

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month period ended 31 March 2018

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 31 March 2018, 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.

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 10 May 2018

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets					
Current assets					
Cash and cash equivalents	3	543,751	414,143	318,964	143,989
Trade and other receivables	2,4	901,338	1,105,298	772,726	956,093
Short-term loans to related parties	2	-	-	-	-
Inventories	5	1,330,060	1,452,462	789,658	922,675
Biological assets		78,703	70,616	-	-
Other current assets		47,660	35,674	10,439	9,064
Total current assets		2,901,512	3,078,193	1,891,787	2,031,821
Non-current assets					
Investments in subsidiaries	6	-	-	1,333,967	1,312,871
Investment in joint venture	7	42,553	31,594	-	-
Investment in associated company	8	-	-	-	-
Other long-term investments		23	1,002	23	1,002
Long-term loan to other company	9	20,700	21,160	-	-
Investment properties	10	63,528	63,691	5,615	5,615
Property, plant and equipment	11	2,323,450	2,350,500	793,249	813,875
Cost of palm plantation	12	231,134	230,931	198	201
Goodwill		196,376	196,376	-	-
Intangible assets		9,648	10,283	5,212	5,444
Deferred tax assets		48,117	52,014	18,157	17,942
Other non-current assets		4,557	4,536	487	485
Total non-current assets		2,940,086	2,962,087	2,156,908	2,157,435
Total assets		5,841,598	6,040,280	4,048,695	4,189,256

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
Note	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institutions	13	1,105,000	330,000	570,000
Trade and other payables	2,14	602,020	547,334	472,608
Current portion of long-term loans	15	101,513	76,513	78,000
Current portion of liabilities under finance lease agreements		573	-	-
Income tax payable		43,076	21,346	14,645
Other current liabilities		27,263	4,058	16,850
Total current liabilities		1,879,445	979,251	1,152,103
Non-current liabilities				
Long-term loans - net of current portion	15	6,250	-	18,013
Liabilities under finance lease agreements - net of current portion		266	-	-
Provision for long-term employee benefits		130,973	73,112	70,806
Deferred tax liabilities		5,239	-	-
Total non-current liabilities		142,728	73,112	88,819
Total liabilities		2,022,173	1,052,363	1,240,922

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)	As at 31 March 2018 (Unaudited but reviewed)	As at 31 December 2017 (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
Share premium	241,970	241,970	241,970	241,970
Other surpluses (deficits)				
Premium on treasury stock	5,269	5,269	5,269	5,269
Deficit on changes in shareholding in subsidiary	(6,579)	(6,579)	-	-
Retained earnings				
Appropriated - statutory reserve	114,755	114,755	82,000	82,000
Unappropriated	2,297,368	2,218,554	1,847,093	1,799,512
Other components of shareholders' equity	-	(417)	-	(417)
Equity attributable to owners of the Company	3,472,783	3,393,552	2,996,332	2,948,334
Non-controlling interests of the subsidiaries	346,642	336,338	-	-
Total shareholders' equity	3,819,425	3,729,890	2,996,332	2,948,334
Total liabilities and shareholders' equity	5,841,598	6,040,280	4,048,695	4,189,256

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 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		2,012,196	2,075,036	1,547,901	1,682,612
Gains from change in fair value of					
biological assets		6,912	-	-	-
Other income		16,730	16,862	45,851	26,260
Total revenues		2,035,838	2,091,898	1,593,752	1,708,872
Expenses					
Cost of sales		1,720,149	1,787,375	1,419,269	1,535,841
Selling expenses		149,057	144,760	90,688	95,430
Administrative expenses		56,931	62,394	26,993	31,475
Losses from change in fair value of					
biological assets		-	2,160	-	-
Total expenses		1,926,137	1,996,689	1,536,950	1,662,746
Profit before share of gain (loss) from investment in joint venture, finance cost and income tax expenses		109,701	95,209	56,802	46,126
Share of gain (loss) from investment in joint venture	7	10,959	(5,446)	-	-
Profit before finance cost and income tax expenses		120,660	89,763	56,802	46,126
Finance cost		(7,027)	(9,106)	(2,919)	(3,608)
Profit before income tax expenses		113,633	80,657	53,883	42,518
Income tax expenses	16	(24,595)	(15,673)	(6,382)	(3,965)
Profit for the period		89,038	64,984	47,501	38,553
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		521	18	521	18
Income tax reffect	16	(104)	(4)	(104)	(4)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		417	14	417	14
Other comprehensive income for the period		417	14	417	14
Total comprehensive income for the period		89,455	64,998	47,918	38,567

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 2018

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

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit or loss attributable to:				
Equity holders of the Company	78,734	69,932	<u>47,501</u>	<u>38,553</u>
Non-controlling interests of the subsidiaries	<u>10,304</u>	<u>(4,948)</u>		
	<u><u>89,038</u></u>	<u><u>64,984</u></u>		
Total comprehensive income attributable to:				
Equity holders of the Company	79,151	69,946	<u>47,918</u>	<u>38,567</u>
Non-controlling interests of the subsidiaries	<u>10,304</u>	<u>(4,948)</u>		
	<u><u>89,455</u></u>	<u><u>64,998</u></u>		
Basic earnings per share				
	17			
Profit attributable to equity holders of the Company	<u>0.10</u>	<u>0.09</u>	<u>0.06</u>	<u>0.05</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 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	113,633	80,657	53,883	42,518
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	59,912	60,434	24,158	24,193
(Gain) loss from change in fair value of biological assets	(6,912)	2,160	-	-
Share of (gain) loss from investment in joint venture	(10,959)	5,446	-	-
Increase (decrease) in allowance for doubtful accounts	(100)	480	(544)	699
Increase (decrease) in allowance for diminution in inventory value	(1,971)	5,631	-	-
Reversal of allowance for impairment loss of investment in subsidiary	-	-	(21,096)	-
Gain on disposals of property, plant and equipment	(1,766)	(2,877)	(1,766)	(595)
Loss on write off of cost of palm plantation	743	-	-	-
Loss on disposal other long-term investment	493	-	493	-
Unrealised (gain) loss on exchange	30	1,602	(260)	208
Provision for long-term employee benefits	4,194	7,560	2,306	6,289
Interest expenses	6,443	8,418	2,517	3,208
Profit from operating activities before changes in operating assets and liabilities	163,740	169,511	59,691	76,520
Decrease (increase) in operating assets				
Trade and other receivables	204,817	(143,370)	185,737	(132,166)
Inventories	124,373	(19,893)	133,017	12,523
Biological assets	(1,175)	(2,384)	-	-
Other current assets	(11,615)	(4,698)	(956)	(566)
Other non-current assets	(21)	(729)	(2)	-
Increase (decrease) in operating liabilities				
Trade and other payables	108,519	206,800	74,502	198,169
Other current liabilities	(12,490)	22,922	(12,712)	5,690
Provision for long-term employee benefits	(5,559)	(8,221)	-	(7,649)
Cash from operating activities	570,589	219,938	439,277	152,521
Cash paid for interest expenses	(6,881)	(8,539)	(2,864)	(3,198)
Income tax refund	270	-	-	-
Cash paid for income tax	(837)	(1,101)	(419)	(784)
Net cash from operating activities	563,141	210,298	435,994	148,539

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 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Decrease in long-term loan to unrelated party	460	19,120	-	-
Acquisitions of property, plant and equipment	(32,451)	(18,229)	(4,653)	(7,613)
Cash paid for deposit of plant and equipment	-	(299)	-	-
Increase in cost of palm plantation	(3,765)	(7,518)	-	-
Proceeds from disposals of other long-term investment	1,007	-	1,007	-
Proceeds from disposals of property, plant and equipment	2,127	3,130	2,127	595
Increase in intangible assets	(44)	(302)	-	-
Net cash used in investing activities	<u>(32,666)</u>	<u>(4,098)</u>	<u>(1,519)</u>	<u>(7,018)</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(375,000)	(210,000)	(240,000)	(110,000)
Repayment of liabilities under finance lease agreements	(117)	(109)	-	-
Repayment for long-term loans	(25,750)	(25,750)	(19,500)	(19,500)
Net cash used in financing activities	<u>(400,867)</u>	<u>(235,859)</u>	<u>(259,500)</u>	<u>(129,500)</u>
Net increase (decrease) in cash and cash equivalents	129,608	(29,659)	174,975	12,021
Cash and cash equivalents at beginning of the period	414,143	420,385	143,989	130,745
Cash and cash equivalents at end of the period (Note 3)	<u>543,751</u>	<u>390,726</u>	<u>318,964</u>	<u>142,766</u>

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment that have not been paid	7,822	20,121	3,643	11,651
Transferred deposit of equipment to equipment	-	1,400	-	-
Accounts receivable from disposals of equipment	1,568	-	1,568	-

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 2018

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
						Other components of equity						
						Other comprehensive income						
						Surplus (deficit)		Equity				
Issued and		Share		Premium on		Deficit on		Retained earnings		Total equity	Equity	Total
paid up		premium		treasury stock		change in		Appropriated -		attributable to	attributable to	shareholders'
share capital		premium		treasury stock		shareholding		statutory reserve		the Company	non-controlling	shareholders'
share capital		premium		treasury stock		in subsidiary		Unappropriated		shareholders of	interests of	equity
share capital		premium		treasury stock		in subsidiary		Unappropriated		shareholders of	interests of	equity
share capital		premium		treasury stock		in subsidiary		Unappropriated		shareholders of	interests of	equity
Balance as at 1 January 2017	820,000	241,970	5,269	(6,579)	107,473	1,966,151	(679)	(679)	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	(6,579)	107,473	2,036,217	(665)	(665)	3,203,685	353,745	3,557,430	
Balance as at 1 January 2018	820,000	241,970	5,269	(6,579)	114,755	2,218,554	(417)	(417)	3,393,552	336,338	3,729,890	
Profit for the period	-	-	-	-	-	78,734	-	-	78,734	10,304	89,038	
Other comprehensive income for the period	-	-	-	-	-	-	417	417	417	-	417	
Total comprehensive income for the period	-	-	-	-	-	78,734	417	417	79,151	10,304	89,455	
Reversal of prior year dividend	-	-	-	-	-	80	-	-	80	-	80	
Balance as at 31 March 2018	820,000	241,970	5,269	(6,579)	114,755	2,297,368	-	-	3,472,783	346,642	3,819,425	

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 2018

(Unit: Thousand Baht)

	Separate financial statements					Other components of equity		Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings	Other comprehensive income	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 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	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,719,495</u>	<u>(665)</u>	<u>(665)</u>	<u>2,868,069</u>
Balance as at 1 January 2018	820,000	241,970	5,269	82,000	1,799,512	(417)	(417)	2,948,334
Profit for the period	-	-	-	-	47,501	-	-	47,501
Other comprehensive income for the period	-	-	-	-	-	417	417	417
Total comprehensive income for the period	-	-	-	-	47,501	417	417	47,918
Reversal of prior year dividend	-	-	-	-	80	-	-	80
Balance as at 31 March 2018	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,847,093</u>	<u>-</u>	<u>-</u>	<u>2,996,332</u>

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 2018

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

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

1.4 New financial reporting standards

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

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

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

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

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

1.5 Significant accounting policies

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

2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	64.5	67.2	Market price on the contract date
Purchase of goods and services	-	-	154.9	186.2	Market price less fixed margin
Sales of goods and services	-	-	0.3	0.3	Market price
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	16.0	19.4	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	28.5	30.6	-	-	Price approximates market price
Purchase of goods	0.6	0.8	-	-	Selling price less marketing expenses and profit margin
Selling expenses	5.1	2.7	-	-	Actual charge and charge at 5 - 15% of sales (2017: Charge at 4 - 15% of sales)
<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	0.3	1.1	-	-	Market price

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
<u>Trade and other receivables - related parties</u> (Note 4)				
Subsidiaries	-	-	22,875	17,016
Associated company	452	452	-	-
Related companies (related by common shareholders)	45,321	64,956	9	51
Total trade and other receivables - related parties	45,773	65,408	22,884	17,067
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	24,993	44,628	22,884	17,067
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans - related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 14)				
Subsidiaries	-	-	119,132	145,286
Related companies (related by common shareholders)	11,993	6,901	-	-
Total trade and other payables - related parties	11,993	6,901	119,132	145,286

Short-term loans to related parties

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

Selling and administrative service income

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

Directors and management’s benefits

During the three-month periods ended 31 March 2018 and 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 35.0 million and Baht 36.5 million, respectively (the Company only: Baht 21.7 million and Baht 21.2 million, respectively).

3. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Cash	4,883	4,181	1,840	1,227
Bank deposits	538,868	379,982	317,124	142,762
Investment in Bank of Thailand bonds	-	29,980	-	-
Total	543,751	414,143	318,964	143,989

As at 31 March 2018, bank deposits in savings account and fixed deposits carried interest between 0.05 and 0.95 percent per annum (31 December 2017: between 0.05 and 1.13 percent per annum).

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	17,534	28,638	9	130
Past due				
Up to 3 months	7,459	15,988	-	-
6 - 12 months	-	-	-	-
Over 12 months	452	452	-	-
Total	25,445	45,078	9	130
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	24,993	44,626	9	130
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	26,169	43,327	26,169	43,328
Cheque returned	20,178	19,468	15,215	14,505
Not yet due	696,278	748,338	617,946	657,539
Past due				
Up to 3 months	142,652	257,636	97,602	235,168
3 - 6 months	625	6,364	580	152
6 - 12 months	-	1,122	-	360
Over 12 months	29,638	29,042	3,942	3,797
Total	915,540	1,105,297	761,454	954,849
Less: Allowance for doubtful accounts	(47,790)	(47,346)	(16,466)	(16,466)
Total trade receivables - unrelated parties - net	867,750	1,057,951	744,988	938,383
Total trade receivables - net	892,743	1,102,577	744,997	938,513
<u>Other receivables</u>				
Other receivables - related parties	-	2	6,752	1,622
Other receivables - unrelated parties	7,655	3,145	5,638	1,971
Accrued income - related parties	-	-	16,123	15,315
Accrued income - unrelated parties	1,252	429	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	473	474	-	-
Total	29,708	24,378	28,513	18,908
Less: Allowance for doubtful accounts	(21,113)	(21,657)	(784)	(1,328)
Total other receivables - net	8,595	2,721	27,729	17,580
Total trade and other receivables - net	901,338	1,105,298	772,726	956,093

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 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2017	31,951
Reverse the write-down of cost of inventories during the period	(1,971)
Balance as at 31 March 2018	29,980

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	
	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017
			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	585,623	585,623
Total					1,333,967	1,333,967
Less: Allowance for impairment loss of investment					-	(21,096)
Total investments in subsidiaries - net					1,333,967	1,312,871

As at 31 March 2018, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on the latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 1,047 million (31 December 2017: Baht 1,125 million).

7. Investment in joint venture

7.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		31		31		31	
		31 March 2018	December 2017	31 March 2018	December 2017	31 March 2018	December 2017
		Percent	Percent				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	42,553	31,594
Total				25,000	25,000	42,553	31,594

7.2 Share of profit (loss)

During the three-month periods ended 31 March 2018 and 2017, the subsidiary had recognised its share of profit (loss) from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
Siam Elite Palm Co., Ltd.	10,959	(5,446)
Total	<u>10,959</u>	<u>(5,446)</u>

8. Investment in associated company

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

(Unit: Thousand Baht)

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

9. Long-term loan to other company

As at 31 March 2018, a subsidiary had long-term loan to other company of Baht 20.7 million (31 December 2017: Baht 21.2 million). The loan has no collateral and carries interest at a rate of THBFIX plus 1 percent per annum and is repayable at the end of June and December each year, with the last payment in June 2040.

10. Investment properties

Movements in the investment property account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2017	63,691	5,615
Depreciation for the period	(163)	-
Balance as at 31 March 2018	<u>63,528</u>	<u>5,615</u>

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

11. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2017	2,350,500	813,875
Acquisitions during the period - at cost	30,933	5,226
Disposals during the period - net book value at disposal date	(1,929)	(1,929)
Depreciation for the period	(56,251)	(23,923)
Interest capitalised to assets	197	-
Net book value as at 31 March 2018	<u>2,323,450</u>	<u>793,249</u>

During the current period, the subsidiary capitalised interest amounting to Baht 0.2 million (2017: Baht 0.1 million) to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average interest rate of these loans between 1.95 and 2.07 percent per annum (2017: 2.05 and 2.26 percent per annum).

12. Cost of palm plantation

Movements in the cost of palm plantation account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2017	230,931	201
Acquisitions during the period - at cost	3,765	-
Write-off during the period - net book value at write-off date	(743)	-
Amortisation for the period	(2,819)	(3)
Net book value as at 31 March 2018	<u>231,134</u>	<u>198</u>

Approximately 13,066 rai of the total area utilised by the subsidiary is with land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

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

However, on 27 April 2015, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 26 April 2018 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

13. Short-term loans from financial institutions

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(percent per annum)		financial statements		Separate	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Short-term loans from financial institutions	1.75 - 2.15	1.78 - 2.15	1,105,000	1,480,000	330,000	570,000
Total			1,105,000	1,480,000	330,000	570,000

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

14. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Trade payables - related parties	319	255	119,131	145,167
Trade payables - unrelated parties	408,501	266,328	316,417	190,627
Other payables - related parties	11,674	6,561	-	-
Other payables - unrelated parties	79,621	97,844	57,450	58,246
Advance received from related parties	-	85	1	119
Other payables for purchases of machinery	7,822	9,143	3,643	3,070
Accrued expenses	94,083	115,149	50,692	75,379
Total trade and other payables	602,020	495,365	547,334	472,608

15. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Long-term loans	107,763	133,513	76,513	96,013
Less: Current portion	(101,513)	(103,000)	(76,513)	(78,000)
Long-term loans - net of current portion	<u>6,250</u>	<u>30,513</u>	<u>-</u>	<u>18,013</u>

Movements in the long-term loan account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2017	133,513	96,013
Less: Repayments during the period	<u>(25,750)</u>	<u>(19,500)</u>
Balance as at 31 March 2018	<u>107,763</u>	<u>76,513</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 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	15,563	22,154	6,701	3,833
Deferred tax:				
Relating to origination and reversal of temporary differences	9,032	(6,481)	(319)	132
Income tax expenses reported in profit or loss	<u>24,595</u>	<u>15,673</u>	<u>6,382</u>	<u>3,965</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to the changes in value of available-for-sale investments	104	4	104	4

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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period attributable to equity holders (Thousand Baht)	78,734	69,932	47,501	38,553
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.10	0.09	0.06	0.05

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 2018 and 2017.

(Unit: Million Baht)

Consolidated for the three-month periods ended 31 March										
	Manufacture and distribution				Total segments		Adjustments and eliminations		Consolidated	
	Palm oil products		Processed fruits and vegetables							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue										
External customers	1,492	1,555	520	527	2,012	2,082	-	-	2,012	2,082
Inter-segment	65	65	155	186	220	251	(220)	(251)	-	-
Total revenue	<u>1,557</u>	<u>1,620</u>	<u>675</u>	<u>713</u>	<u>2,232</u>	<u>2,333</u>	<u>(220)</u>	<u>(251)</u>	<u>2,012</u>	<u>2,082</u>
Operating results										
Segment profit	149	137	144	158	293	295	(1)	(1)	292	294
Unallocated income and expenses										
Other income									17	17
Gain (loss) from change in fair value of biological assets									7	(2)
Selling expenses									(149)	(151)
Administrative expenses									(57)	(62)
Share of gain (loss) from investment in joint venture									11	(6)
Finance cost									(7)	(9)
Profit before income tax expenses									114	81
Income tax expenses									(25)	(16)
Profit for the period									<u>89</u>	<u>65</u>

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

(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 2018	<u>6,000</u>	<u>1,577</u>	<u>7,577</u>	<u>(1,735)</u>	<u>5,842</u>
As at 31 December 2017	<u>6,133</u>	<u>1,611</u>	<u>7,744</u>	<u>(1,704)</u>	<u>6,040</u>

19. Commitments and contingent liabilities

19.1 Capital commitments

As at 31 March 2018, 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 11.8 million (31 December 2017: Baht 26.3 million), the Company only: Baht 0.1 million (31 December 2017: Baht 0.7 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 2018	31 December 2017
	<hr/>	<hr/>
Payable:		
Within 1 year	37.8	33.0
In over 1 year and up to 5 years	56.2	63.4
In over 5 years	14.0	15.0

19.3 Guarantees

As at 31 March 2018, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 11.3 million to guarantee import, electricity use, among others (31 December 2017: Baht 12.3 million) and for the Company: Baht 1.3 million to guarantee electricity use, among others (31 December 2017: Baht 2.3 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 2018 totalling Baht 10 million, was in conflict with the subsidiary's land title deed. The subsidiary is in a process with the Agricultural Land Reform Office to nullify the status of being land under Sor Por Kor.

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

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of the notice, since the subsidiary has no land ownership documents. The 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	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	6.7	5.8	0.5	0.7	31.2318	32.6809
Euro	0.2	0.2	0.1	0.1	38.4394	39.0273

20.2 Forward exchange contracts

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

As at 31 March 2018

Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.8	-	31.1500 - 31.2500	Within October 2018
Euro	0.2	-	38.4500 - 39.0000	Within September 2018

As at 31 December 2017

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

As at 31 December 2017

	Bought amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
Foreign currency	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.7	0.7	33.0300 - 33.0500	Within January 2018

20.3 Fair value hierarchy

As of 31 March 2018, 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	-	23	23

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

21. Events after the reporting period

21.1 On 27 April 2018, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment in respect of the 2017 profit to the Company's shareholders at Baht 0.18 per share, totaling Baht 147.6 million, which will be paid to the shareholders on 23 May 2018.

21.2 On 27 April 2018, the Annual General Meeting of United Palm Oil Industry Public Company Limited ("the subsidiary") shareholders' passed a resolution to approve a dividend payment in respect of the retained earnings to the shareholders at Baht 0.10 per share, totaling Baht 32.4 million, which will be paid to the shareholders on 23 May 2018.

21.3 On 26 April 2018, the Annual General Meeting Universal Food Public Company Limited ("the subsidiary") shareholders' passed a resolution to approve a divided payment in respect of 2017 profit of Baht 1.20 per share, totaling Baht 63 million, which will be paid to the shareholders on 21 May 2018.

The dividends of the Company and its subsidiaries will be recorded in the second quarter of 2018.

22. Reclassification

The Company and its subsidiaries reclassified the following amounts in the statements of comprehensive income for the year ended 31 March 2017 to conform with the current year's classification.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As	As previously	As	As previously
	reclassified	reported	reclassified	reported
Profit or loss				
Sales	2,075,036	2,081,621	1,682,612	1,689,197
Selling expenses	144,760	151,345	95,430	102,015

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

23. Approval of interim financial statements

These interim financial statements were authorised for issue on 10 May 2018 by the Company's audit committees under authority delegated by the board of directors of the Company.