

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 2012

## **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 2012, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2012 and 2011, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

### **Scope of review**

I conducted my reviews 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 reviews, 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.

## **Statements of financial position as at 31 December 2011 for comparative purposes**

I have previously audited the consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Lam Soon (Thailand) Public Company Limited for the year ended 31 December 2011 in accordance with Thai Standards on Auditing, and expressed an unqualified opinion and drew attention on the adoption of revised and new accounting standards issued by the Federation of Accounting Professions on those statements under my report dated 24 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

Wichart Lokatekrawee  
Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited  
Bangkok: 10 August 2012

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**

**Statements of financial position**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	343,454	508,343	62,405	220,122
Trade and other receivables	3, 5	953,601	1,070,064	863,040	987,829
Inventories	6	1,502,537	1,599,361	742,779	1,031,793
Other current assets		56,773	57,091	13,516	20,963
<b>Total current assets</b>		<b>2,856,365</b>	<b>3,234,859</b>	<b>1,681,740</b>	<b>2,260,707</b>
<b>Non-current assets</b>					
Investment in associated company	7	-	-	-	-
Investments in subsidiaries	8	-	-	1,312,491	1,312,479
Other long-term investments		865	809	865	809
Investment properties	9	52,865	53,238	12,512	13,357
Property, plant and equipment	10	1,887,020	1,875,950	670,010	698,074
Cost of forest land rights and cost of palm plantation	11	277,013	291,054	266	272
Goodwill		196,376	196,376	-	-
Intangible assets	12	15,138	16,112	2,899	3,093
Other non-current assets		1,643	2,619	694	455
<b>Total non-current assets</b>		<b>2,430,920</b>	<b>2,436,158</b>	<b>1,999,737</b>	<b>2,028,539</b>
<b>Total assets</b>		<b>5,287,285</b>	<b>5,671,017</b>	<b>3,681,477</b>	<b>4,289,246</b>

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)**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	13	1,775,481	2,200,011	890,000	1,415,000
Trade and other payables	3, 14	370,945	438,561	322,733	460,208
Short-term loan from related party	3	50,000	50,000	-	-
Current portion of liabilities under					
finance lease agreements		267	1,037	-	567
Current portion of long-term loans	16	68,080	68,080	40,000	40,000
Income tax payable		57,284	65,941	-	-
Other current liabilities	15	198,125	176,594	102,479	116,046
<b>Total current liabilities</b>		<b>2,520,182</b>	<b>3,000,224</b>	<b>1,355,212</b>	<b>2,031,821</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements					
- net of current portion		-	135	-	-
Long-term loans - net of current portion	16	50,980	85,020	35,000	55,000
Provision for land rental charge		20,468	20,468	-	-
Provision for long-term employee benefits	17	77,314	56,984	55,676	43,358
<b>Total non-current liabilities</b>		<b>148,762</b>	<b>162,607</b>	<b>90,676</b>	<b>98,358</b>
<b>Total liabilities</b>		<b>2,668,944</b>	<b>3,162,831</b>	<b>1,445,888</b>	<b>2,130,179</b>

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)**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 June 2012 (Unaudited but reviewed)	As at 31 December 2011 (Audited)	As at 30 June 2012 (Unaudited but reviewed)	As at 31 December 2011 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Paid-in capital				
Share premium	241,970	241,970	241,970	241,970
Premium on treasury stock	5,269	5,269	5,269	5,269
Retained earnings				
Appropriated - statutory reserve	103,071	103,071	82,000	82,000
Unappropriated	1,107,792	1,010,014	1,087,003	1,010,537
Other components of shareholders' equity	332	276	(653)	(709)
Equity attributable to owners of the Company	2,278,434	2,180,600	2,235,589	2,159,067
Non-controlling interests of the subsidiaries	339,907	327,586	-	-
<b>Total shareholders' equity</b>	<b>2,618,341</b>	<b>2,508,186</b>	<b>2,235,589</b>	<b>2,159,067</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,287,285</b>	<b>5,671,017</b>	<b>3,681,477</b>	<b>4,289,246</b>
	-	-	-	-

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

Directors

(Unaudited but reviewed)

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**

**Statements of comprehensive income**

**For the three-month periods ended 30 June 2012 and 2011**

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

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales	1,912,607	2,244,798	1,600,593	1,917,401
Dividend income	84	138	113,442	34,145
Subsidy from the Department of Internal Trade	-	9,673	-	9,673
Other income	21,812	19,362	27,252	8,405
<b>Total revenues</b>	<u>1,934,503</u>	<u>2,273,971</u>	<u>1,741,287</u>	<u>1,969,624</u>
<b>Expenses</b>				
Cost of sales	1,625,413	1,872,145	1,522,355	1,799,401
Selling expenses	135,014	141,164	84,375	74,792
Administrative expenses	49,360	69,851	31,956	33,870
<b>Total expenses</b>	<u>1,809,787</u>	<u>2,083,160</u>	<u>1,638,686</u>	<u>1,908,063</u>
<b>Profit before finance cost and corporate income tax</b>				
Corporate income tax	124,716	190,811	102,601	61,561
Finance cost	(19,101)	(19,857)	(10,202)	(12,680)
<b>Profit before corporate income tax</b>	105,615	170,954	92,399	48,881
Corporate income tax	(30,937)	(52,294)	-	-
<b>Profit for the period</b>	<u>74,678</u>	<u>118,660</u>	<u>92,399</u>	<u>48,881</u>
<b>Other comprehensive income:</b>				
Deficit on changes in value of available-for-sale investments	(13)	(24)	(13)	(24)
<b>Other comprehensive income for the period</b>	<u>(13)</u>	<u>(24)</u>	<u>(13)</u>	<u>(24)</u>
<b>Total comprehensive income for the period</b>	<u>74,665</u>	<u>118,636</u>	<u>92,386</u>	<u>48,857</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 (continued)**

**For the three-month periods ended 30 June 2012 and 2011**

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

	Note	Consolidated financial statements		Separate financial statements	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Profit attributable to:</b>					
Profit of equity holders of the Company		43,077	85,095	<u>92,399</u>	<u>48,881</u>
Profit of non-controlling interests of the subsidiaries		<u>31,601</u>	<u>33,565</u>		
		<u>74,678</u>	<u>118,660</u>		
<b>Total comprehensive income attributable to:</b>					
Profit of equity holders of the Company		43,064	85,071	<u>92,386</u>	<u>48,857</u>
Profit of non-controlling interests of the subsidiaries		<u>31,601</u>	<u>33,565</u>		
		<u>74,665</u>	<u>118,636</u>		
<b>Basic earnings per share</b>					
	18				
Profit attributable to equity holders of the parent		<u>0.05</u>	<u>0.10</u>	<u>0.11</u>	<u>0.06</u>
Weighted average number of ordinary shares (Thousand shares)		<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</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 (continued)**

**For the six-month periods ended 30 June 2012 and 2011**

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

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales	3,803,044	4,321,705	3,218,640	3,744,323
Dividend income	84	138	113,442	34,145
Subsidy from the Department of Internal Trade	-	31,694	-	31,694
Other income	41,907	39,712	56,795	19,280
<b>Total revenues</b>	<u>3,845,035</u>	<u>4,393,249</u>	<u>3,388,877</u>	<u>3,829,442</u>
<b>Expenses</b>				
Cost of sales	3,156,122	3,775,090	2,995,872	3,613,612
Selling expenses	269,447	277,042	168,120	160,537
Administrative expenses	100,051	127,700	63,865	67,185
<b>Total expenses</b>	<u>3,525,620</u>	<u>4,179,832</u>	<u>3,227,857</u>	<u>3,841,334</u>
<b>Profit (loss) before finance cost and corporate income tax</b>				
Corporate income tax	319,415	213,417	161,020	(11,892)
Finance cost	(39,581)	(32,228)	(22,154)	(19,429)
<b>Profit (loss) before corporate income tax</b>	<u>279,834</u>	<u>181,189</u>	<u>138,866</u>	<u>(31,321)</u>
Corporate income tax	(58,684)	(76,874)	-	-
<b>Profit (loss) for the period</b>	<u>221,150</u>	<u>104,315</u>	<u>138,866</u>	<u>(31,321)</u>
<b>Other comprehensive income:</b>				
Gain (deficit) on changes in value of available-for-sale investments	56	(120)	56	(120)
<b>Other comprehensive income for the period</b>	<u>56</u>	<u>(120)</u>	<u>56</u>	<u>(120)</u>
<b>Total comprehensive income for the period</b>	<u>221,206</u>	<u>104,195</u>	<u>138,922</u>	<u>(31,441)</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 (continued)**

**For the six-month periods ended 30 June 2012 and 2011**

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Profit (loss) attributable to:</b>					
Profit (loss) of equity holders of the Company		160,178	54,857	<u>138,866</u>	<u>(31,321)</u>
Profit of non-controlling interests of the subsidiaries		<u>60,972</u>	<u>49,458</u>		
		<u>221,150</u>	<u>104,315</u>		
<b>Total comprehensive income attributable to:</b>					
Profit (loss) of equity holders of the Company		160,234	54,737	<u>138,922</u>	<u>(31,441)</u>
Profit of non-controlling interests of the subsidiaries		<u>60,972</u>	<u>49,458</u>		
		<u>221,206</u>	<u>104,195</u>		
<b>Basic earnings (loss) per share</b>					
	18				
Profit (loss) attributable to equity holders of the parent		<u>0.20</u>	<u>0.07</u>	<u>0.17</u>	<u>(0.04)</u>
Weighted average number of ordinary shares (Thousand shares)		<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</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 cash flows****For the six-month periods ended 30 June 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	279,834	181,189	138,866	(31,321)
Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	122,867	116,714	43,154	42,121
Increase in allowance for doubtful accounts	125	551	-	-
Increase (decrease) in allowance for diminution in inventory value	1,604	7,276	(1,545)	3,325
Gain on disposals of property, plant and equipment	(411)	(4,281)	(88)	(570)
Loss on write off of cost of palm plantation	7	124	-	-
Unrealised loss (gain) on exchange	(128)	(754)	8	(225)
Reserve for long-term employee benefits	20,330	20,216	12,318	12,372
Dividend income from subsidiary	-	-	(113,358)	(34,007)
Dividend income from other companies	(84)	(138)	(84)	(138)
Interest expenses	37,367	30,393	20,738	18,368
Income from operating activities before changes in operating assets and liabilities	461,511	351,290	100,009	9,925
Decrease (increase) in operating assets				
Trade and other receivables	116,714	(118,720)	124,830	(72,810)
Inventories	97,739	(977,330)	290,559	(862,030)
Other current assets	902	(35,125)	8,414	(26,114)
Other non-current assets	976	(428)	(239)	(338)
Increase (decrease) in operating liabilities				
Trade and other payables	(79,481)	179,421	(139,016)	193,311
Other current liabilities	24,042	20,491	(10,453)	4,145
Cash paid for long-term employee benefits	-	(419)	-	-
Cash from (used in) operating activities	622,403	(580,820)	374,104	(753,911)
Cash paid for interest expenses	(36,840)	(30,878)	(20,813)	(18,785)
Cash paid for corporate income tax	(68,035)	(13,303)	(967)	(6,907)
<b>Net cash from (used in) operating activities</b>	<b>517,528</b>	<b>(625,001)</b>	<b>352,324</b>	<b>(779,603)</b>

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 cash flows (continued)**

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from investing activities</b>				
Decrease in fixed deposits with maturity of more than 3 months	-	6,059	-	-
Acquisition of investment in subsidiary from non-controlling interest	(12)	(10,760)	(12)	-
Dividend received from subsidiary	-	-	113,358	34,007
Dividend received from other companies	84	138	84	138
Acquisitions of property, plant and equipment	(105,629)	(103,277)	(12,152)	(25,015)
Increase in cost of palm plantation	(3,195)	(5,956)	-	-
Proceeds from disposals of property, plant and equipment	485	4,334	121	595
Increase in intangible assets	(597)	(1,014)	(434)	(411)
<b>Net cash from (used in) investing activities</b>	<u>(108,864)</u>	<u>(110,476)</u>	<u>100,965</u>	<u>9,314</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(424,530)	994,891	(525,000)	880,000
Repayment of liabilities under finance lease agreements	(905)	(1,976)	(567)	(1,484)
Repayment of long-term loans	(34,040)	(34,040)	(20,000)	(20,000)
Dividend paid	(114,078)	(137,604)	(65,439)	(123,004)
<b>Net cash from (used in) financing activities</b>	<u>(573,553)</u>	<u>821,271</u>	<u>(611,006)</u>	<u>735,512</u>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	(164,889)	85,794	(157,717)	(34,777)
Cash and cash equivalents at beginning of the period	<u>508,343</u>	<u>361,178</u>	<u>220,122</u>	<u>203,874</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>343,454</u></u>	<u><u>446,972</u></u>	<u><u>62,405</u></u>	<u><u>169,097</u></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 cash flows (continued)**

**For the six-month periods ended 30 June 2012 and 2011**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Supplementary disclosures of cash flows information</b>				
Non-cash transactions				
Acquisitions of property, plant and equipment that				
have not been paid	34,516	24,416	1,996	727
Transferred nursery to inventory account	2,519	1,596	-	-

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2012 and 2011

		Consolidated financial statements						
		Equity attributable to the parent's shareholders					Other components of equity	
		Retained earnings					Other comprehensive income	Other changes by the owners
		Issued and paid up share capital	Share premium	Premium on treasury stock	Appropriated - statutory reserve	Unappropriated	Deficit on changes in value of available-for-sale investments	Surplus from change in shareholding in subsidiary
Note		share capital	premium	treasury stock	reserve			
	<b>Balance as at 31 December 2010</b>	820,000	241,970	5,269	102,775	950,775	(584)	5,009
	Acquisition of investment in subsidiary from non-controlling interest	-	-	-	292	(292)	-	(4,024)
	Total comprehensive income for the period	-	-	-	-	54,857	(120)	-
	Unappropriated retained earnings transferred to statutory reserve	-	-	-	5	(5)	-	-
	Reversal of prior year dividend	-	-	-	-	14,353	-	-
	Dividend paid	20	-	-	-	(123,000)	-	-
	Decrease in minority interests from dividend payment in subsidiary	-	-	-	-	-	-	-
	<b>Balance as at 30 June 2011</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>103,072</u>	<u>896,688</u>	<u>(704)</u>	<u>985</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2012 and 2011

		Consolidated financial statements						
		Equity attributable to the parent's shareholders					Other components of equity	
		Retained earnings					Other comprehensive income	Other changes by the owners
		Appropriated -					Deficit on changes in value of available-for-sale investments	Surplus from change in shareholding in subsidiary
		Issued and paid up share capital	Share premium	Premium on treasury stock	statutory reserve	Unappropriated		
Note								
	<b>Balance as at 31 December 2011</b>	820,000	241,970	5,269	103,071	1,010,014	(709)	985
	Acquisition of investment in subsidiary							
	from non-controlling interest	8	-	-	-	-	-	-
	Total comprehensive income for the period					160,178	56	-
	Reversal of prior year dividend					3,199	-	-
	Dividend paid	20				(65,599)	-	-
	Decrease in minority interests from dividend payment in subsidiary							
	<b>Balance as at 30 June 2012</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>103,071</u>	<u>1,107,792</u>	<u>(653)</u>	<u>985</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month periods ended 30 June 2012 and 2011

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		Issued and paid up		Premium on treasury stock	Retained earnings		
	Note	share capital	Share premium		Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2010</b>		820,000	241,970	5,269	82,000	984,741	
Total comprehensive income for the period		-	-	-	-	(31,321)	
Reversal of prior year dividend		-	-	-	-	14,353	
Dividend paid	20	-	-	-	-	(123,000)	
<b>Balance as at 30 June 2011</b>		<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>844,773</u>	
<b>Balance as at 31 December 2011</b>		820,000	241,970	5,269	82,000	1,010,537	
Total comprehensive income for the period		-	-	-	-	138,866	
Reversal of prior year dividend		-	-	-	-	3,199	
Dividend paid	20	-	-	-	-	(65,599)	
<b>Balance as at 30 June 2012</b>		<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,087,003</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 six-month periods ended 30 June 2012 and 2011**

**1. General information**

**1.1 Corporate information**

Lam Soon (Thailand) Public Company Limited 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 and its registered address 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 34 (revised 2009) "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 the financial statements of 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 2011. There have been no changes in the composition of the group during the current period.

### 1.4 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 2011.

### 2. New accounting standard issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the Thai Financial Reporting Standard No. 8 Operating Segments which is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that the above TFRS will not have any significant impact on the financial statements for the year when it is initially applied.

### 3. 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	
	2012	2011	2012	2011	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	310.2	437.1	Market price on the contract's date (2011: Market price on the contract's date/Price set by National Palm Oil Policy Committee)
Purchase of finished goods	-	-	184.0	151.6	Market price less fixed margin
Sales of goods and services	-	-	0.4	0.6	Market price
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	20.0	-	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	6.0	6.7	-	-	Price approximates market price
Purchase of goods	5.9	5.2	-	-	Selling price less marketing expenses and profit margin
Interest expenses	0.4	-	-	-	THBFIX + 0.50% per annum
<u>Transactions with jointly controlled entity</u>					
Land rental income	-	0.1	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	-	0.4	-	-	Market price

(Unit: Million Baht)

	For the six-month periods ended 30 June				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	654.6	626.7	Market price on the contract's date (2011: Market price on the contract's date/Price set by National Palm Oil Policy Committee)
Purchase of finished goods	-	-	404.1	335.1	Market price less fixed margin
Sales of goods and services	-	-	0.8	4.7	Market price
Rental income	-	-	1.1	1.1	Market price/Contract price
Selling and administrative service income	-	-	41.5	-	Actual charge
Discount from prepayment of goods	-	-	-	0.1	2.75% per annum of the amount collected prior the maturity
<u>Transactions with related companies</u>					
Sales of goods	8.9	12.3	-	-	Price approximates market price
Purchase of goods	12.1	41.1	-	32.6	Selling price less marketing expenses and profit margin
Interest expenses	0.8	-	-	-	THBFIX + 0.50% per annum
<u>Transactions with jointly controlled entity</u>					
Land rental income	-	0.2	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	0.8	0.8	-	-	Market price

(Unaudited but reviewed)

The balances of accounts as at 30 June 2012 and 31 December 2011 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	
2012	2011	2012	2011	
<b><u>Trade and other receivables - related parties</u></b>				
(Note 5)				
Subsidiaries	-	-	14,705	484
Associated companies	452	452	-	-
Related companies (related by common shareholders)	24,392	26,246	6	67
<b>Total trade and other receivables - related parties</b>	<b>24,844</b>	<b>26,698</b>	<b>14,711</b>	<b>551</b>
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
<b>Total trade accounts receivable - related parties, net</b>	<b>4,064</b>	<b>5,918</b>	<b>14,711</b>	<b>551</b>
<b><u>Short-term loans to related parties</u></b>				
Associated companies	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
<b>Total short-term loans to related parties</b>	<b>45,611</b>	<b>45,611</b>	<b>-</b>	<b>-</b>
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
<b>Total short-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Trade and other payables - related parties</u></b> (Note 14)				
Subsidiaries	-	-	182,246	165,858
Related companies (related by common shareholders)	5,572	1,882	895	584
<b>Total trade and other payables - related parties</b>	<b>5,572</b>	<b>1,882</b>	<b>183,141</b>	<b>166,442</b>
<b><u>Short-term loans from related party</u></b>				
Related company (related by common shareholders)	50,000	50,000	-	-
<b>Total short-term loans from related party</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>

As at 30 June 2012 and 31 December 2011, the balance of short-term loan between the Company and the related party and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements		
Company's name	Related by	Balance as at	Increase/ (decrease)	Balance as at
		31 December 2011		30 June 2012
Lam Soon Holding Co., Ltd.	Related company by common shareholders	50,000	-	50,000
Total		50,000	-	50,000

#### Short-term loans to related parties

Short-term loans to associated and related companies of subsidiary carry interest at a rate of 7% per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has 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.

#### Short-term loans from related party

Short-term loan from related company of subsidiary carry interest at a rate of THBFIX + 0.5% per annum and is repayable on demand.

#### Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited ("UFC"), a subsidiary, entered into a memorandum related to the agency agreement (dated 27 February 2006) whereby both parties agreed to change the terms and conditions on dealer compensation to comply with the general practice in the industry.

In addition, the Company and UFC have now agreed to extend the agreement for another 5 years on 29 December 2011, starting from 1 January 2012 and expiring on 31 December 2016.

#### Directors and Management's benefits

During the six-month periods ended 30 June 2012 and 2011, the Company and its subsidiaries have short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 64.8 million (the Company only: Baht 41.1 million) (30 June 2011: Baht 72.1 million, the Company only: Baht 44.4 million).

#### 4. Cash and cash equivalents

As at 30 June 2012 and 31 December 2011, cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Cash	2,066	2,324	1,204	945
Bank deposits	291,435	256,095	61,201	169,177
Investment in Bank of Thailand Bond	49,953	249,924	-	50,000
<b>Total</b>	<b>343,454</b>	<b>508,343</b>	<b>62,405</b>	<b>220,122</b>

As at 30 June 2012, bank deposits in savings account, fixed deposits and bills of exchange carried interest between 0.10 and 2.91 percent per annum (31 December 2011: between 0.10 and 3.13 percent per annum).

#### 5. Trade and other receivables

The outstanding balances of trade accounts receivable as at 30 June 2012 and 31 December 2011, classified by aging were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	3,891	5,914	-	19
Past due				
Up to 3 months	161	-	-	10
3 - 6 months	12	-	-	-
Over 12 months	452	452	-	-
<b>Total</b>	<b>4,516</b>	<b>6,366</b>	<b>-</b>	<b>29</b>
Less: Allowance for doubtful accounts	(452)	(452)	-	-
<b>Total trade accounts receivable - related parties, net</b>	<b>4,064</b>	<b>5,914</b>	<b>-</b>	<b>29</b>

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	42,302	45,342	42,301	45,302
Cheque returned	12,974	13,072	8,011	8,108
Not yet due	757,582	883,738	695,480	829,963
Past due				
Up to 3 months	144,705	132,968	108,563	111,499
3 - 6 months	3,371	1,130	1,537	786
6 - 12 months	1,899	287	1,009	233
Over 12 months	18,923	18,834	1,891	1,850
<b>Total</b>	<b>981,756</b>	<b>1,095,371</b>	<b>858,792</b>	<b>997,741</b>
Less: Allowance for doubtful accounts	(34,019)	(34,004)	(10,463)	(10,463)
<b>Total trade accounts receivable - unrelated parties, net</b>	<b>947,737</b>	<b>1,061,367</b>	<b>848,329</b>	<b>987,278</b>
<b>Total trade accounts receivable - net</b>	<b>951,801</b>	<b>1,067,281</b>	<b>848,329</b>	<b>987,307</b>
<u>Other receivables</u>				
Other receivables - related parties	-	-	2,530	-
Other receivables - unrelated parties	1,800	2,779	-	-
Accrued income from related party	-	-	12,181	-
Advances to related parties	20,328	20,332	-	522
Less: Allowance for doubtful accounts	(20,328)	(20,328)	-	-
<b>Other receivables - net</b>	<b>1,800</b>	<b>2,783</b>	<b>14,711</b>	<b>522</b>
<b>Total trade and other receivables - net</b>	<b>953,601</b>	<b>1,070,064</b>	<b>863,040</b>	<b>987,829</b>

## 6. 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 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Balance as at 31 December 2011</b>	15,716	1,590
Increase (reversal) of transaction for reduction of inventory to net realisable value	1,604	(1,545)
<b>Balance as at 30 June 2012</b>	<b>17,320</b>	<b>45</b>

## 7. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			30 June	31 December	30 June	31 December
			2012	2011	2012	2011
		(Million Baht)	(Million Baht)	(%)	(%)	
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

Company's name	Consolidated financial statements							
	Cost		Allowance for loss on diminution in value of investment		Carrying amounts based on cost method - net		Carrying amounts based on equity method	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011	2012	2011
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

## 8. Investments in subsidiaries

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

Company's name	Paid-up share capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the six-month period ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	
	2012	2011	2012	2011	2012	2011	2012	2011
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	113,358	34,007
Universal Food Public Company Limited	525,000	525,000	98.76	98.76	585,243	585,231	-	-
Total					1,333,587	1,333,575	113,358	34,007
Less: Allowance for impairment loss of investments					(21,096)	(21,096)		
Total investments in subsidiaries - net					1,312,491	1,312,479		



On 21 June 2012, the Company acquired an additional 1,000 shares of Universal Food Public Company Limited ("UFC"), which is its subsidiary, from the existing shareholders of such subsidiary at a price of Baht 11.55 per share, or for a total of Baht 11,550. However, the Company's equity interest in such subsidiary is unchanged i.e. 98.76%.

As at 30 June 2012, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 2,256 million.

## 9. Investment property

Movements in the investment Property account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Balance as at 31 December 2011</b>	53,238	13,357
Depreciation for the period	(373)	(845)
<b>Balance as at 30 June 2012</b>	<u>52,865</u>	<u>12,512</u>

As at 30 June 2012 and 31 December 2011, the allowance for impairment loss on investment properties - land and building of the subsidiary was Baht 9 million.

## 10. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 31 December 2011</b>	1,875,950	698,074
Acquisitions during the period - at cost	116,605	13,644
Disposals during the period - net book value at disposal date	(74)	(33)
Depreciation for the period	(106,213)	(41,675)
Interest capitalised to assets	752	-
<b>Net book value as at 30 June 2012</b>	<u>1,887,020</u>	<u>670,010</u>

During the period, the subsidiary capitalised interest amounting to Baht 0.8 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 rate of these loans, at 3.01% to 4.10% per annum.

The majority of land and buildings of the subsidiary were mortgaged and pledged with a bank to secure credit facilities granted by bank and letters of guarantees issued by bank.

#### 11. Cost of forest land rights and cost of palm plantation

Movements in the cost of forest land rights and cost of palm plantation account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2011</b>	291,054	272
Acquisitions during the period - at cost	3,195	-
Write off during the period - net book value at write off date	(7)	-
Amortisation for the period	(14,710)	(6)
Transferred to inventory account	(2,519)	-
<b>Net book value as at 30 June 2012</b>	<u>277,013</u>	<u>266</u>

#### 12. Intangible assets

Movements in the intangible asset account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2011</b>	16,112	3,093
Acquisitions during the period - at cost	597	434
Amortisation for the period	(1,571)	(628)
<b>Net book value as at 30 June 2012</b>	<u>15,138</u>	<u>2,899</u>

**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 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Bank overdrafts	MOR	MOR	481	11	-	-
Short-term loans from financial institutions	3.20 - 4.10	3.43 - 4.10	1,775,000	2,200,000	890,000	1,415,000
Total			1,775,481	2,200,011	890,000	1,415,000

No collateral has been pledged for short-term loans from financial institutions of the Company and its subsidiary.

**14. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Trade accounts payable - related parties	5,565	1,797	183,114	166,425
Trade accounts payable - unrelated parties	323,059	363,221	116,534	259,249
Other payables - unrelated parties	21,317	50,223	19,219	31,148
Advance received from related parties	7	85	27	17
Other payables for purchase of machineries	20,997	23,235	3,839	3,369
Total trade and other payables	370,945	438,561	322,733	460,208

(Unaudited but reviewed)

## 15. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Accrued dividend	3,156	6,313	743	3,782
Accrued expenses	104,936	116,471	64,689	73,716
Advance incomes	7,651	10,983	7,651	10,983
Others	82,382	42,827	29,396	27,565
<b>Total other current liabilities</b>	<b>198,125</b>	<b>176,594</b>	<b>102,479</b>	<b>116,046</b>

## 16. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Long-term loans	119,060	153,100	75,000	95,000
Less: Current portion	(68,080)	(68,080)	(40,000)	(40,000)
<b>Long-term loans - net of current portion</b>	<b>50,980</b>	<b>85,020</b>	<b>35,000</b>	<b>55,000</b>

Movements in the long-term loan account during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
<b>Balance as at 31 December 2011</b>	153,100	95,000
Less: Repayments during the period	(34,040)	(20,000)
<b>Balance as at 30 June 2012</b>	<b>119,060</b>	<b>75,000</b>

Long-term loans of the subsidiary are secured by the mortgage of land and buildings thereon, as discussed in Note 10, and a negative pledge of machinery of the subsidiary.

The loan agreements contain covenants that, among other things, require the Company and its subsidiary to maintain such as dividend payments, the proportion of shareholding of the major shareholders and the maintenance of certain financial ratios.

#### 17. Provision for long-term employee benefits

Provision for long-term employee benefits as at 30 June 2012, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
<b>Defined benefit obligation at beginning of period</b>	142,936	4,391	147,327
Current service cost	6,476	199	6,675
Interest cost	2,327	54	2,381
<b>Defined benefit obligation at end of period</b>	151,739	4,644	156,383
Unrecognised transitional provisions	(76,344)	(2,725)	(79,069)
<b>Provisions for long-term employee benefits at end of period</b>	<u>75,395</u>	<u>1,919</u>	<u>77,314</u>

(Unit: Thousand Baht)

	Separate financial statements		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
<b>Defined benefit obligation at beginning of period</b>	90,747	4,391	95,138
Current service cost	4,094	199	4,293
Interest cost	1,490	54	1,544
<b>Defined benefit obligation at end of period</b>	96,331	4,644	100,975
Unrecognised transitional provisions	(42,574)	(2,725)	(45,299)
<b>Provisions for long-term employee benefits at end of period</b>	53,757	1,919	55,676

Long-term employee benefit expenses included in the profit for the six-month period ended 30 June 2012 amounted to Baht 20 million (the Company only: Baht 12 million).

## 18. Basic earnings (loss) per share

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

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the period attributable to equity holders of the Company (thousand Baht)	43,077	85,095	92,399	48,881
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings per share (Baht/share)	0.05	0.10	0.11	0.06

(Unaudited but reviewed)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Profit (loss) for the period attributable to equity holders of the Company (thousand Baht)	160,178	54,857	138,866	(31,321)
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings (loss) per share (Baht/share)	0.20	0.07	0.17	(0.04)

## 19. Financial information by segment

The Company's and its subsidiaries' business operations involve two principal segments (1) manufacture and distribution of palm oil products and (2) manufacture and distribution of processed fruits and vegetables. These activities are carried on in the single-geographic area in Thailand. The financial information by segment of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2012 and 2011 were as follows:

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 June					
	Manufacture and distribution		Total	Eliminated	Total	
	Palm oil products	Processed fruits and vegetables			2012	2011
Revenue from external customers	1,437	476	1,913	-	1,913	2,245
Intersegment revenues	310	184	494	(494)	-	-
Total revenues	1,747	660	2,407	(494)	1,913	2,245
Segment income	193	87	280	7	287	373
Unallocated income and expenses						
Other income					22	29
Selling expenses					(135)	(141)
Administrative expenses					(49)	(70)
Finance cost					(19)	(20)
Corporate income tax					(31)	(52)
Profit for the period					75	119
Profit attributable to non-controlling interest					(32)	(34)
Profit for the period attributable to equity holders of the Company					43	85

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the six-month periods ended 30 June

	Manufacture and distribution		Total	Eliminated	Total	
	Palm oil products	Processed fruits and vegetables			2012	2011
Revenue from external customers	2,818	985	3,803	-	3,803	4,322
Intersegment revenues	655	404	1,059	(1,059)	-	-
Total revenues	<u>3,473</u>	<u>1,389</u>	<u>4,862</u>	<u>(1,059)</u>	<u>3,803</u>	<u>4,322</u>
Segment income	445	195	640	7	647	547
Unallocated income and expenses						
Other income					42	72
Selling expenses					(269)	(277)
Administrative expenses					(100)	(128)
Finance cost					(40)	(32)
Corporate income tax					(59)	(77)
Profit for the period					221	105
Profit attributable to non-controlling interest					(61)	(50)
Profit for the period attributable to equity holders of the Company					<u>160</u>	<u>55</u>

Transfer prices between business segments are as set out in the Note 3 to the financial statements.



**20. Dividend paid**

During the six-month periods ended 30 June 2012 and 2011, the Company and its subsidiary had dividend payment as follows:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<b><u>The Company</u></b>			
<b><u>For the year 2012</u></b>			
Dividend on 2011 income	Annual General Meeting of the shareholders on 27 April 2012	65.60	0.08
<b><u>For the year 2011</u></b>			
Dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	123.00	0.15
<b><u>Subsidiary</u></b>			
<b><u>For the year 2012</u></b>			
Final dividend on 2011 income	Annual General Meeting of the shareholders on 27 April 2012	162.00	0.50
<b><u>For the year 2011</u></b>			
Final dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	48.61	0.15

**21. Commitments and contingent liabilities**

As at 30 June 2012, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities.

**21.1 Capital commitments**

The Company and its subsidiaries had capital expenditure under the agreements and purchase orders for purchase of equipment including services payable in the future amounting to approximately Baht 40.5 million (the Company only: Baht 2.6 million).

**21.2 Long-term service commitments**

Under the agreement with a foreign shareholder in relation to the use of trademark in the production and distribution of oil palm seed, the jointly controlled entity of a subsidiary is obliged to pay royalty calculated as a percentage of the net annual sales of the products, as defined in the agreement. The jointly controlled entity and such foreign shareholder are also required to comply with conditions stipulated in the contract.

### 21.3 Operating lease commitments

As at 30 June 2012, the Company and its subsidiaries had commitments relating to lease and service agreements whereby future payments are required in the following amounts:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	12.0
1 to 5 years	<u>5.2</u>
Total	<u>17.2</u>

### 21.4 Guarantees

As at 30 June 2012, there were outstanding bank guarantees of approximately Baht 18.2 million issued by the banks on behalf of the Company and its subsidiaries million to guarantee electricity usage (the Company only: Baht 10.1 million).

### 21.5 Contingent liabilities

- (1) In January 2006, the Company was sued by the Metropolitan Electricity Authority (MEA) for payment of additional electricity expenses totaling approximately Baht 7.1 million for the 18-month period from 30 June 2002 to 30 November 2003. In October 2005, MEA received Baht 2.9 million from the bank which was guarantor for electricity payment, leaving an outstanding payable amount of Baht 4.2 million. In September 2006, the Civil Court judged that the Company was liable for the electric payment of November 2003 plus interest of approximately Baht 0.5 million to the plaintiff. The Company filed an appeal against the judgment with the Appeal Court. On 16 February 2011, the Appeal Court dismissed this case. However, the Company countersued to recover the guarantee amount from the MEA because the Company did not have any outstanding late electricity payments due to the MEA as per the guarantee issued by the bank, but the claim made was a retrospective claim for additional payments. In October 2006, the Civil Court delivered the judgment ordering the MEA to refund the Baht 2.9 million guarantee plus interest to the Company. In January 2011, the Appeal Court issued a new ruling ordering the MEA to refund Baht 2.5 million to the Company after deducting the electricity fee for the period from 5 to 30 November 2003 of approximately Baht 0.4 million. Currently, the cases are before the Supreme Court.

- (2) 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. The result of this matter is not known at this time.
- (3) 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.

- (4) In 2008, the subsidiaries received notification from the Surat Thani Provincial Office of Natural Resources, ordering it to enter into a memorandum of acknowledgement and consent to comply with the conditions of the Forestry Department regulation concerning permission to exploit National Reserved Forest land B.E. 2548, to lodge an application for permission to gather forest produce in accordance with Section 15 of the National Reserved Forest Act B.E. 2507, and to pay official royalty fees at the rate of 10 percent 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.

On 6 August 2009, the subsidiaries entered into a memorandum of acknowledgement and consent to comply with the conditions stipulated by the Forestry Department. On 18 December 2009, the subsidiaries lodged an application for permission to gather forest produce in a National Reserved Forest. At present, the relevant government agencies are processing the application.

## 22. Financial instruments

### 22.1 Foreign currency assets and liabilities

The Group's financial assets and liabilities denominated in foreign currencies as at 30 June 2012 are summarised below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate as at 30 June 2012 (Baht per 1 foreign currency unit)
US dollars	2.1	1.0	30.8261
Euro	0.2	-	39.5356

### 22.2 Forward exchange contracts

As at 30 June 2012, the Company and its subsidiaries had outstanding forward exchange contracts, of which details are presented below.

Foreign currency	Sold amount (Million)	Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Maturity date
US dollars	3.1	31.72 - 32.15	In May 2013
Euro	0.1	40.25	In December 2012

As at 30 June 2012, the subsidiary had unrealised loss on exchange in the value of foreign exchange contracts to present them at fair value totaling Baht 0.3 million.

### 22.3 Interest rate swap agreement

The subsidiary was party to an interest rate swap agreement with a lender bank covering a period from January 2009 to February 2014, whereby the subsidiary agreed to swap the floating interest rate of THBFIX plus an applicable margin per annum on Baht 140 million loans for a fixed annual interest rate.

As at 30 June 2012, the subsidiary had unrealised loss on interest rate swap agreement to present it at fair value totaling Baht 0.7 million.

## 23. Approval of interim financial statements

These interim financial statements were authorised for issue on 10 August 2012 by the Company's audit committees under authority delegated by the board of directors of the Company.