

Lam Soon (Thailand) Public Company Limited  
and its subsidiaries

Review report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 2018

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

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

I have reviewed the accompanying consolidated statement of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 30 September 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same period. 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.

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 9 November 2018

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

**Statements of financial position**

**As at 30 September 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	109,926	414,143	46,207	143,989
Trade and other receivables	2,4	897,693	1,105,298	769,693	956,093
Short-term loans to related parties	2	-	-	-	-
Inventories	5	1,414,723	1,452,462	769,414	922,675
Biological assets		70,107	70,616	-	-
Other current assets		41,072	35,674	7,599	9,064
<b>Total current assets</b>		<b>2,533,521</b>	<b>3,078,193</b>	<b>1,592,913</b>	<b>2,031,821</b>
<b>Non-current assets</b>					
Investments in subsidiaries	6	-	-	1,333,967	1,312,871
Investment in joint venture	7	40,880	31,594	-	-
Investment in associated company	8	-	-	-	-
Other long-term investments		23	1,002	23	1,002
Long-term loan to other company	9	20,240	21,160	-	-
Investment properties	10	63,196	63,691	5,615	5,615
Property, plant and equipment	11	2,263,192	2,350,500	760,322	813,875
Cost of palm plantation	12	211,797	230,931	192	201
Goodwill		196,376	196,376	-	-
Intangible assets		8,509	10,283	4,830	5,444
Deferred tax assets		57,640	52,014	19,156	17,942
Other non-current assets		4,733	4,536	546	485
<b>Total non-current assets</b>		<b>2,866,586</b>	<b>2,962,087</b>	<b>2,124,651</b>	<b>2,157,435</b>
<b>Total assets</b>		<b>5,400,107</b>	<b>6,040,280</b>	<b>3,717,564</b>	<b>4,189,256</b>

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

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

**Statements of financial position (continued)**

**As at 30 September 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
Note	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Bank overdrafts and short-term loans				
from financial institutions	13	621,000	91,000	570,000
Trade and other payables	2,14	519,593	443,542	472,608
Current portion of long-term loans	15	156,303	37,513	78,000
Current portion of liabilities under				
finance lease agreements		573	-	-
Income tax payable		29,058	10,346	14,645
Other current liabilities		24,488	2,954	16,850
<b>Total current liabilities</b>		<b>1,351,015</b>	<b>585,355</b>	<b>1,152,103</b>
<b>Non-current liabilities</b>				
Long-term loans - net of current portion	15	58,276	-	18,013
Liabilities under finance lease				
agreements - net of current portion		25	-	-
Provision for long-term employee benefits		132,996	76,504	70,806
<b>Total non-current liabilities</b>		<b>191,297</b>	<b>76,504</b>	<b>88,819</b>
<b>Total liabilities</b>		<b>1,542,312</b>	<b>661,859</b>	<b>1,240,922</b>

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

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

**Statements of financial position (continued)**

**As at 30 September 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 September 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)	As at 30 September 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Share premium	241,970	241,970	241,970	241,970
Other surpluses (deficits)				
Premium on treasury stock	5,269	5,269	5,269	5,269
Deficit on changes in shareholding in subsidiary	(6,579)	(6,579)	-	-
Retained earnings				
Appropriated - statutory reserve	114,755	114,755	82,000	82,000
Unappropriated	2,351,224	2,218,554	1,906,466	1,799,512
Other components of shareholders' equity	-	(417)	-	(417)
Equity attributable to owners of the Company	3,526,639	3,393,552	3,055,705	2,948,334
Non-controlling interests of the subsidiaries	331,156	336,338	-	-
<b>Total shareholders' equity</b>	<b>3,857,795</b>	<b>3,729,890</b>	<b>3,055,705</b>	<b>2,948,334</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,400,107</b>	<b>6,040,280</b>	<b>3,717,564</b>	<b>4,189,256</b>

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

.....  
Directors  
.....

(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**  
**Statements of comprehensive income**  
**For the three-month period ended 30 September 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		1,702,981	2,050,388	1,322,398	1,503,369
Other income		15,217	15,524	19,105	22,550
<b>Total revenues</b>		<b>1,718,198</b>	<b>2,065,912</b>	<b>1,341,503</b>	<b>1,525,919</b>
<b>Expenses</b>					
Cost of sales		1,417,710	1,746,999	1,149,986	1,342,987
Selling expenses		157,016	160,233	92,036	96,563
Administrative expenses		53,385	51,687	26,633	26,659
Loss from change in fair value of biological assets		9,339	1,386	-	-
<b>Total expenses</b>		<b>1,637,450</b>	<b>1,960,305</b>	<b>1,268,655</b>	<b>1,466,209</b>
<b>Profit before share of profit (loss) from investment in joint venture, finance cost and income tax expenses</b>					
		80,748	105,607	72,848	59,710
Share of profit (loss) from investment in joint venture	7	(508)	3,550	-	-
<b>Profit before finance cost and income tax expenses</b>					
		80,240	109,157	72,848	59,710
Finance cost		(4,857)	(10,806)	(1,001)	(4,378)
<b>Profit before income tax expenses</b>					
		75,383	98,351	71,847	55,332
Income tax expenses	16	(7,247)	(14,420)	(9,905)	(3,674)
<b>Profit for the period</b>		<b>68,136</b>	<b>83,931</b>	<b>61,942</b>	<b>51,658</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on changes in value of available-for-sale investments		-	9	-	9
Income tax effect	16	-	(1)	-	(1)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		-	8	-	8
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>8</b>	<b>-</b>	<b>8</b>
<b>Total comprehensive income for the period</b>		<b>68,136</b>	<b>83,939</b>	<b>61,942</b>	<b>51,666</b>

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

(Unaudited but reviewed)

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

**Statements of comprehensive income (continued)**

**For the three-month period ended 30 September 2018**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		74,899	87,273	<u>61,942</u>	<u>51,658</u>
Non-controlling interests of the subsidiaries		<u>(6,763)</u>	<u>(3,342)</u>		
		<u>68,136</u>	<u>83,931</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		74,899	87,281	<u>61,942</u>	<u>51,666</u>
Non-controlling interests of the subsidiaries		<u>(6,763)</u>	<u>(3,342)</u>		
		<u>68,136</u>	<u>83,939</u>		
<b>Basic earnings per share</b>					
	17				
Profit attributable to equity holders of the Company (Baht)		<u>0.09</u>	<u>0.11</u>	<u>0.08</u>	<u>0.06</u>

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

(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**  
**Statements of comprehensive income**  
**For the nine-month period ended 30 September 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		5,551,214	6,298,818	4,233,997	4,716,568
Gain from change in fair value of biological assets		-	7,663	-	-
Dividend income		-	10	84,933	34,018
Other income		53,011	60,229	82,275	73,049
<b>Total revenues</b>		<b>5,604,225</b>	<b>6,366,720</b>	<b>4,401,205</b>	<b>4,823,635</b>
<b>Expenses</b>					
Cost of sales		4,594,984	5,305,479	3,760,654	4,241,660
Selling expenses		471,577	470,330	275,226	280,458
Administrative expenses		155,346	160,283	79,949	82,466
Loss from impairment of assets		28,536	-	-	-
Loss from change in fair value of biological assets		6,267	-	-	-
<b>Total expenses</b>		<b>5,256,710</b>	<b>5,936,092</b>	<b>4,115,829</b>	<b>4,604,584</b>
<b>Profit before share of gain (loss) from investment in joint venture, finance cost and income tax expenses</b>					
Share of gain (loss) from investment in joint venture	7	11,786	(1,848)	-	-
<b>Profit before finance cost and income tax expenses</b>					
Finance cost		(18,219)	(30,575)	(6,022)	(12,715)
<b>Profit before income tax expenses</b>					
Income tax expenses	16	(55,602)	(60,987)	(24,880)	(13,675)
<b>Profit for the period</b>		<b>285,480</b>	<b>337,218</b>	<b>254,474</b>	<b>192,661</b>

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



(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries****Statements of comprehensive income (continued)****For the nine-month period ended 30 September 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain (loss) on changes in value of available-for-sale investments		521	(83)	521	(83)
Income tax effect	16	(104)	17	(104)	17
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		417	(66)	417	(66)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(14,983)	-	-
Income tax effect	16	-	2,997	-	-
Share of other comprehensive income of investment in joint venture - actuarial gain	7	-	266	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		-	(11,720)	-	-
<b>Other comprehensive income for the period</b>		417	(11,786)	417	(66)
<b>Total comprehensive income for the period</b>		285,897	325,432	254,891	192,595
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		280,190	337,798	254,474	192,661
Non-controlling interests of the subsidiaries		5,290	(580)		
		285,480	337,218		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		280,607	329,532	254,891	192,595
Non-controlling interests of the subsidiaries		5,290	(4,100)		
		285,897	325,432		
<b>Basic earnings per share</b>	17				
Profit attributable to equity holders of the Company (Baht)		0.34	0.41	0.31	0.23

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

(Unaudited but reviewed)

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

## Statements of changes in shareholders' equity

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to the owners of the Company											
						Other components of equity					
						Other comprehensive income					
						Deficit		Equity			
						on changes		Total other	Total equity	attributable to	Total
						in value of		components of	attributable to	non-controlling	shareholders'
						available-for-sale		shareholders'	shareholders of	interests of	shareholders'
						investments		equity	the Company	the subsidiaries	equity
Issued and paid up		Share premium	Premium on treasury stock	Deficit on change in shareholding in subsidiary	Retained earnings						
share capital	premium			Appropriated - statutory reserve	Unappropriated						
<b>Balance as at 1 January 2017</b>	820,000	241,970	5,269	(6,579)	107,473	1,966,151	(679)	(679)	3,133,605	358,693	3,492,298
Profit for the period	-	-	-	-	-	337,798	-	-	337,798	(580)	337,218
Other comprehensive income for the period	-	-	-	-	-	(8,200)	(66)	(66)	(8,266)	(3,520)	(11,786)
Total comprehensive income for the period	-	-	-	-	-	329,598	(66)	(66)	329,532	(4,100)	325,432
Reversal of prior year dividend	-	-	-	-	-	134	-	-	134	-	134
Dividend paid (Note 19)	-	-	-	-	-	(82,000)	-	-	(82,000)	-	(82,000)
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(14,600)	(14,600)
<b>Balance as at 30 September 2017</b>	<b>820,000</b>	<b>241,970</b>	<b>5,269</b>	<b>(6,579)</b>	<b>107,473</b>	<b>2,213,883</b>	<b>(745)</b>	<b>(745)</b>	<b>3,381,271</b>	<b>339,993</b>	<b>3,721,264</b>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to the owners of the Company											
						Other components of equity					
						Other comprehensive income					
						Surplus (deficit)		Equity			
Issued and paid up		Share premium	Premium on treasury stock	Deficit on change in shareholding in subsidiary	Retained earnings		on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
share capital	premium	treasury stock	in subsidiary	Appropriated - statutory reserve	Unappropriated	investments	equity	the Company	the subsidiaries	equity	
<b>Balance as at 1 January 2018</b>	820,000	241,970	5,269	(6,579)	114,755	2,218,554	(417)	(417)	3,393,552	336,338	3,729,890
Profit for the period	-	-	-	-	-	280,190	-	-	280,190	5,290	285,480
Other comprehensive income for the period	-	-	-	-	-	-	417	417	417	-	417
Total comprehensive income for the period	-	-	-	-	-	280,190	417	417	280,607	5,290	285,897
Reversal of prior year dividend	-	-	-	-	-	80	-	-	80	-	80
Dividend paid (Note 19)	-	-	-	-	-	(147,600)	-	-	(147,600)	-	(147,600)
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(10,472)	(10,472)
<b>Balance as at 30 September 2018</b>	<b>820,000</b>	<b>241,970</b>	<b>5,269</b>	<b>(6,579)</b>	<b>114,755</b>	<b>2,351,224</b>	<b>-</b>	<b>-</b>	<b>3,526,639</b>	<b>331,156</b>	<b>3,857,795</b>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Separate financial statements					Other components of equity		Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings	Other comprehensive income	Deficit on changes in value of available-for-sale investments	Total other components of shareholders' equity	
				Appropriated - statutory reserve	Unappropriated			
<b>Balance as at 1 January 2017</b>	820,000	241,970	5,269	82,000	1,680,808	(679)	(679)	2,829,368
Profit for the period	-	-	-	-	192,661	-	-	192,661
Other comprehensive income for the period	-	-	-	-	-	(66)	(66)	(66)
Total comprehensive income for the period	-	-	-	-	192,661	(66)	(66)	192,595
Reversal of prior year dividend	-	-	-	-	134	-	-	134
Dividend paid (Note 19)	-	-	-	-	(82,000)	-	-	(82,000)
<b>Balance as at 30 September 2017</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,791,603</u>	<u>(745)</u>	<u>(745)</u>	<u>2,940,097</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Separate financial statements						Other components of equity		
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2018</b>	820,000	241,970	5,269	82,000	1,799,512	(417)	(417)	2,948,334	
Profit for the period	-	-	-	-	254,474	-	-	254,474	
Other comprehensive income for the period	-	-	-	-	-	417	417	417	
Total comprehensive income for the period	-	-	-	-	254,474	417	417	254,891	
Reversal of prior year dividend	-	-	-	-	80	-	-	80	
Dividend paid (Note 19)	-	-	-	-	(147,600)	-	-	(147,600)	
<b>Balance as at 30 September 2018</b>	<b>820,000</b>	<b>241,970</b>	<b>5,269</b>	<b>82,000</b>	<b>1,906,466</b>	<b>-</b>	<b>-</b>	<b>3,055,705</b>	

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

(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries****Cash flow statements****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit before tax	341,082	398,205	279,354	206,336
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	177,330	181,089	72,354	72,267
Loss (gain) from change in fair value of biological assets	6,267	(7,663)	-	-
Share of loss (profit) from investment in joint venture	(11,786)	1,848	-	-
Increase (decrease) in allowance for doubtful accounts	729	(969)	133	398
Increase in allowance for diminution in inventory value	21,339	2,009	926	198
Reversal of allowance for impairment loss of investment in subsidiary	-	-	(21,096)	-
Increase in allowance for impairment of assets	28,536	-	-	-
Gain on disposals of property, plant and equipment	(1,689)	(15,828)	(572)	(2,927)
Loss on write-off of cost of palm plantation	861	16	-	-
Loss on disposal of other long-term investment	493	-	493	-
Unrealised loss (gain) on exchange	1,637	(211)	412	(111)
Provision for long-term employee benefits	11,822	10,250	6,157	6,049
Dividend income from subsidiaries	-	-	(84,933)	(34,008)
Dividend income from other companies	-	(10)	-	(10)
Interest expenses	16,372	28,389	4,868	11,588
Profit from operating activities before changes in operating assets and liabilities	592,993	597,125	258,096	259,780
Decrease (increase) in operating assets				
Trade and other receivables	205,150	(48,699)	185,811	(17,545)
Inventories and biological assets	10,642	(334,733)	152,335	(162,518)
Other current assets	(2,055)	(4,820)	1,848	5,536
Other non-current assets	(197)	6	(61)	-
Increase (decrease) in operating liabilities				
Trade and other payables	26,389	34,690	(30,610)	(11,017)
Other current liabilities	(16,024)	4,265	(13,886)	729
Provision for long-term employee benefits	(11,164)	(17,281)	(459)	(9,638)
Cash from operating activities	805,734	230,553	553,074	65,327
Cash paid for interest expenses	(16,828)	(28,029)	(5,206)	(11,103)
Income tax refund	270	4,585	-	-
Cash paid for income tax	(63,582)	(94,628)	(30,880)	(16,748)
<b>Net cash from operating activities</b>	<b>725,594</b>	<b>112,481</b>	<b>516,988</b>	<b>37,476</b>

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

(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries****Cash flow statements (continued)****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Dividend received from subsidiaries	-	-	84,933	34,008
Dividend received from joint venture	2,500	750	-	-
Dividend received from other companies	-	10	-	10
Decrease in long-term loan to other company	920	39,320	-	-
Acquisitions of property, plant and equipment	(92,062)	(102,118)	(20,477)	(33,037)
Cash paid for deposits for equipment	-	(1,003)	-	-
Proceeds from disposals of long-term investment to other company	1,007	-	1,007	-
Proceeds from disposals of property, plant and equipment	6,860	16,515	4,891	3,156
Increase in cost of palm plantation	(12,458)	(16,286)	-	-
Increase in intangible assets	(283)	(4,520)	(94)	(1,421)
<b>Net cash from (used in) investing activities</b>	<b>(93,516)</b>	<b>(67,332)</b>	<b>70,260</b>	<b>2,716</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	(859,000)	177,029	(479,000)	60,000
Repayment of liabilities under finance lease agreements	(359)	(334)	-	-
Cash received from long-term loans	200,000	-	-	-
Repayment of long-term loans	(118,934)	(77,250)	(58,500)	(58,500)
Dividend paid	(158,002)	(96,570)	(147,530)	(81,970)
<b>Net cash from (used in) financing activities</b>	<b>(936,295)</b>	<b>2,875</b>	<b>(685,030)</b>	<b>(80,470)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(304,217)</b>	<b>48,024</b>	<b>(97,782)</b>	<b>(40,278)</b>
Cash and cash equivalents at beginning of the period	414,143	420,385	143,989	130,745
<b>Cash and cash equivalents at end of the period</b>				
<b>(Note 3)</b>	<b>109,926</b>	<b>468,409</b>	<b>46,207</b>	<b>90,467</b>

**Supplementary disclosures of cash flows information**

## Non-cash transactions

## Acquisitions of plant and equipment

that have not been paid

7,527 8,886 4,996 1,350

## Dividend payable

70 3,767 70 590

## Transfer of deposits for equipment to equipment

- 26,150 - -

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

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

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2018**

**1. General information**

**1.1 Corporate information**

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

**1.2 Basis for the preparation of interim financial statements**

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

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

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

**1.3 Basis of consolidation**

The interim consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (herein after called “the Company”) and its subsidiaries (herein after called “the subsidiaries”), which were incorporated in Thailand, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been no changes in the composition of the group during the current period.



## **1.4 New financial reporting standards**

### **(a) Financial reporting standards that became effective in the current year**

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017 ) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

### **(b) Financial reporting standards that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

### **Thai Financial Reporting Standards related to financial instruments**

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

Financial Reporting Standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

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 entity'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. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

## 2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	94.1	66.7	Market price on the contract date
Purchase of goods and services	-	-	130.2	155.2	Market price less fixed margin
Sales of goods and services	-	-	0.3	0.3	Market price
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	13.2	15.9	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	50.4	44.5	-	-	Price approximates market price
Purchase of goods	0.7	1.3	0.1	-	Selling price less marketing expenses and profit margin
Other expenses	5.1	4.5	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Land rental income	0.3	0.4	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	7.3	0.1	-	-	Market price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	360.9	224.0	Market price on the contract date
Purchase of goods and services	-	-	402.0	485.4	Market price less fixed margin
Sales of goods and services	-	-	0.9	0.9	Market price
Dividend income	-	-	84.9	34.0	At the declared rate
Rental income	-	-	1.5	1.5	Market price/Contract price
Selling and administrative service income	-	-	42.0	50.4	Actual charge

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with related companies</u>					
Sales of goods	132.2	122.9	-	-	Price approximates market price
Purchase of goods	2.0	3.0	1.7	-	Selling price less marketing expenses and profit margin
Other expenses	16.3	10.6	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Land rental income	0.9	1.0	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	13.2	1.6	-	-	Market price

The balances of accounts as at 30 September 2018 and 31 December 2017 between the Company and the related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b><u>Trade and other receivables - related parties</u></b> (Note 4)				
Subsidiaries	-	-	26,452	17,016
Associated company	452	452	-	-
Related companies (related by common shareholders)	60,161	64,956	-	51
<b>Total trade and other receivables - related parties</b>	60,613	65,408	26,452	17,067
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
<b>Total trade and other receivables - related parties - net</b>	39,833	44,628	26,452	17,067
<b><u>Short-term loans to related parties</u></b>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
<b>Total short-term loans - related parties</b>	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
<b>Total short-term loans to related parties - net</b>	-	-	-	-
<b><u>Trade and other payables - related parties</u></b> (Note 14)				
Subsidiaries	-	-	127,590	145,286
Related companies (related by common shareholders)	8,422	6,901	-	-
<b>Total trade and other payables - related parties</b>	8,422	6,901	127,590	145,286

Short-term loans to related parties

Short-term loans to associated and related companies of subsidiary carry interest at a rate of 7 percent per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has ceased from the date the Central Bankruptcy Court accepted the bankruptcy suits which the subsidiary brought against the associated and related companies. Currently, this case is in state of the Legal Execution Department.

Selling and administrative service income

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

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2018, the Company and its subsidiaries had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 34.9 million and Baht 104.8 million, respectively (2017: Baht 34.7 million and Baht 107.4 million, respectively) and for the Company totaling Baht 21.3 million and Baht 65 million, respectively (2017: Baht 20.8 million and Baht 63.4 million, respectively).

**3. Cash and cash equivalents**

As at 30 September 2018 and 31 December 2017, cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Cash	2,420	4,181	858	1,227
Bank deposits	107,506	379,982	45,349	142,762
Investment in Bank of Thailand bonds	-	29,980	-	-
<b>Total</b>	<b>109,926</b>	<b>414,143</b>	<b>46,207</b>	<b>143,989</b>

As at 30 September 2018, bank deposits in savings account and fixed deposits carried interest between 0.05 and 1.00 percent per annum (31 December 2017: between 0.05 and 1.13 percent per annum).

(Unaudited but reviewed)

**4. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	34,463	28,638	-	130
Past due				
Up to 3 months	5,365	15,988	-	-
3 - 6 months	5	-	-	-
Over 12 months	452	452	-	-
Total	40,285	45,078	-	130
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	39,833	44,626	-	130
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	26,550	43,327	26,549	43,328
Cheque returned	19,403	19,468	14,440	14,505
Not yet due	692,504	748,338	612,132	657,539
Past due				
Up to 3 months	133,808	257,636	101,003	235,168
3 - 6 months	1,125	6,364	171	152
6 - 12 months	221	1,122	221	360
Over 12 months	29,694	29,042	3,868	3,797
Total	903,305	1,105,297	758,384	954,849
Less: Allowance for doubtful accounts	(47,942)	(47,346)	(16,466)	(16,466)
Total trade receivables - unrelated parties - net	855,363	1,057,951	741,918	938,383
Total trade receivables - net	895,196	1,102,577	741,918	938,513
<u>Other receivables</u>				
Other receivables - related parties	-	2	4,819	1,622
Other receivables - unrelated parties	3,030	3,145	2,784	1,971
Accrued income - related parties	-	-	21,633	15,315
Accrued income - unrelated parties	309	429	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	620	474	-	-
Total	24,287	24,378	29,236	18,908
Less: Allowance for doubtful accounts	(21,790)	(21,657)	(1,461)	(1,328)
Total other receivables - net	2,497	2,721	27,775	17,580
<b>Total trade and other receivables - net</b>	<b>897,693</b>	<b>1,105,298</b>	<b>769,693</b>	<b>956,093</b>

## 5. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2017</b>	31,951	-
The reduction of inventory value recorded during the period	21,339	926
<b>Balance as at 30 September 2018</b>	<u>53,290</u>	<u>926</u>

## 6. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht)	
	30 September	31 December	30 September	31 December	30 September	31 December	Dividend received during the nine-month periods ended	
	2018	2017	2018	2017	2018	2017	30 September	30 September
			Percent	Percent			2018	2017
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	22,672	34,008
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623	62,261	-
<b>Total</b>					1,333,967	1,333,967	84,933	34,008
Less: Allowance for impairment loss of investments					-	(21,096)		
<b>Total investments in subsidiaries - net</b>					<u>1,333,967</u>	<u>1,312,871</u>		

As at 30 September 2018, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on the latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 1,088 million (31 December 2017: Baht 1,125 million).

## 7. Investment in joint venture

### 7.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		Percent	Percent				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	40,880	31,594
Total				25,000	25,000	40,880	31,594

### 7.2 Share of other comprehensive income and dividend received

During the three-month and nine-month periods ended 30 September 2018 and 2017, the subsidiary had recognised its share of profit (loss) and other comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Share of profit (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2018	2017	2018	2017
Siam Elite Palm Co., Ltd.	(508)	3,550	-	-
Total	(508)	3,550	-	-

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Share of profit (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2018	2017	2018	2017
Siam Elite Palm Co., Ltd.	11,786	(1,848)	-	266
Total	11,786	(1,848)	-	266

During the nine-month periods ended 30 September 2018, the subsidiary received dividend from investment in the joint venture of approximately Baht 2.5 million (2017: Baht 0.8 million).



**8. Investment in associated company**

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(Million Baht)	(Million Baht)	(Percent)	(Percent)
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for diminution in value of investment		Carrying amounts based on cost method - net		Carrying amounts based on equity method	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

**9. Long-term loan to other company**

As at 30 September 2018, a subsidiary had long-term loan to other company of Baht 20.2 million (31 December 2017: Baht 21.2 million). The loan has no collateral and carries interest at a rate of THBFIX plus 1 percent per annum and is repayable at the end of June and December each year, with the last payment in June 2040.

**10. Investment properties**

Movements in the investment property account during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2017</b>	63,691	5,615
Depreciation for the period	(495)	-
<b>Balance as at 30 September 2018</b>	<u>63,196</u>	<u>5,615</u>

As at 30 September 2018, the subsidiary recorded allowance for impairment loss on investment properties of land and building amounting to Baht 64 million (31 December 2017: Baht 64 million).

**11. Property, plant and equipment**

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2017</b>	2,350,500	813,875
Acquisitions during the period - at cost	89,714	22,403
Disposals during the period - net book value at disposal date	(5,171)	(4,319)
Depreciation for the period	(166,710)	(71,637)
Allowance for impairment	(5,873)	-
Interest capitalised to assets	732	-
<b>Net book value as at 30 September 2018</b>	<b>2,263,192</b>	<b>760,322</b>

During the current period, the subsidiary capitalised interest amounting to Baht 0.7 million (2017: Baht 0.5 million) to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average interest rate of these loans between 1.95 and 2.99 percent per annum (2017: 2.05 and 2.30 percent per annum).

**12. Cost of palm plantation**

Movements in the cost of palm plantation account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2017</b>	230,931	201
Acquisitions during the period - at cost	12,458	-
Write-off during the period - net book value at write-off date	(861)	-
Amortisation for the period	(8,068)	(9)
Allowance for impairment	(22,663)	-
<b>Net book value as at 30 September 2018</b>	<b>211,797</b>	<b>192</b>

(Unaudited but reviewed)

A permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests had expired in January 2015. The subsidiary has used the land of 13,030 rai for palm oil plantation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land, and the request is under the consideration of such government unit.

However, since 27 April 2015, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 26 April 2019 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

### 13. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
30 September	31 December	30 September	31 December	30 September	31 December	
2018	2017	2018	2017	2018	2017	
Bank overdrafts and short-term loans from financial institutions	1.75 - 2.00	1.78 - 2.15	621,000	1,480,000	91,000	570,000
Total			621,000	1,480,000	91,000	570,000

Movements in bank overdrafts and short-term loans from financial institutions during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Balance as at 31 December 2017</b>	1,480,000	570,000
Add: Additions during the period	521,000	281,000
Less: Repayments during the period	(1,380,000)	(760,000)
<b>Balance as at 30 September 2018</b>	621,000	91,000

There is no collateral on bank overdrafts and short-term loans from financial institutions of the Company and its subsidiaries.

(Unaudited but reviewed)

**14. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Trade payables - related parties	658	255	127,588	145,167
Trade payables - unrelated parties	294,019	266,328	186,554	190,627
Other payables - related parties	7,764	6,561	-	-
Other payables - unrelated parties	65,088	97,844	43,498	58,246
Advance received from related parties	-	85	2	119
Other payables for purchases of machinery	7,527	9,143	4,996	3,070
Accrued expenses	144,537	115,149	80,904	75,379
<b>Total trade and other payables</b>	<b>519,593</b>	<b>495,365</b>	<b>443,542</b>	<b>472,608</b>

**15. Long-term loans**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Long-term loans	214,579	133,513	37,513	96,013
Less: Current portion	(156,303)	(103,000)	(37,513)	(78,000)
<b>Long-term loans - net of current portion</b>	<b>58,276</b>	<b>30,513</b>	<b>-</b>	<b>18,013</b>

Movements in the long-term loan account during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
<b>Balance as at 31 December 2017</b>	133,513	96,013
Add: Additions during the period	200,000	-
Less: Repayments during the period	(118,934)	(58,500)
<b>Balance as at 30 September 2018</b>	<b>214,579</b>	<b>37,513</b>

The long-term loans of the Company and its subsidiary are unsecured.

The long-term loan of Company carries interest at a rate of 3M BIBOR+1% per annum. The principal is repayable every 3 months for a period of 3 years. The first installment will be made in 3 months after the last drawdown.

A subsidiary of Company has long-term loans, carrying interest with reference to THBFIX per annum and BIBOR+0.85% per annum. The principal is repayable every month and 3 months ending within April 2020.

The loan agreements contain several covenants which, among other things, require the Company and its subsidiary to maintain the parent company's shareholding percentage ratio, debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

## 16. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	16,716	18,265	10,346	4,117
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(9,469)	(3,845)	(441)	(443)
<b>Income tax expenses reported in the profit or loss</b>	<u>7,247</u>	<u>14,420</u>	<u>9,905</u>	<u>3,674</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	61,332	62,357	26,198	13,077
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(5,730)	(1,370)	(1,318)	598
<b>Income tax expenses reported in the profit or loss</b>	<u>55,602</u>	<u>60,987</u>	<u>24,880</u>	<u>13,675</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to the changes in value of available-for-sale investments	-	1	-	1
	-	1	-	1

  

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to the changes in value of available-for-sale investments	104	(17)	104	(17)
Deferred tax relating to actuarial losses	-	(2,997)	-	-
	104	(3,014)	104	(17)

## 17. Earnings per share

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

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Profit for the period attributable to equity holders of the Company (Thousand Baht)	74,899	87,273	61,942
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.09	0.11	0.08	0.06

  

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Profit for the period attributable to equity holders of the Company (Thousand Baht)	280,190	337,798	254,474
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.34	0.41	0.31	0.23

**18. Operating segment information**

The Company and its subsidiaries are organised into business units based on their products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2018 and 2017.

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 September									
	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenue</b>										
External customers	1,197	1,468	506	582	1,703	2,050	-	-	1,703	2,050
Inter-segment	94	67	130	155	224	222	(224)	(222)	-	-
Total revenue	<u>1,291</u>	<u>1,535</u>	<u>636</u>	<u>737</u>	<u>1,927</u>	<u>2,272</u>	<u>(224)</u>	<u>(222)</u>	<u>1,703</u>	<u>2,050</u>
<b>Operating results</b>										
Segment profit	129	140	138	162	267	302	18	1	285	303
Unallocated income and expenses										
Other income									15	15
Gain (loss) from change in fair value										
of biological assets									(9)	(1)
Selling expenses									(157)	(160)
Administrative expenses									(53)	(52)
Share of profit (loss) from investment in joint venture									(1)	4
Finance cost									(5)	(11)
Profit before income tax expenses									75	98
Income tax expenses									(7)	(14)
Profit for the period									<u>68</u>	<u>84</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the nine-month periods ended 30 September

	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenue</b>										
External customers	3,942	4,506	1,609	1,793	5,551	6,299	-	-	5,551	6,299
Inter-segment	361	224	402	485	763	709	(763)	(709)	-	-
Total revenue	<u>4,303</u>	<u>4,730</u>	<u>2,011</u>	<u>2,278</u>	<u>6,314</u>	<u>7,008</u>	<u>(763)</u>	<u>(709)</u>	<u>5,551</u>	<u>6,299</u>
<b>Operating results</b>										
Segment profit	498	454	454	539	952	993	4	-	956	993
Unallocated income and expenses										
Other income									53	60
Gain (loss) from change in fair value										
of biological assets									(6)	8
Selling expenses									(472)	(470)
Administrative expenses									(155)	(160)
Loss from impairment of assets									(29)	-
Share of profit (loss) from investment in joint venture									12	(2)
Finance cost									(18)	(31)
Profit before income tax expenses									341	398
Income tax expenses									(56)	(61)
Profit for the period									<u>285</u>	<u>337</u>

The following table presents segment assets of the Company's and its subsidiaries' operating segments as at 30 September 2018 and 31 December 2017.

(Unit: Million Baht)

	Manufacture and distribution			Adjustments	
	Palm oil products	Processed fruits and vegetables	Total segments	and eliminations	Consolidated
<b>Segment assets</b>					
As at 30 September 2018	<u>5,552</u>	<u>1,586</u>	<u>7,138</u>	<u>(1,738)</u>	<u>5,400</u>
As at 31 December 2017	<u>6,133</u>	<u>1,611</u>	<u>7,744</u>	<u>(1,704)</u>	<u>6,040</u>



**19. Dividend paid**

During the nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<b><u>The Company</u></b>			
<b><u>For the year 2018</u></b>			
Dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	147.60	0.18
<b>Total dividends for the year 2018</b>		<b>147.60</b>	<b>0.18</b>
<b><u>For the year 2017</u></b>			
Dividend on 2016 profit	Annual General Meeting of the shareholders on 26 April 2017	82.00	0.10
<b>Total dividends for the year 2017</b>		<b>82.00</b>	<b>0.10</b>
<b><u>Subsidiaries</u></b>			
<b><u>For the year 2018</u></b>			
Dividend on 2017 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 27 April 2018	32.40	0.10
<b>Total dividends for the year 2018</b>		<b>32.40</b>	<b>0.10</b>
Dividend on 2017 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 26 April 2018	63.00	1.20
<b>Total dividends for the year 2018</b>		<b>63.00</b>	<b>1.20</b>
<b><u>For the year 2017</u></b>			
Dividend on 2016 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2017	48.60	0.15
<b>Total dividends for the year 2017</b>		<b>48.60</b>	<b>0.15</b>

## 20. Commitments and contingent liabilities

### 20.1 Capital commitments

As at 30 September 2018, its subsidiaries had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to approximately Baht 5.0 million (31 December 2017: Baht 26.2 million).

### 20.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, equipment and motor vehicles. The terms of the agreements are generally between 1 and 5 years. Operating lease agreements are non-cancelable.

In addition, a subsidiary has entered into lease agreements in respect of the lease of land. The terms of the agreements are 14 years and 15 years. The subsidiary is required to comply with the conditions stipulated in the contracts.

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

	(Unit: Million Baht)	
	30 September 2018	31 December 2017
	<hr/>	<hr/>
Payable:		
Within 1 year	34.3	33.0
In over 1 year and up to 5 years	44.4	63.4
In over 5 years	13.1	15.0

### 20.3 Guarantees

As at 30 September 2018, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 12.5 million to guarantee import, electricity use, among others (31 December 2017: Baht 12.3 million) and for the Company: Baht 1.5 million to guarantee electricity use, among others (31 December 2017: Baht 2.3 million).

#### **20.4 Contingent liabilities**

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

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

Subsequently, the Agricultural Land Reform Office sent a letter to the subsidiary regarding the distribution of land in which the land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the cost of land and the net book value of the oil palm on such land as at 30 September 2018 totalling Baht 9 million, was in conflict with the subsidiary's land title deed. The subsidiary is in a process with the Agricultural Land Reform Office to nullify the status of being land under Sor Por Kor.

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

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

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

## 21. Financial instruments

### 21.1 Foreign currency assets and liabilities

The Company and its subsidiaries had outstanding financial assets and liabilities denominated in foreign currencies as summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at	
	30 September 2018 (Million)	31 December 2017 (Million)	30 September 2018 (Million)	31 December 2017 (Million)	30 September 2018 (Baht per 1 foreign currency unit)	31 December 2017
US dollars	4.4	5.8	0.5	0.7	32.4066	32.6809
Euro	1.1	0.2	-	0.1	37.3504	39.0273

### 21.2 Forward exchange contracts

The Company and its subsidiary had outstanding forward exchange contracts, of which details are presented below.

As at 30 September 2018

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.2	0.2	32.2000 - 32.8500	February - March 2019
Euro	0.1	-	38.3200	Within December 2018

As at 31 December 2017

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	1.1	0.5	32.5000 - 32.7500	January - June 2018
Euro	0.2	-	38.4500 - 38.9000	March - May 2018

As at 30 September 2018

Foreign currency	Bought amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		

(Unaudited but reviewed)

	<u>statements</u>	<u>statements</u>		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.1	0.1	32.6660	Within October 2018
As at 31 December 2017				
	<u>Bought amount</u>			
Foreign currency	Consolidated financial statements	Separate financial statements	Contractual exchange rate of bought amount	Contractual maturity date
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.7	0.7	33.0300 - 33.0500	Within January 2018

### 21.3 Fair value hierarchy

As of 30 September 2018, the Company and its subsidiaries had the following assets that were measured at fair value.

	(Unit: Thousand Baht)		
	<u>Consolidated and Separate financial statements</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Financial assets measured at fair value</b>			
Available-for-sale investments			
Equity instruments	-	23	23

During the current period, there were no transfers within the fair value hierarchy.

## 22. Litigation

In July 2018, Krabi prosecutor filed a lawsuit against United Palm Oil Industry Public Company Limited ("the subsidiary") with the Court, alleging that the subsidiary utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9 and Section 108 Bis of the Land Code B.E. 2497, Revolutionary Council Decree No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor asked the Court to give an eviction order to the subsidiary. Currently, a date for witness examination in this case is yet to be scheduled.

According to the law-suit, in the case where the subsidiary is ordered by the Court to return the land, the damage which will arise from the cost of land and palm plantation is Baht 28.5 million. The management of the subsidiary has determined the allowance for such damage and has set aside the full amount of allowance in the consolidated financial statements for the current period as presented in Note 11 and 12.

### 23. Reclassification

The Company and its subsidiaries reclassified the following amounts in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2017 to conform with the current year's classification.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Profit or loss</b>				
Sales	2,050,388	2,056,632	1,503,369	1,509,613
Selling expenses	160,233	166,477	96,563	102,807

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Profit or loss</b>				
Sales	6,298,818	6,316,867	4,716,568	4,734,617
Selling expenses	470,330	488,379	280,458	298,507

The reclassifications had no effect to previously reported profit or shareholders' equity.

### 24. Approval of interim financial statements

These interim financial statements were authorised for issue on 9 November 2018 by the Company's audit committees under authority delegated by the board of directors of the Company.