

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

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

Opinion

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

I draw attention to the following notes to the financial statements:

- a) Note 3 to the financial statements regarding the changes in accounting policies as the result of the adoption of the new financial reporting standards.
- b) Note 18 to the financial statements regarding a permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests which expired in January 2015. The subsidiary has used the land of 13,030 rai to grow oil palm. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land, and the request is under consideration of such government unit.

My opinion is not qualified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matters described in the Emphasis of Matters section, key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Sales of goods are significant accounting transactions as the amounts recorded are material and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as traditional trade customers, modern trade customers and overseas customers, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 11.2 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

The fair value measurement of biological assets - palm fruit on trees

The application of TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant requires the Group to record biological assets at their fair value less point of harvest cost to sell, as described in Note 3 to the financial statements. The measurement of fair value of biological assets - palm fruit on trees requires the estimating data and assumptions consisting of the estimated harvesting volume and selling price at each point of harvest, considering that they are appropriate and correspond to the nature and circumstances of the biological asset being measured, based on the exercise of the judgement of an internal agriculture expert and management as to the appropriateness of the basis and assumptions relevant to the estimations. There may be a risk that the value of biological assets is misstated.

In order to audit this matter, I gained an understanding of, assessed and tested controls of the Group related to the fair value estimation of the biological assets, considered the estimating data preparation, assumptions defining and the valuation method applied by the Group. I assessed the estimating data and assumptions used in the valuation by making enquiries of the internal agriculture expert and management, comparing the data used by the Group with historical data, and testing the calculation. Moreover, I reviewed the disclosure made in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Kamontip Lertwitworatep.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 28 February 2017

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements	
		As at	As at	As at	As at	As at
		31 December 2016	31 December 2015	1 January 2015	31 December 2016	31 December 2015
Assets						
Current assets						
Cash and cash equivalents	7	420,385,408	479,942,874	212,800,513	130,745,424	121,706,095
Trade and other receivables	6, 8	911,801,125	1,152,262,484	902,094,496	784,831,288	924,798,018
Short-term loans to related parties	6	-	-	-	-	-
Inventories	9	1,425,890,929	1,127,358,400	1,294,624,420	915,168,224	550,001,637
Biological assets	10	83,546,770	22,279,272	4,946,872	-	-
Other current assets		38,379,436	44,047,100	38,501,520	13,977,543	10,971,124
Total current assets		2,880,003,668	2,825,890,130	2,452,967,821	1,844,722,479	1,607,476,874
Non-current assets						
Investments in subsidiaries	11	-	-	-	1,312,870,944	1,312,870,944
Investment in joint venture	12	42,353,381	39,280,826	39,683,607	-	-
Investment in associated company	13	-	-	-	-	-
Other long-term investments	14	1,649,223	1,701,058	3,939,715	1,649,223	1,701,058
Long-term loans to other companies	15	60,480,000	61,740,000	-	-	-
Investment properties	16	64,353,903	65,022,058	86,530,203	5,617,613	6,562,545
Property, plant and equipment	17	2,413,746,784	2,425,929,595	2,085,549,818	868,594,589	861,072,918
Cost of forest land rights and cost of palm plantation	18	214,977,626	201,543,376	207,104,226	212,765	224,529
Goodwill	11	196,376,189	196,376,189	196,376,189	-	-
Intangible assets	19	8,696,997	9,270,861	8,269,679	5,364,728	4,996,919
Deferred tax assets	28	36,895,928	41,809,525	35,605,028	8,663,054	8,581,403
Other non-current assets		28,227,634	2,711,228	7,570,570	485,236	485,236
Total non-current assets		3,067,757,665	3,045,384,716	2,670,629,035	2,203,458,152	2,196,495,552
Total assets		5,947,761,333	5,871,274,846	5,123,596,856	4,048,180,631	3,803,972,426

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements	
		As at	As at	As at	As at	As at
		31 December 2016	31 December 2015	1 January 2015	31 December 2016	31 December 2015
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	20	1,555,000,000	1,610,000,123	1,230,000,000	530,000,000	255,000,000
Trade and other payables	6, 21	503,952,230	494,027,566	429,033,819	451,075,426	453,233,612
Short-term loan from related party		-	-	10,000,000	-	-
Current portion of long-term loans	23	103,000,000	175,000,000	100,000,000	78,000,000	75,000,000
Current portion of liabilities under finance lease agreements	24	573,000	573,000	-	-	-
Income tax payable		47,436,257	59,344,403	41,318,141	7,235,278	17,713,469
Other current liabilities	22	49,214,529	63,983,016	89,248,923	31,557,089	44,267,420
Total current liabilities		2,259,176,016	2,402,928,108	1,899,600,883	1,097,867,793	845,214,501
Non-current liabilities						
Long-term loans - net of current portion	23	133,513,147	176,394,370	75,000,000	96,013,147	113,894,370
Liabilities under finance lease agreements - net of current portion	24	832,983	1,257,218	-	-	-
Provision for long-term employee benefits	25	56,477,335	67,532,277	55,133,170	24,931,630	30,599,398
Deferred tax liabilities	28	5,463,169	-	-	-	-
Total non-current liabilities		196,286,634	245,183,865	130,133,170	120,944,777	144,493,768
Total liabilities		2,455,462,650	2,648,111,973	2,029,734,053	1,218,812,570	989,708,269

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Consolidated financial statements			Separate financial statements	
	As at	As at	As at	As at	As at
	Note	31 December 2016	31 December 2015	1 January 2015	31 December 2016
Shareholders' equity					
Share capital					
Registered					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Issued and fully paid-up					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Paid-in surplus					
Share premium					
		241,970,265	241,970,265	241,970,265	241,970,265
Premium on treasury stock					
		5,269,100	5,269,100	5,269,100	5,269,100
Retained earnings					
Appropriated - statutory reserve					
26		107,472,798	107,122,983	103,071,298	82,000,000
Unappropriated					
		1,966,151,096	1,725,637,966	1,582,266,632	1,680,808,056
Other components of shareholders' equity					
		(7,258,437)	(7,212,969)	1,362,262	(679,360)
Equity attributable to owners of the Company					
		3,133,604,822	2,892,787,345	2,753,939,557	2,829,368,061
Non-controlling interests of the subsidiaries					
		358,693,861	330,375,528	339,923,246	-
Total shareholders' equity					
		3,492,298,683	3,223,162,873	3,093,862,803	2,829,368,061
Total liabilities and shareholders' equity					
		5,947,761,333	5,871,274,846	5,123,596,856	4,048,180,631

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

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 Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales		8,267,427,401	8,196,978,004	6,153,508,271	6,329,287,950
Dividend income	6, 11	28,376	190,725	84,961,235	34,197,991
Gain from change in fair value of biological assets		8,752,300	-	-	-
Other income	6	75,365,885	93,643,110	98,954,727	107,102,157
Total revenues		8,351,573,962	8,290,811,839	6,337,424,233	6,470,588,098
Expenses					
Cost of sales	27	6,984,829,231	6,920,711,992	5,667,003,783	5,674,005,937
Selling expenses		661,713,694	674,119,134	404,155,612	430,852,931
Administrative expenses		200,368,362	214,185,613	105,606,481	110,391,098
Loss on impairment of assets	16, 17	-	35,000,000	-	-
Total expenses		7,846,911,287	7,844,016,739	6,176,765,876	6,215,249,966
Profit before share of profit (loss) from investment in joint venture, finance cost and income tax expenses		504,662,675	446,795,100	160,658,357	255,338,132
Share of profit (loss) from investment in joint venture	12	(11,320,717)	5,222,219	-	-
Profit before finance cost and income tax expenses		493,341,958	452,017,319	160,658,357	255,338,132
Finance cost		(43,520,872)	(48,033,418)	(12,212,921)	(10,489,059)
Profit before income tax expenses		449,821,086	403,983,901	148,445,436	244,849,073
Income tax expenses	28	(94,939,643)	(94,702,679)	(10,329,437)	(40,377,336)
Profit for the year		354,881,443	309,281,222	138,115,999	204,471,737
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Loss on changes in value of available-for-sale investments		(56,835)	(1,263,657)	(56,835)	(1,263,657)
Less: Income tax effect	28	11,367	252,732	11,367	252,732
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(45,468)	(1,010,925)	(45,468)	(1,010,925)
Other comprehensive income for the year		(45,468)	(1,010,925)	(45,468)	(1,010,925)
Total comprehensive income for the year		354,835,975	308,270,297	138,070,531	203,460,812

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit attributable to:					
Equity holders of the Company		330,580,544	311,416,392	<u>138,115,999</u>	<u>204,471,737</u>
Non-controlling interests of the subsidiaries		<u>24,300,899</u>	<u>(2,135,170)</u>		
		<u><u>354,881,443</u></u>	<u><u>309,281,222</u></u>		
Total comprehensive income attributable to:					
Equity holders of the Company		330,535,076	310,405,467	<u>138,070,531</u>	<u>203,460,812</u>
Non-controlling interests of the subsidiaries		<u>24,300,899</u>	<u>(2,135,170)</u>		
		<u><u>354,835,975</u></u>	<u><u>308,270,297</u></u>		
Basic earnings per share					
	30				
Profit attributable to equity holders					
of the Company		<u>0.40</u>	<u>0.38</u>	<u>0.17</u>	<u>0.25</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Equity attributable to the owners of the Company					Other components of equity					Total
							Other comprehensive income		Other changes by the owners		Surplus (deficit) on changes in value of available-for-sale investments	
		Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings							
					Appropriated - statutory reserve	Unappropriated						
Balance as at 1 January 2015		820,000,000	241,970,265	5,269,100	103,071,298	1,582,266,632	377,033	985,229	1,362,262	2,753,939,557	339,923,246	3,093,862,803
Profit for the year		-	-	-	-	311,416,392	-	-	-	311,416,392	(2,135,170)	309,281,222
Other comprehensive income for the year		-	-	-	-	-	(1,010,925)	-	(1,010,925)	(1,010,925)	-	(1,010,925)
Total comprehensive income for the year		-	-	-	-	311,416,392	(1,010,925)	-	(1,010,925)	310,405,467	(2,135,170)	308,270,297
Dividend paid	33	-	-	-	-	(164,000,000)	-	-	-	(164,000,000)	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	4,942	-	-	-	4,942	-	4,942
Appropriation of statutory reserve of subsidiary		-	-	-	4,002,538	(4,050,000)	-	-	-	(47,462)	47,462	-
Acquisition of non-controlling interests of subsidiary		-	-	-	49,147	-	-	(7,564,306)	(7,564,306)	(7,515,159)	7,125,059	(390,100)
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(14,585,069)	(14,585,069)
Balance as at 31 December 2015		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>107,122,983</u>	<u>1,725,637,966</u>	<u>(633,892)</u>	<u>(6,579,077)</u>	<u>(7,212,969)</u>	<u>2,892,787,345</u>	<u>330,375,528</u>	<u>3,223,162,873</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements													
Equity attributable to the owners of the Company													
	Note	Equity attributable to the owners of the Company					Other components of equity						
		Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other comprehensive income	Other changes by the owners	Deficit on changes in value of available-for-sale investments	Deficit on change in shareholding in subsidiary	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries
		share capital	premium	treasury stock	Appropriated - statutory reserve	Unappropriated	investments	in subsidiary	equity	the Company	the subsidiaries	interests of the subsidiaries	equity
Balance as at 1 January 2016		820,000,000	241,970,265	5,269,100	107,122,983	1,725,637,966	(633,892)	(6,579,077)	(7,212,969)	2,892,787,345	330,375,528	3,223,162,873	
Cumulative effect of change in accounting policy for agriculture (Note 3)		-	-	-	-	33,399,213	-	-	-	33,399,213	14,339,180	47,738,393	
Profit for the year		-	-	-	-	330,580,544	-	-	-	330,580,544	24,300,899	354,881,443	
Other comprehensive income for the year		-	-	-	-	-	(45,468)	-	(45,468)	(45,468)	-	(45,468)	
Total comprehensive income for the year		-	-	-	-	330,580,544	(45,468)	-	(45,468)	330,535,076	24,300,899	354,835,975	
Dividend paid	33	-	-	-	-	(123,000,000)	-	-	-	(123,000,000)	-	(123,000,000)	
Reversal of prior year dividend		-	-	-	-	33,373	-	-	-	33,373	-	33,373	
Appropriation of statutory reserve of subsidiary		-	-	-	349,815	(500,000)	-	-	-	(150,185)	150,185	-	
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(10,471,931)	(10,471,931)	
Balance as at 31 December 2016		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>107,472,798</u>	<u>1,966,151,096</u>	<u>(679,360)</u>	<u>(6,579,077)</u>	<u>(7,258,437)</u>	<u>3,133,604,822</u>	<u>358,693,861</u>	<u>3,492,298,683</u>	

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements								
						Other components of equity		
						Other comprehensive income		
						Surplus (deficit) on changes in value of available-for-sale investments		
						Total other components of shareholders' equity		Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings				
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2015	820,000,000	241,970,265	5,269,100	82,000,000	1,625,182,005	377,033	377,033	2,774,798,403
Profit for the year	-	-	-	-	204,471,737	-	-	204,471,737
Other comprehensive income for the year	-	-	-	-	-	(1,010,925)	(1,010,925)	(1,010,925)
Total comprehensive income for the year	-	-	-	-	204,471,737	(1,010,925)	(1,010,925)	203,460,812
Dividend paid	33	-	-	-	(164,000,000)	-	-	(164,000,000)
Reversal of prior year dividend		-	-	-	4,942	-	-	4,942
Balance as at 31 December 2015	<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,665,658,684</u>	<u>(633,892)</u>	<u>(633,892)</u>	<u>2,814,264,157</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements									
						Other components of equity			
						Other comprehensive income			
						Deficit on changes in value of available-for-sale investments		Total other components of shareholders' equity	Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings					
				Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2016	820,000,000	241,970,265	5,269,100	82,000,000	1,665,658,684	(633,892)	(633,892)	2,814,264,157	
Profit for the year	-	-	-	-	138,115,999	-	-	138,115,999	
Other comprehensive income for the year	-	-	-	-	-	(45,468)	(45,468)	(45,468)	
Total comprehensive income for the year	-	-	-	-	138,115,999	(45,468)	(45,468)	138,070,531	
Dividend paid	33	-	-	-	(123,000,000)	-	-	(123,000,000)	
Reversal of prior year dividend		-	-	-	33,373	-	-	33,373	
Balance as at 31 December 2016	820,000,000	241,970,265	5,269,100	82,000,000	1,680,808,056	(679,360)	(679,360)	2,829,368,061	

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	449,821,086	403,983,901	148,445,436	244,849,073
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	246,660,431	243,803,729	98,593,093	88,344,494
Gain from change in fair value of biological assets	(8,752,300)	-	-	-
Share of (profit) loss from investment in joint venture	11,320,717	(5,222,219)	-	-
Gain on disposal of other long-term investment	-	(225,000)	-	(225,000)
Increase in allowance for doubtful accounts	5,305,953	1,025,008	6,330,870	246,817
Bad debt write-off	95,927	-	-	-
Increase (decrease) in allowance for diminution in inventory value	8,660,993	13,241,926	(311,684)	343,396
Increase (decrease) in allowance for impairment loss of assets	(266,262)	35,000,000	-	-
Loss on write-off of property, plant and equipment	5,934	-	5,934	-
Gain on disposals of property, plant and equipment	(333,839)	(1,398,808)	(755,899)	(871,186)
Loss on write-off of cost of palm plantation	7,094,535	5,515,730	-	-
Unrealised loss (gain) on exchange	(683,130)	690,096	(111,423)	551,744
Provision for long-term employee benefits	10,647,856	32,067,862	4,920,697	17,862,574
Dividend income from subsidiary	-	-	(84,932,859)	(34,007,266)
Dividend income from other companies	(28,376)	(190,725)	(28,376)	(190,725)
Interest expenses	40,603,158	44,766,335	10,499,363	8,349,622
Profit from operating activities before changes in operating assets and liabilities	770,152,683	773,057,835	182,655,152	325,253,543
Decrease (increase) in operating assets				
Trade and other receivables	235,799,567	(250,829,564)	133,680,236	(108,220,813)
Inventories	(320,545,180)	161,337,049	(364,854,903)	78,999,431
Other current assets	6,006,709	(4,856,440)	(3,006,419)	1,482,100
Other non-current assets	(25,516,406)	4,859,342	-	32,999
Increase (decrease) in operating liabilities				
Trade and other payables	21,919,452	58,331,744	8,565,774	30,456,161
Other current liabilities	(14,565,038)	(25,869,330)	(12,325,828)	(7,172,703)
Provision for long-term employee benefits	(21,702,798)	(19,668,755)	(10,588,465)	(17,716,870)
Cash from (used in) operating activities	651,548,989	696,361,881	(65,874,453)	303,113,848
Cash paid for interest expenses	(41,159,827)	(45,995,900)	(10,537,562)	(8,332,848)
Cash paid for corporate income tax	(104,538,368)	(83,233,077)	(20,877,912)	(45,491,580)
Net cash from (used in) operating activities	505,850,794	567,132,904	(97,289,927)	249,289,420

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Increase in investment in subsidiary	-	(390,100)	-	(380,100)
Dividend received from subsidiaries	-	-	84,932,859	34,007,266
Dividend received from joint venture	1,999,999	5,625,000	-	-
Dividend received from other companies	28,376	190,725	28,376	190,725
Decrease (increase) in other long-term investments	(5,000)	1,200,000	(5,000)	1,200,000
Decrease (increase) in long-term loan to unrelated party	1,260,000	(61,740,000)	-	-
Cash paid for acquisitions of investment properties	-	(75,000)	-	-
Acquisitions of property, plant and equipment	(235,392,183)	(579,308,659)	(116,327,935)	(331,553,988)
Proceeds from disposals of property, plant and equipment	2,313,872	6,133,256	1,014,309	1,787,152
Increase in cost of palm plantation	(31,039,287)	(36,495,392)	-	-
Increase in intangible assets	(445,395)	(2,959,770)	(81,000)	(680,770)
Net cash used in investing activities	(261,279,618)	(667,819,940)	(30,438,391)	(295,429,715)
Cash flows from financing activities				
Increase (decreases) in short-term loans from financial institutions	(55,000,123)	380,000,123	275,000,000	115,000,000
Decrease in short-term loan from related party	-	(10,000,000)	-	-
Repayment of liabilities under finance lease agreements	(424,235)	(38,941)	-	-
Cash received from long-term loans	43,618,777	288,894,370	43,618,777	188,894,370
Repayment of long-term loans	(158,500,000)	(112,500,000)	(58,500,000)	-
Dividend paid	(133,823,061)	(178,526,155)	(123,351,130)	(163,941,086)
Net cash from (used in) financing activities	(304,128,642)	367,829,397	136,767,647	139,953,284
Net increase (decrease) in cash and cash equivalents				
	(59,557,466)	267,142,361	9,039,329	93,812,989
Cash and cash equivalents at beginning of the year	479,942,874	212,800,513	121,706,095	27,893,106
Cash and cash equivalents at end of the year (Note 7)	420,385,408	479,942,874	130,745,424	121,706,095

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment that have not been paid	5,833,346	17,226,118	2,825,731	13,444,445
Transferred palm nursery to inventory account	-	7,312,955	-	-
Transferred property, plant and equipment to intangible assets	1,070,819	-	1,070,819	-
Equipment acquired under finance lease agreements	-	1,869,159	-	-

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2016

1. General information

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
<u>Subsidiaries directly held by the Company</u>				
United Palm Oil Industry Public Company Limited	Palm oil plantation, crude palm oil and kernel palm oil processing	Thailand	69.96	69.96
Universal Food Public Company Limited	Manufacture and distribution of processed fruits and vegetables, canned juice and drinks	Thailand	98.83	98.83
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
<u>Joint venture entity held by United Palm Oil Industry Public Company Limited</u>				
Siam Elite Palm Company Limited	Production and distribution of palm oil seeds	Thailand	50	50
<u>Subsidiaries held by Phansrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	100	100

The frozen vegetable and fruit manufacturing business is operated by Union Frost Company Limited (“the subsidiary”), and because its operating results have not met targets. As a result, in 2013, the subsidiary downsized production and laid off most of its employees. At present, the management is in the process of preparing appropriate business plan in order that the subsidiary can be operating effectively.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same reporting period and the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which became effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements except for the following new financial reporting standard and accounting treatment guidance.

TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant

TAS 41 and the Accounting Treatment Guidance for bearer plants prescribe the accounting treatment for living animals or plants ("biological assets") and the harvested produce of such biological assets ("agricultural produce") related to an agricultural activity. The principles are as follows:

- A biological asset is to be measured at its fair value less costs to sell, both on initial recognition and at the end of each reporting period.
- When the biological asset is a bearer plant, accounting treatment in accordance with TAS 16 (revised 2015) Property, Plant and Equipment is to be applied. However, product growing on a bearer plant is to be measured at its fair value less costs to sell, both on initial recognition and at the end of each reporting period.
- Agricultural produce is measured at its fair value less costs to sell at the point of harvest.

Applying this accounting standard requires a subsidiary to record biological assets from palm fruit on tree for the first time, measured at fair value less point of harvest costs. It also requires a change in its accounting treatment for biological assets and agricultural produce, with palm nursery for sale and palm fresh fruit bunch, which were previously recognised at cost, being recognised at fair value less costs to sell. The Company has elected to recognise the cumulative effect of the change as an adjustment to the opening balance of retained earnings as at 1 January 2016.

The change has the effect of increasing the opening balance of retained earnings and equity attributable to non-controlling interests of the subsidiaries in the consolidated financial statements as at 1 January 2016 by Baht 33.4 million and Baht 14.3 million, respectively (net of income tax). The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

Moreover, the change also has the effect of the subsidiary's profit (net of income tax) due to the change in fair value of biological assets and agricultural produce during the year as below.

(Unit: Million Baht)

Consolidated financial statements

Profit or loss:

Decrease in profit (net of income tax)	(3,531)
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(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company's and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividend is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. Cost includes all cost of raw materials, labour and factory overheads.

Raw materials, chemicals, packing materials, spare parts and factory supplies are valued at the lower of cost (Moving average method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

4.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows:

Building	-	20 and 30 years
Building improvement	-	5 - 25 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 20 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Cost of forest land rights and cost of palm plantation and amortisation

Cost of forest land rights and cost of palm plantation are stated at cost less accumulated amortisation and impairment losses (if any). The cost includes development costs and expenses which are directly related to forest land rights, and oil palm seeding and plantation activities before the production period.

Amortisation is calculated by reference to cost of forest land rights and cost of palm plantation ready for harvest on a straight-line basis over the estimated remaining productive life of the palm trees (the productive life of palm trees is generally 25 years) or over the remaining period of the forest reserve land concession, whichever is shorter.

Amortisation is included in determining income.

No amortisation is provided on cost of palm plantation not ready for harvest.

Costs of supplying palm vacancies and infilling mature areas are included in determining income.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years

4.11 Agriculture

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

The fair value of palm fruit on tree is determined based on discounted cash flows reference to fair value less estimated point of harvest costs. The palm fresh fruit brunch is determined based on reference to fair value less estimated point of harvest costs to sell. The fair value of palm nursery for sale is determined based on reference to fair value at point of sale. Gains or losses on changes in fair value of biological assets and the differences between fair value and costs of agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at fair value less costs to sell.

The agricultural produce is included in inventories.

4.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is deducted in calculating the carrying amount of the asset. The grant is recognised over the useful life of a depreciable asset by way of a reduced depreciation charge. Government grants related to income are recognised as income over the period necessary to match the grants on a systematic basis to the costs that are intended to compensate.

4.13 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.14 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.15 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the leased asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease term.

4.16 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.18 Treasury stock

Treasury stock is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

4.19 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat this severance payment obligation as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

4.20 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.21 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.22 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Cost of forest land rights and cost of palm plantation and amortisation

In determining amortisation of cost of forest land rights and cost of palm plantation, the management is required to make estimates of the useful lives of cost of forest land rights and cost of palm plantation and to review estimate useful lives when there are any changes.

In addition, the management is required to review the cost of forest land rights and cost of palm plantation for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Agriculture

The subsidiary measures its biological assets - palm fruit on tree at the fair value less costs to sell. Such fair value is calculated using the discounted cash flows reference to fair value less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as prices of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Contingent liabilities

The subsidiary has contingent liabilities as a result of the land exploit right issue. The management has used judgement to assess of the liabilities that may arise and believes that no significant loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, 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 bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	516	750	Market prices on the contract date
Purchases of goods and services	-	-	709	688	Market prices less fixed margin
Sales of goods and services	-	-	1	1	Market price
Dividend income	-	-	85	34	At the declared rate
Rental income	-	-	2	2	Market price
Selling and administrative service income	-	-	68	71	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	161	112	-	-	Price approximates market price
Purchases of goods	2	3	-	-	Price less marketing expenses and margin
Selling expenses	19	12	-	1	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	17	18	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	2	6	-	-	As declared by joint venture

As at 31 December 2016 and 2015, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	20,261	12,426
Associated company	452	452	-	-
Related companies (related by common shareholders)	42,719	51,487	-	14
Total trade and other receivables - related parties	43,171	51,939	20,261	12,440
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	22,391	31,159	20,261	12,440
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans - related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 21)				
Subsidiaries	-	-	139,954	141,397
Related companies (related by common shareholders)	2,052	9,568	-	-
Total trade and other payables - related parties	2,052	9,568	139,954	141,397

Short-term loans to related parties

Short-term loans to associated and related companies of a subsidiary carry interest at a rate of 7% per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has been ceased from the date that the Central Bankruptcy Court accepted the bankruptcy suits which the subsidiary brought against the associated and related companies. Currently, this case is in the 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 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 2022.

Directors and management’s remuneration

During the years ended 31 December 2016 and 2015, 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 148 million and Baht 142 million, respectively (the Company only: Baht 82 million and Baht 80 million, respectively).

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	4,220	3,893	1,237	943
Bank deposits	386,170	476,050	129,508	120,763
Investment in Bank of Thailand bonds	29,995	-	-	-
Total	<u>420,385</u>	<u>479,943</u>	<u>130,745</u>	<u>121,706</u>

As at 31 December 2016, bank deposits in savings accounts, fixed deposits and investment in Bank of Thailand Bond carried interests between 0.05 and 1.45 percent per annum (2015: between 0.05 and 0.85 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	21,471	22,402	-	29
Past due				
Up to 3 months	906	8,730	-	-
6 - 12 months	12	-	-	-
Over 12 months	452	452	-	-
Total	22,841	31,584	-	29
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	22,389	31,132	-	29
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	35,911	29,469	35,911	29,469
Cheque returned	19,224	13,595	14,261	8,632
Not yet due	688,743	912,527	635,950	728,634
Past due				
Up to 3 months	151,702	171,152	88,648	152,492
3 - 6 months	7,984	141	911	75
6 - 12 months	2,060	1,207	1,724	38
Over 12 months	28,557	28,423	2,483	2,314
Total	934,181	1,156,514	779,888	921,654
Less: Allowance for doubtful accounts	(49,094)	(43,709)	(16,767)	(10,436)
Total trade receivables - unrelated parties - net	885,087	1,112,805	763,121	911,218
Total trade receivables - net	907,476	1,143,937	763,121	911,247
<u>Other receivables</u>				
Other receivables - related parties	2	27	3,748	1,113
Other receivables - unrelated parties	3,808	7,096	2,078	1,769
Accrued income - related parties	-	-	16,513	11,298
Accrued income - unrelated parties	467	1,120	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	677	712	-	-
Total	25,282	29,283	22,339	14,180
Less: Allowance for doubtful accounts	(20,957)	(20,957)	(629)	(629)
Total other receivables - net	4,325	8,326	21,710	13,551
Total trade and other receivables - net	911,801	1,152,263	784,831	924,798

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Finished goods	557,047	590,862	(27,382)	(19,584)	529,665
Work in process	655,974	365,201	-	-	655,974	365,201
Raw materials	98,386	91,149	(12,614)	(13,743)	85,772	77,406
Inventories in transit	18,535	2,277	-	-	18,535	2,277
Supplies and spare parts	143,102	116,361	(7,157)	(5,165)	135,945	111,196
Total	1,473,044	1,165,850	(47,153)	(38,492)	1,425,891	1,127,358

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Finished goods	145,211	100,852	-	-	145,211
Work in process	653,393	363,535	-	-	653,393	363,535
Raw materials	69,240	52,098	-	-	69,240	52,098
Inventories in transit	18,535	2,277	-	-	18,535	2,277
Supplies and spare parts	28,928	31,691	(139)	(451)	28,789	31,240
Total	915,307	550,453	(139)	(451)	915,168	550,002

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 8.7 million (2015: Baht 13.2 million) to reflect the net realisable value. This was included in cost of sales. (The Company only: reversed the write-down of cost of inventories by Baht 0.3 million, and reduced the amount of inventories recognised as expenses during the year (2015: reduced cost of inventories by Baht 0.3 million, which was included in cost of sales)).

In the year 2016, the subsidiaries have changed its accounting treatment of agricultural produce - palm fresh fruit bunch, from recognition at cost to recognition at fair value less costs to sell. The change has the effect of decreasing the opening balance of inventories and the opening balance of retained earnings in the consolidated financial statements by Baht 5 million, as described in Note 3 to the financial statements.

10. Biological assets

Movements of the biological assets account for the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
Balance as at 1 January 2016	22,279	-	22,279
Cumulative effect of change in accounting policy for agriculture (Note 3)	23,471	20,265	43,736
Gain from changes in fair value	20,621	316,631	337,252
Increases from cultivate	4,006	-	4,006
Decreases from harvest	-	(306,646)	(306,646)
Decreases from sales	(17,080)	-	(17,080)
Balance as at 31 December 2016	<u>53,297</u>	<u>30,250</u>	<u>83,547</u>

Significant assumptions for the calculation of fair value are as follows:

Prices of palm fruit at the point of harvest are estimated based on the past purchase prices of palm fruit at the front of the subsidiary's factory less estimated estate cost, harvesting cost and transportation cost from each estate.

Weight of palm fruit on tree is estimated with reference to the average weight for each age from historical information when harvesting the palm fruit, taking into consideration the factors affecting fruit bearing and sampling count result.

Discount rate is estimated at the rate of 10 percent by weighted average cost of capital method.

The result of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	Increase 10%	Decrease 10%
Prices of palm fruit at the point of harvest	5,744	(5,371)
Weight of palm fruit on tree	5,744	(5,371)

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	22,672	34,007
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623	62,261	-
Total					1,333,967	1,333,967	84,933	34,007
Less: Allowance for impairment loss of investments					(21,096)	(21,096)		
Total investments in subsidiaries - net					1,312,871	1,312,871		

As at 31 December 2016, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 1,621 million (2015: Baht 1,056 million).

11.2 Goodwill

The Company allocated goodwill acquired through business combinations with indefinite lives to the cash generating units (CGUs) for annual impairment testing as follows:

(Unit: Thousand Baht)

	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited	Total
Goodwill	84,585	111,791	196,376

The recoverable amount of the CGUs has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation are summarised below.

	(Unit: Percent per annum)	
	United Palm Oil	
	Industry Public Company Limited	Universal Food Public Company Limited
Growth rate	2.0	2.0
Pre-tax discount rates	10.2	6.6

The management determined growth rates based on historical operating results, expected market growth in the industry and the pre-tax discount rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill with indefinite lives.

12. Investment in joint venture

12.1 Details of investment in joint venture

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

		(Unit: Thousand Baht)					
		Consolidated financial statements					
Joint venture	Nature of business	Shareholding percentage		Cost		Carrying amounts based on equity method	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	42,353	39,281
Total				<u>25,000</u>	<u>25,000</u>	<u>42,353</u>	<u>39,281</u>

12.2 Share of profit (loss) and dividend received

During the years, the subsidiary recognised its share of profit (loss) from investment in the joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements			
	Share of profit (loss)		Dividend received	
	2016	2015	2016	2015
Siam Elite Palm Co., Ltd.	(11,321)	5,222	2,000	5,625
Total	(11,321)	5,222	2,000	5,625

12.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

(Unit: Thousand Baht)

	As at 31 December	
	2016	2015
Current assets	58,373	41,901
Non-current assets	36,828	44,033
Total assets	95,201	85,934
Current liabilities	(7,363)	(4,481)
Non-current liabilities	(3,132)	(2,892)
Total liabilities	(10,495)	(7,373)
Net assets	84,706	78,561
Shareholding percentage (%)	50	50
Share of net assets	42,353	39,281
Elimination entries	-	-
Carrying amounts of joint venture based on equity method	42,353	39,281

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the years ended 31 December	
	<u>2016</u>	<u>2015</u>
Revenue	46,364	47,137
Loss from change in fair value of biological assets	(24,347)	-
Cost of sales	(24,874)	(18,501)
Selling and administrative expenses	(19,724)	(24,008)
Profit (loss) before income tax expenses	(22,581)	4,628
Income tax expenses	(61)	(560)
Profit (loss) for the year	(22,642)	4,068
Other comprehensive income	-	-
Total comprehensive income	(22,642)	4,068
Shareholding percentage (%)	50	50
Comprehensive income as shareholding percentage	(11,321)	2,034
Elimination entries	-	3,188
Share of comprehensive income from investment in joint venture	(11,321)	5,222

13. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2016	2015	2016	2015
			Million Baht	Million Baht	Percent	Percent
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment loss of investment		Carrying amount based on cost method - net		Carrying amount based on equity method	
	2016	2015	2016	2015	2016	2015	2016	2015
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Other long-term investments - cost				
<u>Equity securities</u>				
Ichitan Group Plc.	975	975	975	975
Open-ended Kumlai Perm Poon Fund	1,000	1,000	1,000	1,000
Open-ended TCM Equity Fund	300	300	300	300
Open-ended Kiatnakin Fund	200	200	200	200
Datamat Plc.	16	16	16	16
Standard Chartered Bank (Thai) Plc.	2	2	2	2
Phracharat Laksammakkee Trang	5	-	5	-
Total	2,498	2,493	2,498	2,493
Less: Unrealised loss on changes in value of investments	(849)	(792)	(849)	(792)
Other long-term investments - fair value	1,649	1,701	1,649	1,701

15. Long-term loans to other companies

As at 31 December 2016, a subsidiary had non-collateral loans to other companies, amounting to approximately of Baht 60.5 million (2015: Baht 61.7 million). The loans carry interest at a rate of THBFIX plus 1% per annum and are due for repayment end of June and December of every year with the last payment in June 2040.

16. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	As at 31 December 2016					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795	142,296	206,091	5,615	33,973	39,588
Less: Accumulated depreciation	-	(78,144)	(78,144)	-	(33,970)	(33,970)
Allowance for impairment	(4,838)	(58,755)	(63,593)	-	-	-
Net book value	58,957	5,397	64,354	5,615	3	5,618

(Unit: Thousand Baht)

As at 31 December 2015

	Consolidated financial statements			Separate financial statements		
	Office		Total	Office		Total
	Land	building		Land	building	
Cost	63,795	142,296	206,091	5,615	33,973	39,588
Less: Accumulated depreciation	-	(77,476)	(77,476)	-	(33,025)	(33,025)
Allowance for impairment	(4,838)	(58,755)	(63,593)	-	-	-
Net book value	<u>58,957</u>	<u>6,065</u>	<u>65,022</u>	<u>5,615</u>	<u>948</u>	<u>6,563</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	65,022	86,530	6,563	8,261
Acquisition during the year	-	75	-	-
Depreciation for the year	(668)	(4,507)	(945)	(1,698)
Recording of allowance for impairment	-	(17,076)	-	-
Net book value at end of year	<u>64,354</u>	<u>65,022</u>	<u>5,618</u>	<u>6,563</u>

The fair value of land and office building of the Company as at 31 December 2016 was determined at approximately Baht 30 million (2015: Baht 26 million) using the income approach. The assumption used in the valuation was based on the Company's internal data.

The fair value of land and building of the subsidiary was determined based on valuation performed by an independent professional valuer. As at 31 December 2016, the fair value of the land was determined to be Baht 95 million (2015: Baht 95 million) on the basis of market price, while that of the building was determined to be Baht 62 million (2015: Baht 62 million) using the replacement cost approach. The fair value of the building was not determined based on the income approach because it is not used for rental.

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	
Cost								
1 January 2015	688,941	76,476	891,989	2,594,925	113,113	247,467	91,154	4,704,065
Additions	71,484	-	18,375	35,588	3,225	15,507	443,767	587,946
Capitalised interest	-	-	152	134	-	-	249	535
Disposals/write off	-	-	-	(17,514)	(1,622)	(17,274)	-	(36,410)
Transfer in (transfer out)	-	-	103,540	282,612	329	6,941	(393,422)	-
31 December 2015	760,425	76,476	1,014,056	2,895,745	115,045	252,641	141,748	5,256,136
Additions	2,506	-	43,987	38,506	1,894	3,813	132,544	223,250
Capitalised interest	-	-	135	261	-	-	354	750
Disposals/write off	-	-	(370)	(57,328)	(1,867)	(7,721)	-	(67,286)
Transfer in (transfer out)	(3,966)	13,881	51,477	119,781	2,392	1,106	(184,671)	-
Transfer to intangible assets	-	-	-	(1,071)	-	-	-	(1,071)
31 December 2016	758,965	90,357	1,109,285	2,995,894	117,464	249,839	89,975	5,411,779

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<u>Accumulated depreciation</u>								
1 January 2015	-	-	576,499	1,682,147	99,194	179,819	-	2,537,659
Depreciation for the year	-	-	41,656	153,092	4,872	25,823	-	225,443
Depreciation on disposals/write off	-	-	-	(13,709)	(1,587)	(16,378)	-	(31,674)
31 December 2015	-	-	618,155	1,821,530	102,479	189,264	-	2,731,428
Depreciation for the year	-	-	51,035	154,403	4,228	23,726	-	233,392
Depreciation on disposals/write off	-	-	(188)	(56,005)	(1,841)	(7,266)	-	(65,300)
31 December 2016	-	-	669,002	1,919,928	104,866	205,724	-	2,899,520
<u>Allowance for impairment</u>								
1 January 2015	14,638	-	-	66,216	-	-	-	80,854
Increase during the year	-	-	-	17,462	159	303	-	17,924
31 December 2015	14,638	-	-	83,678	159	303	-	98,778
Decrease during the year	-	-	-	-	-	(266)	-	(266)
31 December 2016	14,638	-	-	83,678	159	37	-	98,512
<u>Net book value</u>								
31 December 2015	745,787	76,476	395,901	990,537	12,407	63,074	141,748	2,425,930
31 December 2016	744,327	90,357	440,283	992,288	12,439	44,078	89,975	2,413,747

Depreciation for the year

2015 (Baht 204.6 million included in manufacturing cost, and the balance in administrative expenses)

225,443

2016 (Baht 220.6 million included in manufacturing cost, and the balance in administrative expenses)

233,392

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost							
1 January 2015	25,836	306,359	1,162,804	38,357	47,409	46,588	1,627,353
Additions	-	23	9,833	582	9,175	319,797	339,410
Disposals/write off	-	-	(3,313)	(112)	(4,982)	-	(8,407)
Transfer in (transfer out)	-	78,551	221,889	329	-	(300,769)	-
31 December 2015	25,836	384,933	1,391,213	39,156	51,602	65,616	1,958,356
Additions	-	-	8,420	450	116	96,558	105,544
Capitalised interest	-	-	-	-	-	165	165
Disposals/write off	-	(65)	(10,961)	(718)	(1,545)	-	(13,289)
Transfer in (transfer out)	-	25,116	88,875	2,393	400	(116,784)	-
Transfer to intangible assets	-	-	(1,071)	-	-	-	(1,071)
31 December 2016	25,836	409,984	1,476,476	41,281	50,573	45,555	2,049,705

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<u>Accumulated depreciation</u>							
1 January 2015	-	223,320	724,904	34,775	35,891	-	1,018,890
Depreciation for the year	-	15,104	64,395	1,642	4,744	-	85,885
Depreciation on disposals/write off	-	-	(3,009)	(112)	(4,371)	-	(7,492)
31 December 2015	-	238,424	786,290	36,305	36,264	-	1,097,283
Depreciation for the year	-	15,157	75,292	1,394	5,009	-	96,852
Depreciation on disposals/write off	-	(65)	(10,706)	(709)	(1,545)	-	(13,025)
31 December 2016	-	253,516	850,876	36,990	39,728	-	1,181,110
<u>Net book value</u>							
31 December 2015	25,836	146,509	604,923	2,851	15,338	65,616	861,073
31 December 2016	25,836	156,468	625,600	4,291	10,845	45,555	868,595

Depreciation for the year

2015 (Baht 75.8 million included in manufacturing cost, and the balance in administrative expenses)

85,885

2016 (Baht 88.3million included in manufacturing cost, and the balance in administrative expenses)

96,852

During the year 2016, the Company capitalised borrowing costs amounting to Baht 0.2 million to the costs of machinery under installation during the year ended 31 December 2016 (2015: Nil). The weighted average rate of 2.6% per annum was used to determine the amount of borrowing costs eligible for capitalisation.

During the year 2016, the subsidiary capitalised borrowing costs amounting to Baht 0.6 million (2015: Baht 0.5 million) to the costs of plant enlargement and machinery installation. These borrowing costs were determined based on the borrowing costs of the general loans and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 2.18% - 2.56% per annum (2015: 2.39% - 3.14% per annum).

As at 31 December 2016, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,743 million (2015: Baht 1,585 million) and for the Company amounted to approximately Baht 756 million (2015: Baht 615 million).

As at 31 December 2016, a subsidiary had vehicles with net book value of Baht 2 million (2015: Baht 2.5 million) which were acquired under finance lease agreements.

18. Cost of forest land rights and cost of palm plantation

(Unit: Thousand Baht)

	Consolidated financial statements			Total	Separate financial statements
	Cost of forest land rights	Cost of palm plantation ready for harvest	Cost of palm plantation not ready for harvest		Cost of palm plantation ready for harvest
<u>Cost</u>					
1 January 2015	42,042	551,266	27,704	621,012	294
Additions	-	-	19,163	19,163	-
Write off	(42,042)	(12,162)	-	(54,204)	-
Transfer in (transfer out)	-	2,567	(9,880)	(7,313)	-
31 December 2015	-	541,671	36,987	578,658	294
Additions	-	-	31,039	31,039	-
Write off	-	(13,233)	-	(13,233)	-
31 December 2016	-	528,438	68,026	596,464	294
<u>Accumulated amortisation</u>					
1 January 2015	41,800	372,108	-	413,908	58
Amortisation for the year	-	11,895	-	11,895	12
Amortisation on write off	(41,800)	(6,888)	-	(48,688)	-
31 December 2015	-	377,115	-	377,115	70
Amortisation for the year	-	10,511	-	10,511	12
Amortisation on write off	-	(6,139)	-	(6,139)	-
31 December 2016	-	381,487	-	381,487	82
<u>Net book value</u>					
31 December 2015	-	164,556	36,987	201,543	224
31 December 2016	-	146,951	68,026	214,977	212
<u>Amortisation for the year (included in manufacturing cost)</u>					
2015				11,895	12
2016				10,511	12

Approximately 12,589 rai of the total area utilised by the subsidiary has land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

A permit from 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, and the request is under the consideration of such government unit.

However, on 27 April 2015, that subsidiary was granted a permission to gather forest product in the Nation Reserved Forest, and started to pay official royalty fee at the rate of 10% of the market price of oil palm and forest maintenance fee at a rate of double the official royalty fee, when harvesting the planted oil palm crops.

19. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost	60,357	58,841	27,094	25,942
Less: Accumulated amortisation	(51,660)	(49,570)	(21,729)	(20,945)
Net book value	<u>8,697</u>	<u>9,271</u>	<u>5,365</u>	<u>4,997</u>

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	9,271	8,270	4,997	5,065
Acquisitions - cost	445	2,960	81	681
Transfer from property, plant and equipment	1,071	-	1,071	-
Amortisation for the year	(2,090)	(1,959)	(784)	(749)
Net book value at end of year	<u>8,697</u>	<u>9,271</u>	<u>5,365</u>	<u>4,997</u>

20. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2016	2015	2016	2015	2016	2015
Short-term loans from financial institutions	1.85 - 2.10	1.95 - 4.50	1,555,000	1,610,000	530,000	255,000
Total			1,555,000	1,610,000	530,000	255,000

The short-term loans from financial institutions of the Company and its subsidiaries are unsecured loans.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade payables - related parties	-	368	139,734	141,083
Trade payables - unrelated parties	311,507	280,976	220,908	205,657
Other payables - related parties	2,045	9,193	-	-
Other payables - unrelated parties	54,532	69,696	22,231	33,247
Advance received from related parties	7	7	220	314
Other payables for purchases of machinery	7,505	19,470	2,826	13,444
Accrued expenses	128,356	114,318	65,156	59,489
Total trade and other payables	503,952	494,028	451,075	453,234

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Advance income	6,648	10,363	6,648	1,079
Accrued dividend	4,001	4,341	694	10,363
Others	38,566	49,279	24,215	32,825
Total other current liabilities	49,215	63,983	31,557	44,267

23. Long-term loans

(Unit: Million Baht)

Loan facilities	Consolidated		Separate		Interest rate	Repayment schedule	Security
	financial statements	financial statements	financial statements	financial statements			
	2016	2015	2016	2015	(Percent per annum)		
<u>The Company and its subsidiary</u>							
1. 245.10	174.01	188.89	174.01	188.89	3M BIBOR+1	Repayment in 12 quarterly installments, starting 3 months after the last drawdown	No collateral
2. 75.00	-	75.00	-	-	BIBOR + 1	Repayment in 12 quarterly installments, starting February 2014	No collateral
3. 100.00	62.50	87.50	-	-	THBFIX	Repayment in 15 quarterly installments, starting September 2015	No collateral
Total long-term loans	236.51	351.39	174.01	188.89			
Less: Current portion	(103.00)	(175.00)	(78.00)	(75.00)			
Long-term loans - net of current portion	133.51	176.39	96.01	113.89			

The loan agreements contain covenants that, among other things, require the Company and its subsidiary to maintain condition for dividend payments, the proportion of shareholding of the major shareholders and the maintenance of certain financial ratios at the rate prescribed in the agreements.

24. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Liabilities under finance lease agreements	1,562	2,097
Less: Deferred interest expenses	(156)	(267)
Total	<u>1,406</u>	<u>1,830</u>
Less: Portion due within one year	<u>(573)</u>	<u>(573)</u>
Liabilities under finance lease agreements - net of current portion	<u><u>833</u></u>	<u><u>1,257</u></u>

The subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Million Baht)		
	As at 31 December 2016		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	0.7	0.9	1.6
Deferred interest expenses	(0.1)	(0.1)	(0.2)
Present value of future minimum lease payments	<u>0.6</u>	<u>0.8</u>	<u>1.4</u>

	(Unit: Million Baht)		
	As at 31 December 2015		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	0.6	1.5	2.1
Deferred interest expenses	(0.1)	(0.2)	(0.3)
Present value of future minimum lease payments	<u>0.5</u>	<u>1.3</u>	<u>1.8</u>

25. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2016			2015		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Defined benefit obligations at beginning of year	66,075	1,457	67,532	75,052	1,710	76,762
Current service cost	6,450	124	6,574	6,430	150	6,580
Interest cost	4,017	57	4,074	3,796	63	3,859
Benefits paid during the year	(21,217)	(486)	(21,703)	(19,203)	(466)	(19,669)
Provision for long-term employee benefits at end of year	55,325	1,152	56,477	66,075	1,457	67,532

(Unit: Thousand Baht)

Separate financial statements

	2016			2015		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Defined benefit obligations at beginning of year	29,142	1,457	30,599	41,642	1,710	43,352
Current service cost	2,668	124	2,792	2,720	150	2,870
Interest cost	2,072	57	2,129	2,031	63	2,094
Benefits paid during the year	(10,102)	(486)	(10,588)	(17,251)	(466)	(17,717)
Provision for long-term employee benefits at end of year	<u>23,780</u>	<u>1,152</u>	<u>24,932</u>	<u>29,142</u>	<u>1,457</u>	<u>30,599</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2016			2015		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	6,450	124	6,574	6,430	150	6,580
Interest cost	4,017	57	4,074	3,796	63	3,859
Transitional liability recognised during the year	-	-	-	20,851	778	21,629
Total expenses recognised in profit or loss	10,467	181	10,648	31,077	991	32,068
Line items in profit or loss under which such expenses are included						
Cost of sales			5,447			19,550
Selling and administrative expenses			5,201			12,518

(Unit: Thousand Baht)

	Separate financial statements					
	2016			2015		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	2,668	124	2,792	2,720	150	2,870
Interest cost	2,072	57	2,129	2,031	63	2,094
Transitional liability recognised during the year	-	-	-	12,120	778	12,898
Total expenses recognised in profit or loss	4,740	181	4,921	16,871	991	17,862
Line items in profit or loss under which such expenses are included						
Cost of sales			2,224			10,100
Selling and administrative expenses			2,697			7,762

The Company and its subsidiaries expect to pay Baht 8.4 million of long-term employee benefits during the next year (Separate financial statements: Baht 6.7 million) (2015: Baht 17.1 million, separate financial statements: Baht 9.7 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefits is 14 - 27 years (Separate financial statements: 17 - 27 years) (2015: 14 - 27 years, separate financial statements: 17 - 27 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.30 - 4.80	4.30 - 4.80	4.52, 4.77	4.52, 4.77
Salary increase rate	2.0 - 5.0	5.0	5.0	5.0
Staff turnover rate (depending on age)	0 - 46	0 - 46	0 - 46	0 - 46

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below.

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(2.45)	2.61	(1.08)	1.13
Salary increase rate	3.68	(3.49)	1.64	(1.57)
Staff turnover rate	(3.97)	4.20	(1.85)	1.95

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(2.55)	2.73	(1.16)	1.22
Salary increase rate	3.39	(3.20)	1.58	(1.51)
Staff turnover rate	(0.21)	3.98	(1.78)	1.87

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve is fully set aside by the Company.

Statutory reserve of the subsidiaries in the consolidated financial statements are presented in proportion to the Company's interest.

27. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Raw materials and consumables used	6,473,181	6,066,346	4,886,568	4,485,809
Changes in inventories of finished goods and work in process	(256,958)	155,340	(334,217)	65,546
Salary and wages and other employee benefits	773,065	774,788	302,853	305,155
Depreciation and amortisation	246,660	243,804	98,593	88,344
Transportation expenses	157,002	129,279	92,290	97,825
Promotion expenses	148,246	163,553	148,246	163,553
Repair and maintenance expenses	95,535	109,415	21,734	33,624
Rental expenses from operating lease agreements	41,676	39,882	4,490	7,469
Loss on impairment of assets	-	35,000	-	-

28. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	92,469	94,851	10,399	40,524
Adjustment in respect of income tax expenses of previous year	(99)	5,804	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,570	(5,952)	(70)	(147)
Income tax expenses reported in the statements of comprehensive income	<u>94,940</u>	<u>94,703</u>	<u>10,329</u>	<u>40,377</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to loss on change in value of available-for-sale investments	(11)	(253)	(11)	(253)
Income tax charged directly to other comprehensive income	(11)	(253)	(11)	(253)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit before tax	449,821	403,984	148,445	244,849
Applicable tax rate	15% and 20%	15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	106,890	87,576	29,689	48,970
Adjustment in respect of current income tax of previous year	(99)	5,804	-	-
Effects of:				
Tax loss for the year unrecognised as deferred tax assets	1,957	5,774	-	-
Share of loss (profit) from investment in joint venture	2,264	(1,044)	-	-
Promotional privileges (Note 29)	(1,996)	(8,829)	(2,785)	(2,818)
Non-deductible expenses	3,591	12,670	667	1,252
Additional expense deductions allowed	(17,427)	(7,206)	(17,242)	(7,027)
Others	(240)	(42)	-	-
Total	(11,851)	1,323	(19,360)	(8,593)
Income tax expenses reported in the statements of comprehensive income	94,940	94,703	10,329	40,377

A reconciliation of deferred tax assets (liabilities) is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
As at 1 January 2016	6,431
Deferred tax expenses adjusted to the opening balance of retained earnings (Note 3)	(7,818)
Deferred tax expenses recognised in profit or loss	(4,076)
As at 31 December 2016	<u>(5,463)</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separated financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	21,518	20,352	3,479	2,213
Allowance for diminution in inventory value	3,912	3,155	28	90
Allowance for impairment loss of investment in associated company	2,400	2,400	-	-
Unrealised loss on changes in value of available-for-sale investments	170	158	170	158
Allowance for asset impairment	3,256	3,366	-	-
Provision for long-term employee benefits	10,109	11,469	4,986	6,120
Provision for land rental	298	-	-	-
Unused tax losses	-	910	-	-
Total	<u>41,663</u>	<u>41,810</u>	<u>8,663</u>	<u>8,581</u>
Deferred tax liabilities				
Change in fair value of biological assets	10,230	-	-	-
Total	<u>10,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net	<u>31,433</u>	<u>41,810</u>	<u>8,663</u>	<u>8,581</u>

Deferred tax assets and liabilities are presented in the statements of financial position as at 31 December 2016 and 2015 as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	2016	2015	2016	2015
Deferred tax assets	36,896	41,810	8,663	8,581
Deferred tax liabilities	(5,463)	-	-	-
Net	31,433	41,810	8,663	8,581

As at 31 December 2016, the subsidiary had deductible temporary differences and unused tax losses totaling Baht 376 million (2015: Baht 453 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to Baht 222 million will gradually expire by 2021.

29. Promotional privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment in respect of manufacture of products as stipulated in the promotion certificates as follows:

The Company

<u>Certificate No.</u>	<u>Operation</u>
1815(2)/2549	Manufacture of crude palm oil
1013(9)/2551	Manufacture of electricity from biogases
2093(2)/2550	Manufacture of pure vegetable oil
59-1529-0-05-1-0	Manufacture of pure vegetable oil

Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>
1043(2)/2548	Manufacture of crude palm oil and palm kernel seed and electricity from biomasses product
2088(2)/2547	Manufacture of fruits and vegetables
2121(2)/2547	Manufacture of fruits and vegetables into products and fermented soybeans
2112(5)/2547	Manufacture of frozen fruits and vegetables
2245(9)/2550	Manufacture of electricity from biogases

The significant privileges include exemption from corporate income tax on income from the promoted operations for a period of eight years, commencing from the date of first earning operating income (except certificate No. 1815(2)/2549, 2093(2)/2550, 1043(2)/2548, 2088(2)/2547, 2121(2)/2547 and 2112(5)/2547, which have been exempted from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital and certificate No. 59-1529-0-05-1-0 which has been exempted from corporate income tax on income from the promoted operations for a period of three years from the date of first earning operating income, up to a maximum of 50 percent of the amount invested, excluding land and working capital).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2016 and 2015 were as follows:

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales						
Domestic sales	1,339,589	1,483,091	4,617,660	4,657,106	5,957,249	6,140,197
Export sales	44,652	20,898	151,607	168,193	196,259	189,091
Total sales	<u>1,384,241</u>	<u>1,503,989</u>	<u>4,769,267</u>	<u>4,825,299</u>	<u>6,153,508</u>	<u>6,329,288</u>

30. Earnings per share

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

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit attributable to equity holders of the Company				
(Thousand Baht)	330,581	311,416	138,116	204,472
Weighted average number of ordinary shares				
(Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.40	0.38	0.17	0.25

31. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have two reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment, which includes the generation of electricity from biogases, the by-products from palm oil manufacturing.
- (2) The manufacture and distribution of processed fruits and vegetables segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	5,920	6,839	2,347	1,358	8,267	8,197	8,267	-	8,267	8,197
Intersegment revenues	516	750	709	688	1,225	1,438	(1,225)	(1,438)	-	-
Interest expenses	(18)	(20)	(23)	(25)	(41)	(45)	-	-	(41)	(45)
Depreciation and amortisation	(182)	(172)	(65)	(72)	(247)	(244)	-	-	(247)	(244)
Income tax expenses	(31)	(48)	(64)	(47)	(95)	(95)	-	-	(95)	(95)
Reversal of loss on impairment of assets	-	-	-	(35)	-	(35)	-	-	-	(35)
Segment profit	582	715	701	568	1,283	1,283	-	(1)	1,283	1,282

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Segment total assets	5,855	5,454	1,629	1,755	7,484	7,209	(1,536)	(1,338)	5,948	5,871
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	132	516	(105)	(147)	27	369	-	-	27	369

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Geographic information

During the year 2016, the Company's and its subsidiaries' sales represent domestic sales of 78 percent (2015: 82 percent) and export sales of 22 percent (2015: 18 percent).

Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major external customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

The Company, its subsidiaries, and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees, the Company and its subsidiaries contribute to the fund monthly at the rates of 2 - 5 percent of basic salary. The Company's fund, which is managed by Kasikorn Asset Management Company Limited, and the subsidiaries' funds, which are managed by Kasikorn Asset Management Company Limited and SCB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

The contributions for the year 2016 by the Company and the subsidiaries amounting to approximately Baht 12.0 million (2015: Baht 11.1 million) were recognised as expenses, the Company only: Baht 5.7 million (2015: Baht 5.3 million).

33. Dividends

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Thousand Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2015</u>			
Dividend on 2014 profit	Annual General Meeting of the shareholders on 24 April 2015	164,000	0.20
Total dividends for the year 2015		<u>164,000</u>	<u>0.20</u>
<u>For the year 2016</u>			
Dividend on 2015 profit	Annual General Meeting of the shareholders on 26 April 2016	123,000	0.15
Total dividends for the year 2016		<u>123,000</u>	<u>0.15</u>
<u>Subsidiaries</u>			
<u>For the year 2015</u>			
Final dividend in respect of October to December 2014 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 24 April 2015	48,607	0.15
Total dividends for the year 2015		<u>48,607</u>	<u>0.15</u>

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
<u>For the year 2016</u>			
Dividend on 2015 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2016	32,000	0.10
Total dividends for the year 2016		32,000	0.10
Dividend on 2015 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 25 April 2016	63,000	1.20
Total dividends for the year 2016		63,000	1.20

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2016, the Company and its subsidiaries had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to approximately Baht 63.8 million and Euro 0.1 million (2015: Baht 71.1 million, Yen 2.7 million and Euro 0.7 million), the Company only: Baht 22.9 million (2015: Baht 39.8 million, Yen 2.7 million and Euro 0.7 million).

34.2 Operating lease commitments

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

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

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

	(Unit: Million Baht)	
	As at 31 December	
	<u>2016</u>	<u>2015</u>
Payable:		
Within 1 year	33.3	24.4
In over 1 year and up to 5 years	87.0	71.5
In over 5 years	17.0	16.0

34.3 Guarantees

As at 31 December 2016, 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 17.2 million to guarantee import, electricity use, among others (2015: Baht 32.1 million) and for the Company: Baht 9.2 million to guarantee electricity use, among others (2015: Baht 10.1 million).

34.4 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.

Consequently, ALRO sent a letter to the subsidiary regarding the distribution of land. The land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the approximately cost of land and the net book value of the palm plantation development on such land as at 31 December 2016 totally Baht 10 million, was in conflict with the subsidiary's land title deed. The subsidiary is now processing with ALRO to nullify the status of being land under Sor Por Kor.

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

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received a notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of the notice, since the subsidiary has no land ownership documents. The cost of this land and the net book value of the palm plantation development on such land amounted to approximately Baht 0.2 million. 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 designed forest areas.

35. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets that were measured at fair value or for which fair value is disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	1	1	-	2
Biological assets	-	53	30	83
Assets for which fair value is disclosed				
Investment properties	-	-	187	187

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	1	1	-	2
Assets for which fair value is disclosed				
Investment properties	-	-	183	183

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	1	1	-	2
Assets for which fair value is disclosed				
Investments in subsidiaries	1,621	-	-	1,621
Investment properties	-	-	30	30

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	1	1	-	2
Assets for which fair value is disclosed				
Investments in subsidiaries	1,056	-	-	1,056
Investment properties	-	-	26	26

36. Financial instruments

36.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, trade and other payables, short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans, as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans, short-term and long-term borrowings. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2016 and 2015 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2016

	Fixed interest rate				Total	Interest rate (% p.a.)
	Within one year	More than one year but within four years	Floating interest rate	Non- interest bearing		
Financial assets						
Cash and cash equivalents	30	-	362	28	420	0.05 - 1.45
Trade and other receivables	-	-	-	912	912	-
Long-term loans to other companies	-	-	60	-	60	THBFIX + 1
	<u>30</u>	<u>-</u>	<u>422</u>	<u>940</u>	<u>1,392</u>	
Financial liabilities						
Short-term loans from financial institutions	870	-	685	-	1,555	1.85 - 2.10
Trade and other payables	-	-	-	504	504	-
Long-term loans	-	-	237	-	237	3 M BIBOR + 1, THBFIX
	<u>870</u>	<u>-</u>	<u>922</u>	<u>504</u>	<u>2,296</u>	

(Unit: Million Baht)

As at 31 December 2015

	Fixed interest rate				Total	Interest rate (% p.a.)
	Within one year	More than one year but within four years	Floating interest rate	Non- interest bearing		
Financial assets						
Cash and cash equivalents	-	-	421	59	480	0.05 - 0.85
Trade and other receivables	-	-	-	1,152	1,152	-
Long-term loans to other companies	-	-	62	-	62	THBFIX + 1
	<u>-</u>	<u>-</u>	<u>483</u>	<u>1,211</u>	<u>1,694</u>	
Financial liabilities						
Short-term loans from financial institutions	655	-	955	-	1,610	1.95 - 4.50
Trade and other payables	-	-	-	494	494	-
Long-term loans	-	-	351	-	351	3M BIBOR+1, THBFIX, BIBOR+1
	<u>655</u>	<u>-</u>	<u>1,306</u>	<u>494</u>	<u>2,455</u>	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	6.8	2.1	0.3	0.8	35.8307	36.0886
Euro	0.2	0.4	-	0.1	37.7577	39.4388
Yen	-	-	-	33.4	-	0.3028

Forward exchange contracts outstanding as at 31 December 2016 and 2015 are summarised below.

As at 31 December 2016

Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.5	-	35.5000 - 35.9900	January - June 2017

As at 31 December 2016

Foreign currency	Bought amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.3	0.3	35.9630 - 36.0630	Within July 2017

As at 31 December 2015

Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
Euro	0.6	0.6	(Baht per 1 foreign currency unit) 40.2000 - 41.3640	In April 2016

36.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

37. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.70:1 (2015: 0.82:1) and the Company's was 0.43:1 (2015: 0.35:1).

38. Events after the reporting period

On 28 February 2017, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2016 profit of Baht 0.10 per share, or a total of Baht 82 million.

On 27 February 2017, a meeting of the Board of Directors of United Palm Oil Industry Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend in respect of 2016 profit of Baht 0.15 per share, or a total of Baht 49 million.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company's and the subsidiary's shareholders.

39. Reclassification

Due to the adoption of new financial reporting standard and the accounting treatment guidance, as discussed in Note 3 to the financial statements, certain amounts in the prior period's financial statements have been reclassified as follows:

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December 2015

	<u>As reclassified</u>	<u>As previously reported</u>
Statement of financial position		
Biological assets	22,279	-
Cost of forest land rights and cost of palm plantation	201,543	223,822

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

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.