

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and six-month periods ended
30 June 2018

Independent Auditor's Report on Review of Interim Financial Information

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

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	271,892	414,143	142,158	143,989
Trade and other receivables	2,4	891,229	1,105,298	738,528	956,093
Short-term loans to related parties	2	-	-	-	-
Inventories	5	1,339,385	1,452,462	752,925	922,675
Biological assets		75,067	70,616	-	-
Other current assets		40,784	35,674	7,038	9,064
Total current assets		2,618,357	3,078,193	1,640,649	2,031,821
Non-current assets					
Investments in subsidiaries	6	-	-	1,333,967	1,312,871
Investment in joint venture	7	41,388	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	63,363	63,691	5,615	5,615
Property, plant and equipment	11	2,284,824	2,350,500	770,197	813,875
Cost of palm plantation	12	210,164	230,931	195	201
Goodwill		196,376	196,376	-	-
Intangible assets		9,059	10,283	5,070	5,444
Deferred tax assets		48,931	52,014	18,716	17,942
Other non-current assets		4,527	4,536	487	485
Total non-current assets		2,879,355	2,962,087	2,134,270	2,157,435
Total assets		5,497,712	6,040,280	3,774,919	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 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 30 June 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)	As at 30 June 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	13	650,001	1,480,000	100,000	570,000
Trade and other payables	2,14	577,922	495,365	527,348	472,608
Current portion of long-term loans	15	182,053	103,000	57,013	78,000
Current portion of liabilities under					
finance lease agreements		573	573	-	-
Income tax payable		44,353	27,695	15,853	14,645
Other current liabilities		37,465	40,522	5,714	16,850
Total current liabilities		1,492,367	2,147,155	705,928	1,152,103
Non-current liabilities					
Long-term loans - net of current portion	15	83,287	30,513	-	18,013
Liabilities under finance lease					
agreements - net of current portion		146	384	-	-
Provision for long-term employee benefits		131,493	132,338	75,228	70,806
Deferred tax liabilities		760	-	-	-
Total non-current liabilities		215,686	163,235	75,228	88,819
Total liabilities		1,708,053	2,310,390	781,156	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 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2018 (Unaudited but reviewed)	As at 31 December 2017 (Audited)	As at 30 June 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	2,276,325	2,218,554	1,844,524	1,799,512
Other components of shareholders' equity	-	(417)	-	(417)
Equity attributable to owners of the Company	3,451,740	3,393,552	2,993,763	2,948,334
Non-controlling interests of the subsidiaries	337,919	336,338	-	-
Total shareholders' equity	3,789,659	3,729,890	2,993,763	2,948,334
Total liabilities and shareholders' equity	5,497,712	6,040,280	3,774,919	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 changes in shareholders' equity

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

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

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements										
	Equity attributable to the owners of the Company						Other components of equity				
	Issued and	Share	Premium on	Deficit on	Retained earnings		Surplus (deficit)	Total other	Total equity	Equity	Total
	paid up	premium	treasury stock	change in	Appropriated -	Unappropriated	on changes	shareholders'	attributable to	attributable to	shareholders'
	share capital			shareholding	statutory reserve		in value of	equity	the Company	non-controlling	equity
				in subsidiary			available-for-sale		shareholders of	interests of	shareholders'
							investments		the Company	the subsidiaries	equity
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	-	-	-	-	-	205,291	-	-	205,291	12,053	217,344
Other comprehensive income for the period	-	-	-	-	-	-	417	417	417	-	417
Total comprehensive income for the period	-	-	-	-	-	205,291	417	417	205,708	12,053	217,761
Reversal of prior year dividend	-	-	-	-	-	80	-	-	80	-	80
Dividend paid (Note 19)	-	-	-	-	-	(147,600)	-	-	(147,600)	-	(147,600)
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(10,472)	(10,472)
Balance as at 30 June 2018	820,000	241,970	5,269	(6,579)	114,755	2,276,325	-	-	3,451,740	337,919	3,789,659

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month period ended 30 June 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		1,836,037	2,173,394	1,363,698	1,530,587
Gain from change in fair value of					
biological assets		-	11,209	-	-
Dividend income		-	10	84,933	34,018
Other income		21,064	27,843	17,319	24,239
Total revenues		1,857,101	2,212,456	1,465,950	1,588,844
Expenses					
Cost of sales		1,457,125	1,771,105	1,191,399	1,362,832
Selling expenses		165,504	165,337	92,502	88,465
Administrative expenses		45,030	46,202	26,323	24,332
Loss from impairment of assets		28,536	-	-	-
Loss from change in fair value of					
biological assets		3,840	-	-	-
Total expenses		1,700,035	1,982,644	1,310,224	1,475,629
Profit before share of gain from investment in joint venture, finance cost and income tax expenses					
Share of gain from investment in joint venture	7	1,335	48	-	-
Profit before finance cost and income tax expenses		158,401	229,860	155,726	113,215
Finance cost		(6,335)	(10,663)	(2,102)	(4,729)
Profit before income tax expenses		152,066	219,197	153,624	108,486
Income tax expenses	16	(23,760)	(30,894)	(8,593)	(6,036)
Profit for the period		128,306	188,303	145,031	102,450

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month period ended 30 June 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
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		-	(110)	-	(110)
Income tax reffect	16	-	22	-	22
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		-	(88)	-	(88)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(14,983)	-	-
Income tax reffect	16	-	2,997	-	-
Share of other comprehensive income of investment in joint venture - actuarial gain		-	266	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		-	(11,720)	-	-
Other comprehensive income for the period		-	(11,808)	-	(88)
Total comprehensive income for the period		<u>128,306</u>	<u>176,495</u>	<u>145,031</u>	<u>102,362</u>
Profit or loss attributable to:					
Equity holders of the Company		126,557	180,593	<u>145,031</u>	<u>102,450</u>
Non-controlling interests of the subsidiaries		<u>1,749</u>	<u>7,710</u>		
		<u>128,306</u>	<u>188,303</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		126,557	172,305	<u>145,031</u>	<u>102,362</u>
Non-controlling interests of the subsidiaries		<u>1,749</u>	<u>4,190</u>		
		<u>128,306</u>	<u>176,495</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	17	<u>0.15</u>	<u>0.22</u>	<u>0.18</u>	<u>0.12</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month period ended 30 June 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		3,848,233	4,248,430	2,911,599	3,213,199
Gain from change in fair value of					
biological assets		3,072	9,049	-	-
Dividend income		-	10	84,933	34,018
Other income		37,794	44,705	63,170	50,499
Total revenues		3,889,099	4,302,194	3,059,702	3,297,716
Expenses					
Cost of sales		3,177,274	3,558,480	2,610,668	2,898,673
Selling expenses		314,561	310,097	183,190	183,895
Administrative expenses		101,961	108,596	53,316	55,807
Loss from impairment of assets		28,536	-	-	-
Total expenses		3,622,332	3,977,173	2,847,174	3,138,375
Profit before share of gain (loss) from					
 investment in joint venture, finance cost					
 and income tax expenses					
		266,767	325,021	212,528	159,341
Share of gain (loss) from investment in					
joint venture	7	12,294	(5,398)	-	-
Profit before finance cost					
 and income tax expenses					
		279,061	319,623	212,528	159,341
Finance cost		(13,362)	(19,769)	(5,021)	(8,337)
Profit before income tax expenses		265,699	299,854	207,507	151,004
Income tax expenses	16	(48,355)	(46,567)	(14,975)	(10,001)
Profit for the period		217,344	253,287	192,532	141,003

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the six-month period ended 30 June 2018

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

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
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	(92)	521	(92)
Income tax reflect	16	(104)	18	(104)	18
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		417	(74)	417	(74)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(14,983)	-	-
Income tax reflect	16	-	2,997	-	-
Share of other comprehensive income of investment in joint venture - actuarial gain		-	266	-	-
<i>Other comprehensive income not be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		-	(11,720)	-	-
Other comprehensive income for the period		417	(11,794)	417	(74)
Total comprehensive income for the period		217,761	241,493	192,949	140,929
Profit or loss attributable to:					
Equity holders of the Company		205,291	250,525	192,532	141,003
Non-controlling interests of the subsidiaries		12,053	2,762		
		<u>217,344</u>	<u>253,287</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		205,708	242,251	192,949	140,929
Non-controlling interests of the subsidiaries		12,053	(758)		
		<u>217,761</u>	<u>241,493</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	17	0.25	0.31	0.23	0.17

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	265,699	299,854	207,507	151,004
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	119,904	120,222	48,273	48,188
Gain from change in fair value of biological assets	(3,072)	(9,049)	-	-
Share of (gain) loss from investment in joint venture	(12,294)	5,398	-	-
Increase (decrease) in allowance for doubtful accounts	810	(1,182)	133	398
Increase (decrease) in allowance for diminution in inventory value	4,917	(7,270)	-	-
Reversal of allowance for impairment loss of investment in subsidiary	-	-	(21,096)	-
Increase in allowance for impairment of assets	28,536	-	-	-
(Gain) loss on disposals of property, plant and equipment	(508)	(13,589)	95	(1,002)
Loss on write off of cost of palm plantation	861	16	-	-
Loss on disposal other long-term investment	493	-	493	-
Unrealised (gain) loss on exchange	(3,708)	1,148	(756)	424
Provision for long-term employee benefits	8,198	6,834	4,422	4,033
Dividend income from subsidiary	-	-	(84,933)	(34,008)
Dividend income from other companies	-	(10)	-	(10)
Interest expenses	12,094	18,416	4,223	7,574
Profit from operating activities before changes in operating assets and liabilities	421,930	420,788	158,361	176,601
Decrease (increase) in operating assets				
Trade and other receivables	217,059	(27,451)	218,188	32,853
Inventories	108,160	(523,560)	169,750	(302,347)
Biological assets	(1,379)	1,634	-	-
Other current assets	(4,113)	(14,389)	2,818	(6,122)
Other non-current assets	9	24,618	(2)	-
Increase (decrease) in operating liabilities				
Trade and other payables	86,604	8,710	55,506	(77,332)
Other current liabilities	(2,956)	804	(11,163)	(6,910)
Provision for long-term employee benefits	(9,043)	(15,082)	-	(9,638)
Cash from (used in) operating activities	816,271	(123,928)	593,458	(192,895)
Cash paid for interest expenses	(12,557)	(18,433)	(4,581)	(7,555)
Income tax refund	270	-	-	-
Cash paid for income tax	(29,215)	(51,364)	(15,437)	(8,626)
Net cash from (used in) operating activities	774,769	(193,725)	573,440	(209,076)

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Dividend received from subsidiary	-	-	84,933	34,008
Dividend received from other companies	-	10	-	10
Dividend received from joint venture	2,500	750	-	-
Decrease in long-term loan to unrelated party	460	38,860	-	-
Acquisitions of property, plant and equipment	(61,039)	(96,893)	(8,325)	(21,543)
Increase in cost of palm plantation	(8,420)	(13,359)	-	-
Proceeds from disposals of other long-term investment	1,007	-	1,007	-
Proceeds from disposals of property, plant and equipment	4,985	14,383	3,701	1,231
Increase in intangible assets	(138)	(3,948)	(94)	(1,421)
Net cash from (used in) investing activities	(60,645)	(60,197)	81,222	12,285
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(829,999)	420,000	(470,000)	290,000
Repayment of liabilities under finance lease agreements	(238)	(221)	-	-
Cash received from long-term loans	200,000	-	-	-
Repayment of long-term loans	(68,173)	(51,500)	(39,000)	(39,000)
Dividend paid	(157,965)	(96,554)	(147,493)	(81,954)
Net cash from (used in) financing activities	(856,375)	271,725	(656,493)	169,046
Net increase (decrease) in cash and cash equivalents	(142,251)	17,803	(1,831)	(27,745)
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)	271,892	438,188	142,158	103,000

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid	5,329	8,525	2,662	6,609
Dividend payable	-	3,898	-	606

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 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		Deficit on changes in value of available-for-sale investments	Total other components of 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	-	-	-	-	141,003	-	-	141,003
Other comprehensive income for the period	-	-	-	-	-	(74)	(74)	(74)
Total comprehensive income for the period	-	-	-	-	141,003	(74)	(74)	140,929
Reversal of prior year dividend	-	-	-	-	134	-	-	134
Dividend paid (Note 19)	-	-	-	-	(82,000)	-	-	(82,000)
Balance as at 30 June 2017	820,000	241,970	5,269	82,000	1,739,945	(753)	(753)	2,888,431

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 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	Total other components of equity	
				Appropriated - statutory reserve	Unappropriated	in value of available-for-sale investments	shareholders' equity	
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	-	-	-	-	192,532	-	-	192,532
Other comprehensive income for the period	-	-	-	-	-	417	417	417
Total comprehensive income for the period	-	-	-	-	192,532	417	417	192,949
Reversal of prior year dividend	-	-	-	-	80	-	-	80
Dividend paid (Note 19)	-	-	-	-	(147,600)	-	-	(147,600)
Balance as at 30 June 2018	820,000	241,970	5,269	82,000	1,844,524	-	-	2,993,763

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2018

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

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

1.4 New financial reporting standards

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

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 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	202.3	90.1	Market price on the contract date
Purchase of goods and services	-	-	116.9	144.0	Market price less fixed margin
Sales of goods and services	-	-	0.3	0.3	Market price
Dividend income	-	-	84.9	34.0	At the declared rate
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	12.8	15.1	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	53.3	47.8	-	-	Price approximates market price
Purchase of goods	0.7	0.9	1.6	-	Selling price less marketing expenses and profit margin
Selling expenses	6.1	3.4	-	-	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	5.6	0.4	-	-	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				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	-	-	266.8	157.3	Market price on the contract date
Purchase of goods and services	-	-	271.8	330.2	Market price less fixed margin
Sales of goods and services	-	-	0.6	0.6	Market price
Dividend income	-	-	84.9	34.0	At the declared rate
Rental income	-	-	1.0	1.0	Market price/Contract price
Selling and administrative service income	-	-	28.8	34.5	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	81.8	78.4	-	-	Price approximates market price
Purchase of goods	1.3	1.7	1.6	-	Selling price less marketing expenses and profit margin
Selling expenses	11.2	6.1	-	-	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	0.6	0.6	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	5.9	1.5	-	-	Market price

The balances of accounts as at 30 June 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	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
<u>Trade and other receivables - related parties</u> (Note 4)				
Subsidiaries	-	-	25,003	17,016
Associated company	452	452	-	-
Related companies (related by common shareholders)	72,106	64,956	63	51
Total trade and other receivables - related parties	72,558	65,408	25,066	17,067
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	51,778	44,628	25,066	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	-	-	171,051	145,286
Related companies (related by common shareholders)	9,571	6,901	-	-
Total trade and other payables - related parties	9,571	6,901	171,051	145,286

Short-term loans to related parties

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

Selling and administrative service income

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

Directors and management’s benefits

During the three-month and six-month periods ended 30 June 2018, the Company and its subsidiaries had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 34.9 million and Baht 69.9 million, respectively (2017: Baht 36.2 million and Baht 72.7 million, respectively) and for the Company totaling Baht 21.9 million and Baht 43.6 million, respectively (2017: Baht 21.4 million and Baht 42.6 million, respectively).

3. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Cash	2,830	4,181	1,227	1,227
Bank deposits	269,062	379,982	140,931	142,762
Investment in Bank of Thailand bonds	-	29,980	-	-
Total	271,892	414,143	142,158	143,989

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

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	45,142	28,638	63	130
Past due				
Up to 3 months	3,989	15,988	-	-
3 - 6 months	2,647	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	452	452	-	-
Total	52,230	45,078	63	130
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	51,778	44,626	63	130
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	23,409	43,327	23,409	43,328
Cheque returned	20,219	19,468	15,255	14,505
Not yet due	637,883	748,338	546,244	657,539
Past due				
Up to 3 months	167,844	257,636	133,864	235,168
3 - 6 months	1,068	6,364	1,068	152
6 - 12 months	36	1,122	-	360
Over 12 months	29,751	29,042	3,840	3,797
Total	880,210	1,105,297	723,683	954,849
Less: Allowance for doubtful accounts	(48,023)	(47,346)	(16,466)	(16,466)
Total trade receivables - unrelated parties - net	832,187	1,057,951	707,217	938,383
Total trade receivables - net	883,965	1,102,577	707,280	938,513
<u>Other receivables</u>				
Other receivables - related parties	-	2	5,581	1,622
Other receivables - unrelated parties	7,898	3,145	7,706	1,971
Accrued income - related parties	-	-	19,422	15,315
Accrued income - unrelated parties	235	429	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	593	474	-	-
Total	29,054	24,378	32,709	18,908
Less: Allowance for doubtful accounts	(21,790)	(21,657)	(1,461)	(1,328)
Total other receivables - net	7,264	2,721	31,248	17,580
Total trade and other receivables - net	891,229	1,105,298	738,528	956,093

5. Reduction of inventory to net realisable value

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

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2017	31,951
The reduction of inventory value recorded during the period	4,917
Balance as at 30 June 2018	36,868

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	
	30 June	31 December	30 June	31 December	30 June	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 30 June 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 930 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	
		30 June 2018	December 2017	30 June 2018	December 2017	30 June 2018	December 2017
		Percent	Percent				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	41,388	31,594
Total				25,000	25,000	41,388	31,594

7.2 Share of other comprehensive income and dividend received

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Share of profit from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2018	2017	2018	2017
Siam Elite Palm Co., Ltd.	1,335	48	-	266
Total	1,335	48	-	266

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Share of profit (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2018	2017	2018	2017
Siam Elite Palm Co., Ltd.	12,294	(5,398)	-	266
Total	12,294	(5,398)	-	266

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

8. Investment in associated company

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

(Unit: Thousand Baht)

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

9. Long-term loan to other company

As at 30 June 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 six-month period ended 30 June 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	(328)	-
Balance as at 30 June 2018	<u>63,363</u>	<u>5,615</u>

As at 30 June 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 six-month period ended 30 June 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	56,757	7,917
Disposals during the period - net book value at disposal date	(4,477)	(3,796)
Depreciation for the period	(112,551)	(47,799)
Allowance for impairment	(5,873)	-
Interest capitalised to assets	468	-
Net book value as at 30 June 2018	2,284,824	770,197

During the current period, the subsidiary capitalised interest amounting to Baht 0.5 million (2017: Baht 0.4 million) to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average interest rate of these loans between 1.95 and 2.99 percent per annum (2017: 2.05 and 2.30 percent per annum).

12. Cost of palm plantation

Movements in the cost of palm plantation account during the six-month period ended 30 June 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	8,420	-
Write-off during the period - net book value at write-off date	(861)	-
Amortisation for the period	(5,663)	(6)
Allowance for impairment	(22,663)	-
Net book value as at 30 June 2018	210,164	195

(Unaudited but reviewed)

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

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

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Bank overdrafts and short-term loans from financial institutions	1.75 - 2.00	1.78 - 2.15	650,001	1,480,000	100,000	570,000
Total			650,001	1,480,000	100,000	570,000

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

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2017	1,480,000	570,000
Add: Additions during the period	190,001	100,000
Less: Repayments during the period	(1,020,000)	(570,000)
Balance as at 30 June 2018	650,001	100,000

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

(Unaudited but reviewed)

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade payables - related parties	710	255	171,051	145,167
Trade payables - unrelated parties	370,197	266,328	245,394	190,627
Other payables - related parties	8,860	6,561	-	-
Other payables - unrelated parties	70,113	97,844	45,138	58,246
Advance received from related parties	1	85	-	119
Other payables for purchases of machinery	5,329	9,143	2,662	3,070
Accrued expenses	122,712	115,149	63,103	75,379
Total trade and other payables	577,922	495,365	527,348	472,608

15. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Long-term loans	265,340	133,513	57,013	96,013
Less: Current portion	(182,053)	(103,000)	(57,013)	(78,000)
Long-term loans - net of current portion	83,287	30,513	-	18,013

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

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2017	133,513	96,013
Add: Additions during the period	200,000	-
Less: Repayments during the period	(68,173)	(39,000)
Balance as at 30 June 2018	265,340	57,013

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

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

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

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

16. Income tax

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

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

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	29,053	21,938	9,152	5,127
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,293)	8,956	(559)	909
Income tax expenses reported in the profit or loss	<u>23,760</u>	<u>30,894</u>	<u>8,593</u>	<u>6,036</u>

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	44,616	44,092	15,853	8,960
Deferred tax:				
Relating to origination and reversal of temporary differences	3,739	2,475	(878)	1,041
Income tax expenses reported in the profit or loss	<u>48,355</u>	<u>46,567</u>	<u>14,975</u>	<u>10,001</u>

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	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	-	(22)	-	(22)
Deferred tax relating to actuarial losses	-	(2,997)	-	-
	-	(3,019)	-	(22)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	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	(18)	104	(18)
Deferred tax relating to actuarial losses	-	(2,997)	-	-
	104	(3,015)	104	(18)

17. Earnings per share

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

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	122,564	180,593	145,031	102,450
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.15	0.22	0.18	0.12

	For the six-month periods ended 30 June			
	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 of the Company (Thousand Baht)	201,298	250,525	192,532	141,003
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.25	0.31	0.23	0.17

18. Operating segment information

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

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

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 June									
	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue										
External customers	1,253	1,487	583	686	1,836	2,173	-	-	1,836	2,173
Inter-segment	202	92	117	144	319	236	(319)	(236)	-	-
Total revenue	<u>1,455</u>	<u>1,579</u>	<u>700</u>	<u>830</u>	<u>2,155</u>	<u>2,409</u>	<u>(319)</u>	<u>(236)</u>	<u>1,836</u>	<u>2,173</u>
Operating results										
Segment profit	220	180	173	222	393	402	(14)	-	379	402
Unallocated income and expenses										
Other income									21	28
Gain (loss) from change in fair value of biological assets									(4)	11
Selling expenses									(166)	(165)
Administrative expenses									(45)	(46)
Loss from impairment of assets									(28)	-
Share of gain from investment in joint venture									1	-
Finance cost									(6)	(11)
Profit before income tax expenses									152	219
Income tax expenses									(24)	(31)
Profit for the period									<u>128</u>	<u>188</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the six-month periods ended 30 June

	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil		Processed fruits		Total segments		eliminations			
	products		and vegetables							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue										
External customers	2,745	3,037	1,103	1,211	3,848	4,248	-	-	3,848	4,248
Inter-segment	267	157	272	330	539	487	(539)	(487)	-	-
Total revenue	<u>3,012</u>	<u>3,194</u>	<u>1,375</u>	<u>1,541</u>	<u>4,387</u>	<u>4,735</u>	<u>(539)</u>	<u>(487)</u>	<u>3,848</u>	<u>4,248</u>
Operating results										
Segment profit	369	313	316	378	685	691	(14)	(1)	671	690
Unallocated income and expenses										
Other income									38	45
Gain from change in fair value of										
biological assets									3	9
Selling expenses									(315)	(310)
Administrative expenses									(102)	(109)
Loss from impairment of assets									(28)	-
Share of gain (loss) from investment in joint venture									12	(5)
Finance cost									(13)	(20)
Profit before income tax expenses									266	300
Income tax expenses									(48)	(47)
Profit for the period									<u>218</u>	<u>253</u>

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

(Unit: Million Baht)

	Manufacture and distribution			Adjustments	
	Palm oil	Processed fruits	Total	and	
	products	and vegetables	segments	eliminations	Consolidated
Segment assets					
As at 30 June 2018	<u>5,743</u>	<u>1,556</u>	<u>7,299</u>	<u>(1,801)</u>	<u>5,498</u>
As at 31 December 2017	<u>6,133</u>	<u>1,611</u>	<u>7,744</u>	<u>(1,704)</u>	<u>6,040</u>

19. Dividend paid

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

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2018</u>			
Dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	147.6	0.18
Total dividends for the year 2018		147.6	0.18
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders on 26 April 2017	82.00	0.10
Total dividends for the year 2017		82.00	0.10
<u>Subsidiaries</u>			
<u>For the year 2018</u>			
Dividend on 2017 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 27 April 2018	32.40	0.10
Total dividends for the year 2018		32.40	0.10
Dividend on 2017 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 26 April 2018	63.00	1.20
Total dividends for the year 2018		63.00	1.20
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2017	48.60	0.15
Total dividends for the year 2017		48.60	0.15

20. Commitments and contingent liabilities

20.1 Capital commitments

As at 30 June 2018, its subsidiaries had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to approximately Baht 16.2 million (31 December 2017: Baht 26.2 million).

20.2 Operating lease commitments

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

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

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

	(Unit: Million Baht)	
	30 June 2018	31 December 2017
	<hr/>	<hr/>
Payable:		
Within 1 year	37.9	33.0
In over 1 year and up to 5 years	50.6	63.4
In over 5 years	13.0	15.0

20.3 Guarantees

As at 30 June 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 11.5 million to guarantee import, electricity use, among others (31 December 2017: Baht 12.3 million) and for the Company: Baht 1.5 million to guarantee electricity use, among others (31 December 2017: Baht 2.3 million).

20.4 Contingent liabilities

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

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

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

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

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

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

21. Financial instruments

21.1 Foreign currency assets and liabilities

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at	
	30 June 2018 (Million)	31 December 2017 (Million)	30 June 2018 (Million)	31 December 2017 (Million)	30 June 2018 (Baht per 1 foreign currency unit)	31 December 2017
US dollars	4.4	5.8	0.9	0.7	33.1672	32.6809
Euro	0.2	0.2	-	0.1	38.1371	39.0273

21.2 Forward exchange contracts

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

As at 30 June 2018

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.7	0.1	32.9000 - 33.2000	Within September 2018

As at 31 December 2017

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

As at 31 December 2017

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	0.7	0.7	33.0300 - 33.0500	Within January 2018

21.3 Fair value hierarchy

As of 30 June 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
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Financial assets measured at fair value

Available-for-sale investments

Equity instruments	-	23	23
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During the current period, there were no transfers within the fair value hierarchy.

22. Litigation

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

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

23. Reclassification

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Profit or loss				
Sales	2,173,394	2,178,614	1,530,587	1,535,807
Selling expenses	165,337	170,557	88,465	93,685

(Unit: Thousand Baht)

	For the six-month periods ended 30 June 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Profit or loss				
Sales	4,248,430	4,260,235	3,213,199	3,225,004
Selling expenses	310,097	321,902	183,895	195,700

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

24. Approval of interim financial statements

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