

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 2012

Independent Auditor's Report on Review of Interim Financial Information

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

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

Scope of review

I conducted my reviews in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

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

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

Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited
Bangkok: 9 November 2012

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2012 (Unaudited but reviewed)	31 December 2011 (Audited)	30 September 2012 (Unaudited but reviewed)	31 December 2011 (Audited)
Assets					
Current assets					
Cash and cash equivalents	4	308,374	508,343	88,878	220,122
Trade and other receivables	3, 5	871,309	1,070,064	795,893	987,829
Inventories	6	1,733,991	1,599,361	847,762	1,031,793
Other current assets		45,108	57,091	10,501	20,963
Total current assets		2,958,782	3,234,859	1,743,034	2,260,707
Non-current assets					
Investment in associated company	7	-	-	-	-
Investments in subsidiaries	8	-	-	1,312,491	1,312,479
Other long-term investments		931	809	931	809
Investment properties	9	52,676	53,238	12,086	13,357
Property, plant and equipment	10	1,878,774	1,875,950	654,091	698,074
Cost of forest land rights and cost of palm plantation	11	271,062	291,054	263	272
Goodwill		196,376	196,376	-	-
Intangible assets	12	14,708	16,112	2,931	3,093
Other non-current assets		1,197	2,619	454	455
Total non-current assets		2,415,724	2,436,158	1,983,247	2,028,539
Total assets		5,374,506	5,671,017	3,726,281	4,289,246

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2012	31 December 2011	30 September 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	13	1,854,802	2,200,011	776,609	1,415,000
Trade and other payables	3, 14	427,824	438,561	430,005	460,208
Short-term loan from related party	3	50,000	50,000	-	-
Current portion of liabilities under					
finance lease agreements		202	1,037	-	567
Current portion of long-term loans	16	68,080	68,080	40,000	40,000
Income tax payable		23,296	65,941	-	-
Other current liabilities	15	172,573	176,594	108,180	116,046
Total current liabilities		2,596,777	3,000,224	1,354,794	2,031,821
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion		-	135	-	-
Long-term loans - net of current portion	16	33,960	85,020	25,000	55,000
Provision for land rental charge		20,468	20,468	-	-
Provision for long-term employee benefits	17	75,896	56,984	50,246	43,358
Total non-current liabilities		130,324	162,607	75,246	98,358
Total liabilities		2,727,101	3,162,831	1,430,040	2,130,179

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Paid-in capital				
Share premium	241,970	241,970	241,970	241,970
Premium on treasury stock	5,269	5,269	5,269	5,269
Retained earnings				
Appropriated - statutory reserve	103,071	103,071	82,000	82,000
Unappropriated	1,149,075	1,010,014	1,147,589	1,010,537
Other components of shareholders' equity	398	276	(587)	(709)
Equity attributable to owners of the Company	2,319,783	2,180,600	2,296,241	2,159,067
Non-controlling interests of the subsidiaries	327,622	327,586	-	-
Total shareholders' equity	2,647,405	2,508,186	2,296,241	2,159,067
Total liabilities and shareholders' equity	5,374,506	5,671,017	3,726,281	4,289,246
	-	-	-	-

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

Directors

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 September 2012 and 2011

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

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit or loss:				
Revenues				
Sales	1,923,345	2,150,396	1,564,219	1,799,523
Dividend income	32	-	68,047	68,015
Subsidy from the Department of Internal Trade	-	(2,602)	-	(2,602)
Other income	<u>30,832</u>	<u>18,042</u>	<u>33,594</u>	<u>6,982</u>
Total revenues	<u>1,954,209</u>	<u>2,165,836</u>	<u>1,665,860</u>	<u>1,871,918</u>
Expenses				
Cost of sales	1,666,552	1,830,494	1,482,577	1,726,666
Selling expenses	136,171	156,597	81,563	86,336
Administrative expenses	<u>53,319</u>	<u>71,951</u>	<u>32,682</u>	<u>29,728</u>
Total expenses	<u>1,856,042</u>	<u>2,059,042</u>	<u>1,596,822</u>	<u>1,842,730</u>
Profit before finance cost and corporate income tax				
Corporate income tax	98,167	106,794	69,038	29,188
Finance cost	<u>(17,482)</u>	<u>(26,211)</u>	<u>(7,446)</u>	<u>(17,048)</u>
Profit before corporate income tax	80,685	80,583	61,592	12,140
Corporate income tax	<u>(22,488)</u>	<u>(36,715)</u>	<u>(1,006)</u>	-
Profit for the period	<u>58,197</u>	<u>43,868</u>	<u>60,586</u>	<u>12,140</u>
Other comprehensive income:				
Gain (deficit) on changes in value of available-for-sale investments	<u>66</u>	<u>(82)</u>	<u>66</u>	<u>(82)</u>
Other comprehensive income for the period	<u>66</u>	<u>(82)</u>	<u>66</u>	<u>(82)</u>
Total comprehensive income for the period	<u>58,263</u>	<u>43,786</u>	<u>60,652</u>	<u>12,058</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month periods ended 30 September 2012 and 2011

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit attributable to:					
Profit of equity holders of the Company		41,283	10,965	<u>60,586</u>	<u>12,140</u>
Profit of non-controlling interests of the subsidiaries		<u>16,914</u>	<u>32,903</u>		
		<u>58,197</u>	<u>43,868</u>		
Total comprehensive income attributable to:					
Profit of equity holders of the Company		41,349	10,883	<u>60,652</u>	<u>12,058</u>
Profit of non-controlling interests of the subsidiaries		<u>16,914</u>	<u>32,903</u>		
		<u>58,263</u>	<u>43,786</u>		
Basic earnings per share					
	18				
Profit attributable to equity holders of the parent		<u>0.05</u>	<u>0.01</u>	<u>0.07</u>	<u>0.01</u>
Weighted average number of ordinary shares (Thousand shares)		<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2012 and 2011

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

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit or loss:				
Revenues				
Sales	5,726,389	6,472,101	4,782,859	5,543,846
Dividend income	116	138	181,489	102,160
Subsidy from the Department of Internal Trade	-	29,092	-	29,092
Other income	<u>72,739</u>	<u>57,754</u>	<u>90,389</u>	<u>26,262</u>
Total revenues	<u>5,799,244</u>	<u>6,559,085</u>	<u>5,054,737</u>	<u>5,701,360</u>
Expenses				
Cost of sales	4,822,674	5,605,584	4,478,449	5,340,278
Selling expenses	405,618	433,639	249,683	246,873
Administrative expenses	<u>153,370</u>	<u>199,651</u>	<u>96,547</u>	<u>96,913</u>
Total expenses	<u>5,381,662</u>	<u>6,238,874</u>	<u>4,824,679</u>	<u>5,684,064</u>
Profit before finance cost and corporate income tax				
Corporate income tax	417,582	320,211	230,058	17,296
Finance cost	<u>(57,063)</u>	<u>(58,439)</u>	<u>(29,600)</u>	<u>(36,477)</u>
Profit (loss) before corporate income tax	360,519	261,772	200,458	(19,181)
Corporate income tax	<u>(81,172)</u>	<u>(113,589)</u>	<u>(1,006)</u>	-
Profit (loss) for the period	<u>279,347</u>	<u>148,183</u>	<u>199,452</u>	<u>(19,181)</u>
Other comprehensive income:				
Gain (deficit) on changes in value of available-for-sale investments	<u>122</u>	<u>(202)</u>	<u>122</u>	<u>(202)</u>
Other comprehensive income for the period	<u>122</u>	<u>(202)</u>	<u>122</u>	<u>(202)</u>
Total comprehensive income for the period	<u>279,469</u>	<u>147,981</u>	<u>199,574</u>	<u>(19,383)</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2012 and 2011

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit (loss) attributable to:					
Profit (loss) of equity holders of the Company		201,461	65,822	<u>199,452</u>	<u>(19,181)</u>
Profit of non-controlling interests of the subsidiaries		<u>77,886</u>	<u>82,361</u>		
		<u>279,347</u>	<u>148,183</u>		
Total comprehensive income attributable to:					
Profit (loss) of equity holders of the Company		201,583	65,620	<u>199,574</u>	<u>(19,383)</u>
Profit of non-controlling interests of the subsidiaries		<u>77,886</u>	<u>82,361</u>		
		<u>279,469</u>	<u>147,981</u>		
Basic earnings (loss) per share					
	18				
Profit (loss) attributable to equity holders of the parent		<u>0.25</u>	<u>0.08</u>	<u>0.24</u>	<u>(0.02)</u>
Weighted average number of ordinary shares (Thousand shares)		<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of cash flows****For the nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit (loss) before income tax	360,519	261,772	200,458	(19,181)
Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	186,881	176,922	65,335	63,922
Increase (decrease) in allowance for doubtful accounts	339	(138)	366	(666)
Increase (decrease) in allowance for diminution in inventory value	(2,119)	19,626	(1,467)	6,447
Loss from write off of inventories	-	791	-	-
Gain on disposals of property, plant and equipment	(773)	(4,778)	(375)	(400)
Loss from write off of property, plant and equipment	2	236	2	-
Loss from write off of cost of palm plantation	7	124	-	-
Unrealised loss (gain) on exchange	731	(1,874)	-	(197)
Reserve for long-term employee benefits	30,562	30,271	18,476	18,557
Dividend income from subsidiary	-	-	(181,373)	(102,022)
Dividend income from other companies	(116)	(138)	(116)	(138)
Interest expenses	53,831	54,953	27,609	34,252
Income from operating activities before changes in operating assets and liabilities	629,864	537,767	128,915	574
Decrease (increase) in operating assets				
Trade and other receivables	197,365	(77,554)	191,541	10,388
Inventories	(128,322)	(841,655)	185,498	(639,037)
Other current assets	12,237	2,189	10,995	5,375
Other non-current assets	1,422	(383)	1	(347)
Increase (decrease) in operating liabilities				
Trade and other payables	(13,650)	(63,214)	(29,804)	(28,939)
Other current liabilities	(100)	32,149	(3,550)	14,828
Cash paid for long-term employee benefits	(11,650)	(3,211)	(11,588)	-
Cash from (used in) operating activities	687,166	(413,912)	472,008	(637,158)
Cash paid for interest expenses	(54,357)	(55,668)	(28,715)	(34,916)
Cash paid for corporate income tax	(124,095)	(89,541)	(1,539)	(7,251)
Net cash from (used in) operating activities	508,714	(559,121)	441,754	(679,325)

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of cash flows (continued)****For the nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Decrease in fixed deposits with maturity				
of more than 3 months	-	6,059	-	-
Acquisition of investment in subsidiary from				
non-controlling interest	(12)	(10,760)	(12)	-
Dividend received from subsidiary	-	-	181,373	102,022
Dividend received from other companies	116	138	116	138
Acquisitions of property, plant and equipment	(161,742)	(155,310)	(19,529)	(39,820)
Increase in cost of palm plantation	(6,303)	(10,665)	-	-
Proceeds from disposals of property,				
plant and equipment	848	5,320	409	892
Increase in intangible assets	(966)	(1,191)	(787)	(411)
Net cash from (used in) investing activities	<u>(168,059)</u>	<u>(166,409)</u>	<u>161,570</u>	<u>62,821</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and				
short-term loans from financial institutions	(345,146)	1,012,933	(638,391)	820,000
Repayment of liabilities under				
finance lease agreements	(970)	(2,984)	(567)	(2,241)
Repayment of long-term loans	(51,060)	(51,060)	(30,000)	(30,000)
Dividend paid	(143,448)	(167,090)	(65,610)	(123,004)
Net cash from (used in) financing activities	<u>(540,624)</u>	<u>791,799</u>	<u>(734,568)</u>	<u>664,755</u>
Net increase (decrease) in cash and				
cash equivalents	(199,969)	66,269	(131,244)	48,251
Cash and cash equivalents at beginning				
of the period	<u>508,343</u>	<u>361,178</u>	<u>220,122</u>	<u>203,874</u>
Cash and cash equivalents at end				
of the period	<u><u>308,374</u></u>	<u><u>427,447</u></u>	<u><u>88,878</u></u>	<u><u>252,125</u></u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the nine-month periods ended 30 September 2012 and 2011

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Supplementary disclosures of cash flows information				
Non-cash transactions				
Acquisitions of property, plant and equipment that				
have not been paid	25,797	23,162	134	1,676
Transferred nursery to inventory account	4,189	2,466	-	-

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 nine-month periods ended 30 September 2012 and 2011

		Consolidated financial statements							
		Equity attributable to the parent's shareholders					Other components of equity		
		Retained earnings					Other comprehensive income	Other changes by the owners	
		Issued and paid up		Share premium	Premium on treasury stock	Appropriated - statutory reserve	Unappropriated	Deficit on changes in value of available-for-sale investments	Surplus from change in shareholding in subsidiary
Note	share capital	premium	treasury stock	reserve	Unappropriated	investments	in subsidiary		
Balance as at 31 December 2010	820,000	241,970	5,269	102,775	950,775	(584)	5,009		
Acquisition of investment in subsidiary from non-controlling interest	-	-	-	292	(292)	-	(4,024)		
Total comprehensive income for the period	-	-	-	-	65,822	(202)	-		
Unappropriated retained earnings transferred to statutory reserve	-	-	-	5	(5)	-	-		
Reversal of prior year dividend	-	-	-	-	14,353	-	-		
Dividend paid	20	-	-	-	(123,000)	-	-		
Decrease in minority interests from dividend payment in subsidiary	-	-	-	-	-	-	-		
Balance as at 30 September 2011	820,000	241,970	5,269	103,072	907,653	(786)	985		

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 nine-month periods ended 30 September 2012 and 2011

		Consolidated financial statements						
		Equity attributable to the parent's shareholders					Other components of equity	
		Retained earnings					Other comprehensive income	Other changes by the owners
		Appropriated -					Deficit on changes in value of available-for-sale investments	Surplus from change in shareholding in subsidiary
		Issued and paid up share capital	Share premium	Premium on treasury stock	statutory reserve	Unappropriated		
Note								
	Balance as at 31 December 2011	820,000	241,970	5,269	103,071	1,010,014	(709)	985
	Acquisition of investment in subsidiary							
	from non-controlling interest	8	-	-	-	-	-	-
	Total comprehensive income for the period					201,461	122	-
	Reversal of prior year dividend					3,199	-	-
	Dividend paid	20	-	-	-	(65,599)	-	-
	Decrease in minority interests from dividend payment in subsidiary							
		-	-	-	-	-	-	-
	Balance as at 30 September 2012	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>103,071</u>	<u>1,149,075</u>	<u>(587)</u>	<u>985</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity (continued)
 For the nine-month periods ended 30 September 2012 and 2011

Separate financial statements

	Note	Issued and paid up		Premium on treasury stock	Retained earnings	
		share capital	Share premium		Appropriated - statutory reserve	Unappropriated
Balance as at 31 December 2010		820,000	241,970	5,269	82,000	984,741
Total comprehensive income for the period		-	-	-	-	(19,181)
Reversal of prior year dividend		-	-	-	-	14,353
Dividend paid	20	-	-	-	-	(123,000)
Balance as at 30 September 2011		<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>856,913</u>
Balance as at 31 December 2011		820,000	241,970	5,269	82,000	1,010,537
Total comprehensive income for the period		-	-	-	-	199,452
Reversal of prior year dividend		-	-	-	-	3,199
Dividend paid	20	-	-	-	-	(65,599)
Balance as at 30 September 2012		<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,147,589</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2012 and 2011

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (herein after called "the Company") and the financial statements of its subsidiaries (herein after called "the subsidiaries"), which were incorporated in Thailand, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2011. There have been no changes in the composition of the group during the current period.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

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

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

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

3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<i>Transactions with subsidiaries</i>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	419.1	276.5	Market price on the contract's date (2011: Market price on the contract's date/Price set by National Palm Oil Policy Committee)
Purchase of finished goods	-	-	181.3	179.9	Market price less fixed margin
Sales of goods and services	-	-	0.3	-	Market price
Rental income	-	-	0.6	0.5	Market price/Contract price
Selling and administrative service income	-	-	21.4	-	Actual charge

(Unit: Million Baht)

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with related companies</u>					
Sales of goods and services	10.1	5.7	-	0.1	Price approximates market price
Purchase of goods and services	10.3	4.9	-	-	Selling price less marketing expenses and profit margin
Interest expenses	0.4	-	-	-	THBFIX + 0.50% per annum
<u>Transactions with jointly controlled entity</u>					
Land rental income	0.1	0.1	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	1.0	0.2	-	-	Market price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	1,073.7	903.3	Market price on the contract's date (2011: Market price on the contract's date/Price set by National Palm Oil Policy Committee)
Purchase of finished goods	-	-	585.4	515.0	Market price less fixed margin
Sales of goods and services	-	-	1.1	4.7	Market price
Rental income	-	-	1.7	1.6	Market price/Contract price
Selling and administrative service income	-	-	62.9	-	Actual charge
Discount from prepayment of goods	-	-	-	0.1	2.75% per annum of the amount collected prior the maturity
<u>Transactions with related companies</u>					
Sales of goods and services	19.1	17.9	-	0.1	Price approximates market price
Purchase of goods and services	22.4	46.0	-	32.6	Selling price less marketing expenses and profit margin
Interest expenses	1.2	-	-	-	THBFIX + 0.50% per annum
<u>Transactions with jointly controlled entity</u>					
Land rental income	0.4	0.3	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	1.9	1.0	-	-	Market price

(Unaudited but reviewed)

The balances of accounts as at 30 September 2012 and 31 December 2011 between the Company and the related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
<u>Trade and other receivables - related parties</u>				
(Note 5)				
Subsidiaries	-	-	19,245	484
Associated companies	452	452	-	-
Related companies (related by common shareholders)	26,498	26,246	4	67
Total trade and other receivables - related parties	26,950	26,698	19,249	551
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade accounts receivable - related parties, net	6,170	5,918	19,249	551
<u>Short-term loans to related parties</u>				
Associated companies	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans to related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 14)				
Subsidiaries	-	-	187,234	165,858
Related companies (related by common shareholders)	7,848	1,882	503	584
Total trade and other payables - related parties	7,848	1,882	187,737	166,442
<u>Short-term loans from related party</u>				
Related company (related by common shareholders)	50,000	50,000	-	-
Total short-term loans from related party	50,000	50,000	-	-

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

(Unit: Thousand Baht)

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

Short-term loans to related parties

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

Short-term loans from related party

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

Selling and administrative service income

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

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

Directors and Management's benefits

During the nine-month periods ended 30 September 2012 and 2011, the Company and its subsidiaries have short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 107.2 million (the Company only: Baht 68.0 million) (30 September 2011: Baht 110.0 million, the Company only: Baht 66.1 million).

4. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Cash	2,375	2,324	1,538	945
Bank deposits	256,014	256,095	87,340	169,177
Investment in Bank of Thailand Bond	49,985	249,924	-	50,000
Total	308,374	508,343	88,878	220,122

As at 30 September 2012, bank deposits in savings account, fixed deposits and bills of exchange carried interest between 0.10 and 2.80 percent per annum (31 December 2011: between 0.10 and 3.13 percent per annum).

5. Trade and other receivables

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	4,693	5,914	-	19
Past due				
Up to 3 months	1,477	-	-	10
Over 12 months	452	452	-	-
Total	6,622	6,366	-	29
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade accounts receivable - related parties, net	6,170	5,914	-	29

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	40,385	45,342	40,385	45,302
Cheque returned	12,849	13,072	7,886	8,108
Not yet due	717,380	883,738	668,768	829,963
Past due				
Up to 3 months	104,527	132,968	67,339	111,499
3 - 6 months	2,483	1,130	28	786
6 - 12 months	627	287	536	233
Over 12 months	19,509	18,834	2,531	1,850
Total	897,760	1,095,371	787,473	997,741
Less: Allowance for doubtful accounts	(34,319)	(34,004)	(10,829)	(10,463)
Total trade accounts receivable - unrelated parties, net	863,441	1,061,367	776,644	987,278
Total trade accounts receivable - net	869,611	1,067,281	776,644	987,307
<u>Other receivables</u>				
Other receivables - related parties	-	-	3,930	-
Other receivables - unrelated parties	396	2,779	-	-
Accrued income from related party	-	-	15,319	-
Accrued income from unrelated parties	625	-	-	-
Advances to related parties	20,328	20,332	-	522
Advances to unrelated parties	677	-	-	-
Less: Allowance for doubtful accounts	(20,328)	(20,328)	-	-
Other receivables - net	1,698	2,783	19,249	522
Total trade and other receivables - net	871,309	1,070,064	795,893	987,829

6. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the nine-month period ended 30 September 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2011	15,716	1,590
Reversal of transaction for reduction of inventory to net realisable value	(2,119)	(1,467)
Balance as at 30 September 2012	13,597	123

7. Investment in associated company

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

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

8. Investments in subsidiaries

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

Company's name	Paid-up share capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the nine-month periods ended 30 September	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	2012	2011
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	181,373	102,022
Universal Food Public Company Limited	525,000	525,000	98.76	98.76	585,243	585,231	-	-
Total					1,335,587	1,333,575	181,373	102,022
Less: Allowance for impairment loss of investments					(21,096)	(21,096)		
Total investments in subsidiaries - net					1,312,491	1,312,479		

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

As at 30 September 2012, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 2,630 million.

9. Investment property

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2011	53,238	13,357
Depreciation for the period	(562)	(1,271)
Balance as at 30 September 2012	<u>52,676</u>	<u>12,086</u>

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

10. Property, plant and equipment

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 31 December 2011	1,875,950	698,074
Acquisitions during the period - at cost	163,645	19,159
Disposals during the period - net book value at disposal date	(77)	(36)
Depreciation for the period	(161,850)	(63,106)
Interest capitalised to assets	1,106	-
Net book value as at 30 September 2012	<u>1,878,774</u>	<u>654,091</u>

During the period, the subsidiary capitalised interest amounting to Baht 1.1 million to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average rate of these loans, at 3.01% to 4.10% per annum.

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

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

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2011	291,054	272
Acquisitions during the period - at cost	6,303	-
Write off during the period - net book value at write off date	(7)	-
Amortisation for the period	(22,099)	(9)
Transferred to inventory account	(4,189)	-
Net book value as at 30 September 2012	<u>271,062</u>	<u>263</u>

12. Intangible assets

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2011	16,112	3,093
Acquisitions during the period - at cost	966	787
Amortisation for the period	(2,370)	(949)
Net book value as at 30 September 2012	<u>14,708</u>	<u>2,931</u>

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2012	2011	2012	2011	2012	2011
Bank overdrafts	MOR	MOR	861	11	-	-
Short-term loans from financial institutions	2.15 - 4.05	3.43 - 4.10	1,853,941	2,200,000	776,609	1,415,000
Total			1,854,802	2,200,011	776,609	1,415,000

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

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Trade accounts payable - related parties	7,833	1,797	187,724	166,425
Trade accounts payable - unrelated parties	350,775	363,221	219,819	259,249
Other payables - related parties	5	-	-	-
Other payables - unrelated parties	46,429	50,223	18,089	31,148
Advance received from related parties	10	85	13	17
Other payables for purchase of machineries	22,772	23,235	4,360	3,369
Total trade and other payables	427,824	438,561	430,005	460,208

15. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Accrued dividend	3,141	6,313	572	3,782
Accrued expenses	119,229	116,471	74,064	73,716
Advance income	5,707	10,983	5,707	10,983
Others	44,496	42,827	27,837	27,565
Total other current liabilities	172,573	176,594	108,180	116,046

16. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Long-term loans	102,040	153,100	65,000	95,000
Less: Current portion	(68,080)	(68,080)	(40,000)	(40,000)
Long-term loans - net of current portion	33,960	85,020	25,000	55,000

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

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2011	153,100	95,000
Less: Repayments during the period	(51,060)	(30,000)
Balance as at 30 September 2012	102,040	65,000

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

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

17. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Defined benefit obligation at beginning of period	142,936	4,391	147,327
Current service cost	9,713	298	10,011
Interest cost	3,492	82	3,574
Benefits paid during the year	(11,650)	-	(11,650)
Defined benefit obligation at end of period	144,491	4,771	149,262
Unrecognised transitional provisions	(70,835)	(2,531)	(73,366)
Provisions for long-term employee benefits at end of period	73,656	2,240	75,896

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Defined benefit obligation at beginning of period	90,747	4,391	95,138
Current service cost	6,141	298	6,439
Interest cost	2,235	82	2,317
Benefits paid during the year	(11,588)	-	(11,588)
Defined benefit obligation at end of period	87,535	4,771	92,306
Unrecognised transitional provisions	(39,529)	(2,531)	(42,060)
Provisions for long-term employee benefits at end of period	48,006	2,240	50,246

Long-term employee benefit expenses included in the profit for the nine-month period ended 30 September 2012 amounted to Baht 30.6 million (the Company only: Baht 18.5 million).

18. Basic earnings (loss) per share

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

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the period attributable to equity holders of the Company (thousand Baht)	41,283	10,965	60,586	12,140
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings per share (Baht/share)	0.05	0.01	0.07	0.01

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Profit (loss) for the period attributable to equity holders of the Company (thousand Baht)	201,461	65,822	199,452	(19,181)
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings (loss) per share (Baht/share)	0.25	0.08	0.24	(0.02)

19. Financial information by segment

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

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 September					
	Manufacture and distribution			Eliminated	Total	
	Palm oil products	Processed			2012	2011
		fruits and vegetables	Total			
Revenue from external customers	1,421	502	1,923	-	1,923	2,150
Intersegment revenues	419	181	600	(600)	-	-
Total revenues	1,840	683	2,523	(600)	1,923	2,150
Segment income	148	114	262	(5)	257	320
Unallocated income and expenses						
Other income					31	16
Selling expenses					(136)	(157)
Administrative expenses					(53)	(72)
Finance cost					(18)	(26)
Corporate income tax					(23)	(37)
Profit for the period					58	44
Profit attributable to non-controlling interest					(17)	(33)
Profit for the period attributable to equity holders of the Company					41	11

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the nine-month periods ended 30 September

	Manufacture and distribution		Total	Eliminated	Total	
	Palm oil products	Processed fruits and vegetables			2012	2011
Revenue from external customers	4,239	1,487	5,726	-	5,726	6,472
Intersegment revenues	1,074	585	1,659	(1,659)	-	-
Total revenues	<u>5,313</u>	<u>2,072</u>	<u>7,385</u>	<u>(1,659)</u>	<u>5,726</u>	<u>6,472</u>
Segment income	592	310	902	2	904	867
Unallocated income and expenses						
Other income					73	87
Selling expenses					(406)	(434)
Administrative expenses					(154)	(200)
Finance cost					(57)	(58)
Corporate income tax					(81)	(114)
Profit for the period					<u>279</u>	<u>148</u>
Profit attributable to non-controlling interest					<u>(78)</u>	<u>(82)</u>
Profit for the period attributable to equity holders of the Company					<u>201</u>	<u>66</u>

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

20. Dividend paid

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

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2012</u>			
Dividend on 2011 income	Annual General Meeting of the shareholders on 27 April 2012	65.60	0.08
<u>For the year 2011</u>			
Dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	123.00	0.15
<u>Subsidiary</u>			
<u>For the year 2012</u>			
Final dividend on 2011 income	Annual General Meeting of the shareholders on 27 April 2012	162.00	0.50
Interim dividends on income for the period from January to June 2012	Board of Directors' Meeting no. 3/2012 on 9 August 2012	97.22	0.30
<u>For the year 2011</u>			
Final dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	48.61	0.15
Interim dividends on income for the period from January to June 2011	Board of Directors' Meeting no. 3/2011 on 8 August 2011	97.22	0.30

21. Commitments and contingent liabilities

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

21.1 Capital commitments

The Company and its subsidiaries had capital commitments relating to the purchase of buildings, machineries, equipment, vehicles and construction of buildings amounting to approximately Baht 31.7 million (the Company only: Baht 3.3 million).

21.2 Long-term service commitments

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

21.3 Operating lease commitments

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

	<u>Million Baht</u>
Payable within:	
Less than 1 year	9.6
1 to 5 years	<u>3.0</u>
Total	<u>12.6</u>

21.4 Guarantees

As at 30 September 2012, there were outstanding bank guarantees of approximately Baht 19.6 million issued by the banks on behalf of the Company and its subsidiaries million to guarantee electricity usage (the Company only: Baht 11.1 million).

21.5 Contingent liabilities

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

- (2) In 2004, a subsidiary received a letter of invitation from the Agricultural Land Reform Office (ALRO) concerning the issue of land overlapping with ALRO land. On 6 October 2004, the subsidiary attended a fact-finding consultation meeting with the ALRO and handed over various relevant documents for use by ALRO in considering this issue. The result of this matter is not known at this time.
- (3) On 11 April 2008, a subsidiary met with the working committee responsible for reviewing practical methods and negotiations for distributing land belonging to holders of large plots in land reform areas to farmers, which had been set up by the Surat Thani Land Reform Commission. The purpose of meeting was to find a practical solution to the land issue arising as a result of the subsidiary holding land amounting to approximately 1,210 rai in designated forest areas and another 276 rai in land reform areas. These land plots represent 3 percent of the total planted area of the subsidiary. The 276 rai in land reform areas represents a large landholding and a holding in excess of the area that can be owned under Section 30 of the Land Reform for Agriculture Act.

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of the notice, since the subsidiary has no land ownership documents. The cost of this land and the net book value of the palm plantation development on such land amounted to approximately Baht 0.2 million. The subsidiary has already set aside full allowance for impairment loss on the cost of these assets in 2009.

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

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

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

22. Financial instruments

22.1 Foreign currency assets and liabilities

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

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate as at 30 September 2012 (Baht per 1 foreign currency unit)
US dollars	2.3	1.3	30.8288
Euro	0.3	-	39.8453
Yen	-	0.7	0.4016

22.2 Forward exchange contracts

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

Foreign currency	Sold amount (Million)	Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Maturity date
US dollars	2.8	30.83 - 32.15	In July 2013
Euro	0.1	39.45	In February 2013

As at 30 September 2012, the subsidiary had unrealised gain on exchange in the value of foreign exchange contracts to present them at fair value totaling Baht 1.9 million.

22.3 Interest rate swap agreement

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

As at 30 September 2012, the subsidiary had unrealised loss on interest rate swap agreement to present it at fair value totaling Baht 0.4 million.

23. Approval of interim financial statements

These interim financial statements were authorised for issue on 9 November 2012 by the Company's audit committees under authority delegated by the board of directors of the Company.