

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and six-month periods ended
30 June 2017

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 30 June 2017, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter

I draw attention to Note 12 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 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. My conclusion is not qualified in respect of this matter.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 11 August 2017

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)	As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)
Assets					
Current assets					
Cash and cash equivalents	3	438,188	420,385	103,000	130,745
Trade and other receivables	2,4	938,982	911,801	751,150	784,831
Short-term loans to related parties	2	-	-	-	-
Inventories	5	1,956,721	1,425,891	1,217,515	915,168
Biological assets		90,962	83,547	-	-
Other current assets		56,192	38,380	21,491	13,978
Total current assets		3,481,045	2,880,004	2,093,156	1,844,722
Non-current assets					
Investments in subsidiaries	6	-	-	1,312,871	1,312,871
Investment in joint venture	7	36,471	42,353	-	-
Investment in associated company	8	-	-	-	-
Other long-term investments		1,557	1,649	1,557	1,649
Long-term loan to other company	9	21,620	60,480	-	-
Investment properties	10	64,025	64,354	5,615	5,618
Property, plant and equipment	11	2,398,269	2,413,747	845,957	868,595
Cost of forest land rights and cost of palm plantation	12	223,803	214,977	207	212
Goodwill		196,376	196,376	-	-
Intangible assets		11,537	8,697	6,341	5,365
Deferred tax assets		35,081	36,896	7,640	8,663
Other non-current assets		3,610	28,228	485	485
Total non-current assets		2,992,349	3,067,757	2,180,673	2,203,458
Total assets		6,473,394	5,947,761	4,273,829	4,048,180

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)	As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	1,975,000	1,555,000	820,000	530,000
Trade and other payables	2,14	515,310	503,952	377,539	451,075
Current portion of long-term loans	15	103,000	103,000	78,000	78,000
Current portion of liabilities under finance lease agreements		573	573	-	-
Income tax payable		43,589	47,436	8,960	7,235
Other current liabilities		49,651	49,215	24,559	31,557
Total current liabilities		2,687,123	2,259,176	1,309,058	1,097,867
Non-current liabilities					
Long-term loans - net of current portion	15	82,013	133,513	57,013	96,013
Liabilities under finance lease agreements - net of current portion		612	833	-	-
Provision for long-term employee benefits		63,213	56,478	19,327	24,932
Deferred tax liabilities		3,108	5,463	-	-
Total non-current liabilities		148,946	196,287	76,340	120,945
Total liabilities		2,836,069	2,455,463	1,385,398	1,218,812

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)	As at 30 June 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)
Shareholders' equity				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Paid-in surplus				
Share premium	241,970	241,970	241,970	241,970
Premium on treasury stock	5,269	5,269	5,269	5,269
Retained earnings				
Appropriated - statutory reserve	107,473	107,473	82,000	82,000
Unappropriated	2,126,610	1,966,151	1,739,945	1,680,808
Other components of shareholders' equity	(7,332)	(7,258)	(753)	(679)
Equity attributable to owners of the Company	3,293,990	3,133,605	2,888,431	2,829,368
Non-controlling interests of the subsidiaries	343,335	358,693	-	-
Total shareholders' equity	3,637,325	3,492,298	2,888,431	2,829,368
Total liabilities and shareholders' equity	6,473,394	5,947,761	4,273,829	4,048,180

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

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Directors
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(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 30 June 2017

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit or loss:				
Revenues				
Sales	2,178,614	2,102,915	1,535,807	1,510,971
Gain from change in fair value of biological assets	11,209	-	-	-
Dividend income	10	19	34,018	84,952
Other income	27,843	19,664	24,239	25,389
Total revenues	2,217,676	2,122,598	1,594,064	1,621,312
Expenses				
Cost of sales	1,771,105	1,718,751	1,362,832	1,397,046
Selling expenses	170,557	168,852	93,685	100,827
Administrative expenses	46,202	48,742	24,332	28,236
Loss from change in fair value of biological assets	-	28,589	-	-
Total expenses	1,987,864	1,964,934	1,480,849	1,526,109
Profit before share of profit/loss from investment in joint venture, finance cost and income tax expenses				
	229,812	157,664	113,215	95,203
Share of profit (loss) from investment in joint venture	7 48	(3,974)	-	-
Profit before finance cost and income tax expenses				
	229,860	153,690	113,215	95,203
Finance cost	(10,663)	(11,472)	(4,729)	(2,512)
Profit before income tax expenses				
	219,197	142,218	108,486	92,691
Income tax expenses	16 (30,894)	(27,726)	(6,036)	(950)
Profit for the period				
	188,303	114,492	102,450	91,741

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 three-month period ended 30 June 2017

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

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
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		(110)	(58)	(110)	(58)
Income tax reflect	16	22	11	22	11
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(88)	(47)	(88)	(47)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(14,983)	-	-	-
Income tax reflect	16	2,997	-	-	-
Share of other comprehensive income of investment in joint venture - actuarial gain		266	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(11,720)	-	-	-
Other comprehensive income for the period		(11,808)	(47)	(88)	(47)
Total comprehensive income for the period		176,495	114,445	102,362	91,694
Profit or loss attributable to:					
Equity holders of the Company		180,593	103,545	102,450	91,741
Non-controlling interests of the subsidiaries		7,710	10,947		
		<u>188,303</u>	<u>114,492</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		172,305	103,498	102,362	91,694
Non-controlling interests of the subsidiaries		4,190	10,947		
		<u>176,495</u>	<u>114,445</u>		
Basic earnings per share	17				
Profit attributable to equity holders of the Company (Baht)		<u>0.22</u>	<u>0.13</u>	<u>0.12</u>	<u>0.11</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month period ended 30 June 2017

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit or loss:				
Revenues				
Sales	4,260,235	4,080,473	3,225,004	2,970,209
Gain from change in fair value of biological assets	9,049	-	-	-
Dividend income	10	19	34,018	84,952
Other income	44,705	39,245	50,499	51,160
Total revenues	4,313,999	4,119,737	3,309,521	3,106,321
Expenses				
Cost of sales	3,558,480	3,395,906	2,898,673	2,761,027
Selling expenses	321,902	330,622	195,700	205,924
Administrative expenses	108,596	107,148	55,807	58,495
Loss from change in fair value of biological assets	-	19,171	-	-
Total expenses	3,988,978	3,852,847	3,150,180	3,025,446
Profit before share of loss from investment in joint venture, finance cost and income tax expenses				
Share of loss from investment in joint venture	7	(5,398)	(6,929)	-
Profit before finance cost and income tax expenses	319,623	259,961	159,341	80,875
Finance cost	(19,769)	(22,724)	(8,337)	(4,477)
Profit before income tax expenses	299,854	237,237	151,004	76,398
Income tax expenses	16	(46,567)	(10,001)	1,481
Profit for the period	253,287	188,614	141,003	77,879

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 six-month period ended 30 June 2017

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

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain (loss) on changes in value of available-for-sale investments		(92)	38	(92)	38
Income tax reflect	16	18	(8)	18	(8)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		(74)	30	(74)	30
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(14,983)	-	-	-
Income tax reflect	16	2,997	-	-	-
Share of other comprehensive income of investment in joint venture - actuarial gain		266	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		(11,720)	-	-	-
Other comprehensive income for the period		(11,794)	30	(74)	30
Total comprehensive income for the period		241,493	188,644	140,929	77,909
Profit or loss attributable to:					
Equity holders of the Company		250,525	164,456	141,003	77,879
Non-controlling interests of the subsidiaries		2,762	24,158		
		<u>253,287</u>	<u>188,614</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		242,251	164,486	140,929	77,909
Non-controlling interests of the subsidiaries		(758)	24,158		
		<u>241,493</u>	<u>188,644</u>		
Basic earnings per share	17				
Profit attributable to equity holders of the Company (Baht)		0.31	0.20	0.17	0.09

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Cash flow statements****For the six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	299,854	237,237	151,004	76,398
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	120,222	122,011	48,188	49,398
Loss (gain) from change in fair value of biological assets	(9,049)	19,171	-	-
Share of loss from investment in joint venture	5,398	6,929	-	-
Increase (decrease) in allowance for doubtful accounts	(1,182)	4,782	398	6,030
Bad debt write-off	-	96	-	-
Decrease in allowance for diminution in inventory value	(7,270)	(6,713)	-	-
Gain on disposals of property, plant and equipment	(13,589)	(157)	(1,002)	(12)
Loss on write-off of cost of palm plantation	16	-	-	-
Unrealised loss on exchange	1,148	1,142	424	123
Provision for long-term employee benefits	6,834	15,405	4,033	12,541
Dividend income from subsidiary	-	-	(34,008)	(84,933)
Dividend income from other companies	(10)	(19)	(10)	(19)
Interest expenses	18,416	21,276	7,574	3,614
Profit from operating activities before changes in operating assets and liabilities	420,788	421,160	176,601	63,140
Decrease (increase) in operating assets				
Trade and other receivables	(27,451)	156,011	32,853	83,573
Inventories and biological assets	(521,926)	(177,106)	(302,347)	(110,771)
Other current assets	(14,389)	6,828	(6,122)	593
Other non-current assets	24,618	(22,788)	-	-
Increase (decrease) in operating liabilities				
Trade and other payables	8,710	89,600	(77,332)	31,737
Other current liabilities	804	(11,986)	(6,910)	(10,652)
Provision for long-term employee benefits	(15,082)	(1,474)	(9,638)	-
Cash from (used in) operating activities	(123,928)	460,245	(192,895)	57,620
Cash paid for interest expenses	(18,433)	(21,728)	(7,555)	(3,652)
Cash paid for income tax	(51,364)	(62,159)	(8,626)	(18,795)
Net cash from (used in) operating activities	(193,725)	376,358	(209,076)	35,173

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Cash flow statements (continued)****For the six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Dividend received from subsidiary	-	-	34,008	84,933
Dividend received from other companies	10	19	10	19
Dividend received from joint venture	750	1,999	-	-
Decrease in long-term loan to unrelated party	38,860	-	-	-
Acquisitions of property, plant and equipment	(96,893)	(121,848)	(21,543)	(57,442)
Proceeds from disposals of property, plant and equipment	14,383	358	1,231	201
Increase in cost of palm plantation	(13,359)	(7,024)	-	-
Increase in intangible assets	(3,948)	(24)	(1,421)	-
Net cash from (used in) investing activities	(60,197)	(126,520)	12,285	27,711
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	420,000	(137,000)	290,000	(15,000)
Repayment of liabilities under finance lease agreements	(221)	(211)	-	-
Cash received from long-term loans	-	43,619	-	43,619
Repayment of long-term loans	(51,500)	(82,000)	(39,000)	(19,500)
Dividend paid	(96,554)	(133,407)	(81,954)	(122,935)
Net cash from (used in) financing activities	271,725	(308,999)	169,046	(113,816)
Net increase (decrease) in cash and cash equivalents	17,803	(59,161)	(27,745)	(50,932)
Cash and cash equivalents at beginning of the period	420,385	479,943	130,745	121,706
Cash and cash equivalents at end of the period				
(Note 3)	438,188	420,782	103,000	70,774

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid	8,525	9,795	6,609	6,118
Dividend payable	3,898	4,314	606	1,111

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to the owners of the Company											
					Other components of equity						
					Other comprehensive income		Other changes by the owners				
					Surplus (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	Total shareholders' equity
Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		in value of available-for-sale investments	change in shareholding in subsidiary	components of shareholders' equity	shareholders of the Company	interests of the subsidiaries	shareholders' equity	
			Appropriated - statutory reserve	Unappropriated							
Balance as at 1 January 2016	820,000	241,970	5,269	107,123	1,759,037	(634)	(6,579)	(7,213)	2,926,186	344,715	3,270,901
Profit for the period	-	-	-	-	164,456	-	-	-	164,456	24,158	188,614
Other comprehensive income for the period	-	-	-	-	-	30	-	30	30	-	30
Total comprehensive income for the period	-	-	-	-	164,456	30	-	30	164,486	24,158	188,644
Reversal of prior year dividend	-	-	-	-	33	-	-	-	33	-	33
Appropriation of statutory reserve of subsidiary	-	-	-	350	(500)	-	-	-	(150)	150	-
Dividend paid (Note 19)	-	-	-	-	(123,000)	-	-	-	(123,000)	-	(123,000)
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(10,472)	(10,472)
Balance as at 30 June 2016	820,000	241,970	5,269	107,473	1,800,026	(604)	(6,579)	(7,183)	2,967,555	358,551	3,326,106

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to the owners of the Company											
					Other components of equity						
					Other comprehensive income		Other changes by the owners		Equity		
					Surplus (deficit) on changes in value of		Deficit on change in shareholding in subsidiary		Total equity attributable to non-controlling interests of the subsidiaries		
					in value of available-for-sale investments		Total other components of shareholders' equity		Total equity attributable to shareholders of the Company		
Issued and paid up share capital		Share premium	Premium on treasury stock	Retained earnings		in value of available-for-sale investments		Total other components of shareholders' equity		Total equity attributable to non-controlling interests of the subsidiaries	
				Appropriated - statutory reserve	Unappropriated	in value of available-for-sale investments		Total other components of shareholders' equity		Total equity attributable to non-controlling interests of the subsidiaries	
						in value of available-for-sale investments	Deficit on change in shareholding in subsidiary	Total other components of shareholders' equity		Total equity attributable to non-controlling interests of the subsidiaries	
						in value of available-for-sale investments	Deficit on change in shareholding in subsidiary	Total other components of shareholders' equity		Total equity attributable to non-controlling interests of the subsidiaries	
Balance as at 1 January 2017	820,000	241,970	5,269	107,473	1,966,151	(679)	(6,579)	(7,258)	3,133,605	358,693	3,492,298
Profit for the period	-	-	-	-	250,525	-	-	-	250,525	2,762	253,287
Other comprehensive income for the period	-	-	-	-	(8,200)	(74)	-	(74)	(8,274)	(3,520)	(11,794)
Total comprehensive income for the period	-	-	-	-	242,325	(74)	-	(74)	242,251	(758)	241,493
Reversal of prior year dividend	-	-	-	-	134	-	-	-	134	-	134
Dividend paid (Note 19)	-	-	-	-	(82,000)	-	-	-	(82,000)	-	(82,000)
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(14,600)	(14,600)
Balance as at 30 June 2017	820,000	241,970	5,269	107,473	2,126,610	(753)	(6,579)	(7,332)	3,293,990	343,335	3,637,325

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Separate financial statements					Other components of equity		Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings	Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2016	820,000	241,970	5,269	82,000	1,665,659	(634)	(634)	2,814,264
Profit for the period	-	-	-	-	77,879	-	-	77,879
Other comprehensive income for the period	-	-	-	-	-	30	30	30
Total comprehensive income for the period	-	-	-	-	77,879	30	30	77,909
Reversal of prior year dividend	-	-	-	-	33	-	-	33
Dividend paid (Note 19)	-	-	-	-	(123,000)	-	-	(123,000)
Balance as at 30 June 2016	820,000	241,970	5,269	82,000	1,620,571	(604)	(604)	2,769,206

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Separate financial statements					Other components of equity		Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings	Other comprehensive income	Deficit on changes in value of available-for-sale investments	Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated				Total shareholders' equity
Balance as at 1 January 2017	820,000	241,970	5,269	82,000	1,680,808	(679)	(679)	2,829,368
Profit for the period	-	-	-	-	141,003	-	-	141,003
Other comprehensive income for the period	-	-	-	-	-	(74)	(74)	(74)
Total comprehensive income for the period	-	-	-	-	141,003	(74)	(74)	140,929
Reversal of prior year dividend	-	-	-	-	134	-	-	134
Dividend paid (Note 19)	-	-	-	-	(82,000)	-	-	(82,000)
Balance as at 30 June 2017	820,000	241,970	5,269	82,000	1,739,945	(753)	(753)	2,888,431

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2017

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (herein after called “the Company”) and its subsidiaries (herein after called “the subsidiaries”), which were incorporated in Thailand, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016. There have been no changes in the composition of the group during the current period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	90.1	146.5	Market price on the contract date
Purchase of goods and services	-	-	144.0	176.0	Market price less fixed margin
Sales of goods and services	-	-	0.3	0.3	Market price
Dividend income	-	-	34.0	85.0	At the declared rate
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	15.1	17.9	Actual charge

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with related companies</u>					
Sales of goods	47.8	37.5	-	-	Price approximates market price
Purchase of goods	0.9	0.3	-	-	Selling price less marketing expenses and profit margin
Other expenses	3.4	5.2	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Land rental income	0.3	0.3	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	0.4	2.4	-	-	Market price

(Unit: Million Baht)

	For the six-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	157.3	283.9	Market price on the contract date
Purchase of goods and services	-	-	330.2	366.4	Market price less fixed margin
Sales of goods and services	-	-	0.6	0.6	Market price
Dividend income	-	-	34.0	85.0	At the declared rate
Rental income	-	-	1.0	1.0	Market price/Contract price
Selling and administrative service income	-	-	34.5	34.8	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	78.4	69.7	-	-	Price approximates market price
Purchase of goods	1.7	0.7	-	-	Selling price less marketing expenses and profit margin
Other expenses	6.1	8.0	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Land rental income	0.6	0.6	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	1.5	3.6	-	-	Market price

(Unaudited but reviewed)

The balances of accounts as at 30 June 2017 and 31 December 2016 between the Company and the related parties are detailed as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
<u>Trade and other receivables - related parties</u> (Note 4)				
Subsidiaries	-	-	19,661	20,261
Associated company	452	452	-	-
Related companies (related by common shareholders)	52,699	42,719	-	-
Total trade and other receivables - related parties	53,151	43,171	19,661	20,261
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	32,371	22,391	19,661	20,261
<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 to 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 14)				
Subsidiaries	-	-	125,202	139,954
Related companies (related by common shareholders)	4,290	2,052	-	-
Total trade and other payables - related parties	4,290	2,052	125,202	139,954

Short-term loans to related parties

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

Selling and administrative service income

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

Directors and management’s benefits

During the three-month and six-month periods ended 30 June 2017, 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 36.2 million and Baht 72.7 million, respectively (2016: Baht 34.7 million and Baht 70.4 million, respectively) and for the Company totaling Baht 21.4 million and Baht 42.6 million, respectively (2016: Baht 20.4 million and Baht 41.4 million, respectively).

3. Cash and cash equivalents

As at 30 June 2017 and 31 December 2016, cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Cash	127,268	4,220	1,455	1,237
Bank deposits	280,917	386,170	101,545	129,508
Investment in Bank of Thailand bonds	30,003	29,995	-	-
Total	<u>438,188</u>	<u>420,385</u>	<u>103,000</u>	<u>130,745</u>

As at 30 June 2017, bank deposits in savings account and fixed deposits carried interest between 0.05 and 0.85 percent per annum (31 December 2016: between 0.05 and 1.45 percent per annum).

4. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	30,580	21,471	63	-
Past due				
Up to 3 months	1,790	906	-	-
6 - 12 months	-	12	-	-
Over 12 months	452	452	-	-
Total	32,822	22,841	63	-
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	32,370	22,389	63	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	29,221	35,911	29,221	35,911
Cheque returned	20,678	19,224	15,715	14,261
Not yet due	708,140	688,743	613,492	635,950
Past due				
Up to 3 months	149,224	151,702	81,647	88,648
3 - 6 months	10,900	7,984	1,161	911
6 - 12 months	1,750	2,060	155	1,724
Over 12 months	28,889	28,557	3,784	2,483
Total	948,802	934,181	745,175	779,888
Less: Allowance for doubtful accounts	(47,213)	(49,094)	(16,466)	(16,767)
Total trade receivables - unrelated parties - net	901,589	885,087	728,709	763,121
Total trade receivables - net	933,959	907,476	728,772	763,121
<u>Other receivables</u>				
Other receivables - related parties	1	2	2,840	3,748
Other receivables - unrelated parties	5,125	3,808	4,108	2,078
Accrued income - related parties	-	-	16,758	16,513
Accrued income - unrelated parties	643	467	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	582	677	-	-
Total	26,679	25,282	23,706	22,339
Less: Allowance for doubtful accounts	(21,656)	(20,957)	(1,328)	(629)
Total other receivables - net	5,023	4,325	22,378	21,710
Total trade and other receivables - net	938,982	911,801	751,150	784,831

5. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u> </u>	<u> </u>
Balance as at 31 December 2016	47,153	139
The reduction of inventory value recorded during the period	(7,270)	-
Balance as at 30 June 2017	<u>39,883</u>	<u>139</u>

6. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht)	
	30 June	31 December	30 June	31 December	30 June	31 December	Dividend received during the six-month periods ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	34,008	22,672
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623	-	62,261
Total					<u>1,333,967</u>	<u>1,333,967</u>	<u>34,008</u>	<u>84,933</u>
Less: Allowance for impairment loss of investments					(21,096)	(21,096)		
Total investments in subsidiaries - net					<u>1,312,871</u>	<u>1,312,871</u>		

As at 30 June 2017, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on the latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 1,326 million (31 December 2016: Baht 1,621 million).

7. Investment in joint venture

7.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		31		31		31	
		30 June 2017	December 2016	30 June 2017	December 2016	30 June 2017	December 2016
		Percent	Percent				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	36,471	42,353
Total				25,000	25,000	36,471	42,353

7.2 Share of comprehensive income and dividend received

During the three-month and six-month periods ended 30 June 2017 and 2016, the subsidiary had recognised its share of profit (loss) and other comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Share of profit (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2017	2016	2017	2016
Siam Elite Palm Co., Ltd.	48	(3,974)	266	-
Total	48	(3,974)	266	-

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Share of loss from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2017	2016	2017	2016
Siam Elite Palm Co., Ltd.	(5,398)	(6,929)	266	-
Total	(5,398)	(6,929)	266	-

(Unaudited but reviewed)

During the three-month and six-month periods ended 30 June 2017, the subsidiary received dividend from investment in the joint venture of approximately Baht 0.8 million and Baht 0.8 million, respectively (2016: Baht 2.0 million and Baht 2.0 million, respectively).

8. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016
			(Million Baht)	(Million Baht)	(Percent)	(Percent)
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for diminution in value of investment		Carrying amounts based on cost method - net		Carrying amounts based on equity method	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-

9. Long-term loan to other company

As at 30 June 2017, a subsidiary had unsecured long-term loan to other company of Baht 21.6 million (31 December 2016: Baht 60.5 million). The loan carries interest at a rate of THBFIX plus 1 percent per annum and is repayable at the end of June and December each year, with the last payment in June 2040.

10. Investment properties

Movements in the investment property account during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2016	64,354	5,618
Depreciation for the period	(329)	(3)
Balance as at 30 June 2017	64,025	5,615

As at 30 June 2017, the subsidiary recorded allowance for impairment loss on investment properties of land and building amounting to Baht 64 million (31 December 2016: Baht 64 million).

11. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2016	2,413,747	868,595
Acquisitions during the period - at cost	99,209	25,326
Disposals during the period - net book value at disposal date	(794)	(229)
Depreciation for the period	(114,268)	(47,735)
Interest capitalised to assets	375	-
Net book value as at 30 June 2017	<u>2,398,269</u>	<u>845,957</u>

During the current period, the subsidiary capitalised interest amounting to Baht 0.4 million (2016: Baht 0.4 million) to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average interest rate of these loans between 2.05 and 2.30 percent per annum (2016: 2.28 and 2.56 percent per annum).

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

Movements in the cost of forest land rights and cost of palm plantation account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2016	214,977	212
Acquisitions during the period - at cost	13,359	-
Write-off during the period - net book value	(16)	-
Amortisation for the period	(4,517)	(5)
Net book value as at 30 June 2017	<u>223,803</u>	<u>207</u>

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.

13. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30	31	30	31	30	31
June	December	June	December	June	December	
2017	2016	2017	2016	2017	2016	
Short-term loans from financial institutions	1.83 - 2.38	1.85 - 2.10	1,975,000	1,555,000	820,000	530,000
Total			1,975,000	1,555,000	820,000	530,000

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

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
2017	2016	2017	2016	
Trade payables - related parties	-	-	125,187	139,734
Trade payables - unrelated parties	310,841	311,507	159,960	220,908
Other payables - related parties	4,283	2,045	-	-
Other payables - unrelated parties	59,554	54,532	29,820	22,231
Advance received from related parties	7	7	15	220
Other payables for purchases of machinery	8,525	7,505	6,609	2,826
Accrued expenses	132,100	128,356	55,948	65,156
Total trade and other payables	515,310	503,952	377,539	451,075

15. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Long-term loans	185,013	236,513	135,013	174,013
Less: Current portion	(103,000)	(103,000)	(78,000)	(78,000)
Long-term loans - net of current portion	<u>82,013</u>	<u>133,513</u>	<u>57,013</u>	<u>96,013</u>

Movements in the long-term loan account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2016	236,513	174,013
Less: Repayments during the period	<u>(51,500)</u>	<u>(39,000)</u>
Balance as at 30 June 2017	<u>185,013</u>	<u>135,013</u>

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

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

A subsidiary of Company has long-term loan, carrying interest with reference to THBFIX. The principal is repayable every 3 months from September 2015 to June 2019.

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

16. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	21,938	30,514	5,127	2,234
Deferred tax:				
Relating to origination and reversal of temporary differences	8,956	(2,788)	909	(1,284)
Income tax expenses reported in the profit or loss	30,894	27,726	6,036	950

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	44,092	50,454	8,960	2,234
Deferred tax:				
Relating to origination and reversal of temporary differences	2,475	(1,831)	1,041	(3,715)
Income tax expenses reported in the profit or loss	46,567	48,623	10,001	(1,481)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2017 and 2016 are as follows:

		(Unit: Thousand Baht)			
		For the three-month periods ended 30 June			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to the changes in value of available-for-sale investments		(22)	(11)	(22)	(11)
Deferred tax relating to actuarial losses		(2,997)	-	-	-
		<u>(3,019)</u>	<u>(11)</u>	<u>(22)</u>	<u>(11)</u>

		(Unit: Thousand Baht)			
		For the six-month periods ended 30 June			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to the changes in value of available-for-sale investments		(18)	8	(18)	8
Deferred tax relating to actuarial losses		(2,997)	-	-	-
		<u>(3,015)</u>	<u>8</u>	<u>(18)</u>	<u>8</u>

17. Earnings per share

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

		For the three-month periods ended 30 June			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)		180,593	103,545	102,450	91,741
Weighted average number of ordinary shares (Thousand shares)		820,000	820,000	820,000	820,000
Basic earnings per share (Baht)		0.22	0.13	0.12	0.11

		For the six-month periods ended 30 June			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)		250,525	164,456	141,003	77,879
Weighted average number of ordinary shares (Thousand shares)		820,000	820,000	820,000	820,000
Basic earnings per share (Baht)		0.31	0.20	0.17	0.09

18. Operating segment Information

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

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2017 and 2016.

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 June									
	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue										
External customers	1,490	1,433	689	670	2,179	2,103	-	-	2,179	2,103
Inter-segment	92	146	144	176	236	322	(236)	(322)	-	-
Total revenue	<u>1582</u>	<u>1,579</u>	<u>833</u>	<u>846</u>	<u>2,415</u>	<u>2,425</u>	<u>(236)</u>	<u>(322)</u>	<u>2,179</u>	<u>2,103</u>
Operating results										
Segment profit	183	175	225	210	408	385	-	-	408	385
Unallocated income and expenses										
Other income									28	19
Gain (loss) from change in fair value										
of biological assets									11	(28)
Selling expenses									(171)	(169)
Administrative expenses									(46)	(49)
Share of loss from investment in joint venture									-	(4)
Finance cost									(11)	(12)
Profit before income tax expenses									219	142
Income tax expenses									(31)	(28)
Profit for the period									<u>188</u>	<u>114</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the six-month periods ended 30 June

	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil		Processed fruits		Total segments		eliminations			
	products		and vegetables							
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue										
External customers	3,044	2,970	1,216	1,111	4,260	4,081	-	-	4,260	4,081
Inter-segment	157	284	330	366	487	650	(487)	(650)	-	-
Total revenue	<u>3,201</u>	<u>3,254</u>	<u>1,546</u>	<u>1,477</u>	<u>4,747</u>	<u>4,731</u>	<u>(487)</u>	<u>(650)</u>	<u>4,260</u>	<u>4,081</u>
Operating results										
Segment profit	320	326	383	363	703	689	(1)	(4)	702	685
Unallocated income and expenses										
Other income									45	39
Gain (loss) from change in fair value										
of biological assets									9	(19)
Selling expenses									(322)	(331)
Administrative expenses									(109)	(107)
Share of loss from investment in joint venture									(5)	(7)
Finance cost									(20)	(23)
Profit before income tax expenses									300	237
Income tax expenses									(47)	(49)
Profit for the period									<u>253</u>	<u>188</u>

The following table presents segment assets of the Company's and its subsidiaries' operating segments as at 30 June 2017 and 31 December 2016.

(Unit: Million Baht)

	Manufacture and distribution			Adjustments	
	Palm oil	Processed fruits	Total	and	
	products	and vegetables	segments	eliminations	Consolidated
Segment assets					
As at 30 June 2017	<u>6,361</u>	<u>1,745</u>	<u>8,106</u>	<u>(1,633)</u>	<u>6,473</u>
As at 31 December 2016	<u>5,855</u>	<u>1,629</u>	<u>7,484</u>	<u>(1,536)</u>	<u>5,948</u>

19. Dividend paid

During the six-month periods ended 30 June 2017 and 2016, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders on 26 April 2017	82.00	0.10
Total dividends for the year 2017		82.00	0.10
<u>For the year 2016</u>			
Dividend on 2015 profit	Annual General Meeting of the shareholders on 26 April 2016	123.00	0.15
Total dividends for the year 2016		123.00	0.15
<u>Subsidiaries</u>			
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2017	48.60	0.15
Total dividends for the year 2017		48.60	0.15
<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	32.00	0.10
Total dividends for the year 2016		32.00	0.10
Dividend on 2015 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 25 April 2016	63.00	1.20
Total dividends for the year 2016		63.00	1.20

20. Commitments and contingent liabilities

20.1 Capital commitments

As at 30 June 2017, 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 37.7 million (31 December 2016: Baht 63.8 million and Euro 0.1 million), the Company only: Baht 10.2 million (31 December 2016: Baht 22.9 million).

20.2 Operating lease commitments

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

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

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

	(Unit: Million Baht)	
	30 June 2017	31 December 2016
	<hr/>	<hr/>
Payable:		
Within 1 year	37.2	33.3
In over 1 year and up to 5 years	74.6	87.0
In over 5 years	16.0	17.0

20.3 Guarantees

As at 30 June 2017, 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 9.8 million to guarantee import, electricity use, among others (31 December 2016: Baht 17.2 million) and for the Company: Baht 2.3 million to guarantee electricity use, among others (31 December 2016: Baht 9.2 million).

20.4 Contingent liabilities

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

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

Subsequently, the Agricultural Land Reform Office sent a letter to the subsidiary regarding the distribution of land in which the land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the cost of land and the net book value of the oil palm on such land as at 30 June 2017 totalling Baht 10 million, was in conflict with the subsidiary's land title deed. The subsidiary is in a process of preparing the documents to submit to the Agricultural Land Reform Office to nullify the status of being land under Sor Por Kor.

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

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

21. Financial instruments

21.1 Foreign currency assets and liabilities

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at	
	30 June 2017 (Million)	31 December 2016 (Million)	30 June 2017 (Million)	31 December 2016 (Million)	30 June 2017 (Baht per 1 foreign currency unit)	31 December 2016 (Baht per 1 foreign currency unit)
US dollars	8.8	6.8	0.6	0.3	33.9814	35.8307
Euro	0.1	0.2	-	-	38.4919	37.3791

21.2 Forward exchange contracts

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

As at 30 June 2017				
Foreign currency	Bought amount		Contractual exchange rate of bought amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.4	0.4	34.8800 - 35.7700	Within September 2017

As at 31 December 2016				
Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.5	-	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 financial statements (Million)	Separate financial statements (Million)		
US dollars	0.3	0.3	(Baht per 1 foreign currency unit) 35.9630 - 36.0630	Within July 2017

21.3 Fair value hierarchy

As of 30 June 2017, the Company and its subsidiaries had the following assets that were measured at fair value.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Available-for-sale investments			
Equity instruments	656	901	1,557

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

22. Approval of interim financial statements

These interim financial statements were authorised for issue on 11 August 2017 by the Company's audit committees under authority delegated by the board of directors of the Company.