

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2012

Independent Auditor's Report

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

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited
Bangkok: 22 February 2013

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	259,266,032	508,342,952	54,861,727	220,122,139
Trade and other receivables	6, 8	901,752,822	1,070,063,448	822,070,831	987,828,906
Short-term loans to related parties	6	-	-	-	-
Inventories	9	1,566,557,742	1,599,361,285	775,711,507	1,031,792,591
Other current assets		57,582,333	57,091,013	18,048,415	20,963,404
Total current assets		2,785,158,929	3,234,858,698	1,670,692,480	2,260,707,040
Non-current assets					
Investments in associated company	10	-	-	-	-
Investments in subsidiaries	11	-	-	1,312,490,844	1,312,479,294
Other long-term investments	12	1,010,847	809,037	1,010,847	809,037
Investment properties	13	52,486,739	53,238,477	11,658,519	13,357,177
Property, plant and equipment	14	1,865,231,439	1,875,949,751	639,100,585	698,073,978
Cost of forest land rights and cost of palm plantation	15	264,912,830	291,053,521	259,824	271,589
Goodwill		196,376,189	196,376,189	-	-
Intangible assets	16	14,353,663	16,112,059	2,693,407	3,092,618
Other non-current assets		2,028,143	2,619,097	516,738	454,978
Total non-current assets		2,396,399,850	2,436,158,131	1,967,730,764	2,028,538,671
Total assets		5,181,558,779	5,671,016,829	3,638,423,244	4,289,245,711

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	17	1,688,974,292	2,200,010,880	600,000,000	1,415,000,000
Trade and other payables	6, 18	317,492,574	438,561,252	393,875,131	460,208,217
Short-term loan from related party	6	50,000,000	50,000,000	-	-
Current portion of liabilities under					
finance lease agreements	20	135,105	1,036,638	-	566,502
Current portion of long-term loans	21	67,880,000	68,080,000	40,000,000	40,000,000
Income tax payable		51,112,852	65,941,316	10,913,161	-
Other current liabilities	19	<u>182,954,881</u>	<u>176,593,550</u>	<u>112,536,119</u>	<u>116,046,298</u>
Total current liabilities		<u>2,358,549,704</u>	<u>3,000,223,636</u>	<u>1,157,324,411</u>	<u>2,031,821,017</u>
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	20	-	135,105	-	-
Long-term loans - net of current portion	21	17,140,000	85,020,000	15,000,000	55,000,000
Provision for land rental charge	22	20,468,000	20,468,000	-	-
Provision for long-term employee benefits	23	<u>71,787,741</u>	<u>56,983,875</u>	<u>43,886,577</u>	<u>43,358,311</u>
Total non-current liabilities		<u>109,395,741</u>	<u>162,606,980</u>	<u>58,886,577</u>	<u>98,358,311</u>
Total liabilities		<u>2,467,945,445</u>	<u>3,162,830,616</u>	<u>1,216,210,988</u>	<u>2,130,179,328</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Shareholders' equity					
Share capital					
Registered					
820,000,000 ordinary shares of Baht 1 each		<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>
Issued and fully paid-up					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Paid-in surplus					
Share premium		241,970,265	241,970,265	241,970,265	241,970,265
Premium on treasury stock		5,269,100	5,269,100	5,269,100	5,269,100
Retained earnings					
Appropriated - statutory reserve	24	103,071,298	103,071,298	82,000,000	82,000,000
Unappropriated		1,225,396,432	1,010,013,567	1,273,480,469	1,010,536,406
Other components of shareholders' equity		<u>477,651</u>	<u>275,841</u>	<u>(507,578)</u>	<u>(709,388)</u>
Equity attributable to owners of the Company		<u>2,396,184,746</u>	<u>2,180,600,071</u>	<u>2,422,212,256</u>	<u>2,159,066,383</u>
Non-controlling interests of the subsidiaries		<u>317,428,588</u>	<u>327,586,142</u>	-	-
Total shareholders' equity		<u><u>2,713,613,334</u></u>	<u><u>2,508,186,213</u></u>	<u><u>2,422,212,256</u></u>	<u><u>2,159,066,383</u></u>
Total liabilities and shareholders' equity		<u><u>5,181,558,779</u></u>	<u><u>5,671,016,829</u></u>	<u><u>3,638,423,244</u></u>	<u><u>4,289,245,711</u></u>
		-	-	-	-

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

Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit or loss:					
Revenues					
Sales	27	7,612,229,539	8,885,075,645	6,383,852,900	7,530,889,488
Dividend income	11	116,581	153,350	249,503,202	170,189,683
Subsidy from the Department of Internal Trade		-	29,091,845	-	29,091,845
Other income	6	127,999,725	74,906,598	125,316,095	65,413,182
Total revenues		7,740,345,845	8,989,227,438	6,758,672,197	7,795,584,198
Expenses					
Cost of sales		6,411,952,326	7,648,761,193	5,912,670,773	7,150,253,604
Selling expenses		556,703,923	592,069,484	338,854,797	334,024,809
Administrative expenses		212,697,615	250,209,030	132,616,771	124,665,274
Total expenses		7,181,353,864	8,491,039,707	6,384,142,341	7,608,943,687
Profit before finance cost					
and income tax expenses		558,991,981	498,187,731	374,529,856	186,640,511
Finance cost		(74,105,323)	(83,562,747)	(36,111,652)	(52,199,376)
Profit before income tax expenses		484,886,658	414,624,984	338,418,204	134,441,135
Income tax expenses	26	(110,210,567)	(142,308,992)	(13,074,140)	-
Profit for the year		374,676,091	272,315,992	325,344,064	134,441,135
Other comprehensive income:					
Income (deficit) on changes in value of available-for-sale investments		201,810	(124,837)	201,810	(124,837)
Other comprehensive income for the year		201,810	(124,837)	201,810	(124,837)
Total comprehensive income for the year		374,877,901	272,191,155	325,545,874	134,316,298

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit attributable to:					
Equity holders of the Company		277,782,866	168,181,396	<u>325,344,064</u>	<u>134,441,135</u>
Non-controlling interests of the subsidiaries		<u>96,893,225</u>	<u>104,134,596</u>		
		<u>374,676,091</u>	<u>272,315,992</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		277,984,676	168,056,559	<u>325,545,874</u>	<u>134,316,298</u>
Non-controlling interests of the subsidiaries		<u>96,893,225</u>	<u>104,134,596</u>		
		<u>374,877,901</u>	<u>272,191,155</u>		
Basic earnings per share					
	28				
Profit attributable to equity holders of the Company		<u>0.34</u>	<u>0.21</u>	<u>0.40</u>	<u>0.16</u>
Weighted average number of ordinary shares (shares)		<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

		Consolidated financial statements							
		Equity attributable to the owners of the Company					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	in value of available-for-sale investments	Surplus from change in shareholding in subsidiary	
		Note							
Balance as at 1 January 2011			820,000,000	241,970,265	5,269,100	102,774,506	950,775,019	(584,551)	5,008,700
Dividend paid	31		-	-	-	-	(122,998,711)	-	-
Total comprehensive income for the year			-	-	-	-	168,181,396	(124,837)	-
Unappropriated retained earnings transferred to statutory reserve			-	-	-	296,792	(296,792)	-	-
Reversal of prior year dividend			-	-	-	-	14,352,655	-	-
Acquisition of investment in subsidiary from non-controlling interests	2.2		-	-	-	-	-	-	(4,023,471)
Acquisition of additional shares of subsidiary by non-controlling interests			-	-	-	-	-	-	-
Decrease in non-controlling interests from dividend payment in subsidiary			-	-	-	-	-	-	-
Balance as at 31 December 2011			<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>103,071,298</u>	<u>1,010,013,567</u>	<u>(709,388)</u>	<u>985,229</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2012

		Consolidated financial statements							
		Equity attributable to the owners of the Company					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			in value of available-for-sale investments
		Note							
Balance as at 1 January 2012			820,000,000	241,970,265	5,269,100	103,071,298	1,010,013,567	(709,388)	985,229
Dividend paid	31		-	-	-	-	(65,598,152)	-	-
Total comprehensive income for the year			-	-	-	-	277,782,866	201,810	-
Reversal of prior year dividend			-	-	-	-	3,198,751	-	-
Acquisition of investment in subsidiary from non-controlling interests			-	-	-	-	-	-	-
Decrease in non-controlling interests from dividend payment in subsidiary			-	-	-	-	-	-	-
Balance as at 31 December 2012			<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>103,071,298</u>	<u>1,225,396,432</u>	<u>(507,578)</u>	<u>985,229</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2012

	Separate financial statements					
	Note	Issued and paid up		Premium on treasury stock	Retained earnings	
		share capital	Share premium		Appropriated - statutory reserve	Unappropriated
Balance as at 1 January 2011		820,000,000	241,970,265	5,269,100	82,000,000	984,741,327
Dividend paid	31	-	-	-	-	(122,998,711)
Total comprehensive income for the year		-	-	-	-	134,441,135
Reversal of prior year dividend		-	-	-	-	14,352,655
Balance as at 31 December 2011		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,010,536,406</u>
Balance as at 1 January 2012		820,000,000	241,970,265	5,269,100	82,000,000	1,010,536,406
Dividend paid	31	-	-	-	-	(65,598,752)
Total comprehensive income for the year		-	-	-	-	325,344,064
Reversal of prior year dividend		-	-	-	-	3,198,751
Balance as at 31 December 2012		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,273,480,469</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	484,886,658	414,624,984	338,418,204	134,441,135
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	251,119,845	237,163,840	87,348,465	85,812,293
Increase (decrease) in allowance for doubtful accounts	379,425	424,871	365,742	(665,968)
Increase (decrease) in allowance for diminution in inventory value	(3,265,216)	1,223,382	(1,471,345)	265,932
Loss on write off inventory	-	791,173	-	-
Allowance for impairment loss of assets	-	3,010,358	-	-
Loss on disposals of property, plant and equipment	118,718	-	2,006	-
Gain on sales of property, plant and equipment	(3,497,380)	(4,867,913)	(2,693,506)	(694,032)
Loss from write off of cost of palm plantation	6,700	133,421	-	-
Loss on disposals of intangible assets	220,129	-	-	-
Unrealised gain (loss) on exchange	508,952	(275,460)	(49,117)	(160,100)
Provision for long-term employee benefits	40,712,853	40,414,899	24,634,273	24,726,761
Dividend income from subsidiary	-	-	(249,386,621)	(170,036,333)
Dividend income from other companies	(116,581)	(153,350)	(116,581)	(153,350)
Interest expenses	70,059,880	78,890,851	33,586,102	49,306,428
Profit from operating activities before changes in operating assets and liabilities	841,133,983	771,381,056	230,637,622	122,842,766
Decrease (increase) in operating assets				
Trade and other receivables	167,516,643	(208,295,892)	165,402,281	(193,696,212)
Inventories	42,445,180	(529,348,922)	257,552,429	(538,335,575)
Other current assets	(803,018)	(372,147)	2,914,989	(291,362)
Other non-current assets	590,954	(1,251,981)	(61,760)	180,000
Increase (decrease) in operating liabilities				
Trade and other payables	(109,372,767)	44,993,400	(67,374,264)	147,502,141
Other current liabilities	10,934,928	31,610,057	1,253,792	14,810,564
Cash paid for long-term employee benefits	(25,908,986)	(22,125,600)	(24,106,007)	(17,445,837)
Cash from (used in) operating activities	926,536,917	86,589,971	566,219,082	(464,433,515)
Cash paid for interest expenses	(71,287,102)	(77,633,802)	(2,160,979)	(48,330,595)
Cash paid for income tax	(124,800,279)	(90,203,591)	(35,140,222)	(8,115,031)
Net cash from (used in) operating activities	730,449,536	(81,247,422)	528,917,881	(520,879,141)

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Decrease in current investments -				
fixed deposits at bank	-	6,059,400	-	-
Increase in investment in subsidiary	(11,550)	-	(11,550)	-
Dividend received from subsidiary	-	-	249,386,621	170,036,333
Dividend received from other companies	116,581	153,350	116,581	153,350
Acquisitions of property, plant and equipment	(218,900,016)	(202,384,075)	(24,358,059)	(57,423,114)
Proceeds from disposals of property, plant and equipment	3,653,140	6,422,029	2,727,183	1,433,316
Increase in cost of palm plantation	(9,730,526)	(16,705,418)	-	-
Increase in intangible assets	<u>(1,653,898)</u>	<u>(1,191,749)</u>	<u>(862,715)</u>	<u>(411,050)</u>
Net cash from (used in) investing activities	<u>(226,526,269)</u>	<u>(207,646,463)</u>	<u>226,998,061</u>	<u>113,788,835</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(511,234,468)	662,900,402	(815,000,000)	590,000,000
Increase in short-term loans from subsidiaries	-	50,000,000	-	-
Repayment of liabilities under finance lease agreements	(1,036,638)	(4,779,990)	(566,502)	(3,658,466)
Repayment of long-term loans	(68,080,000)	(68,080,000)	(40,000,000)	(40,000,000)
Acquisition of investment in subsidiary from non-controlling interest	-	(10,759,550)	-	-
Proceeds from increase in share capital of subsidiary	-	3,067,400	-	-
Dividend paid	<u>(172,649,081)</u>	<u>(196,288,988)</u>	<u>(65,609,852)</u>	<u>(123,003,211)</u>
Net cash from (used in) financing activities	<u>(753,000,187)</u>	<u>436,059,274</u>	<u>(921,176,354)</u>	<u>423,338,323</u>
Net increase (decrease) in cash and cash equivalents	<u>(249,076,920)</u>	<u>147,165,389</u>	<u>(165,260,412)</u>	<u>16,248,017</u>
Cash and cash equivalents at beginning of the year	<u>508,342,952</u>	<u>361,177,563</u>	<u>220,122,139</u>	<u>203,874,122</u>
Cash and cash equivalents at end of the year	<u><u>259,266,032</u></u>	<u><u>508,342,952</u></u>	<u><u>54,861,727</u></u>	<u><u>220,122,139</u></u>

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

 that have not been paid

Transferred palm nursery to inventory account

11,131,693	22,787,696	1,584,605	504,258
6,376,422	4,043,492	-	-

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2012

1. General information

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2012</u> Percent	<u>2011</u> Percent
<u>Subsidiaries directly held by the Company</u>				
United Palm Oil Industry Public Company Limited	Palm oil plantation, crude palm oil and kernel palm oil processing	Thailand	69.96	69.96
Universal Food Public Company Limited	Manufacture and distribution of processed fruits and vegetables, canned juice and drinks	Thailand	98.76	98.76

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012 Percent	2011 Percent
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100
<u>Jointly controlled entity held by United Palm Oil Industry Public Company Limited</u>				
Siam Elite Palm Company Limited	Production and distribution of palm oil seeds	Thailand	50	50
<u>Subsidiaries held by Phasrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	97	97

On 30 March 2011, Universal Food Public Company Limited (“UFC”), the subsidiary of the Company, acquired an additional 215,191 shares of Union Frost Company Limited, which is the subsidiary of UFC, from the existing shareholders of such subsidiary at a price of Baht 50.0 per share, or for a total of Baht 10.8 million. Its shareholding in this subsidiary increased by 18% from 79% to 97%. UFC recorded the Baht 4.0 million excess of the purchase price over the attributable net book value of the subsidiary, under caption “Other changes by the owners” in the statements of changes in shareholders' equity.

On 13 December 2011, the Extraordinary General Meeting of the shareholders of Union Frost Company Limited, a subsidiary of Universal Food Public Company Limited (“UFC”), passed a resolution to increase its share capital by offering 1,000,000 shares, to the existing shareholders at a price of Baht 100 per share, or a total of Baht 100 million. UFC, a subsidiary of the Company, acquired an additional 969,326 shares at a price of Baht 100 per share, or a total of Baht 96.9 million. As a result of this transaction, UFC’s equity interest in such company is unchanged i.e. 97%.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiaries are prepared using the same reporting period and the same significant accounting policies as the Company.
 - d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. **New accounting standards not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12 Income Taxes

TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of
Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8 Operating Segments

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating
Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable
Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its
Shareholders

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividend is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials, supplies and spare parts are valued at the lower of cost (Moving average method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- c) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss an impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows:

Building	-	20 and 30 years
Building improvement	-	5 and 20 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 15 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and machinery under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Cost of forest land rights and cost of palm plantation/Amortisation

Cost of forest land rights and cost of palm plantation are stated at cost less accumulated amortisation and impairment losses (if any). The cost includes development costs and expenses which are directly related to forest land rights, and oil palm seeding and plantation activities before the production period.

Amortisation is calculated by reference to cost of forest land rights and cost of palm plantation ready for harvest on a straight-line basis over the estimated productive life of the palm trees (25 years) or over the remaining period of the forest reserve land concession, whichever is shorter.

Amortisation is included in determining income.

No amortisation is provided on cost of palm plantation not ready for harvest.

Costs of supplying palm vacancies and infilling mature areas are included in determining income.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Licenses	- The remaining period of the license agreements as at the date of obtaining the right (approximately 29 years)
Computer software	- 5 years

4.11 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is deducted in calculating the carrying amount of the asset. The grant is recognised over the useful life of a depreciable asset by way of a reduced depreciation charge. Government grants related to income are recognised as income over the period necessary to match the grant on a systematic basis to the costs that is intended to compensate.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.14 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the leased asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payment are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.15 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.17 Treasury stock

Treasury stock is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

4.18 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries's contributions are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat this severance payment obligation as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits and arising from other long-term benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

4.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.20 Income Tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

4.21 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangibles assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Contingent liabilities

The subsidiary has contingent liabilities as a result of land litigation. The subsidiary’s management has used judgment to assess the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting date.

6. Related party transactions

During the years, 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 bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing policy
	2012	2011	2012	2011	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	1,379	1,185	Market prices on the contract date (2011: Market prices on the contract date/Price set by National Palm Oil Policy Committee)
Purchase of finished goods	-	-	779	745	Market prices less fixed margin
Sales of goods and services	-	-	2	5	Market price
Rental income	-	-	2	2	Market price
Dividend income	-	-	249	170	At the declared rate
Selling and administrative service income	-	-	83	29	Actual charge (2011: Agreed upon agreement)
<u>Transactions with related companies</u>					
Sales of goods	23	25	-	-	Price approximates market price
Purchases of goods	34	51	-	33	Price less marketing expenses and margin
Interest payments	2	-	-	-	THBFIX + 0.5% per annum
<u>Transaction with jointly controlled entity</u>					
Purchase of oil palm seeds and fresh fruit bunch	3	1	-	-	Market price

As at 31 December 2012 and 2011, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiary	-	-	18,547,294	484,080
Associated companies	452,280	452,280	-	-
Related companies (related by common shareholders)	23,935,342	26,246,293	16,976	67,264
Total trade and other receivables - related parties	<u>24,387,622</u>	<u>26,698,573</u>	<u>18,564,270</u>	<u>551,344</u>
Less: Allowance for doubtful accounts	<u>(20,780,523)</u>	<u>(20,780,523)</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable - related parties, net	<u>3,607,099</u>	<u>5,918,050</u>	<u>18,564,270</u>	<u>551,344</u>
<u>Short-term loans to related parties</u>				
Associated companies	40,285,836	40,285,836	-	-
Related companies (related by common shareholders)	5,324,565	5,324,565	-	-
Total short-term loans to related parties	<u>45,610,401</u>	<u>45,610,401</u>	<u>-</u>	<u>-</u>
Less: Allowance for doubtful accounts	<u>(45,610,401)</u>	<u>(45,610,401)</u>	<u>-</u>	<u>-</u>
Total short-term loans to related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Trade and other payables - related parties</u> (Note 18)				
Subsidiary	-	-	204,558,113	165,857,597
Related companies (related by common shareholders)	8,566,721	1,881,583	838,600	584,151
Total trade and other payables - related parties	<u>8,566,721</u>	<u>1,881,583</u>	<u>205,396,713</u>	<u>166,441,748</u>
<u>Short-term loans from related party</u>				
Related company (related by common shareholders)	50,000,000	50,000,000	-	-
Total short-term loans from related party	<u>50,000,000</u>	<u>50,000,000</u>	<u>-</u>	<u>-</u>

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

(Unit: Baht)

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

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, starting from 1 January 2012 and expiring on 31 December 2016.

During the year 2012, the Company had selling and administrative service income from such subsidiary totaling Baht 83 million (2011: Baht 29 million).

Directors and management's remuneration

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 156.5 million (the Company only: Baht 97.0 million) (2011: Baht 142.4 million, the Company only: Baht 84.3 million).

7. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	1,644,343	2,323,505	825,144	945,212
Bank deposits	147,675,740	256,095,263	54,036,583	169,176,927
Investment in Bank of Thailand Bond	109,945,949	249,924,184	-	50,000,000
Total	<u>259,266,032</u>	<u>508,342,952</u>	<u>54,861,727</u>	<u>220,122,139</u>

As at 31 December 2012, bank deposits in saving accounts, fixed deposits and investment in Bank of Thailand Bond carried interests between 0.10 and 2.72 percent per annum (2011: between 0.10 and 3.13 percent per annum).

8. Trade and other receivables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	3,593,910	5,914,132	-	19,292
Past due				
Up to 3 months	-	-	-	9,909
3 - 6 months	1,189	-	-	-
6 - 12 months	12,000	-	-	-
Over 12 months	452,280	452,280	-	-
Total	4,059,379	6,366,412	-	29,201
Less: Allowance for doubtful accounts	(452,280)	(452,280)	-	-
Total trade receivables - related parties, net	<u>3,607,099</u>	<u>5,914,132</u>	<u>-</u>	<u>29,201</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	51,173,708	45,341,752	51,173,708	45,301,523
Cheque returned	12,838,863	13,071,334	7,875,549	8,108,020
Not yet due	729,343,601	883,738,235	681,796,115	829,962,822
Past due				
Up to 3 months	107,636,179	132,968,081	70,371,161	111,499,003
3 - 6 months	8,474,039	1,130,077	146,431	786,117
6 - 12 months	477,706	286,765	355,251	232,858
Over 12 months	19,617,980	18,834,311	2,617,313	1,850,444
Total	929,562,076	1,095,370,555	814,335,528	997,740,787
Less: Allowance for doubtful accounts	(34,305,738)	(34,004,334)	(10,828,967)	(10,463,225)
Total trade receivables - unrelated parties, net	895,256,338	1,061,366,221	806,506,561	987,277,562
Total trade account receivable - net	898,863,437	1,067,280,353	803,506,561	987,306,763
<u>Other receivables</u>				
Other receivables - related parties	-	-	4,370,431	-
Other receivables - unrelated parties	1,112,576	2,779,177	-	-
Accrued income - related parties	-	-	14,193,839	-
Accrued income - unrelated parties	1,005,848	-	-	-
Advances - related parties	20,328,243	20,332,161	-	522,143
Advances - unrelated parties	770,961	-	-	-
Less: Allowance for doubtful accounts	(20,328,243)	(20,328,243)	-	-
Total other receivables - net	2,889,385	2,783,095	18,564,270	522,143
Total trade and other receivables - net	901,752,822	1,070,063,448	822,070,831	987,828,906

9. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
	Finished goods	762,002,663	645,936,468	(10,531,583)	(13,162,077)	751,471,080
Work in process	555,114,917	747,236,253	-	-	555,114,917	747,236,253
Raw materials	141,509,649	95,011,587	(816,052)	(35,742)	140,693,597	94,975,845
Inventory in transit	4,545,796	256,610	-	-	4,545,796	256,610
Supplies and spare parts	115,836,310	126,637,176	(1,103,958)	(2,518,990)	114,732,352	124,118,186
Total	1,579,009,335	1,615,078,094	(12,451,593)	(15,716,809)	1,566,557,742	1,599,361,285

(Unit: Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
	Finished goods	77,751,425	185,351,277	-	(404,350)	77,751,425
Work in process	565,046,256	760,715,770	-	-	565,046,256	760,715,770
Raw materials	95,535,239	52,785,697	-	-	95,535,239	52,785,697
Inventory in transit	4,545,796	256,610	-	-	4,545,796	256,610
Supplies and spare parts	32,951,327	34,273,118	(118,536)	(1,185,531)	32,832,791	33,087,587
Total	775,830,043	1,033,382,472	(118,536)	(1,589,881)	775,711,507	1,031,792,591

10. Investments in associated company

(Unit: Baht)

Consolidated financial statements										
Company's name	Nature of business	Country of incorpor ation	Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method	
			2012	2011	2012	2011	2012	2011	2012	2011
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40	12,000,000	12,000,000	-	-

11. 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
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
			Percent	Percent	<u>2012</u>
United Palm Oil Industry Public Company Limited	324,050,000	324,050,000	69.96	69.96	748,343,849
Universal Food Public Company Limited	525,000,000	525,000,000	98.76	98.76	585,242,875
Total					1,333,586,724
Less: Allowance for impairment loss of investments					(21,095,880)
Total investments in subsidiaries - net					1,312,490,844

As at 31 December 2012, the fair value of the investment in United Palm Oil Industry Public Company Limited was determined based on the closing price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand. The fair value of the investment in Universal Food Public Company Limited, based on its shareholding, was approximately Baht 2,562 million (2011: Baht 1,621 million).

12. Other long-term investments

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Equity securities</u>				
Open-ended Kumlai Perm Poon Fund	1,000,000	1,000,000	1,000,000	1,000,000
Open-ended TCM Equity Fund	300,000	300,000	300,000	300,000
Open-ended Kiatnakin Fund	200,000	200,000	200,000	200,000
Datamat Plc.	16,265	16,265	16,265	16,265
Standard Chartered Bank (Thai) Plc.	2,160	2,160	2,160	2,160
Total	1,518,425	1,518,425	1,518,425	1,518,425
Less: Unrealised loss from other long-term investments	(507,578)	(709,388)	(507,578)	(709,388)
Other long-term investments - net	1,010,847	809,037	1,010,847	809,037

13. Investment properties

The net book value of investment properties as at 31 December 2012 and 2011 is presented below.

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Land	Office	Total	Land	Office	Total
		building			building	
31 December 2012						
Cost	54,591,486	15,034,760	69,626,246	5,614,750	33,973,158	39,587,908
<u>Less</u> Accumulated depreciation	-	(7,776,139)	(7,776,139)	-	(27,929,389)	(27,929,389)
<u>Less</u> Allowance for diminution in value	(6,353,010)	(3,010,358)	(9,363,368)	-	-	-
Net book value	48,238,476	4,248,263	52,486,739	5,614,750	6,043,769	11,658,519

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Land	Office	Total	Land	Office	Total
		building			building	
31 December 2011						
Cost	54,591,486	15,034,760	69,626,246	5,614,750	33,973,158	39,587,908
<u>Less</u> Accumulated depreciation	-	(7,024,401)	(7,024,401)	-	(26,230,731)	(26,230,731)
<u>Less</u> Allowance for diminution in value	(6,353,010)	(3,010,358)	(9,363,368)	-	-	-
Net book value	48,238,476	5,000,001	53,238,477	5,614,750	7,742,427	13,357,177

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	53,238,477	57,000,573	13,357,177	15,055,835
Acquisition of assets	-	(3,010,358)	-	-
Depreciation charged	(751,738)	(751,738)	(1,698,658)	(1,698,658)
Net book value at end of year	<u>52,486,739</u>	<u>53,238,477</u>	<u>11,658,519</u>	<u>13,357,177</u>

The subsidiary arranged for an independent professional valuer to appraise the value of land and building. The fair value of the land has been determined based on market prices, amounting to Baht 48 million, while that of the office building has been determined using the replacement cost, amounting to Baht 5 million. The appraised value was not determined based on the income approach because the properties are not used for rental.

The fair value of land and office building of the Company was determined at Baht 26 million (2011: Baht 38 million) using the income approach. The assumption used in the valuation was based on the Company's data.

As at 31 December 2011, the subsidiary had mortgaged land amounting to Baht 5 million to secure credit facilities granted by a bank. In 2012 the Company redeemed the mortgaged land.

14. Property, plant and equipment

	Consolidated financial statements				
	Land	Land awaiting development	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment
Cost					
1 January 2011	244,302,396	76,475,756	875,270,956	2,287,405,895	101,694,450
Additions	1,051,046	-	246,262	28,590,127	4,421,104
Capitalised interest	-	-	27,988	47,339	3,213
Disposals/write off	(154,765)	-	(1,822,297)	(45,431,094)	(2,064,611)
Transfer in/(transfer out)	168,224	-	24,956,707	38,270,186	1,964,010
31 December 2011	245,366,901	76,475,756	898,679,616	2,308,882,453	106,018,166
Additions	-	-	728,800	45,631,151	3,485,568
Capitalised interest	-	-	267,998	522,150	8,603
Disposals/write off	-	-	(445,329)	(17,275,667)	(1,805,593)
Transfer in/(transfer out)	198,000	-	47,769,218	101,173,693	819,184
31 December 2012	245,564,901	76,475,756	947,000,303	2,438,933,780	108,525,928

Consolidated financial statements

	Land	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment
<u>Accumulated depreciation</u>					
1 January 2011	-	-	475,775,611	1,206,327,263	86,214,438
Depreciation for the year	-	-	39,108,525	141,898,506	4,945,350
Depreciation on disposals/write off	-	-	(1,293,840)	(45,230,837)	(1,609,165)
31 December 2011	-	-	513,590,296	1,302,994,932	89,550,623
Depreciation for the year	-	-	40,679,668	146,661,496	5,127,250
Depreciation on disposals/write off	-	-	(409,765)	(17,042,545)	(1,799,804)
31 December 2012	-	-	553,860,199	1,432,613,883	92,878,069
<u>Allowance for impairment</u>					
31 December 2011	14,638,278	-	-	1,926,317	-
31 December 2012	14,638,278	-	-	1,926,317	-
<u>Net book value</u>					
31 December 2011	230,728,623	76,475,756	385,089,320	1,003,961,204	16,467,543
31 December 2012	230,926,623	76,475,756	393,140,104	1,004,393,580	15,647,859

Depreciation for the year

2011 (Baht 181.7 million included in manufacturing cost, and the balance in administrative expenses)

2012 (Baht 195.7 million included in manufacturing cost, and the balance in administrative expenses)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor veh
<u>Cost</u>					
1 January 2011	22,323,875	284,522,664	1,116,397,137	35,992,809	46,570
Additions	-	-	13,285,959	1,201,294	2,709
Disposals/write off	-	(1,077,297)	(44,855,958)	(1,012,236)	(2,021)
Transfer in/(transfer out)	-	6,271,788	9,686,855	999,000	
31 December 2011	22,323,875	289,717,155	1,094,513,993	37,180,867	47,257
Additions	-	337,317	11,929,718	756,740	4,849
Disposals/write off	-	-	(7,062,053)	(1,366,103)	(4,785)
Transfer in/(transfer out)	-	7,768,860	31,133,706	283,170	
31 December 2012	22,323,875	297,823,332	1,130,515,364	36,854,674	47,321

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles
<u>Accumulated depreciation</u>					
1 January 2011	-	170,952,419	559,556,248	30,612,654	31,437,000
Depreciation for the year	-	11,897,111	63,218,495	1,857,203	5,876,000
Depreciation on disposals/write off	-	(1,077,295)	(44,780,293)	(563,799)	(1,806,000)
31 December 2011	-	181,772,235	577,994,450	31,906,058	35,507,000
Depreciation for the year	-	13,310,693	63,193,401	1,837,342	6,034,000
Depreciation on disposals/write off	-	-	(7,026,407)	(1,366,070)	(4,785,000)
31 December 2012	-	195,082,928	634,161,444	32,377,330	36,756,000
<u>Allowance for impairment</u>					
31 December 2011	-	-	1,926,317	-	-
31 December 2012	-	-	1,926,317	-	-
<u>Net book value</u>					
31 December 2011	22,323,875	107,944,920	514,593,226	5,274,809	11,750,000
31 December 2012	22,323,875	102,740,404	494,427,603	4,477,344	10,565,000

Depreciation for the year

2011 (Baht 70.8 million included in manufacturing cost, and the balance in administrative expenses)

2012 (Baht 72.4 million included in manufacturing cost, and the balance in administrative expenses)

During 2012, the subsidiary capitalised interest amounting to Baht 1.6 million (2011: Baht 1.2 million) to the costs of plant construction and machinery installation. These borrowing costs were determined based on the borrowing cost of the general loans and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 3.16% - 4.10% (2011: 1.93% - 3.96%).

As at 31 December 2012, the subsidiary had vehicles under finance lease agreements with net book value amounting to Baht 0.1 million (2011: Baht 1.5 million).

As at 31 December 2012 and 2011, the majority of land and building thereon of the subsidiary were mortgaged and pledged with financial institutions to secure credit facilities granted by financial institutions and bank guarantees.

As at 31 December 2012 and 2011, certain plant and equipment items of the Company and the subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,138 million (2011: Baht 1,048 million) and for the Company amounted to approximately Baht 381 million (2011: Baht 340 million).

15. Cost of forest land rights and cost of palm plantation

	Consolidated financial statements			(Unit: Baht) Separate financial statements
	Cost of forest land rights and cost of palm plantation ready for harvest	Cost of palm plantation not ready for harvest	Total	Cost of forest land rights and cost of palm plantation ready for harvest
<u>Cost:</u>				
1 January 2011	574,035,336	35,965,675	610,001,011	294,119
Additions	-	16,705,418	16,705,418	-
Disposals	(2,269,417)	-	(2,269,417)	-
Transfer in/(Transfer out)	1,129,680	(5,173,172)	(4,043,492)	-
31 December 2011	572,895,599	47,497,921	620,393,520	294,119
Additions	-	9,730,526	9,730,526	-
Disposals	(467,297)	-	(467,297)	-
Transfer in/(Transfer out)	38,313,067	(44,689,489)	(6,376,422)	-
31 December 2012	610,741,369	12,538,958	623,280,327	294,119
<u>Accumulated amortisation:</u>				
1 January 2011	303,517,405	-	303,517,405	10,765
Amortisation charged for the year	27,958,590	-	27,958,590	11,765
Amortisation on disposals	(2,135,996)	-	(2,135,996)	-
31 December 2011	329,339,999	-	329,339,999	22,530
Amortisation charged for the year	29,488,095	-	29,488,095	11,765
Amortisation on disposals	(460,597)	-	(460,597)	-
31 December 2012	358,367,497	-	358,367,497	34,295
<u>Net book value:</u>				
31 December 2011	243,555,600	47,497,921	291,053,521	271,589
31 December 2012	252,373,872	12,538,958	264,912,830	259,824
<u>Amortisation for the year (included in manufacturing cost)</u>				
2011			27,958,590	11,765
2012			29,488,095	11,765

Approximately 10,510 rai of the total area utilised by the subsidiary has land title deed or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3). For approximately 21,349 rai, or 49 percent, of the total planted area of the subsidiary is held by the subsidiaries under concessions that expire in 2014 and 2015 and for the remainder of the total planted area, the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

16. Intangible assets

	Consolidated financial statements			(Unit: Baht)
				Separate financial statements
	Computer software	Licenses	Total	Computer software
<u>Cost</u>				
31 December 2012				
Cost	51,819,502	10,764,200	62,583,702	24,544,249
Less: Accumulated amortisation	(46,487,838)	(1,742,200)	(48,230,038)	(21,850,842)
Net book value	<u>5,331,664</u>	<u>9,022,000</u>	<u>14,353,664</u>	<u>2,693,407</u>
<u>Cost</u>				
31 December 2011				
Cost	50,403,902	10,764,200	61,168,102	23,681,534
Less: Accumulated amortisation	(43,687,173)	(1,368,870)	(45,056,043)	(20,588,916)
Net book value	<u>6,716,729</u>	<u>9,395,330</u>	<u>16,112,059</u>	<u>3,092,618</u>

A reconciliation of the net book value of intangible assets for the years 2012 and 2011 is presented below.

	Consolidated		(Unit: Baht)	
	financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	16,112,059	17,997,296	3,092,618	3,934,177
Acquisition of computer software	1,653,898	1,191,749	862,715	411,050
	(220,129)	-	-	-
Amortisation	(3,192,165)	(3,076,986)	(1,261,926)	(1,252,609)
Net book value at end of year	<u>14,353,663</u>	<u>16,112,059</u>	<u>2,693,407</u>	<u>3,092,618</u>

In April 2008, the jointly controlled entity of a subsidiary paid royalty for the use of a trademark in the production and distribution of palm oil seed amounting to Euro 150,000 (proportionate to the control exercised by the subsidiary) and technical assistance fees amounting to Euro 50,000 (proportionate to the control exercised by the subsidiary) to a foreign shareholder. The jointly controlled entity recorded the amounts paid under "Intangible assets" in the balance sheet.

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

(Unit: Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2012	2011	2012	2011	2012	2011
Bank overdrafts	MOR	MOR	-	10,880	-	-
Short-term loans from financial institutions	2.00 - 4.00	3.43 - 4.10	1,688,974,292	2,200,000,000	600,000,000	1,415,000,000
Total			1,688,974,292	2,200,010,880	600,000,000	1,415,000,000

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

18. Trade and other payables

(Unit: Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2012	2011	2012	2011
Trade payables - related parties	7,764,727	1,796,825	205,323,621	166,424,800
Trade payables - unrelated parties	238,227,048	363,220,896	148,033,524	259,249,246
Other payables - related parties	747,909	-	-	-
Other payables - unrelated parties	63,497,139	50,223,540	34,753,221	31,147,831
Advance received from related parties	54,085	84,758	73,092	16,948
Other payables for purchase of machineries	7,201,666	23,235,233	5,691,673	3,369,392
Total trade and other payables	317,492,574	438,561,252	393,875,131	460,208,217

19. Other current liabilities

(Unit: Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2012	2011	2012	2011
Accrued dividend	3,141,223	6,312,463	572,259	3,782,110
Accrued expenses	114,202,388	116,471,234	61,593,788	73,716,376
Advance income	22,927,661	10,983,285	22,927,661	10,983,285
Others	42,683,609	42,826,568	27,442,411	27,564,527
Total other current liabilities	182,954,881	176,593,550	112,536,119	116,046,298

20. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Liabilities under finance lease agreements	139,332	1,200,121	-	570,905
Less: Deferred interest expenses	(4,227)	(28,378)	-	(4,403)
Net	135,105	1,171,743	-	566,502
Less: Portion due within one year	(135,105)	(1,036,638)	-	(566,502)
Liabilities under finance lease agreements - net of current portion	-	135,105	-	-

The Company and its subsidiary have entered into the finance lease agreements with leasing companies for rental of vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years. Finance lease agreements are non-cancelable.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	Consolidated financial statement		
	As at 31 December 2012		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	139,332	-	139,332
Deferred interest expenses	(4,227)	-	(4,227)
Present value of future minimum lease payments	135,105	-	135,105

(Unit: Baht)

	Consolidated financial statement		
	As at 31 December 2011		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	1,060,789	139,332	1,200,121
Deferred interest expenses	(24,151)	(4,227)	(28,378)
Present value of future minimum lease payments	1,036,638	135,105	1,171,743

(Unit: Baht)

	Separate financial statement		
	As at 31 December 2011		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	570,905	-	570,905
Deferred interest expenses	(4,403)	-	(4,403)
Present value of future minimum lease payments	566,502	-	566,502

21. Long-term loans

Loan	Consolidated financial statements		Separate financial statements		Interest Rate (Per annum)	Repayment
	2012	2011	2012	2011		
<u>The Company</u>						
1	55.00	95.00	55.00	95.00	THBFIX plus applicable margin	Repayment in installments 2010
Total long-term loan - the Company	<u>55.00</u>	<u>95.00</u>	<u>55.00</u>	<u>95.00</u>		
<u>The subsidiary company held by the subsidiary</u>						
Union Frost Company Limited						
1	13.84	27.88	-	-	Fixed rate	Monthly installments 1.17 million, from January
2	16.18	30.22	-	-	Fixed rate	Monthly installments 1.17 million, from March
Total long-term loans - the subsidiary company held by the subsidiary	<u>30.02</u>	<u>58.10</u>	<u>-</u>	<u>-</u>		
Total long-term loans	<u>85.02</u>	<u>153.10</u>	<u>55.00</u>	<u>95.00</u>		
Less: Current portion	<u>(67.88)</u>	<u>(68.08)</u>	<u>(40.00)</u>	<u>(40.00)</u>		
Long-term loans - net of current portion	<u>17.14</u>	<u>85.02</u>	<u>15.00</u>	<u>55.00</u>		

The subsidiary company entered into an interest rate swap agreement with a lender bank covering a period from January 2009 to February 2014, whereby the related company agreed to swap the floating interest rate of THBFIX plus an applicable margin per annum on Baht 140 million of loans for a fixed annual interest rate, as detailed in Note 33.1.

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.

22. Provision for land rental charge

In 2001, a subsidiary received notification from the Surat Thani Provincial Treasury Office of the Finance Ministry that the land with an area of 8,600 rai covered by the concession previously granted to the subsidiary company by the Forestry Department was state property, under the jurisdiction of the Ministry of Finance, by virtue of a ruling issued by the Judicial Council. The notice called for the subsidiary company to enter into a land lease agreement commencing 1 January 2001, and also to pay retroactive land rental for the years 1991 to 2000. At present, the subsidiary is in the process of negotiating with the relevant government agencies. However, for the prudent reasons the subsidiary has set up a provision for its estimated liabilities in the accounts.

23. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2012, which is compensations on employee

	Consolidated financial state			
	2012			
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provisi empl retire benefit labor
Defined benefit obligation at beginning of year	142,936,402	4,390,803	147,327,205	147,7
Current service cost	12,950,606	397,147	13,347,753	12,9
Interest cost	4,654,589	109,199	4,763,788	4,4
Benefits paid during the year	(25,908,986)	-	(25,908,986)	(22,1
Defined benefit obligation at end of year	134,632,611	4,897,149	139,529,760	142,9
Unrecognised transitional provisions	(65,406,203)	(2,335,816)	(67,742,019)	(87,2
Provisions for long-term employee benefits at end of year	69,226,408	2,561,333	71,787,741	55,7

Separate financial state

	2012			
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provisi empl retire benefit labor
Defined benefit obligation at beginning of year	90,746,771	4,390,803	95,137,574	96,9
Current service cost	8,188,068	397,147	8,585,215	8,3
Interest cost	2,979,566	109,199	3,088,765	2,8
Benefits paid during the year	(24,106,007)	-	(24,106,007)	(17,4
Defined benefit obligation at end of year	77,808,398	4,897,149	82,705,547	90,7
Unrecognised transitional provisions	(36,483,154)	(2,335,816)	(38,818,970)	(48,6
Provisions for long-term employee benefits at end of year	41,325,244	2,561,333	43,886,577	42,0

Long-term employee benefit expenses included in the profit or loss was as follows:

	Consolidated financial statements			
	2012			
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provision for employee retirement benefit labor law
Current service cost	12,950,606	397,147	13,347,753	12,950,606
Interest cost	4,654,589	109,199	4,763,788	4,654,589
Transitional liability recognised during the year	21,822,707	778,605	22,601,312	21,822,707
Total expense recognized in profit or loss	39,427,902	1,284,951	40,712,853	39,427,902
Line items under which such expenses are included in profit or loss				
Cost of sales			25,377,343	
Selling and administrative expenses			15,335,510	

Separate financial state

	2012			
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provisi empl retire benefit labor
Current service cost	8,188,068	397,147	8,585,215	8,3
Interest cost	2,979,566	109,199	3,088,765	2,8
Transitional liability recognised during the year	12,181,688	778,605	12,960,293	12,1
Total expense recognized in profit or loss	23,349,322	1,284,951	24,634,273	23,4
Line items under which such expenses are included in profit or loss				
Cost of sales			12,106,754	
Selling and administrative expenses			12,527,519	

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.1	3.1	3.1	3.1
Future salary increase rate (depending on age)	5.0	5.0	5.0	5.0
Staff turnover rate	0 - 80	0 - 80	0 - 45	0 - 45

Amounts of defined benefit obligation for the current and previous three periods are as follows:

(Unit: Million Baht)

	Defined benefit obligation					
	Consolidated financial statements			Separate financial statements		
	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total	Provision for employee retirement benefit under labor law	Other long-term employee benefits	Total
Year 2012	162	4	166	102	4	106
Year 2011	155	4	159	101	4	105
Year 2010	148	4	152	97	4	101
Year 2009	133	4	137	87	4	91

24 Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

Statutory reserve of the subsidiary companies in the consolidated financial statements are presented in proportion to the Company's interest.

25. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Salary and wages and other employee benefits	803,312,689	714,318,027	275,091,179	271,278,178
Depreciation and amortisation expenses	251,118,260	237,163,840	87,348,465	85,812,293
Transportation expenses	176,906,680	170,119,547	89,817,095	83,876,753
Promotion expenses	111,233,655	97,947,117	111,233,655	97,947,117
Repair and maintenance expenses	99,719,128	68,481,128	26,773,758	15,265,675
Rental expenses from operating lease agreements	27,236,404	33,688,060	7,557,146	9,384,815
Raw materials and consumables used	6,202,724,558	8,040,075,072	4,390,512,329	6,495,354,790
Changes in inventories of finished goods and work in process	73,424,647	507,620,052	302,865,016	526,436,083

26. Income tax

Income tax expense for the year has been calculated on the Company's profit after adding back certain expenses which are disallowable for tax purposes less dividend income received from a subsidiary company. There is no income tax expense for the year 2011 since the results of taxable profit calculation after adjusting the above mentioned items are resulted in loss.

27. Promotional privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment in respect of manufacture of products as stipulated in the promotion certificates as follows:

The Company

<u>Certificate No.</u>	<u>Operation</u>
1179/2543	Manufacture of crude palm oil, crude palm kernel oil and crude coconut oil (expired in November 2008)
1292(2)/2547	Manufacture of margarine or shortening
1815(2)/2549	Manufacture of crude palm oil
1013(9)/2551	Manufacture of electricity from biogases
2093(2)/2550	Manufacture pure vegetable oil

Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>
1817/2539	Manufacture of crude palm kernel oil (expired in March 2006)
1043(2)/2548	Manufacture of crude palm oil and palm kernel seed
2088(2)/2547	Manufacture of fruits and vegetables
2121(2)/2547	Manufacture of fruits and vegetables in to products and fermented soybeans
2112(5)/2547	Manufacture of frozen fruits and vegetables
2245(9)/2550	Manufacture of electricity from biogases

Jointly controlled entity

<u>Certificate No.</u>	<u>Operation</u>
1262(2)/2550	Manufacture of palm seed (has not yet begun utilizing the promotional privileges)

The significant privileges include exemption from corporate income tax on income from the promoted operations for a period of eight years, commencing from the date of first earning operating income (except certificate No. 1292(2)/2547, 1815(2)/2549, 2093(2)/2550, 1043(2)/2548, 2088(2)/2547, 2121(2)/2547, 2112(5)/2547 and 1262(2)/2550, which have been exempted from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital).

In addition, income of the Company and its subsidiaries derived thereafter from the promoted operations will be subject to income tax at a reduced rate of 50 percent of the normal tax rate for a further period of five years (except certificate No. 1292(2)/2547, 1815(2)/2549, 1013(9)/2551, 2093(2)/2550, 1043(2)/2548, 2088(2)/2547, 2121(2)/2547, 2112(5)/2547, 2245(9)/2550 and 1262(2)/2550.

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2012 and 2011 were as follows:

	(Unit: Baht)					
	Promoted operations		Non-promoted operations		Total	
	2012	2011	2012	2011	2012	2011
Sales						
Domestic sales	1,921,631,913	842,518,277	4,197,277,893	6,430,040,350	6,118,909,806	7,272,558,627
Export sales	24,167,849	3,910,000	240,775,245	254,420,861	264,943,094	258,330,861
Total sales	<u>1,945,799,762</u>	<u>846,428,277</u>	<u>4,438,053,138</u>	<u>6,684,461,211</u>	<u>6,383,852,900</u>	<u>7,530,889,488</u>

28. Earnings per share

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

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Profit attributable to equity holders of the parent (thousand Baht)	277,783	168,181	325,344	134,441
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings per share (Baht/share)	0.34	0.21	0.40	0.16

29. Segment information

The Company's and its subsidiaries' business operations involve three principal segments (1) manufacture and distribution of palm oil (2) manufacture and distribution of processed fruits and vegetables and (3) generation of electricity from biogases. These activities are carried on in the single-geographic area in Thailand. During the year, there was no material activities pertaining to the generation of electricity from biogases segment for the Company and the subsidiary companies. Accordingly, most of revenues, income and assets as reflected in these financial statements pertain to the industry segment (1) and the industry segment (2) mentioned above. The financial information by segment of the Company and its subsidiaries for the years ended 31 December 2012 and 2011 were as follows:

(Unit: Million Baht)

	Segment									
	Palm oil		Processed fruits and vegetables		Total		Elimination of inter- segment revenues		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	5,657	6,980	1,955	1,905	7,612	8,885	-	-	7,612	8,885
Intersegment revenues	1,379	1,180	779	745	2,158	1,925	(2,158)	(1,925)	-	-
Total revenues	<u>7,035</u>	<u>8,160</u>	<u>2,734</u>	<u>2,650</u>	<u>9,770</u>	<u>10,810</u>	<u>(2,158)</u>	<u>(1,925)</u>	<u>7,612</u>	<u>8,885</u>
Segment income	833	957	364	299	1,197	1,256	3	(20)	1,200	1,236
Unallocated income and expenses:										
Other income									128	104
Selling expenses									(557)	(592)
Administrative expenses									(212)	(250)
Finance cost									(74)	(84)
Income tax expenses									(110)	(142)
Non-controlling interests of the subsidiaries									(97)	(104)
Profit for the year attributable to equity holders of the Company									<u>278</u>	<u>168</u>

(Unit: Million Baht)

	Segment									
	Palm oil		Processed fruits and vegetables		Total		Elimination of inter- segment revenues		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Property, plant and equipment - net	1,146	1,188	719	688	1,865	1,876	-	-	1,865	1,876
Unallocated assets	3,632	4,337	1,012	783	4,644	5,120	(1,327)	(1,325)	3,317	3,795
Total assets	<u>4,778</u>	<u>5,525</u>	<u>1,731</u>	<u>1,471</u>	<u>6,509</u>	<u>6,996</u>	<u>(1,327)</u>	<u>(1,325)</u>	<u>5,182</u>	<u>5,671</u>

Transfer prices between business segments are as set out in Note 6 to the financial statements.

30. Provident fund

The Company, its subsidiaries, and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees, the Company and its subsidiaries contribute to the fund monthly at the rates of 2 - 5 percent of basic salary. The Company's fund, which is managed by Kasikorn Asset Management Company Limited, and the subsidiaries' funds, which are managed by Kasikorn Asset Management Company Limited and SCB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

During the year 2012, total amount of approximately of Baht 10.4 million (2011: Baht 9.6 million) had been contributed to the funds by the Company and the subsidiaries, and Baht 5.5 million had been contributed by the Company (2011: Baht 5.8 million).

31. Dividend

	<u>Approved by</u>	<u>Total dividends</u>	(Unit: Baht) <u>Dividend per share</u>
<u>The Company</u>			
<u>For the year 2011</u>			
Final dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	122,998,711	0.15
Total dividend for the year 2011		<u>122,998,711</u>	<u>0.15</u>
<u>For the year 2012</u>			
Final dividend on 2011 income	Annual General Meeting of the shareholders on 27 April 2012	65,598,752	0.08
Total dividend for the year 2012		<u>65,598,752</u>	<u>0.08</u>

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 65,600,000. However, the Thailand Securities Depository Company Limited notified the Company that certain shareholders were not entitled to receive dividend amounting to approximately Baht 1,248. The dividend payment of Baht 65,598,752 was made in May 2012.

			(Unit: Baht)
	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
<u>Subsidiary</u>			
<u>For the year 2011</u>			
Final dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	48,607,200	0.15
Interim dividends on income for the period from January to June 2011	Board of Directors' Meeting on 8 August 2011	97,214,400	0.30
Interim dividends on income for the period from July to September 2011	Board of Directors' Meeting on 10 November 2011	97,214,400	0.30
Total dividend for the year 2011		<u>243,036,000</u>	<u>0.75</u>
<u>For the year 2012</u>			
Final dividend on 2011 income	Annual General Meeting of the shareholders on 27 April 2012	162,025,000	0.50
Interim dividends on income for the period from January to June 2012	Board of Directors' Meeting on 9 August 2012	97,215,000	0.30
Interim dividends on income for the period from July to September 2012	Board of Directors' Meeting on 8 November 2012	97,215,000	0.30
Total dividend for the year 2012		<u>356,440,000</u>	<u>1.10</u>

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2012, the Company and its subsidiaries had capital expenditures under the agreements and purchase orders for purchase of building, machinery equipment and vehicle including services payable in the future amounting to approximately Baht 41.3 million (2011: Baht 42.0 million) the Company only: Baht 3.9 million (2011: Baht 16.1 million).

32.2 Operating lease commitments

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

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

	(Unit: Million Baht)	
	<u>2012</u>	<u>2011</u>
Payable within:		
Less than 1 year	9.8	5.5
More than 1 year but not over 5 years	2.8	0.4

32.3 Long-term service commitments

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

32.4 Guarantees

As at 31 December 2012, there were outstanding bank guarantees of approximately Baht 18.8 million (2011: Baht 16.7 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 18.8 million to guarantee import, electricity usage, among others (2011: Baht 1.2 million to guarantee payments due to domestic creditors and Baht 15.5 million to guarantee electricity usage, among others) the Company only: Baht 10 million to guarantee electricity usage, among others (2011: Baht 1.2 million to guarantee payments due to domestic creditors and Baht 7.9 million to guarantee electricity usage, among others).

32.5 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, the 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 was set up by the Suratthani Land Reform Commission. The purpose of the 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 Company. 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 Company 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 designed 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's 2005 regulation concerning permission to exploit National Forest land, to lodge an application for permission to gather forest produce in accordance with Section 15 of the National Forest Act 1964, and to pay official royalty fees at the rate of 10 percent of the market price of palm oil and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the palm oil 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 Forest. At present, the relevant government agencies are processing the application.

33. Financial instruments

33.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, current investments, short-term and long-term borrowings. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2012 and 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date. If this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2012

	Fixed interest rate				Total	Interest rate (% p.a.)
	Within one year	More than one year but within four years	Floating interest rate	Non- interest bearing		
Financial assets						
Bank deposits	-	-	144	4	148	0.10 - 0.75
Investments in Bank of Thailand Bond	110	-	-	-	110	2.70 - 2.72
Trade and other receivables	-	-	-	902	902	
	<u>110</u>	<u>-</u>	<u>144</u>	<u>906</u>	<u>1,160</u>	
Financial liabilities						
Short-term loans from financial institutions	-	-	1,689	-	1,689	2.00 - 4.00
Trade and other payables	-	-	-	317	317	-
Short-term loan from related party	-	-	50	-	50	THBFIX + 0.50
Long-term loans	28	2	55	-	85	5.70, THBFIX + Fixed rate
	<u>28</u>	<u>2</u>	<u>1,794</u>	<u>317</u>	<u>2,141</u>	

(Unit: Million Baht)

As at 31 December 2011

	Fixed interest rate				Total	Interest rate (% p.a.)
	Within one year	More than one year but within four years	Floating interest rate	Non- interest bearing		
Financial assets						
Bank deposits	-	-	247	9	256	0.10 - 0.75
Investments in Bank of Thailand Bond	250	-	-	-	250	3.03 - 3.13
Trade and other receivables	-	-	-	1,070	1,070	-
	<u>250</u>	<u>-</u>	<u>247</u>	<u>1,079</u>	<u>1,576</u>	
Financial liabilities						
Short-term loans from financial institutions	-	-	2,200	-	2,200	3.43 - 4.25
Trade and other payables	-	-	-	439	439	-
Liabilities under finance lease agreements	1	-	-	-	1	4.78 - 5.95
Short-term loan from related party	-	-	50	-	50	THBFIX + 0.50
Long-term loans	28	30	95	-	153	5.70, THBFIX + Fixed rate
	<u>29</u>	<u>30</u>	<u>2,345</u>	<u>439</u>	<u>2,843</u>	

As at 31 December 2012 and 2011, the subsidiary of the subsidiary had outstanding interest rate swap agreement as detailed below:

Contract date	Due date	Notional amount (Million Baht)	Interest rate in the	Interest rate in the
			original loan agreement (Percent)	swap agreement (Percent)
<u>2012</u>				
January 2009	February 2014	30.02	THBFIX plus fixed rate	Fixed rate
<u>2011</u>				
December 2008	February 2014	86.18	THBFIX plus fixed rate	Fixed rate

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	2.4	2.1	1.2	0.9	30.6316	31.6912
Euro	0.3	0.1	-	-	40.5563	40.7150

Forward exchange contracts outstanding are summarised below.

As at 31 December 2012				
Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	1.8	-	30.56 - 31.70	In July 2014
Euro	0.1	-	39.45	In May 2014

As at 31 December 2011

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated	Separate		
	financial statements (Million)	financial statements (Million)		
US dollars	7.0	1.5	30.26 - 31.88	Within January - July 2012

33.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The subsidiary had unrealised loss on changes in the value of forward exchange contracts to present them at fair value totaling Baht 0.2 million (2011: Baht 3.7 million), and had unrealised loss on interest rate swap agreement to present it at fair value totaling Baht 0.4 million (2011: Baht 1.1 million).

34. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 0.91:1 (2011: 1.26:1) and the Company's was 0.50:1 (2011: 0.99:1).

35. Event after the reporting period

On 22 February 2013, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.2 per share in respect of 2012 earnings, or a total of Baht 164 million.

On 21 February 2013, a meeting of the subsidiary's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.3 per share in respect of October to December 2012 earnings, or a total of Baht 97 million.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company's and the subsidiary's shareholders.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2013.