b>Total current assets</b>		<b>994,685</b>	<b>1,302,902</b>
<b>Non-current assets</b>			
Biological assets		4,094	1,957
Property, plant and equipment	6	2,771,218	2,826,018
Right-of-use-assets	7	28,552	-
Intangible assets		1,627	2,006
Deferred tax assets		2,721	2,978
Other non-current financial asset		769	769
<b>Total non-current assets</b>		<b>2,808,981</b>	<b>2,833,728</b>
<b>Total assets</b>		<b>3,803,666</b>	<b>4,136,630</b>

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

Thai Agro Energy Public Company Limited  
Statement of financial position (continued)  
As at 30 June 2020

		(Unit: Thousand Baht)	
	<u>Note</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	8	1,242,918	1,391,294
Trade and other payables	4, 9	94,314	161,020
Current portion of long-term loans	10	143,834	143,834
Current portion of liabilities lease agreements		7,265	-
Current portion of liabilities finance lease agreements		-	3,008
Income tax payable		5,013	1,770
Provision for short-term employee benefits		777	57
Other current liabilities		18,050	25,056
<b>Total current liabilities</b>		<u>1,512,171</u>	<u>1,726,039</u>
<b>Non-current liabilities</b>			
Long-term loans - net of current portion	10	388,364	460,282
Liabilities under agreements - net of current portion		20,682	-
Liabilities under finance lease agreements - net of current portion		-	8,980
Provision for long-term employee benefits		5,653	5,502
<b>Total non-current liabilities</b>		<u>414,699</u>	<u>474,764</u>
<b>Total liabilities</b>		<u>1,926,870</u>	<u>2,200,803</u>

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

Thai Agro Energy Public Company Limited

Statement of financial position (continued)

As at 30 June 2020

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity (continued)</b>		
<b>Shareholders' equity</b>		
Share capital		
Registered		
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000
Issued and fully paid up		
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000
Share premium	188,796	188,796
Capital reserve for share-based payment transactions	556	556
Retained earnings		
Appropriated - statutory reserve	100,000	100,000
Appropriated - general reserve	192,000	192,000
Unappropriated	395,444	454,475
<b>Total shareholders' equity</b>	<b>1,876,796</b>	<b>1,935,827</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,803,666</b>	<b>4,136,630</b>

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

Directors

(Unaudited but reviewed)

## Thai Agro Energy Public Company Limited

## Statement of comprehensive income

For the three-month and six-month periods ended 30 June 2020

		(Unit: Thousand Baht except earnings per share expressed in Baht)			
		For the three-month periods		For the six-month periods	
		ended 30 June		ended 30 June	
	Note	2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		509,035	620,519	1,247,097	1,373,927
Other income		487	1,950	1,041	2,640
<b>Total revenues</b>		<b>509,522</b>	<b>622,469</b>	<b>1,248,138</b>	<b>1,376,567</b>
<b>Expenses</b>					
Cost of sales		453,396	450,664	1,074,797	979,196
Selling and distribution expenses		3,874	5,699	7,998	12,025
Administrative expenses		23,769	19,656	39,034	29,943
<b>Total expenses</b>		<b>481,039</b>	<b>476,019</b>	<b>1,121,829</b>	<b>1,021,164</b>
<b>Profit from operating activities</b>		<b>28,483</b>	<b>146,450</b>	<b>126,309</b>	<b>355,403</b>
Finance cost		(10,583)	(8,973)	(22,822)	(18,523)
<b>Profit before income tax</b>		<b>17,900</b>	<b>137,477</b>	<b>103,487</b>	<b>336,880</b>
Income tax	11	(10,589)	3,590	(12,518)	(14,350)
<b>Profit for the period</b>		<b>7,311</b>	<b>141,067</b>	<b>90,969</b>	<b>322,530</b>
<b>Other comprehensive income</b>					
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>7,311</b>	<b>141,067</b>	<b>90,969</b>	<b>322,530</b>
<b>Earnings per share</b>					
		12			
<b>Basic earnings per share</b>					
Profit (Baht)		0.01	0.14	0.09	0.32
<b>Weighted average number of ordinary shares</b>					
(Thousand shares)		1,000,000	1,000,000	1,000,000	1,000,000

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

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited  
Statement of changes in shareholders' equity  
For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

			Capital reserve	Retained earnings			
	Issued and		for share-based	Appropriated			
	fully paid up		payment	Statutory	General		
	share capital	Share premium	transactions	reserve	reserve	Unappropriated	Total
Opening balance as at							
1 January 2019	1,000,000	188,796	556	100,000	192,000	290,850	1,772,202
Profit for the period	-	-	-	-	-	322,530	322,530
Other comprehensive income							
for the period	-	-	-	-	-	-	-
Total comprehensive income							
for the period	-	-	-	-	-	322,530	322,530
Dividend paid (Note 13)	-	-	-	-	-	(150,000)	(150,000)
Closing balance as at							
30 June 2019	1,000,000	188,796	556	100,000	192,000	463,380	1,944,732

  

Opening balance as at							
1 January 2020	1,000,000	188,796	556	100,000	192,000	454,475	1,935,827
Profit for the period	-	-	-	-	-	90,969	90,969
Other comprehensive income							
for the period	-	-	-	-	-	-	-
Total comprehensive income							
for the period	-	-	-	-	-	90,969	90,969
Dividend paid (Note 13)	-	-	-	-	-	(150,000)	(150,000)
Closing balance as at							
30 June 2020	1,000,000	188,796	556	100,000	192,000	395,444	1,876,796

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

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited

Statement of cash flows

For the six-month period ended 30 June 2020

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Profit before tax	103,487	336,880
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	88,034	81,659
Gain on disposals of equipment	-	(1,333)
Unrealised gain on change in value of other current financial assets	(6)	(10)
Provision for long-term employee benefits	871	892
Interest income	(31)	(73)
Interest expenses	<u>22,843</u>	<u>18,540</u>
Profit from operating activities before changes in operating assets and liabilities	215,198	436,555
Operating assets (increase) decrease		
Trade and other receivables	9,816	62,537
Inventories	(266,483)	(152,447)
Advance payments for purchase of goods	522,362	339,129
Other current assets	42,913	1,595
Operating liabilities increase (decrease)		
Trade and other payables	(50,944)	20,035
Other current liabilities	(5,855)	(1,781)
Provision for long-term employee benefits	<u>-</u>	<u>(1,311)</u>
Cash from operating activities	467,007	704,312
Cash received from interest income	34	74
Cash paid for interest expenses	(23,632)	(18,763)
Cash paid for income tax	<u>(9,018)</u>	<u>(22,152)</u>
<b>Net cash from operating activities</b>	<u>434,391</u>	<u>663,471</u>

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

(Unaudited but reviewed)

Thai Agro Energy Public Company Limited  
Statement of cash flows (continued)  
For the six-month period ended 30 June 2020

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>		
Acquisitions of Mangium sprout and planting cost	(2,137)	-
Acquisitions of property, plant and equipment	(58,546)	(153,189)
Acquisitions of intangible assets	(57)	(191)
Proceeds from disposals equipment	-	1,786
<b>Net cash used in investing activities</b>	<u>(60,740)</u>	<u>(151,594)</u>
<b>Cash flows from financing activities</b>		
Net decrease in short-term loans from financial institutions	(148,376)	(377,995)
Net increase in long-term loans from financial institutions	-	47,097
Cash paid for long-term loans from financial institutions	(72,000)	(30,000)
Cash paid for lease liabilities	(3,957)	-
Cash paid for liabilities under finance lease agreements	-	(1,182)
Cash paid for dividend	(148,930)	(149,974)
<b>Net cash used in financing activities</b>	<u>(373,263)</u>	<u>(512,054)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	388	(177)
Cash and cash equivalents at beginning of period	<u>25,441</u>	<u>32,191</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>25,829</u></u>	<u><u>32,014</u></u>
 <b>Supplementary cash flows information</b>		
Non-cash related transactions from investing activities		
Payables from purchases of plant and equipment and intangible assets	2,288	16,007
Acquisitions of equipment under lease agreements	6,350	-

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

**Thai Agro Energy Public Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2020**

**1. General information**

**1.1 Corporate information**

Thai Agro Energy Public Company Limited ("the Company") was incorporated as a limited company and domiciled in Thailand and was transformed to be a public limited company under Thai laws on 18 October 2007. Its parent company is Lanna Resources Public Co., Ltd., which is a public limited company incorporated in Thailand. The Company operates in Thailand and is principally engaged in production and distribution of ethanol for fuel. The registered office of the Company is at 888/114, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

**1.2 Coronavirus disease 2019 Pandemic**

The COVID-19 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation affects the Company's business activities in terms of a significant decrease in purchase orders from the customers, and this is impacting the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Company's management has continuously monitored the ongoing developments and assessed the financial impact, and will record the impact when it is possible to do so.

**1.3 Basis of preparation of interim financial statements**

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

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

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

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

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

##### **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7                                      Financial Instruments: Disclosures

TFRS 9                                      Financial Instruments

Accounting standard:

TAS 32                                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16                                   Hedges of a Net Investment in a Foreign Operation

TFRIC 19                                   Extinguishing Financial Liabilities with Equity Instruments

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

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

### **TFRS 16 Leases**

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

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

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

The cumulative effect of the change is described in Note 3.

## **2. Significant accounting policies**

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

### **2.1 Financial instruments**

#### **Classification and measurement**

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

Financial liabilities are classified and measured at amortised cost.

## **Impairment of financial assets**

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

## **2.2 Leases**

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

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

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

### ***Lease liabilities***

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

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

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

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

As described in Note 2 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

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

(Unit: Thousand Baht)				
		The impacts of		
		Financial reporting standards related		
	31 December 2019	to financial instruments	TFRS 16	1 January 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investment - open fund	1,056	(1,056)	-	-
Other current financial assets	-	1,056	-	1,056
<b>Non-current assets</b>				
Property, plant and equipment	2,826,018	-	(12,941)	2,813,077
Right-of-use-assets	-	-	26,227	26,227
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	6,361	6,361
Current portion of liabilities under finance lease contracts	3,008	-	(3,008)	-
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	-	-	18,913	18,913
Liabilities under finance lease contracts - net of current portion	8,980	-	(8,980)	-

### 3.1 Financial instruments

- The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value			Total
		Fair value through profit or loss	through other comprehensive income	Amortised cost	
<b>Financial assets as at</b>					
<b>1 January 2020</b>					
Cash and cash equivalents	25,441	-	-	25,441	25,441
Trade and other receivables	200,305	-	-	200,305	200,305
Other current financial assets	1,056	1,056	-	-	1,056
<b>Total financial assets</b>	<b>226,802</b>	<b>1,056</b>	<b>-</b>	<b>225,746</b>	<b>226,802</b>

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

### 3.2 Leases

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

(Unaudited but reviewed)

(Unit: Thousand Baht)

Operating lease commitments as at 31 December 2019	8,910
Add: Option to extend lease term	8,974
Less: Short-term leases and leases of low-value assets	(388)
Contracts reassessed as service agreements	(3,739)
Deferred interest expenses	(471)
Increase in lease liabilities due to TFRS 16 adoption	13,286
Liabilities under finance lease agreements as at 31 December 2019	11,988
Lease liabilities as at 1 January 2020	25,274

Comprise of:

Current lease liabilities	6,361
Non-current lease liabilities	18,913
	25,274

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

(Unit: Thousand Baht)

Buildings and building improvement	11,527
Machinery and equipment	792
Furniture, fixtures and office equipment	145
Motor vehicles	13,763
<b>Total right-of-use assets</b>	<b>26,227</b>

#### 4. Related party transactions

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

	(Unit: Million Baht)				
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policy
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with related company</u>					
Purchase of goods	5	-	5	-	Market price

The outstanding balances of the accounts as at 30 June 2020 and 31 December 2019 between the Company and related party are as follows:

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
<u>Trade payables - related party (Note 9)</u>		
Related company (Related by common share holder)	3,466	-
Total trade payables - related party	3,466	-

#### Directors and management's benefits

During the three-month and six-month periods ended 30 June 2020 and 2019, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2020	2019	2020	2019
Short-term employee benefits	10,765	9,761	15,816	15,712
Post-employment benefits	614	83	684	166
Total	11,379	9,844	16,500	15,878

**5. Trade and other receivables**

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
Trade receivables	182,765	191,253
Other receivables	7,716	8,544
Loan to employee	-	500
Interest receivable	5	8
Total trade and other receivables	<u>190,486</u>	<u>200,305</u>

The outstanding balances of trade receivables as at 30 June 2020 amounting to Baht 182.8 million (31 December 2019: Baht 191.3 million) are undue trade receivables.

**6. Property, plant and equipment**

Movements in the property, plant and equipment account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2020	2,813,077
Acquisitions during the period - at cost	41,714
Depreciation for the period	<u>(83,573)</u>
Net book value as at 30 June 2020	<u>2,771,218</u>

As at 30 June 2020, the Company had an outstanding balance of the construction of Wastewater Evaporation Plant amounting to Baht 378.6 million (2019: Baht 374.4 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 4.2 million were capitalised during the six-month period ended 30 June 2020 (31 December 2019: Baht 11.4 million). The weighted average rate of 2.4 - 3.1 percent per annum eligible for capitalisation (31 December 2019: 3.1 - 3.8 percent per annum).

The Company has mortgaged part of its land and construction thereon and machinery with net book value as at 30 June 2020 amounting to approximately Baht 1,464.2 million (31 December 2019: Baht 1,513.7 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 8 and 10.

**7. Right-of-use assets**

Movements of right-of-use assets for the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2020	26,227
Increase during the period	6,350
Depreciation for the period	(4,025)
Net book value as at 30 June 2020	<u>28,552</u>

**8. Short-term loans from financial institutions**

	Interest rate (percent per annum)		(Unit: Thousand Baht)	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Promissory notes	2.75	2.75 - 2.95	763,353	943,222
Trust receipts	2.53 - 2.63	2.53 - 2.73	479,565	448,072
Total			<u>1,242,918</u>	<u>1,391,294</u>

Movements in short-term loans from financial institutions during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2020	1,391,294
Add: Increase during the period	1,327,373
Less: Repayment during the period	(1,475,749)
Balance as at 30 June 2020	<u>1,242,918</u>

Credit facilities from a financial institution are secured by the mortgage of part of the Company's land and construction thereon and machinery as discussed in Note 6.

As at 30 June 2020, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 867.1 million (31 December 2019: Baht 668.7 million).

## 9. Trade and other payables

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
Trade payables - related party	3,466	-
Trade payables - unrelated parties	72,049	124,477
Other payables - unrelated parties	16,466	35,280
Dividend payables - unrelated parties	2,333	1,263
Total trade and other payables	<u>94,314</u>	<u>161,020</u>

## 10. Long-term loans

				(Unit: Thousand Baht)	
No.	Credit facilities (Million Baht)	Interest rate (percent per annum)	Repayment schedule	30 June 2020	31 December 2019
1	418.0	3M THBFIX reference rate + 1.95	The loan is repayable within 6 years and is repayable the first installment in the last day of the eighteenth month since the subsidiary withdrew the loan (8 June 2018). The principal is payable in 10 semi-annually installments of Baht 42 million during the first to ninth installment, remaining balance is repayable in the tenth installment and interest is repayable every 3 months.	322,458	364,414
2	300.0	3M THBFIX reference rate + 1.95	The loan is repayable within 5 years and is repayable the first installment in the last day of the sixth month since the Company withdrew the loan (15 November 2018). The principal is repayable in 10 semi-annually installments of Baht 30 million each and interest is repayable every 3 months.	209,740	239,702
Total				<u>532,198</u>	<u>604,116</u>
Less: Current portion				<u>(143,834)</u>	<u>(143,834)</u>
Long-term loans, net of current portion				<u>388,364</u>	<u>460,282</u>

Movements in the long-term loans account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2020	604,116
Add: Amortisation of transaction costs during the period	82
Less: Repayment during the period	<u>(72,000)</u>
Balance as at 30 June 2020	<u>532,198</u>

The loans are secured by the mortgage of a part of the Company's land and construction thereon and machinery as discussed in Note 6.

The loan agreements contain covenants that, among other things, require the Company to maintain certain financial ratios according to the agreement such as debt to equity and debt service coverage ratios at the rate prescribed in the agreements. As at 30 June 2020, the Company could maintain certain financial ratios as specified in the long-term loan agreements.

As at 30 June 2020, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 11.2 million (31 December 2019: Baht 11.2 million).

## 11. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	3,084	(3,349)	5,013	14,288
Adjustment in respect of income tax of previous year	7,248	-	7,248	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>257</u>	<u>(241)</u>	<u>257</u>	<u>62</u>
<b>Income tax reported in the profit or loss</b>	<u>10,589</u>	<u>(3,590)</u>	<u>12,518</u>	<u>14,350</u>

## 12. Earnings per share

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

**13. Dividend**

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2020</u></b>				
Interim dividends in respect of operation income from BOI promoted operation for the period from 1 July 2019 to 31 December 2019	Board of Directors Meeting on 9 April 2020	150,000	0.15	8 May 2020
Total		150,000	0.15	
<b><u>2019</u></b>				
Final dividends in respect of operation income from BOI promoted operation for the period from 1 July 2018 to 31 December 2018	Annual General Meeting of the shareholders on 25 April 2019	150,000	0.15	24 May 2019
Total		150,000	0.15	

**14. Segment information**

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

The Company is organised into business units based on its products. The Company recognised revenue at the point in time. In 2019, the Company has added a reportable segment, which is soil conditioner. However, at present the operation of such segment is insignificant.

## **15. Commitments and contingent liabilities**

### **15.1 Capital commitments**

As at 30 June 2020, the Company had capital commitments of approximately Baht 14.5 million relating to the construction of Vinasse Evaporation Plant and other projects (31 December 2019: Baht 16.4 million).

### **15.2 Long-term service and purchase commitments**

- a) The Company entered into a power supply agreement with the Provincial Electricity Authority for a period of one year and being automatically renewed for every one-year period. The Company shall pay power supply at the rate as stipulated in the agreement.
- b) As at 30 June 2020, the Company had service commitments in respect of security service and other services payable in the future of approximately Baht 5.3 million (31 December 2019: Baht 3.7 million).

### **15.3 Guarantees**

As at 30 June 2020, there were outstanding bank guarantees of approximately Baht 5.0 million issued by the bank on behalf of the Company to guarantee contracted performance under the agreement for using of electric to the Provincial Electricity Authority (31 December 2019: Baht 5.0 million).

## **16. Litigation**

On September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement, claiming a compensation for damage of Baht 186.9 million. The Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Both parties defended in three courts. The case has been finished on 17 April 2019 by the Supreme Court affirmed the judgment of the Civil Court and the Appeal Court to order that company to make payments for purchases of cassava chip that the Company paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2011 (the countersue date) until completion of payment. Now the execution of judgment is in process.

In addition, on 18 May 2018, the Company sued that company for bankruptcy case. The Bankruptcy court passed the judgment on 29 May 2019 that the case was thrown out as that company has the right to claim with a debtor which is a government agency then that company has not become insolvent yet. The Company has already made attachment of the claim.

The Company recorded allowance for impairment in advance paid to that company for a whole amount. Subsequently, on 13 August 2019, the Company received partial payment of Baht 0.2 million from that company.

**17. Fair value hierarchy**

As at 30 June 2020 and 31 December 2019, the Company had the financial assets that were measured at fair value based on levels of inputs as follows:

	(Unit: Thousand Baht)			
	As at 30 June 2020		As at 31 December 2019	
	Level 2	Total	Level 2	Total
<b>Financial assets measured at fair value</b>				
Other current financial assets/current				
investment - open fund	1,062	1,062	1,056	1,056

**18. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's authorised directors on 6 August 2020.