

Lam Soon (Thailand) Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month period ended  
31 March 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 31 March 2012, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 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 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 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 auditing standards 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 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 auditing standards, 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: 11 May 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
		31 March 2012 (Unaudited but reviewed)	31 December 2011 (Audited)	31 March 2012 (Unaudited but reviewed)	31 December 2011 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	529,070	508,343	221,582	220,122
Trade and other receivables	3, 5	887,914	1,070,064	776,401	987,829
Inventories	6	1,605,115	1,599,361	999,254	1,031,793
Other current assets		50,328	57,091	18,420	20,963
<b>Total current assets</b>		<b>3,072,427</b>	<b>3,234,859</b>	<b>2,015,657</b>	<b>2,260,707</b>
<b>Non-current assets</b>					
Investments in associated company	7	-	-	-	-
Investments in subsidiaries	8	-	-	1,312,479	1,312,479
Other long-term investments		878	809	878	809
Investment properties	9	53,052	53,238	12,935	13,357
Property, plant and equipment	10	1,883,153	1,875,950	684,510	698,074
Cost of forest land rights and cost of palm plantation	11	285,202	291,054	269	272
Goodwill		196,376	196,376	-	-
Intangible assets	12	15,926	16,112	3,212	3,093
Other non-current assets		2,315	2,619	453	455
<b>Total non-current assets</b>		<b>2,436,902</b>	<b>2,436,158</b>	<b>2,014,736</b>	<b>2,028,539</b>
<b>Total assets</b>		<b>5,509,329</b>	<b>5,671,017</b>	<b>4,030,393</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
		31 March 2012	31 December 2011	31 March 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	1,940,505	2,200,011	1,060,000	1,415,000
Trade and other payables	3, 14	405,688	438,561	537,687	460,208
Short-term loan from related party	3	50,000	50,000	-	-
Current portion of liabilities under					
finance lease agreements		264	1,037	-	567
Current portion of long-term loans	16	68,080	68,080	40,000	40,000
Income tax payable		93,064	65,941	-	-
Other current liabilities	15	138,171	176,594	89,387	116,046
<b>Total current liabilities</b>		<b>2,695,772</b>	<b>3,000,224</b>	<b>1,727,074</b>	<b>2,031,821</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements					
- net of current portion		68	135	-	-
Long-term loans - net of current portion	16	68,000	85,020	45,000	55,000
Provision for land rental charge		20,468	20,468	-	-
Provision for long-term employee benefits	17	67,095	56,984	49,517	43,358
<b>Total non-current liabilities</b>		<b>155,631</b>	<b>162,607</b>	<b>94,517</b>	<b>98,358</b>
<b>Total liabilities</b>		<b>2,851,403</b>	<b>3,162,831</b>	<b>1,821,591</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 31 March 2012 (Unaudited but reviewed)	As at 31 December 2011 (Audited)	As at 31 March 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	1,130,314	1,010,014	1,060,203	1,010,537
Other components of shareholders' equity	345	276	(640)	(709)
Equity attributable to owners of the Company	2,300,969	2,180,600	2,208,802	2,159,067
Non-controlling interests of the subsidiaries	356,957	327,586	-	-
<b>Total shareholders' equity</b>	<b>2,657,926</b>	<b>2,508,186</b>	<b>2,208,802</b>	<b>2,159,067</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,509,329</b>	<b>5,671,017</b>	<b>4,030,393</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 31 March 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	1,890,437	2,076,907	1,618,047	1,826,922
Subsidy from the Department of Internal Trade	-	22,021	-	22,021
Other income	20,095	20,350	29,543	10,875
<b>Total revenues</b>	<u>1,910,532</u>	<u>2,119,278</u>	<u>1,647,590</u>	<u>1,859,818</u>
<b>Expenses</b>				
Cost of sales	1,530,709	1,902,945	1,473,517	1,814,211
Selling expenses	134,433	135,878	83,745	85,745
Administrative expenses	50,691	57,849	31,909	33,315
<b>Total expenses</b>	<u>1,715,833</u>	<u>2,096,672</u>	<u>1,589,171</u>	<u>1,933,271</u>
<b>Profit (loss) before finance cost and corporate income tax</b>				
Corporate income tax	194,699	22,606	58,419	(73,453)
Finance cost	(20,480)	(12,371)	(11,952)	(6,749)
<b>Profit (loss) before corporate income tax</b>	<u>174,219</u>	<u>10,235</u>	<u>46,467</u>	<u>(80,202)</u>
Corporate income tax	(27,747)	(24,580)	-	-
<b>Profit (loss) for the period</b>	<u>146,472</u>	<u>(14,345)</u>	<u>46,467</u>	<u>(80,202)</u>
<b>Other comprehensive income:</b>				
Gain (deficit) on changes in value of available-for-sale investments	69	(96)	69	(96)
<b>Other comprehensive income for the period</b>	<u>69</u>	<u>(96)</u>	<u>69</u>	<u>(96)</u>
<b>Total comprehensive income for the period</b>	<u>146,541</u>	<u>(14,441)</u>	<u>46,536</u>	<u>(80,298)</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 31 March 2012 and 2011**

(Unit: Thousand Baht except earnings 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		117,101	(30,238)	<u>46,467</u>	<u>(80,202)</u>
Profit of non-controlling interests of the subsidiaries		<u>29,371</u>	<u>15,893</u>		
		<u>146,472</u>	<u>(14,345)</u>		
<b>Total comprehensive income attributable to:</b>					
Profit (loss) of equity holders of the Company		117,170	(30,334)	<u>46,536</u>	<u>(80,298)</u>
Profit of non-controlling interests of the subsidiaries		<u>29,371</u>	<u>15,893</u>		
		<u>146,541</u>	<u>(14,441)</u>		
<b>Basic earnings (loss) per share</b> <span style="float: right;">18</span>					
Profit (loss) attributable to equity holders of the parent		<u>0.14</u>	<u>(0.04)</u>	<u>0.06</u>	<u>(0.10)</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 three-month periods ended 31 March 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	174,219	10,235	46,467	(80,202)
Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	60,745	57,731	21,446	20,902
Increase (decrease) in allowance for doubtful accounts	(382)	423	-	-
Decrease of inventory to net realisable value (reversal)	(491)	1,480	(1,548)	4,212
Gain on disposals of property, plant and equipment	(403)	(3,750)	(80)	(147)
Loss on write off of cost of palm plantation	1	124	-	-
Unrealised loss (gain) on exchange	174	705	(44)	(43)
Reserve for long-term employee benefits	10,111	10,038	6,159	6,186
Interest expenses	18,929	11,300	11,147	6,002
Income (loss) from operating activities before changes in operating assets and liabilities	262,903	88,286	83,547	(43,090)
Decrease (increase) in operating assets				
Trade and other receivables	182,017	(338,473)	211,454	(315,818)
Inventories	(4,691)	(609,055)	34,087	(563,588)
Other current assets	7,493	(13,497)	2,915	(22,385)
Other non-current assets	304	(76)	2	(335)
Increase (decrease) in operating liabilities				
Trade and other payables	(41,955)	159,533	74,982	189,764
Other current liabilities	(34,766)	(8,676)	(22,685)	(2,114)
Cash paid for long-term employee benefits	-	(419)	-	-
Cash from (used in) operating activities	371,305	(722,377)	384,302	(757,566)
Cash paid for interest expenses	(19,327)	(12,014)	(11,863)	(6,783)
Cash paid for corporate income tax	(1,026)	(735)	(372)	(141)
<b>Net cash from (used in) operating activities</b>	<b>350,952</b>	<b>(735,126)</b>	<b>372,067</b>	<b>(764,490)</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 three-month periods ended 31 March 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<b>Cash flows from investing activities</b>				
Acquisitions of property, plant and equipment	(50,603)	(54,254)	(4,657)	(12,751)
Increase in cost of palm plantation	(2,075)	(3,215)	-	-
Proceeds from disposals of property, plant and equipment	475	3,778	110	147
Increase in intangible assets	(597)	(580)	(434)	(348)
<b>Net cash used in investing activities</b>	<b>(52,800)</b>	<b>(54,271)</b>	<b>(4,981)</b>	<b>(12,952)</b>
<b>Cash flows from financing activities</b>				
(Decrease) increase in short-term loans from financial institutions	(259,506)	695,306	(355,000)	665,000
Decrease in short term loans from related party	-	-	-	(23)
Repayment of liabilities under finance lease agreements	(840)	(982)	(567)	(737)
Repayment of long-term loans	(17,020)	(17,020)	(10,000)	(10,000)
Dividend paid	(59)	(4)	(59)	(4)
Acquisition of investment in subsidiary from non-controlling interest	-	(10,760)	-	-
<b>Net cash from (used in) financing activities</b>	<b>(277,425)</b>	<b>666,540</b>	<b>(365,626)</b>	<b>654,236</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>20,727</b>	<b>(122,857)</b>	<b>1,460</b>	<b>(123,206)</b>
Cash and cash equivalents at beginning of the period	508,343	361,178	220,122	203,874
<b>Cash and cash equivalents at end of the period</b>	<b>529,070</b>	<b>238,321</b>	<b>221,582</b>	<b>80,668</b>

**Supplementary disclosures of cash flows information**

Non-cash transactions

Acquisitions of property, plant and equipment that

have not been paid 31,881 26,059 3,019 501

Transferred nursery to inventory account 572 674 - -

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 three-month periods ended 31 March 2012 and 2011

	Consolidated financial statements							
	Equity attributable to the parent's shareholders						Other components of equity	
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other comprehensive income	Other changes by the owners	
				Appropriated - statutory reserve	Unappropriated			
<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	-	-	-	-	(30,238)	(96)	-	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	5	(5)	-	-	
Reversal of prior year dividend	-	-	-	-	14,353	-	-	
<b>Balance as at 31 March 2011</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>103,072</u>	<u>934,593</u>	<u>(680)</u>	<u>985</u>	
<b>Balance as at 31 December 2011</b>	820,000	241,970	5,269	103,071	1,010,014	(709)	985	
Total comprehensive income for the period	-	-	-	-	117,101	69	-	
Reversal of prior year dividend	-	-	-	-	3,199	-	-	
<b>Balance as at 31 March 2012</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>103,071</u>	<u>1,130,314</u>	<u>(640)</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 three-month periods ended 31 March 2012 and 2011

	Separate financial statements				
	Issued and		Premium on	Retained earnings	
	paid up	Share premium		Appropriated -	Unappropriated
share capital	Share premium	treasury stock	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	-	-	-	-	(80,202)
Reversal of prior year dividend	-	-	-	-	14,353
<b>Balance as at 31 March 2011</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>918,892</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	-	-	-	-	46,467
Reversal of prior year dividend	-	-	-	-	3,199
<b>Balance as at 31 March 2012</b>	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,060,203</u>

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

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

**Notes to interim financial statements**

**For the three-month periods ended 31 March 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 Accounting Standard No. 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 31 March				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<i>Transactions with subsidiaries</i>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	344.4	189.6	Market prices on the contract date/Price set by National Palm Oil Policy Committee
Purchase of finished goods	-	-	220.1	183.5	Market price less fixed margin
Sales of goods	-	-	0.2	4.1	Market price
Rental income	-	-	0.5	0.5	Market price
Selling and administrative service income	-	-	21.5	-	Actual charge
Discount received from early payment	-	-	-	0.1	2.30 - 2.75% per annum of the amount collected prior to maturity
<i>Transactions with related companies</i>					
Sales of goods	2.9	5.6	-	-	Price approximates market price
Purchase goods	6.2	35.9	-	32.6	Selling price less marketing expenses and profit margin
<i>Transactions with jointly controlled entity</i>					
Land rental income	-	0.1	-	-	Agree between the parties
Purchase of oil palm seeds	0.8	0.4	-	-	Market price

The balances of accounts as at 31 March 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	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
<b><u>Trade and other receivables - related parties</u></b>				
(Note 5)				
Subsidiary	-	-	14,509	484
Associated companies	452	452	-	-
Related companies (related by common shareholders)	22,187	26,246	4	67
<b>Total trade and other receivables - related parties</b>	<b>22,639</b>	<b>26,698</b>	<b>14,513</b>	<b>551</b>
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
<b>Total trade accounts receivable - related parties, net</b>	<b>1,859</b>	<b>5,918</b>	<b>14,513</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)				
Subsidiary	-	-	316,236	165,858
Related companies (related by common shareholders)	3,784	1,882	780	584
<b>Total trade and other payables - related parties</b>	<b>3,784</b>	<b>1,882</b>	<b>317,016</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 31 March 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		31 March 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 three-month periods ended 31 March 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 33.5 million (the Company only: Baht 20.5 million) (31 March 2011: Baht 35.3 million, the Company only: Baht 21.7 million).



#### 4. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
Cash	2,737	2,324	1,915	945
Bank deposits	336,718	256,095	219,667	169,177
Investment in Bank of Thailand Bond	189,615	249,924	-	50,000
<b>Total</b>	<b>529,070</b>	<b>508,343</b>	<b>221,582</b>	<b>220,122</b>

As at 31 March 2012, bank deposits in savings account, fixed deposits and bills of exchange carried interest between 0.10 and 2.97 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 31 March 2012 and 31 December 2011, classified by aging were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	515	5,914	-	19
Past due				
Up to 3 months	1,344	-	-	10
Over 12 months	452	452	-	-
<b>Total</b>	<b>2,311</b>	<b>6,366</b>	<b>-</b>	<b>29</b>
Less: Allowance for doubtful accounts	(452)	(452)	-	-
<b>Total trade receivables - related parties, net</b>	<b>1,859</b>	<b>5,914</b>	<b>-</b>	<b>29</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	43,140	45,342	43,140	45,302
Cheque returned	12,864	13,072	7,900	8,108
Not yet due	667,418	883,738	609,099	829,963
Past due				
Up to 3 months	170,663	132,968	108,123	111,499
3 - 6 months	3,221	1,130	1,436	786
6 - 12 months	782	287	705	233
Over 12 months	18,878	18,834	1,948	1,850
Total	916,966	1,095,371	772,351	997,741
Less: Allowance for doubtful accounts	(33,951)	(34,004)	(10,463)	(10,463)
Total trade receivables - unrelated parties, net	883,015	1,061,367	761,888	987,278
<b>Total trade accounts receivable - net</b>	<b>884,874</b>	<b>1,067,281</b>	<b>761,888</b>	<b>987,307</b>
<u>Other receivables</u>				
Other receivables - related parties	-	-	6,554	-
Other receivables - unrelated parties	3,040	2,779	-	-
Accrued income from related parties	-	-	7,959	-
Advances to related parties	20,328	20,332	-	522
Less: Allowance for doubtful accounts	(20,328)	(20,328)	-	-
Other receivables - net	3,040	2,783	14,513	522
<b>Total trade and other receivables - net</b>	<b>887,914</b>	<b>1,070,064</b>	<b>776,401</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 three-month period ended 31 March 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
Reversal of transaction for reduction of inventory to net realisable value	(491)	(1,548)
<b>Balance as at 31 March 2012</b>	<u>15,225</u>	<u>42</u>

## 7. Investments in associated company

		(Unit: Thousand Baht)								
		Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March 2012	31 December 2011	31 March 2012	31 December 2011	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40	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	(Unit: Thousand Baht)					
	Paid-up share capital		Shareholding percentage		Cost	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011	31 March 2012	31 December 2011
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	98.76	98.76	585,231	585,231
Total					1,333,575	1,333,575
Less: Allowance for impairment loss of investments					(21,096)	(21,096)
Total investments in subsidiaries - net					<u>1,312,479</u>	<u>1,312,479</u>

As at 31 March 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 2,108 million.

## 9. Investment property

Movements in the investment Property account during the three-month period ended 31 March 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	(186)	(422)
<b>Balance as at 31 March 2012</b>	<u>53,052</u>	<u>12,935</u>

As at 31 March 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 three-month period ended 31 March 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	59,274	7,172
Disposals during the period - net book value at disposal date	(72)	(30)
Depreciation for the period	(52,421)	(20,706)
Interest capitalised to assets	422	-
<b>Net book value as at 31 March 2012</b>	<u>1,883,153</u>	<u>684,510</u>

During the period, the subsidiary capitalised interest amounting to 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 rate of these loans, at 3.34% 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 three-month period ended 31 March 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	2,075	-
Write off during the period - net book value at write off date	(1)	-
Amortisation for the period	(7,354)	(3)
Transferred to inventory account	(572)	-
<b>Net book value as at 31 March 2012</b>	<u>285,202</u>	<u>269</u>

#### 12. Intangible assets

Movements in the intangible asset account during the three-month period ended 31 March 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	598	434
Amortisation for the period	(784)	(315)
<b>Net book value as at 31 March 2012</b>	<u>15,926</u>	<u>3,212</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	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Bank overdrafts	MOR	MOR	463	11	-	-
Short-term loans from financial institutions	3.25 - 4.10	3.43 - 4.10	1,940,042	2,200,000	1,060,000	1,415,000
<b>Total</b>			<b>1,940,505</b>	<b>2,200,011</b>	<b>1,060,000</b>	<b>1,415,000</b>

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	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Trade payables - related parties	3,777	1,797	317,016	166,425
Trade payables - unrelated parties	313,534	363,221	186,855	259,249
Other payables - unrelated parties	56,489	50,223	30,797	31,148
Advance received from related parties	7	85	-	17
Other payables for purchase of machineries	31,881	23,235	3,019	3,369
<b>Total trade and other payables</b>	<b>405,688</b>	<b>438,561</b>	<b>537,687</b>	<b>460,208</b>

**15. Other current liabilities**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Accrued dividend	3,054	6,313	524	3,782
Accrued expenses	82,986	116,471	50,132	73,716
Advance incomes	16,458	10,983	10,559	10,983
Others	35,673	42,827	28,172	27,565
<b>Total other current liabilities</b>	<b>138,171</b>	<b>176,594</b>	<b>89,387</b>	<b>116,046</b>

**16. Long-term loans**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Long-term loans	136,080	153,100	85,000	95,000
Less: Current portion	(68,080)	(68,080)	(40,000)	(40,000)
<b>Long-term loans - net of current portion</b>	<b>68,000</b>	<b>85,020</b>	<b>45,000</b>	<b>55,000</b>

Movements in the long-term loan account during the three-month period ended 31 March 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	(17,020)	(10,000)
<b>Balance as at 31 March 2012</b>	<b>136,080</b>	<b>85,000</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 31 March 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	3,182	99	3,281
Interest cost	1,153	27	1,180
<b>Defined benefit obligation at end of period</b>	147,271	4,517	151,788
Unrecognised transitional provisions	(81,773)	(2,920)	(84,693)
<b>Provisions for long-term employee benefits at end of period</b>	<u>65,498</u>	<u>1,597</u>	<u>67,095</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	2,047	99	2,146
Interest cost	745	27	772
<b>Defined benefit obligation at end of period</b>	93,539	4,517	98,056
Unrecognised transitional provisions	(45,619)	(2,920)	(48,539)
<b>Provisions for long-term employee benefits at end of period</b>	47,920	1,597	49,517

Long-term employee benefit expenses included in the profit or loss for the three-month period ended 31 March 2012 amounted to Baht 10.1 million (the Company only: Baht 6.2 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Profit (loss) for the period attributable to equity holders of the Company (thousand Baht)	117,101	(30,238)	46,467	(80,202)
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings (loss) per share (Baht/share)	0.14	(0.04)	0.06	(0.10)

**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 and three-month periods ended 31 March 2012 and 2011 were as follows:

(Unit: Million Baht)

Consolidated for the three-month periods ended 31 March

	Manufacture and distribution		Total	Eliminated	Total	
	Palm oil products	Processed fruits and vegetables			2012	2011
Revenue from external customers	1,381	509	1,890	-	1,890	2,077
Intersegment revenues	344	220	564	(564)	-	-
<b>Total revenues</b>	<b>1,725</b>	<b>729</b>	<b>2,454</b>	<b>(564)</b>	<b>1,890</b>	<b>2,077</b>
Segment income	251	108	359	1	360	174
Unallocated income and expenses						
Other income					20	42
Selling expenses					(134)	(136)
Administrative expenses					(51)	(58)
Finance cost					(21)	(12)
Corporate income tax					(28)	(24)
<b>Profit (loss) for the period</b>					<b>146</b>	<b>(14)</b>
Profit attributable to non-controlling interest					(29)	(16)
<b>Profit (loss) for the period attributable to equity holders of the Company</b>					<b>117</b>	<b>(30)</b>

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

## 20. Commitments and contingent liabilities

As at 31 March 2012, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities.

### 20.1 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 39.8 million (the Company only: Baht 1 million).

### 20.2 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.

### 20.3 Operating lease commitments

As at 31 March 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	10.2
1 to 5 years	3.3
Total	<u>13.5</u>

### 20.4 Guarantees

As at 31 March 2012, there were outstanding bank guarantees of approximately Baht 16.7 million issued by the banks on behalf of the Company and its subsidiaries million to guarantee electricity usage (the Company only: Baht 9.1 million).

## 20.5 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.

## 21. Financial instruments

### 21.1 Foreign currency assets and liabilities

The Group's financial assets and liabilities denominated in foreign currencies as at 31 March 2012 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2012
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollars	3.0	1.0	30.8431
Euro	0.2	-	41.1741
Yen	-	0.4	0.3792

## 21.2 Forward exchange contracts

As at 31 March 2012, the Company and its subsidiaries had outstanding forward exchange contracts, of which details are presented below.

Foreign currency	Sold amount	Contractual exchange rate of sold amount	Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.9	30.74 - 32.11	In December 2012

As at 31 March 2012, the subsidiary had unrealised loss on exchange in the value of foreign exchange contracts to present them at fair value totaling Baht 3.4 million.

## 21.3 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 31 March 2012, the subsidiary had unrealised loss on interest rate swap agreement to present it at fair value totaling Baht 0.7 million.

## 22. Events after the reporting period

22.1 On 27 April 2012, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment in respect of the 2011 income to the Company's shareholders at Baht 0.08 per share, totaling Baht 65.6 million, which will be paid to the shareholders on 25 May 2012. Such dividend will be recorded in the second quarter of 2012.

22.2 On 27 April 2012, the Annual General Meeting of the subsidiary's shareholders passed a resolution to approve a final dividend payment in respect of October to December 2011 income at Baht 0.50 per share, totaling Baht 162 million, which will be paid to the shareholders on 25 May 2012. Such dividend will be recorded in the second quarter of 2012.

## 23. Approval of interim financial statements

These interim financial statements were authorised for issue on 11 May 2012 by the Company's audit committees under authority delegated by the board of directors of the Company.