

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2011 and 2010

Report of Independent Auditor

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

I have audited the accompanying consolidated statements of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also reviewed the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my 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 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the financial statements. For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would be 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.

Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited
Bangkok: 24 February 2012

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	8	508,342,952	361,177,563	220,122,139	203,874,122
Current investments - fixed deposits at bank		-	6,059,400	-	-
Trade and other receivables	7, 9	1,070,063,448	860,636,694	987,828,906	793,311,094
Short-term loans to related parties	7	-	-	-	-
Inventories	10	1,599,361,285	1,067,983,426	1,031,792,591	493,722,948
Other current assets		57,091,013	55,968,668	20,963,404	19,226,235
Total current assets		3,234,858,698	2,351,825,751	2,260,707,040	1,510,134,399
Non-current assets					
Investments in subsidiaries	11	-	-	1,312,479,294	1,312,479,294
Investments in associated company	12	-	-	-	-
Other long-term investments	13	809,037	933,874	809,037	933,874
Investment properties	14	53,238,477	57,000,573	13,357,177	15,055,835
Property, plant and equipment	15	1,875,949,751	1,884,284,696	698,073,978	728,987,204
Cost of forest land rights and cost of palm plantation	16	291,053,521	306,483,606	271,589	283,354
Goodwill		196,376,189	196,376,189	-	-
Intangible assets	17	16,112,059	17,997,296	3,092,618	3,934,177
Other non-current assets		2,619,097	1,367,116	454,978	634,978
Total non-current assets		2,436,158,131	2,464,443,350	2,028,538,671	2,062,308,716
Total assets		5,671,016,829	4,816,269,101	4,289,245,711	3,572,443,115

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	18	2,200,010,880	1,537,110,478	1,415,000,000	825,000,000
Trade and other payables	7, 19	438,561,252	397,053,095	460,208,217	317,458,339
Short-term loan from related party	7	50,000,000	-	-	-
Current portion of liabilities under					
finance lease agreements	21	1,036,638	4,774,528	566,502	3,658,466
Current portion of long-term loans	22	68,080,000	68,080,000	40,000,000	40,000,000
Income tax payable		65,941,316	12,108,578	-	6,669,224
Other current liabilities	20	<u>176,593,550</u>	<u>158,369,710</u>	<u>116,046,298</u>	<u>114,617,056</u>
Total current liabilities		<u>3,000,223,636</u>	<u>2,177,496,389</u>	<u>2,031,821,017</u>	<u>1,307,403,085</u>
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	21	135,105	1,177,205	-	566,502
Long-term loans - net of current portion	22	85,020,000	153,100,000	55,000,000	95,000,000
Provision for land rental charge	23	20,468,000	20,468,000	-	-
Provision for long-term employee benefits	24	<u>56,983,875</u>	<u>38,694,576</u>	<u>43,358,311</u>	<u>36,077,387</u>
Total non-current liabilities		<u>162,606,980</u>	<u>213,439,781</u>	<u>98,358,311</u>	<u>131,643,889</u>
Total liabilities		<u>3,162,830,616</u>	<u>2,390,936,170</u>	<u>2,130,179,328</u>	<u>1,439,046,974</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
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	25	103,071,298	102,774,506	82,000,000	82,000,000
Unappropriated		1,010,013,567	950,775,019	1,010,536,406	984,741,327
Other components of shareholders' equity		<u>275,841</u>	<u>4,424,149</u>	<u>(709,388)</u>	<u>(584,551)</u>
Equity attributable to owners of the Company		<u>2,180,600,071</u>	<u>2,125,213,039</u>	<u>2,159,066,383</u>	<u>2,133,396,141</u>
Non-controlling interests of the subsidiaries		<u>327,586,142</u>	<u>300,119,892</u>	-	-
Total shareholders' equity		<u>2,508,186,213</u>	<u>2,425,332,931</u>	<u>2,159,066,383</u>	<u>2,133,396,141</u>
Total liabilities and shareholders' equity		<u>5,671,016,829</u>	<u>4,816,269,101</u>	<u>4,289,245,711</u>	<u>3,572,443,115</u>
		-	-	-	-

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

Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit or loss:					
Revenues					
Sales	28	8,885,075,645	7,483,872,353	7,530,889,488	6,516,203,688
Dividend income	11	153,350	128,660	170,189,683	90,814,704
Subsidy from the Department of Internal Trade		29,091,845	-	29,091,845	-
Other income		74,906,598	67,045,979	65,413,182	33,874,050
Total revenues		8,989,227,438	7,551,046,992	7,795,584,198	6,640,892,442
Expenses					
Cost of sales		7,648,761,193	6,473,208,767	7,150,253,604	5,920,802,460
Selling expenses		592,069,484	531,691,243	334,024,809	316,932,853
Administrative expenses		250,209,030	206,051,868	124,665,274	124,849,832
Total expenses		8,491,039,707	7,210,951,878	7,608,943,687	6,362,585,145
Profit before finance cost					
and corporate income tax		498,187,731	340,095,114	186,640,511	278,307,297
Finance cost		(83,562,747)	(44,619,000)	(52,199,376)	(21,537,783)
Profit before corporate income tax		414,624,984	295,476,114	134,441,135	256,769,514
Corporate income tax	27	(142,308,992)	(75,261,020)	-	(33,765,032)
Profit for the year		272,315,992	220,215,094	134,441,135	223,004,482
Other comprehensive income:					
Income (deficit) on changes in value of					
available-for-sale investments		(124,837)	139,483	(124,837)	139,483
Other comprehensive income for the year		(124,837)	139,483	(124,837)	139,483
Total comprehensive income for the year		272,191,155	220,354,577	134,316,298	223,143,965

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit attributable to:					
Equity holders of the Company		168,181,396	198,961,131	<u>134,441,135</u>	<u>223,004,482</u>
Non-controlling interests of the subsidiaries		<u>104,134,596</u>	<u>21,253,963</u>		
		<u>272,315,992</u>	<u>220,215,094</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		168,056,559	199,100,614	<u>134,316,298</u>	<u>223,143,965</u>
Non-controlling interests of the subsidiaries		<u>104,134,596</u>	<u>21,253,963</u>		
		<u>272,191,155</u>	<u>220,354,577</u>		
Basic earnings per share					
	29				
Profit attributable to equity holders					
of the Company		<u>0.21</u>	<u>0.24</u>	<u>0.16</u>	<u>0.27</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

Cash flow statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before tax	414,624,984	295,476,114	134,441,135	256,769,514
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	237,163,840	212,816,050	85,812,293	64,868,710
Increase (decrease) in allowance for doubtful accounts	424,871	2,090,814	(665,968)	2,199,880
Increase (decrease) in allowance for diminution in inventory value	1,223,382	(70,952)	265,932	(416,461)
Loss on write off inventory	791,173	756,825	-	-
Allowance for impairment loss of assets (reversal)	3,010,358	(8,662)	-	-
Loss from write off of cost of palm plantation	133,421	167,337	-	-
Provision for long-term employee benefits	40,414,899	8,480,999	24,726,761	8,480,999
Dividend income from subsidiary	-	-	(170,036,333)	(90,686,044)
Dividend income from other companies	(153,350)	(128,660)	(153,350)	(128,660)
Gain on disposals and write off of property, plant and equipment	(4,867,913)	(903,461)	(694,032)	(6,397)
Unrealised gain on exchange	(275,460)	(228,385)	(160,100)	(103,517)
Interest expenses	78,890,851	40,523,902	49,306,428	18,912,757
Profit from operating activities before changes in operating assets and liabilities	771,381,056	558,971,921	122,842,766	259,890,781
Decrease (increase) in operating assets				
Trade and other receivables	(208,295,892)	26,830,687	(193,696,212)	1,269,698
Inventories	(529,348,922)	71,570,401	(538,335,575)	62,433,307
Other current assets	(372,147)	(12,631,517)	(291,362)	(7,193,231)
Other non-current assets	(1,251,981)	3,346,174	180,000	(17,734)
Increase (decrease) in operating liabilities				
Trade and other payables	44,993,400	125,623,722	147,502,141	64,456,533
Other current liabilities	31,610,057	(63,122,884)	14,810,564	(65,505,502)
Cash paid for long-term employee benefits	(22,125,600)	(3,561,490)	(17,445,837)	-
Cash from (used in) operating activities	86,589,971	707,027,014	(464,433,515)	315,333,852
Cash paid for interest expenses	(77,633,802)	(39,603,965)	(48,330,595)	(18,046,492)
Cash paid for corporate income tax	(90,203,591)	(86,433,183)	(8,115,031)	(41,550,202)
Net cash from (used in) operating activities	(81,247,422)	580,989,866	(520,879,141)	255,737,158

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from investing activities				
Decrease (increase) in current investments -				
fixed deposits at bank	6,059,400	(59,400)	-	-
Increase in investment in subsidiary	-	(3,435,844)	-	(3,435,844)
Dividend received from subsidiary	-	-	170,036,333	90,686,044
Dividend received from other companies	153,350	128,660	153,350	128,660
Acquisitions of property, plant and equipment	(202,384,075)	(179,058,995)	(57,423,114)	(95,526,705)
Increase in cost of palm plantation	(16,705,418)	(14,304,516)	-	-
Cash receipt from government grants	-	14,480,165	-	6,672,108
Proceeds from disposals of property, plant				
and equipment	6,422,029	4,355,894	1,433,316	502,655
Increase in intangible assets	(1,191,749)	(947,822)	(411,050)	(486,450)
Net cash from (used in) investing activities	(207,646,463)	(178,841,858)	113,788,835	(1,459,532)
Cash flows from financing activities				
Increase in bank overdrafts and				
short-term loans from financial institutions	662,900,402	14,110,399	590,000,000	10,000,000
Increase in short-term loans from subsidiaries	50,000,000	-	-	-
Repayment of liabilities under finance lease agreements	(4,779,990)	(3,794,002)	(3,658,466)	(2,848,204)
Cash receipt from long-term loans	-	76,703,500	-	76,703,500
Repayment of long-term loans	(68,080,000)	(90,476,000)	(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	(196,288,988)	(243,932,276)	(123,003,211)	(205,000,000)
Net cash from (used in) financing activities	436,059,274	(247,388,379)	423,338,323	(161,144,704)
Net increase in cash and cash equivalents	147,165,389	154,759,629	16,248,017	93,132,922
Cash and cash equivalents at beginning of the year	361,177,563	206,417,934	203,874,122	110,741,200
Cash and cash equivalents at end of the year	508,342,952	361,177,563	220,122,139	203,874,122

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Supplementary disclosures of cash flows information				
Non-cash transactions				
Acquisitions of plant and equipment				
that have not been paid	22,787,696	26,576,074	504,258	5,252,053
Transferred palm nursery to inventory account	4,043,492	5,320,400	-	-

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

		Consolidated financial statements						
		Equity attributable to the owners of the Company					Other components of equity	
		Issued and paid up		Premium on treasury stock	Retained earnings		Other comprehensive income	Other changes by the owners
Note	share capital	Share premium		Appropriated - statutory reserve	Unappropriated	in value of available-for-sale investments	Deficit on changes in value of	Surplus from change in shareholding in subsidiary
Balance as at 31 December 2009	820,000,000	241,970,265	5,269,100	102,760,809	949,205,956	(724,034)	5,008,700	
Dividend paid	32	-	-	-	(205,000,000)	-	-	
Total comprehensive income for the year		-	-	-	198,961,131	139,483	-	
Unappropriated retained earnings transferred to statutory reserve		-	-	13,697	(13,697)	-	-	
Reversal of prior year dividend		-	-	-	7,621,629	-	-	
Decrease in non-controlling interests from dividend payment in subsidiary		-	-	-	-	-	-	
Decrease in non-controlling interests - equity attributable to non-controlling interests of subsidiaries		-	-	-	-	-	-	
Balance as at 31 December 2010	820,000,000	241,970,265	5,269,100	102,774,506	950,775,019	(584,551)	5,008,700	

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2011 and 2010

		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 31 December 2010			820,000,000	241,970,265	5,269,100	102,774,506	950,775,019	(584,551)	5,008,700
Dividend paid	32		-	-	-	-	(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)
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

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2011 and 2010

	Note	Separate financial statements					Other compreh inco De on ch in va availab invest
		Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings Appropriated - statutory reserve		
Balance as at 31 December 2009		820,000,000	241,970,265	5,269,100	82,000,000	959,115,216	(
Dividend paid	32	-	-	-	-	(205,000,000)	
Total comprehensive income for the year		-	-	-	-	223,004,482	
Reversal of prior year dividend		-	-	-	-	7,621,629	
Balance as at 31 December 2010		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>984,741,327</u>	(5
Balance as at 31 December 2010		820,000,000	241,970,265	5,269,100	82,000,000	984,741,327	(5
Dividend paid	32	-	-	-	-	(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>	(

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 years ended 31 December 2011 and 2010

1. General information

Lam Soon (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company 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>2011</u> Percent	<u>2010</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	
			2011 Percent	2010 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	79

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 as the Company, using the same significant accounting policies.
 - 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 income statement and within equity in the consolidated balance sheet.
- 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. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures

TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits and liabilities arising from other defined benefit plans and other long-term employee benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits using the Company and its subsidiary' accounting policy.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period, 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 date of adopted. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year ended 31 December 2011 by Baht 40.4 million, or 0.05 Baht per share (Separate financial statements: decreasing the profit by Baht 24.7 million or 0.03 Baht per share).

As at 31 December 2011, the Company and its subsidiaries recognised Baht 60.0 million of such long-term employee benefit liabilities (Separate financial statements: Baht 43.4 million) and Baht 90.3 million remains unrecognized (Separate financial statements: Baht 51.8 million).

4. New accounting standards issued during the years 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

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

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Significant accounting policies

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as separate item in shareholders' equity, 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.

5.6 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.

5.7 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 - 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 - 10 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.

5.8 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.

5.9 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.

5.10 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 and 10 years

5.11 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.

5.12 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.

5.13 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.

5.14 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.

Operating lease payment are recognized as an expense in profit or loss on a straight line basis over the lease term.

5.15 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.

5.16 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.

5.17 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.

5.18 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, 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.

5.19 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.

5.20 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.

5.21 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.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

7. 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
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	1,185	780	Market prices on the contract date/Price set by National Palm Oil Policy Committee
Purchase of finished goods	-	-	745	600	Market prices less fixed margin
Sales of goods and services	-	-	5	1	Market price
Rental income	-	-	2	2	Market price
Guarantee fee income	-	-	-	1	1.5% per annum of credit facilities
Dividend income	-	-	170	91	At the declared rate
Selling and administrative service income	-	-	29	-	Agreed upon agreement
<u>Transactions with related companies</u>					
Sales of goods	25	26	-	-	Price approximates market price
Purchases of goods and services	51	53	33	31	Price less marketing expenses and margin
<u>Transaction with jointly controlled entity</u>					
Sales of building and equipment	-	3	-	-	Acquisition cost
Sales of land	-	1	-	-	Value appraised by and independent appraiser in 2008
Purchase of oil palm seeds	1	1	-	-	Market price

As at 31 December 2011 and 2010, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade and other receivables - related parties</u> (Note 9)				
Subsidiary	-	-	484,080	797,428
Associated companies	452,280	452,280	-	-
Related companies (related by common shareholders)	26,246,293	24,197,806	67,264	30,270
Total trade and other receivables - related parties	<u>26,698,573</u>	<u>24,650,086</u>	<u>551,344</u>	<u>827,698</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>5,918,050</u>	<u>3,869,563</u>	<u>551,344</u>	<u>827,698</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 19)				
Subsidiary	-	-	165,857,597	46,355,174
Related companies (related by common shareholders)	1,881,583	25,956,659	584,151	21,060,510
Total trade and other payables - related parties	<u>1,881,583</u>	<u>25,956,659</u>	<u>166,441,748</u>	<u>67,415,684</u>
 <u>Short-term loans from related party</u>				
Related company (related by common shareholders)	50,000,000	-	-	-
Total short-term loans from related party	<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2011 and 2010, the balance of short-term loan between the Company and the related party and the movement are as follows:

(Unit: Baht)

Company's name	Related by	Consolidated financial statements		
		Balance as at 31 December 2010	Increase	Balance as at 31 December 2011
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 THBFIX + 0.5% 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 this regard, UFC agreed to pay additional selling and administrative expenses to the Company, the dealer, amounting to Baht 29 million.

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.

Directors and management's remuneration

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries have short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 137.8 million (the Company only: Baht 80.8 million) (2010: Baht 134.5 million, the Company only: Baht 83.2 million).

8. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash	2,323,505	1,725,342	945,212	858,184
Bank deposits	256,095,263	299,479,719	169,176,927	203,015,938
Investment in Bank of Thailand Bond	249,924,184	59,972,502	50,000,000	-
Total	508,342,952	361,177,563	220,122,139	203,874,122

As at 31 December 2011, bank deposits in saving accounts, fixed deposits and investment in Bank of Thailand Bond carried interests between 0.10 and 3.13 percent per annum (2010: between 0.25 and 1.86 percent per annum).

9. Trade and other receivables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	5,914,132	1,059,269	19,292	58,477
Past due				
Up to 3 months	-	-	9,909	-
6 - 12 months	-	2,810,294	-	-
Over 12 months	452,280	452,280	-	-
Total	6,366,412	4,321,843	29,201	58,477
Less: Allowance for doubtful accounts	(452,280)	(452,280)	-	-
Total trade receivables - related parties, net	5,914,132	3,869,563	29,201	58,477
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	45,341,752	33,355,763	45,301,523	33,334,938
Cheque returned	13,071,334	13,618,102	8,108,020	8,654,788
Not yet due	883,738,235	725,825,074	829,962,822	686,444,876
Past due				
Up to 3 months	132,968,081	95,218,538	111,499,003	72,561,319
3 - 6 months	1,130,077	1,602,579	786,117	-
6 - 12 months	286,765	766,281	232,858	240,231
Over 12 months	18,834,311	19,196,747	1,850,444	2,376,437
Total	1,095,370,555	889,583,084	997,740,787	803,612,589
Less: Allowance for doubtful accounts	(34,004,334)	(34,556,599)	(10,463,225)	(11,129,193)
Total trade receivables - unrelated parties, net	1,061,366,221	855,026,485	987,277,562	792,483,396
Total trade account receivable - net	1,067,280,353	858,896,048	987,306,763	792,541,873

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	Other receivables			
Other receivables - unrelated parties	2,779,177	1,740,646	-	-
Advances - related party	20,332,161	20,328,243	522,143	769,221
Less: Allowance for doubtful accounts	(20,328,243)	(20,328,243)	-	-
Other receivable - net	2,783,095	1,740,646	522,143	769,221
Total trade and other receivables - net	1,070,063,448	860,636,694	987,828,906	793,311,094

10. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
Finished goods	645,936,468	601,462,607	(13,162,077)	(10,767,172)	632,774,391	590,695,435
Work in process	747,236,253	284,090,062	-	-	747,236,253	284,090,062
Raw materials	95,011,587	69,385,458	(35,742)	(290,480)	94,975,845	69,094,978
Inventory in transit	256,610	12,736,480	-	-	256,610	12,736,480
Supplies and spare parts	126,637,176	114,802,246	(2,518,990)	(3,435,775)	124,118,186	111,366,471
Total	1,615,078,094	1,082,476,853	(15,716,809)	(14,493,427)	1,599,361,285	1,067,983,426

(Unit: Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
Finished goods	185,351,277	140,755,087	(404,350)	(264,259)	184,946,927	140,490,828
Work in process	760,715,770	278,875,877	-	-	760,715,770	278,875,877
Raw materials	52,785,697	28,448,704	-	-	52,785,697	28,448,704
Inventory in transit	256,610	12,736,480	-	-	256,610	12,736,480
Supplies and spare parts	34,273,118	34,230,749	(1,185,531)	(1,059,690)	33,087,587	33,171,059
Total	1,033,382,472	495,046,897	(1,589,881)	(1,323,949)	1,031,792,591	493,722,948

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
			Percent	Percent	<u>2011</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	585,231,325
Total					1,333,575,174
Less: Allowance for impairment loss of investments					(21,095,880)
Total investments in subsidiaries - net					1,312,479,294

As at 31 December 2011, the fair value of the investment in United Palm Oil Industry Public Company Limited is 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 shareholding, was approximately Baht 1,621 million.

12. Investments in associated company

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method	
			2011	2010	2011	2010	2011	2010	2011	2010
					(%)	(%)				
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40	12,000,000	12,000,000	-	-

13. Other long-term investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<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	(709,388)	(584,551)	(709,388)	(584,551)
Other long-term investments - net	809,037	933,874	809,037	933,874

14. Investment properties

The net book value of investment properties as at 31 December 2011 and 2010 is presented below.

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
	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

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Land	Office		Land	Office	
		building	Total		building	Total
31 December 2010						
Cost	54,591,486	15,034,760	69,626,246	5,614,750	33,973,158	39,587,908
<u>Less</u> Accumulated depreciation	-	(6,272,663)	(6,272,663)	-	(24,532,073)	(24,532,073)
<u>Less</u> Allowance for diminution in value	(6,353,010)	-	(6,353,010)	-	-	-
Net book value	<u>48,238,476</u>	<u>8,762,097</u>	<u>57,000,573</u>	<u>5,614,750</u>	<u>9,441,085</u>	<u>15,055,835</u>

A reconciliation of the net book value of investment properties for the years 2011 and 2010 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	Net book value at beginning of year	57,000,573	57,752,311	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>53,238,477</u>	<u>57,000,573</u>	<u>13,357,177</u>	<u>15,055,835</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 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.

15. Property, plant and equipment

	Consolidated financial statements					M
	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 2010	242,656,495	76,475,756	805,866,051	1,889,689,208	97,826,426	1
Additions	1,647,232	-	841,098	23,171,236	3,278,237	
Capitalised interest	-	-	17,186	281,718	37	
Disposals/write off	(1,331)	-	(5,767,670)	(11,050,378)	(2,585,033)	
Transfer in/(transfer out)	-	-	74,314,291	385,314,111	3,174,783	
Receipt of government grants	-	-	-	-	-	
31 December 2010	244,302,396	76,475,756	875,270,956	2,287,405,895	101,694,450	1
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	2

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 2010	-	-	443,164,400	1,093,388,272	84,292,989
Depreciation for the year	-	-	36,357,109	122,617,869	4,448,659
Depreciation on disposals/write off	-	-	(3,745,898)	(9,678,878)	(2,527,210)
31 December 2010	-	-	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
<u>Allowance for impairment</u>					
31 December 2010	14,638,278	-	-	1,926,317	-
31 December 2011	14,638,278	-	-	1,926,317	-
<u>Net book value</u>					
31 December 2010	229,664,118	76,475,756	399,495,345	1,079,152,315	15,480,012
31 December 2011	230,128,623	76,475,756	385,089,320	1,003,961,204	16,467,543

Depreciation for the year

2010 (Baht 186.4 million included in manufacturing cost, and the balance in administrative expenses)

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

Separate financial statements

	Land	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles
<u>Cost</u>					
1 January 2010	22,323,875	219,179,278	783,572,541	33,671,599	42,218,100
Additions	-	290,000	10,721,594	1,379,669	4,768,000
Disposals/write off	-	(310,000)	(6,012,031)	(1,400,600)	(416,000)
Transfer in/(transfer out)	-	65,363,386	328,115,033	2,342,141	
Receipt of government grants	-	-	-	-	
31 December 2010	22,323,875	284,522,664	1,116,397,137	35,992,809	46,570,100
Additions	-	-	13,285,959	1,201,294	2,709,000
Disposals/write off	-	(1,077,297)	(44,855,958)	(1,012,236)	(2,021,000)
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	47,258,100

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>Accumulated depreciation</u>					
1 January 2010	-	162,089,734	519,264,816	30,654,647	26,230
Depreciation for the year	-	9,172,684	45,807,254	1,358,562	5,623
Depreciation on disposals/write off	-	(309,999)	(5,515,822)	(1,400,555)	(416)
31 December 2010	-	170,952,419	559,556,248	30,612,654	31,437
Depreciation for the year	-	11,897,111	63,218,495	1,857,203	5,876
Depreciation on disposals/write off	-	(1,077,295)	(44,780,293)	(563,799)	(1,806)
31 December 2011	-	181,772,235	577,994,450	31,906,058	35,507
<u>Allowance for impairment</u>					
31 December 2010	-	-	1,926,317	-	-
31 December 2011	-	-	1,926,317	-	-
<u>Net book value</u>					
31 December 2010	22,323,875	113,570,245	554,914,572	5,380,155	15,132
31 December 2011	22,323,875	107,944,920	514,593,226	5,274,809	11,750

Depreciation for the year

2010 (Baht 50.2 million included in manufacturing cost, and the balance in administrative expenses)

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

During 2011, the subsidiary capitalised interest amounting to Baht 1.2 million (2010: Baht 0.4 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 1.93% - 3.96% (2010: 1.97% - 3.57%).

As at 31 December 2011, the Company and its subsidiary had vehicles under finance lease agreements with net book value amounting to Baht 1.5 million (2010: Baht 6.0 million) and the Company only amounted to Baht 0.6 million (2010: Baht 4.2 million).

As at 31 December 2010, the majority of land and buildings thereon, land awaiting for development and machinery 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 2011, the majority of land and building thereon, and machinery 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 2011 and 2010, 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 1,048 million (2010: Baht 1,060 million) and for the Company amounted to approximately Baht 340 million (2010: Baht 375 million).

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

(Unit: Baht)

	Consolidated financial statements			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	Cost of palm plantation not ready for harvest	Total
Cost:						
1 January 2010	533,686,868	71,607,085	605,293,953	-	294,119	294,119
Additions	-	14,304,516	14,304,516	-	-	-
Disposals	(4,277,058)	-	(4,277,058)	-	-	-
Transfer in/(Transfer out)	44,625,526	(49,945,926)	(5,320,400)	294,119	(294,119)	-
31 December 2010	574,035,336	35,965,675	610,001,011	294,119	-	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	-	294,119
Accumulated amortisation:						
1 January 2010	279,280,508	-	279,280,508	-	-	-
Amortisation charged for the year	28,346,618	-	28,346,618	10,765	-	10,765
Amortisation on disposals	(4,109,721)	-	(4,109,721)	-	-	-
31 December 2010	303,517,405	-	303,517,405	10,765	-	10,765
Amortisation charged for the year	27,958,590	-	27,958,590	11,765	-	11,765
Amortisation on disposals	(2,135,996)	-	(2,135,996)	-	-	-
31 December 2011	329,339,999	-	329,339,999	22,530	-	22,530
Allowance for impairment loss:						
1 January 2010	8,661	-	8,661	-	-	-
Decrease during the year	(8,661)	-	(8,661)	-	-	-
31 December 2010	-	-	-	-	-	-
31 December 2011	-	-	-	-	-	-
Net book value:						
31 December 2010	270,517,931	35,965,675	306,483,606	283,354	-	283,354
31 December 2011	243,555,600	47,497,921	291,053,521	271,589	-	271,589
Amortisation for the year (included in manufacturing cost)						
2010			28,346,618			10,765
2011			27,958,590			11,765

Approximately 10,594 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 48 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.

17. Intangible assets

	Consolidated financial statements			(Unit: Baht) Separate financial statements
	Computer software	Licenses	Total	Computer software
	Cost			
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>
Cost				
31 December 2010				
Cost	49,212,153	10,764,200	59,976,353	23,270,484
Less: Accumulated amortisation	(40,983,518)	(995,539)	(41,979,057)	(19,336,307)
Net book value	<u>8,228,635</u>	<u>9,768,661</u>	<u>17,997,296</u>	<u>3,934,177</u>

A reconciliation of the net book value of intangible assets for the years 2011 and 2010 is presented below.

	Consolidated		(Unit: Baht) Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Net book value at beginning of year	17,997,296	20,944,424	3,934,177	4,644,624
Acquisition of computer software	1,191,749	947,822	411,050	486,450
Amortisation	(3,076,986)	(3,894,950)	(1,252,609)	(1,196,897)
Net book value at end of year	<u>16,112,059</u>	<u>17,997,296</u>	<u>3,092,618</u>	<u>3,934,177</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.

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

(Unit: Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2011	2010	2011	2010	2011	2010
Bank overdrafts	MOR	MOR	10,880	110,478	-	-
Short-term loans from financial institutions	3.43 - 4.10	1.80 - 2.43	2,200,000,000	1,537,000,000	1,415,000,000	825,000,000
Total			2,200,010,880	1,537,110,478	1,415,000,000	825,000,000

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

19. Trade and other payables

(Unit: Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
Trade payables - related parties	1,796,825	25,950,550	166,424,800	67,378,024
Trade payables - unrelated parties	363,220,896	302,088,753	259,249,246	224,706,214
Other payables - unrelated parties	50,223,540	49,594,710	31,147,831	22,112,190
Advance received from related parties	84,758	6,109	16,948	37,660
Other payables for purchase of machineries	23,235,233	19,412,973	3,369,392	3,224,251
Total trade and other payables	438,561,252	397,053,095	460,208,217	317,458,339

20. Other current liabilities

(Unit: Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
Accrued dividend	6,312,463	20,993,785	3,782,110	18,091,906
Accrued expenses	116,471,234	85,177,895	73,716,376	53,289,417
Advance incomes	10,983,285	16,509,061	10,983,285	16,509,060
Others	42,826,568	35,688,969	27,564,527	26,726,673
Total other current liabilities	176,593,550	158,369,710	116,046,298	114,617,056

21. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Liabilities under finance lease agreements	1,200,121	6,203,585	570,905	4,386,401
Less: Deferred interest expenses	(28,378)	(251,852)	(4,403)	(161,433)
Net	1,171,743	5,951,733	566,502	4,224,968
Less: Portion due within one year	(1,036,638)	(4,774,528)	(566,502)	(3,658,466)
Liabilities under finance lease agreements - net of current portion	135,105	1,177,205	-	566,502

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.

As at 31 December 2011, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	Consolidated financial statements		
	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 statements		
	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

22. Long-term loans

Loan	Consolidated financial statements		Separate financial statements		Interest Rate (Per annum)	Repa
	2011	2010	2011	2010		
<u>The Company</u>						
1	95.00	135.00	95.00	135.00	THBFIX plus applicable margin	Repayme installm 2010
Total long-term loan - the Company	<u>95.00</u>	<u>135.00</u>	<u>95.00</u>	<u>135.00</u>		
<u>The subsidiary company held by the subsidiary</u>						
Union Frost Company Limited						
1	27.88	41.92	-	-	Fixed rate	Monthly i 1.17 mil from Ja
2	30.22	44.26	-	-	Fixed rate	Monthly i 1.17 mil from Ma
Total long-term loans - the subsidiary company held by the subsidiary	<u>58.10</u>	<u>86.18</u>	<u>-</u>	<u>-</u>		
Total long-term loans	<u>153.10</u>	<u>221.18</u>	<u>95.00</u>	<u>135.00</u>		
Less: Current portion	<u>(68.08)</u>	<u>(68.08)</u>	<u>(40.00)</u>	<u>(40.00)</u>		
Long-term loans - net of current portion	<u>85.02</u>	<u>153.10</u>	<u>55.00</u>	<u>95.00</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 34.1.

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.

23. 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.

24. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

	(Unit: Baht)		
	Consolidated financial statements		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Defined benefit obligation at beginning of year	147,730,710	3,893,028	151,623,738
Current service cost	12,900,074	386,568	13,286,642
Interest cost	4,431,218	111,207	4,542,425
Benefits paid during the year	(22,125,600)	-	(22,125,600)
Defined benefit obligation at end of year	142,936,402	4,390,803	147,327,205
Unrecognised transitional provisions	(87,228,908)	(3,114,422)	(90,343,330)
Provisions for long-term employee benefits at end of year	<u>55,707,494</u>	<u>1,276,381</u>	<u>56,983,875</u>

(Unit: Baht)

	Separate financial statements		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Defined benefit obligation at beginning of year	96,908,438	3,893,028	100,801,466
Current service cost	8,395,251	386,568	8,781,819
Interest cost	2,888,919	111,207	3,000,126
Benefits paid during the year	(17,445,837)	-	(17,445,837)
Defined benefit obligation at end of year	90,746,771	4,390,803	95,137,574
Unrecognised transitional provisions	(48,664,841)	(3,114,422)	(51,779,263)
Provisions for long-term employee benefits at end of year	<u>42,081,930</u>	<u>1,276,381</u>	<u>43,358,311</u>

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 40.4 million (the Company only: Baht 24.7 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2011</u> (% per annum)	<u>2010</u> (% per annum)	<u>2011</u> (% per annum)	<u>2010</u> (% per annum)
Discount rate	3.1	3.1	3.1	3.1
Future salary increase rate	5.0	5.0	5.0	5.0
Staff turnover rate (depending on age of employee)	0 - 80	0 - 80	0 - 45	0 - 45

25 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.

26. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Salary and wages and other employee benefits	714,318,027	632,812,232	271,278,178	259,541,828
Depreciation and amortisation expenses	237,163,840	212,816,050	85,812,293	64,868,710
Transportation expenses	170,119,547	141,788,169	83,876,753	86,568,368
Promotion expenses	97,947,117	111,826,538	97,947,117	104,961,117
Repair and maintenance expenses	68,481,128	64,957,642	15,265,675	18,178,870
Rental expenses from operating lease agreements	33,688,060	52,614,701	9,384,815	11,994,478
Raw materials and consumables used	8,040,075,072	5,736,720,078	6,495,354,790	4,885,711,985
Changes in inventories of finished goods and work in process	507,620,052	35,022,388	526,436,083	25,611,906

27 Corporate income tax

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

28. 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 2011 and 2010 were as follows:

	(Unit: Baht)					
	Promoted operations		Non-promoted operations		Total	
	2011	2010	2011	2010	2011	2010
Sales						
Domestic sales	842,518,277	354,332,320	6,430,040,350	5,905,602,752	7,272,558,627	6,259,935,072
Export sales	3,910,000	1,547,650	254,420,861	254,720,966	258,330,861	256,268,616
Total sales	<u>846,428,277</u>	<u>355,879,970</u>	<u>6,684,461,211</u>	<u>6,160,323,718</u>	<u>7,530,889,488</u>	<u>6,516,203,688</u>

29. 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	
	2011	2010	2011	2010
Profit attributable to equity holders of the parent (thousand Baht)	168,181	198,961	134,441	223,004
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings per share (Baht/share)	0.21	0.24	0.16	0.27

30. 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 2011 and 2010 were as follows:

(Unit: Million Baht)

	Segment				Total		Elimination of inter-segment revenues		Consolidated	
	Palm oil		Processed fruits and vegetables							
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	6,980	5,885	1,905	1,599	8,885	7,484	-	-	8,885	7,484
Intersegment revenues	1,180	779	745	600	1,925	1,379	(1,925)	(1,379)	-	-
Total revenues	8,160	6,664	2,650	2,199	10,810	8,863	(1,925)	(1,379)	8,885	7,484
Segment income	957	738	299	272	1,256	1,010	(20)	1	1,236	1,011
Unallocated income and expenses:										
Other income									104	67
Selling expenses									(592)	(532)
Administrative expenses									(250)	(206)
Finance cost									(84)	(45)
Corporate income tax									(142)	(75)
Non-controlling interests of the subsidiaries									(104)	(21)
Profit for the year attributable to equity holders of the Company									168	199

(Unit: Million Baht)

	Segment				Total		Elimination of inter-segment revenues		Consolidated	
	Palm oil		Processed fruits and vegetables							
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Property, plant and equipment - net	1,188	1,232	688	653	1,876	1,885	-	-	1,876	1,885
Unallocated assets	4,337	3,318	783	762	5,120	4,080	(1,325)	(1,149)	3,795	2,931
Total assets	5,525	4,550	1,471	1,415	6,996	5,965	(1,325)	(1,149)	5,671	4,816

Transfer prices between business segments are as set out in Note 7 to the financial statements.

31. 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 2011, total amount of approximately of Baht 9.6 million (2010: Baht 9.7 million) had been contributed to the funds by the Company and the subsidiaries, and Baht 5.8 million had been contributed by the Company (2010: Baht 5.6 million).

32. Dividend

	<u>Approved by</u>	<u>Total dividends</u>	(Unit: Baht) <u>Dividend per share</u>
<u>The Company</u>			
<u>For the year 2010</u>			
Final dividend on 2009 income	Annual General Meeting of the shareholders on 28 April 2010	<u>205,000,000</u>	<u>0.25</u>
Total dividend for the year 2010		<u><u>205,000,000</u></u>	<u><u>0.25</u></u>
<u>For the year 2011</u>			
Final dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	<u>122,998,711</u>	<u>0.15</u>
Total dividend for the year 2011		<u><u>122,998,711</u></u>	<u><u>0.15</u></u>

On 27 April 2011, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment in respect of the 2010 income to the Company's shareholders at Baht 0.15 per share, totaling Baht 123,000,000. However, the Thailand Securities Depository Company Limited notified the Company that certain shareholders were not entitled to receive dividend amounting to approximately Baht 1,289. The dividend payment of Baht 122,998,711 was made in May 2011.

			(Unit: Baht)
	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
<u>Subsidiary</u>			
<u>For the year 2010</u>			
Final dividend on 2009 income	Annual General Meeting of the shareholders on 28 April 2010	64,809,000	0.20
Interim dividends on income for the period from January to June 2010	Board of Directors' Meeting on 11 August 2010	32,404,800	0.10
Interim dividends on income for the period from July to September 2010	Board of Directors' Meeting on 10 November 2010	32,404,520	0.10
Total dividend for the year 2010		<u>129,618,320</u>	<u>0.40</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>

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2011, the Company and its subsidiaries had capital expenditures under the agreements and purchase orders for purchase of equipment including services payable in the future amounting to approximately Baht 42 million (the Company only: Baht 16 million).

33.2 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.

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	5.5
1 to 5 years	0.4

33.3 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.

33.4 Guarantees

As at 31 December 2011, there were outstanding bank guarantees of approximately 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 1.2 million to guarantee payments due to domestic creditors and Baht 15.5 million to guarantee electricity usage, among others (the Company only: guarantee payment due to domestic creditors of Baht 1.2 million and guarantees for electricity usage and others of Baht 7.9 million).

33.5 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.

34. Financial instruments

34.1 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. However, since 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, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 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).

	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		
(Million Baht)						
Financial assets						
Cash and cash equivalents	-	-	457	1	458	0.10 - 3.13
Short-term investments - fixed deposits at bank	-	-	50	-	50	3.03
Trade accounts receivable - net	-	-	-	1,067	1,067	
	-	-	507	1,068	1,575	
Financial liabilities						
Bank overdrafts and short- term loans	-	-	2,200	-	2,200	3.43 - 4.25
Trade accounts payable	-	-	-	365	365	-
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	68	85	-	-	153	5.70, THBFIX + Fixed rate
	69	85	2,250	365	2,769	

As at 31 December 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 original loan agreement (Percent)	Interest rate in the swap agreement (Percent)
30 December 2008	28 February 2014	86.18	THBFIX + 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 as at 31 December 2011 are summarised below.

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

Forward exchange contracts outstanding as at 31 December 2011 are summarised below.

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

34.2 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.

As at 31 December 2011, the subsidiary had unrealised loss on changes in the value of forward exchange contracts to present them at fair value totaling Baht 3.7 million, and had unrealised loss on interest rate swap agreement to present it at fair value totaling Baht 1.1 million.

35. 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 2011, the Group's debt-to-equity ratio was 1.26:1 (2010: 0.98:1) and the Company's was 0.99:1 (2010: 0.67:1).

36. Subsequent event

On 24 February 2012, the meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.08 per share in respect of the 2011 earnings, or a total of Baht 65.6 million.

On 23 February 2012, the meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.50 per share in respect of October to December 2011 earnings, or a total of Baht 162 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.

37. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

In addition, the other reclassifications which had no effect to previously reported profit or shareholders' equity are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statements of financial position</u>				
Investment property	57,000,573	-	15,055,835	-
Property, plant and equipment	1,884,284,696	2,190,768,302	728,987,204	744,326,393
Non-operating asset	-	57,000,573	-	-
Cost of forest land rights and cost of palm plantation	306,483,606	-	283,354	-

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2012.