

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month period ended 31 March 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 31 March 2017, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

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: 12 May 2017

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 March 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)	As at 31 March 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)
Assets					
Current assets					
Cash and cash equivalents	3	390,726	420,385	142,766	130,745
Trade and other receivables	2,4	1,052,814	911,801	916,082	784,831
Short-term loans to related parties	2	-	-	-	-
Inventories	5	1,440,153	1,425,891	902,645	915,168
Biological assets		83,771	83,547	-	-
Other current assets		43,996	38,380	15,328	13,978
Total current assets		3,011,460	2,880,004	1,976,821	1,844,722
Non-current assets					
Investments in subsidiaries	6	-	-	1,312,871	1,312,871
Investment in joint venture	7	36,907	42,353	-	-
Investment in associated company	8	-	-	-	-
Other long-term investments		1,667	1,649	1,667	1,649
Long-term loan to other company	9	41,360	60,480	-	-
Investment properties	10	64,190	64,354	5,615	5,618
Property, plant and equipment	11	2,389,926	2,413,747	861,059	868,595
Cost of forest land rights and cost of palm plantation	12	220,250	214,977	210	212
Goodwill		196,376	196,376	-	-
Intangible assets		8,458	8,697	5,151	5,365
Deferred tax assets		36,630	36,896	8,527	8,663
Other non-current assets		27,856	28,228	485	485
Total non-current assets		3,023,620	3,067,757	2,195,585	2,203,458
Total assets		6,035,080	5,947,761	4,172,406	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 31 March 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
Note	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institutions	13	1,345,000	420,000	530,000
Trade and other payables	2,14	724,755	658,071	451,075
Current portion of long-term loans	15	103,000	78,000	78,000
Current portion of liabilities under finance lease agreements		573	-	-
Income tax payable		61,866	11,068	7,235
Other current liabilities		71,880	37,113	31,557
Total current liabilities		2,307,074	1,204,252	1,097,867
Non-current liabilities				
Long-term loans - net of current portion	15	107,763	76,513	96,013
Liabilities under finance lease agreements - net of current portion		724	-	-
Provision for long-term employee benefits		55,817	23,572	24,932
Deferred tax liabilities		6,272	-	-
Total non-current liabilities		170,576	100,085	120,945
Total liabilities		2,477,650	1,304,337	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 31 March 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2017 (Unaudited but reviewed)	As at 31 December 2016 (Audited)	As at 31 March 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	2,036,217	1,966,151	1,719,495	1,680,808
Other components of shareholders' equity	(7,244)	(7,258)	(665)	(679)
Equity attributable to owners of the Company	3,203,685	3,133,605	2,868,069	2,829,368
Non-controlling interests of the subsidiaries	353,745	358,693	-	-
Total shareholders' equity	3,557,430	3,492,298	2,868,069	2,829,368
Total liabilities and shareholders' equity	6,035,080	5,947,761	4,172,406	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 31 March 2017

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

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit or loss:				
Revenues				
Sales	2,081,621	1,977,558	1,689,197	1,459,238
Gains from change in fair value of				
biological assets	-	9,418	-	-
Other income	16,862	19,581	26,260	25,771
Total revenues	2,098,483	2,006,557	1,715,457	1,485,009
Expenses				
Cost of sales	1,787,375	1,677,155	1,535,841	1,363,981
Selling expenses	151,345	161,770	102,015	105,097
Administrative expenses	62,394	58,406	31,475	30,259
Losses from change in fair value of				
biological assets	2,160	-	-	-
Total expenses	2,003,274	1,897,331	1,669,331	1,499,337
Profit (loss) before share of loss from investment in joint venture, finance cost and income tax expenses				
	95,209	109,226	46,126	(14,328)
Share of loss from investment in joint venture	7 (5,446)	(2,955)	-	-
Profit (loss) before finance cost and income tax expenses				
	89,763	106,271	46,126	(14,328)
Finance cost	(9,106)	(11,252)	(3,608)	(1,965)
Profit (loss) before income tax expenses				
	80,657	95,019	42,518	(16,293)
Income tax expenses	16 (15,673)	(20,897)	(3,965)	2,431
Profit (loss) for the period				
	64,984	74,122	38,553	(13,862)
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Gain on changes in value of				
available-for-sale investments	18	96	18	96
Income tax reffect	16 (4)	(19)	(4)	(19)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>				
	14	77	14	77
Other comprehensive income for the period				
	14	77	14	77
Total comprehensive income for the period				
	64,998	74,199	38,567	(13,785)

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month period ended 31 March 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 attributable to:				
Equity holders of the Company	69,932	60,911	<u>38,553</u>	<u>(13,862)</u>
Non-controlling interests of the subsidiaries	<u>(4,948)</u>	<u>13,211</u>		
	<u>64,984</u>	<u>74,122</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	69,946	60,988	<u>38,567</u>	<u>(13,785)</u>
Non-controlling interests of the subsidiaries	<u>(4,948)</u>	<u>13,211</u>		
	<u>64,998</u>	<u>74,199</u>		
Basic earnings (loss) per share				
	17			
Profit (loss) attributable to equity holders of the Company	<u>0.09</u>	<u>0.07</u>	<u>0.05</u>	<u>(0.02)</u>

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 three-month period ended 31 March 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 (loss) before tax	80,657	95,019	42,518	(16,293)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	60,434	60,690	24,193	24,867
Loss (gain) from change in fair value of biological assets	2,160	(9,418)	-	-
Share of loss from investment in joint venture	5,446	2,955	-	-
Increase in allowance for doubtful accounts	480	5,882	699	5,883
Increase (decrease) in allowance for diminution in inventory value	5,631	(4,189)	-	-
Loss (gain) on disposals of property, plant and equipment	(2,877)	27	(595)	62
Unrealised loss on exchange	1,602	468	208	153
Provision for long-term employee benefits	7,560	7,637	6,289	6,271
Interest expenses	8,418	10,592	3,208	1,557
Profit from operating activities before changes in operating assets and liabilities	169,511	169,663	76,520	22,500
Decrease (increase) in operating assets				
Trade and other receivables	(143,370)	148,711	(132,166)	118,719
Inventories and biological assets	(22,277)	120,423	12,523	79,964
Other current assets	(4,698)	(1,212)	(566)	(2,345)
Other non-current assets	372	(12,588)	-	-
Increase (decrease) in operating liabilities				
Trade and other payables	206,800	25,172	198,169	35,700
Other current liabilities	22,922	(13,604)	5,690	(12,620)
Provision for long-term employee benefits	(8,221)	(684)	(7,649)	-
Cash from operating activities	221,039	435,881	152,521	241,918
Cash paid for interest expenses	(8,539)	(10,685)	(3,198)	(1,595)
Cash paid for income tax	(1,101)	(2,027)	(784)	(513)
Net cash from operating activities	211,399	423,169	148,539	239,810

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 three-month period ended 31 March 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				
Decrease in long-term loan to unrelated party	19,120	-	-	-
Acquisitions of property, plant and equipment	(19,629)	(53,118)	(7,613)	(21,897)
Increase in cost of palm plantation	(7,518)	(3,998)	-	-
Proceeds from disposals of property, plant and equipment	3,130	144	595	109
Increase in intangible assets	(302)	-	-	-
Net cash used in investing activities	<u>(5,199)</u>	<u>(56,972)</u>	<u>(7,018)</u>	<u>(21,788)</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(210,000)	(280,000)	(110,000)	(255,000)
Repayment of liabilities under finance lease agreements	(109)	(107)	-	-
Cash received from long-term loans	-	43,619	-	43,619
Repayment for long-term loans	(25,750)	(31,250)	(19,500)	-
Dividend paid	-	(1)	-	(1)
Net cash used in financing activities	<u>(235,859)</u>	<u>(267,739)</u>	<u>(129,500)</u>	<u>(211,382)</u>
Net increase (decrease) in cash and cash equivalents	(29,659)	98,458	12,021	6,640
Cash and cash equivalents at beginning of the period	<u>420,385</u>	<u>479,943</u>	<u>130,745</u>	<u>121,706</u>
Cash and cash equivalents at end of the period (Note 3)	<u>390,726</u>	<u>578,401</u>	<u>142,766</u>	<u>128,346</u>

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

20,121	7,450	11,651	4,354
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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 three-month period ended 31 March 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											
Deficit on											
Total other											
Total equity											
attributable to											
non-controlling											
interests of											
the subsidiaries											
Total											
shareholders'											
equity											
Issued and	Share	Premium on	Retained earnings		in value of	change in	Total other	Total equity	Equity	Total	
paid up	premium	treasury stock	Appropriated -	Unappropriated	available-for-sale	shareholding	components of	attributable to	attributable to	shareholders'	
share capital	premium	treasury stock	statutory reserve	Unappropriated	investments	in subsidiary	shareholders'	shareholders of	the subsidiaries	equity	
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	-	-	-	-	60,911	-	-	-	60,911	13,211	74,122
Other comprehensive income for the period	-	-	-	-	-	77	-	77	77	-	77
Total comprehensive income for the period	-	-	-	-	60,911	77	-	77	60,988	13,211	74,199
Reversal of prior year dividend	-	-	-	-	33	-	-	-	33	-	33
Appropriation of statutory reserve of subsidiary	-	-	-	350	(500)	-	-	-	(150)	150	-
Balance as at 31 March 2016	820,000	241,970	5,269	107,473	1,819,481	(557)	(6,579)	(7,136)	2,987,057	358,076	3,345,133

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 three-month period ended 31 March 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		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	Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated							
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 (loss) for the period	-	-	-	-	69,932	-	-	-	69,932	(4,948)	64,984
Other comprehensive income for the period	-	-	-	-	-	14	-	14	14	-	14
Total comprehensive income for the period	-	-	-	-	69,932	14	-	14	69,946	(4,948)	64,998
Reversal of prior year dividend	-	-	-	-	134	-	-	-	134	-	134
Balance as at 31 March 2017	820,000	241,970	5,269	107,473	2,036,217	(665)	(6,579)	(7,244)	3,203,685	353,745	3,557,430

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 three-month period ended 31 March 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	
Loss for the period	-	-	-	-	(13,862)	-	-	(13,862)	
Other comprehensive income for the period	-	-	-	-	-	77	77	77	
Total comprehensive income for the period	-	-	-	-	(13,862)	77	77	(13,785)	
Reversal of prior year dividend	-	-	-	-	33	-	-	33	
Balance as at 31 March 2016	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,651,830</u>	<u>(557)</u>	<u>(557)</u>	<u>2,800,512</u>	

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Separate financial statements							
	Issued and paid up		Premium on treasury stock	Retained earnings		Other components of equity		Total
	share capital	Share premium		Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments	shareholders' equity
								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	-	-	-	-	38,553	-	-	38,553
Other comprehensive income for the period	-	-	-	-	-	14	14	14
Total comprehensive income for the period	-	-	-	-	38,553	14	14	38,567
Reversal of prior year dividend	-	-	-	-	134	-	-	134
Balance as at 31 March 2017	820,000	241,970	5,269	82,000	1,719,495	(665)	(665)	2,868,069

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 period ended 31 March 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 31 March				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	-	-	67.2	137.4	Market price on the contract date
Purchase of goods and services	-	-	186.2	190.4	Market price less fixed margin
Sales of goods and services	-	-	0.3	0.3	Market price
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	19.4	16.9	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	30.6	32.2	-	-	Price approximates market price
Purchase of goods	0.8	0.4	-	-	Selling price less marketing expenses and profit margin
Selling expenses	2.7	2.8	-	-	Charge at 4 - 15% of sales

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Transactions with joint venture</u>					
<u>of subsidiary</u>					
Land rental income	0.3	0.3	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	1.1	1.2	-	-	Market price

The balances of accounts as at 31 March 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade and other receivables - related parties</u> (Note 4)				
Subsidiaries	-	-	17,706	20,261
Associated company	452	452	-	-
Related companies (related by common shareholders)	44,330	42,719	-	-
Total trade and other receivables - related parties	44,782	43,171	17,706	20,261
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	24,002	22,391	17,706	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	-	-	130,912	139,954
Related companies (related by common shareholders)	3,195	2,052	-	-
Total trade and other payables - related parties	3,195	2,052	130,912	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 periods ended 31 March 2017 and 2016, 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 36.5 million and Baht 35.7 million, respectively (the Company only: Baht 21.2 million and Baht 21.0 million, respectively).

3. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Cash	71,376	4,220	2,387	1,237
Bank deposits	319,350	386,170	140,379	129,508
Investment in Bank of Thailand bonds	-	29,995	-	-
Total	390,726	420,385	142,766	130,745

As at 31 March 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) Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	23,836	21,471	190	-
Past due				
Up to 3 months	-	906	-	-
3 - 6 months	153	-	-	-
6 - 12 months	12	12	-	-
Over 12 months	452	452	-	-
Total	24,453	22,841	-	-
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	24,001	22,389	190	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	37,635	35,911	37,635	35,911
Cheque returned	19,184	19,224	14,221	14,261
Not yet due	808,503	688,743	746,022	635,950
Past due				
Up to 3 months	164,072	151,702	110,442	88,648
3 - 6 months	7,764	7,984	1,179	911
6 - 12 months	1,506	2,060	392	1,724
Over 12 months	30,091	28,557	3,984	2,483
Total	1,068,755	934,181	913,875	779,888
Less: Allowance for doubtful accounts	(48,875)	(49,094)	(16,767)	(16,767)
Total trade receivables - unrelated parties - net	1,019,880	885,087	897,108	763,121
Total trade receivables - net	1,043,881	907,476	897,298	763,121
<u>Other receivables</u>				
Other receivables - related parties	1	2	1,434	3,748
Other receivables - unrelated parties	8,087	3,808	2,596	2,078
Accrued income - related parties	-	-	16,082	16,513
Accrued income - unrelated parties	1,537	467	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	636	677	-	-
Total	30,589	25,282	20,112	22,339
Less: Allowance for doubtful accounts	(21,656)	(20,957)	(1,328)	(629)
Total other receivables - net	8,933	4,325	18,784	21,710
Total trade and other receivables - net	1,052,814	911,801	916,082	784,831

5. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the three-month period ended 31 March 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	5,631	-
Balance as at 31 March 2017	<u>52,784</u>	<u>139</u>

6. Investments in subsidiaries

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

	(Unit: Thousand Baht)					
Company' s name	Paid-up share capital		Shareholding percentage		Cost	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
			Percent	Percent		
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	<u>585,623</u>	<u>585,623</u>
Total					1,333,967	1,333,967
Less: Allowance for diminution in value of investments					<u>(21,096)</u>	<u>(21,096)</u>
Total investments in subsidiaries - net					<u>1,312,871</u>	<u>1,312,871</u>

As at 31 March 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 1,530 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	
		31 March 2017	December 2016	31 March 2017	December 2016	31 March 2017	December 2016
		Percent	Percent				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	36,907	42,353
Total				25,000	25,000	36,907	42,353

7.2 Share of loss

During the three-month period ended 31 March 2017 and 2016, the subsidiary had recognised its share of loss from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements	
	Share of loss from investment in joint venture for the three-month periods ended	
	31 March	
	2017	2016
Siam Elite Palm Co., Ltd.	(5,446)	(2,955)
Total	(5,446)	(2,955)

8. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			31 March 2017	31 December 2016	31 March 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 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 31 March 2017, a subsidiary had long-term loan to other company of Baht 41.4 million (31 December 2016: Baht 60.5 million). The loan has no collateral and carries interest at a rate of THBFIX plus 1 percent per annum and is repayable at the end of June and December each year, with the last payment in June 2040.

10. Investment properties

Movements in the investment property account during the three-month period ended 31 March 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	(164)	(3)
Balance as at 31 March 2017	64,190	5,615

As at 31 March 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 three-month period ended 31 March 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	33,771	16,438
Disposals during the period - net book value at disposal date	(253)	-
Depreciation for the period	(57,484)	(23,974)
Interest capitalised to assets	145	-
Net book value as at 31 March 2017	<u>2,389,926</u>	<u>861,059</u>

During the current period, the subsidiary capitalised interest amounting to Baht 0.1 million (2016: Baht 0.2 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 2.26 percent per annum (2016: 2.28 and 2.48 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 three-month period ended 31 March 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	7,518	-
Amortisation for the period	(2,245)	(2)
Net book value as at 31 March 2017	<u>220,250</u>	<u>210</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	
	31	31	31	31	31	31
March	December	March	December	March	December	
2017	2016	2017	2016	2017	2016	
Short-term loans from financial institutions	1.85 - 2.10	1.85 - 2.10	1,345,000	1,555,000	420,000	530,000
Total			1,345,000	1,555,000	420,000	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	
	31 March	31 December	31 March	31 December
2017	2016	2017	2016	
Trade payables - related parties	451	-	130,899	139,734
Trade payables - unrelated parties	548,167	311,507	437,931	220,908
Other payables - related parties	2,737	2,045	-	-
Other payables - unrelated parties	59,770	54,532	28,697	22,231
Advance received from related parties	7	7	13	220
Other payables for purchases of machinery	13,251	7,505	11,651	2,826
Accrued expenses	100,372	128,356	48,880	65,156
Total trade and other payables	724,755	503,952	658,071	451,075

15. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Long-term loans	210,763	236,513	154,513	174,013
Less: Current portion	(103,000)	(103,000)	(78,000)	(78,000)
Long-term loans - net of current portion	<u>107,763</u>	<u>133,513</u>	<u>76,513</u>	<u>96,013</u>

Movements in the long-term loan account during the three-month period ended 31 March 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>(25,750)</u>	<u>(19,500)</u>
Balance as at 31 March 2017	<u>210,763</u>	<u>154,513</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 periods ended 31 March 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	22,154	19,940	3,833	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,481)	957	132	(2,431)
Income tax expenses reported in profit or loss	<u>15,673</u>	<u>20,897</u>	<u>3,965</u>	<u>(2,431)</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	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	4	19	4	19

17. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the period attributable to equity holders of the Company (Thousand Baht)	69,932	60,911	38,553	(13,862)
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings (loss) per share (Baht)	0.09	0.07	0.05	(0.02)

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 periods ended 31 March 2017 and 2016.

(Unit: Million Baht)

Consolidated for the three-month periods ended 31 March										
	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	1,555	1,537	527	441	2,082	1,978	-	-	2,082	1,978
Inter-segment	65	138	186	190	251	328	(251)	(328)	-	-
Total revenue	<u>1,620</u>	<u>1,675</u>	<u>713</u>	<u>631</u>	<u>2,333</u>	<u>2,306</u>	<u>(251)</u>	<u>(328)</u>	<u>2,082</u>	<u>1,978</u>
Operating results										
Segment profit	137	151	158	153	295	304	(1)	(4)	294	300
Unallocated income and expenses										
Other income									17	20
Gains (losses) from change in fair value of biological assets									(2)	9
Selling expenses									(151)	(162)
Administrative expenses									(62)	(58)
Share of loss from investment in joint venture									(6)	(3)
Finance cost									(9)	(11)
Profit before income tax expenses									81	95
Income tax expenses									(16)	(21)
Profit for the period									<u>65</u>	<u>74</u>

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

(Unit: Million Baht)

	Manufacture and distribution			Adjustments and eliminations	Consolidated
	Palm oil products	Processed fruits and vegetables	Total segments		
Segment assets					
As at 31 March 2017	<u>5,995</u>	<u>1,597</u>	<u>7,592</u>	<u>(1,557)</u>	<u>6,035</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. Commitments and contingent liabilities

19.1 Capital commitments

As at 31 March 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 48.9 million and Euro 0.2 million (31 December 2016: Baht 63.8 million and Euro 0.1 million), the Company only: Baht 11.3 million and Euro 0.1 million (31 December 2016: Baht 22.9 million).

19.2 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)	
	31 March 2017	31 December 2016
	<hr/>	<hr/>
Payable:		
Within 1 year	36.8	33.3
In over 1 year and up to 5 years	80.5	87.0
In over 5 years	16.5	17.0

19.3 Guarantees

As at 31 March 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 10.3 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).

19.4 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 31 March 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.

20. Financial instruments

20.1 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	
	31 March 2017 (Million)	31 December 2016 (Million)	31 March 2017 (Million)	31 December 2016 (Million)	31 March 2017 (Baht per 1 foreign currency unit)	31 December 2016
US dollars	7.5	6.8	0.6	0.3	34.4500	35.8307
Euro	0.2	0.2	-	-	36.7904	37.7577

21.2 Forward exchange contracts

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

As at 31 March 2017				
Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.1	-	35.0000	Within August 2017

As at 31 March 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	0.7	0.7	34.8800 - 36.0030	Within September 2017

As at 31 December 2016

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

20.3 Fair value hierarchy

As of 31 March 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	772	895	1,667

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

21. Events after the reporting period

21.1 On 26 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment in respect of the 2016 profit to the Company's shareholders at Baht 0.10 per share, totaling Baht 82 million, which will be paid to the shareholders on 23 May 2017.

21.2 On 26 April 2016, the Annual General Meeting of United Palm Oil Industry Public Company Limited ("the subsidiary") passed a resolution to approve a dividend payment in respect of the retained earnings to the shareholders at Baht 0.15 per share, totaling Baht 48.6 million, which will be paid to the shareholders on 23 May 2017.

The dividends of the Company and its subsidiaries will be recorded in the second quarter of 2017.

22. Approval of interim financial statements

These interim financial statements were authorised for issue on 12 May 2017 by the Company's audit committees under authority delegated by the board of directors of the Company.