

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2013

Independent Auditor's Report

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

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy made due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 21 February 2014

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Assets							
Current assets							
Cash and cash equivalents	8	233,723,235	259,266,032	508,342,952	46,880,426	54,861,727	220,122,139
Trade and other receivables	7, 9	1,011,552,983	901,752,822	1,070,063,448	929,688,533	822,070,831	987,828,906
Short-term loans to related parties	7	-	-	-	-	-	-
Inventories	10	1,103,370,066	1,566,557,742	1,599,361,285	548,842,010	775,711,507	1,031,792,591
Other current assets		47,142,150	57,582,333	57,091,013	18,931,219	18,048,415	20,963,404
Total current assets		2,395,788,434	2,785,158,929	3,234,858,698	1,544,342,188	1,670,692,480	2,260,707,040
Non-current assets							
Investment in associated company	11	-	-	-	-	-	-
Investments in subsidiaries	12	-	-	-	1,312,490,844	1,312,490,844	1,312,479,294
Other long-term investments	13	836,479	1,010,847	809,037	836,479	1,010,847	809,037
Investment properties	14	51,735,001	52,486,739	53,238,477	9,959,861	11,658,519	13,357,177
Property, plant and equipment	15	2,181,056,593	1,865,231,439	1,875,949,751	607,504,980	639,100,585	698,073,978
Cost of forest land rights and cost of palm plantation	16	273,578,527	264,912,830	291,053,521	248,059	259,824	271,589
Goodwill		196,376,189	196,376,189	196,376,189	-	-	-
Intangible assets	17	15,968,798	14,353,663	16,112,059	5,126,205	2,693,407	3,092,618
Deferred tax assets	27	40,794,409	39,470,069	43,849,183	10,670,843	11,453,596	18,739,218
Other non-current assets		6,525,330	2,028,143	2,619,097	468,435	516,738	454,978
Total non-current assets		2,766,871,326	2,435,869,919	2,480,007,314	1,947,305,706	1,979,184,360	2,047,277,889
Total assets		5,162,659,760	5,221,028,848	5,714,866,012	3,491,647,894	3,649,876,840	4,307,984,929

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 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	18	1,240,748,983	1,688,974,292	2,200,010,880	185,000,000	600,000,000	1,415,000,000
Trade and other payables	7, 19	401,460,812	317,492,574	438,561,252	472,741,228	393,875,131	460,208,217
Short-term loan from related party	7	50,000,000	50,000,000	50,000,000	-	-	-
Current portion of liabilities under finance lease agreements	21	-	135,105	1,036,638	-	-	566,502
Current portion of long-term loans	22	117,140,000	67,880,000	68,080,000	15,000,000	40,000,000	40,000,000
Income tax payable		33,137,894	51,112,852	65,941,316	16,544,213	10,913,161	-
Other current liabilities	20	170,136,806	182,954,881	176,593,550	105,537,604	112,536,119	116,046,298
Total current liabilities		2,012,624,495	2,358,549,704	3,000,223,636	794,823,045	1,157,324,411	2,031,821,017
Non-current liabilities							
Liabilities under finance lease agreements - net of current portion	21	-	-	135,105	-	-	-
Long-term loans - net of current portion	22	200,000,000	17,140,000	85,020,000	-	15,000,000	55,000,000
Provision for land rental charge	23	20,468,000	20,468,000	20,468,000	-	-	-
Provision for long-term employee benefits	24	77,735,920	71,787,741	56,983,875	41,842,550	43,886,577	43,358,311
Total non-current liabilities		298,203,920	109,395,741	162,606,980	41,842,550	58,886,577	98,358,311
Total liabilities		2,310,828,415	2,467,945,445	3,162,830,616	836,665,595	1,216,210,988	2,130,179,328

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 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)
Shareholders' equity						
Share capital						
Registered						
		820,000,000	820,000,000	820,000,000	820,000,000	820,000,000
		820,000,000	820,000,000	820,000,000	820,000,000	820,000,000
Paid-in surplus						
		241,970,265	241,970,265	241,970,265	241,970,265	241,970,265
		5,269,100	5,269,100	5,269,100	5,269,100	5,269,100
Retained earnings						
	25	103,071,298	103,071,298	103,071,298	82,000,000	82,000,000
		1,349,237,654	1,262,861,846	1,052,228,243	1,506,288,490	1,284,832,549
		439,673	579,167	417,719	(545,556)	(406,062)
		2,519,987,990	2,433,751,676	2,222,956,625	2,654,982,299	2,177,805,601
		331,843,355	319,331,727	329,078,771	-	-
		2,851,831,345	2,753,083,403	2,552,035,396	2,654,982,299	2,177,805,601
		5,162,659,760	5,221,028,848	5,714,866,012	3,491,647,894	4,307,984,929

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

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

Statements of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
			(Restated)		(Restated)
Profit or loss:					
Revenues					
Sales		7,243,414,725	7,612,229,539	5,859,338,205	6,383,852,900
Dividend income	12	182,268	116,581	113,539,823	249,503,202
Other income	7	99,412,141	127,999,725	104,309,534	125,316,095
Total revenues		7,343,009,134	7,740,345,845	6,077,187,562	6,758,672,197
Expenses					
Cost of sales	26	5,934,374,298	6,411,952,326	5,144,256,220	5,912,670,773
Selling expenses		596,935,109	556,703,923	361,622,924	338,854,797
Administrative expenses		235,060,872	212,697,615	122,094,987	132,616,771
Loss on impairment of assets	15	105,705,780	-	-	-
Total expenses		6,872,076,059	7,181,353,864	5,627,974,131	6,384,142,341
Profit before finance cost					
and income tax expenses		470,933,075	558,991,981	449,213,431	374,529,856
Finance cost		(52,331,368)	(74,105,323)	(12,412,778)	(36,111,652)
Profit before income tax expenses		418,601,707	484,886,658	436,800,653	338,418,204
Income tax expenses	27	(107,092,176)	(114,549,319)	(51,385,038)	(20,319,400)
Profit for the year		311,509,531	370,337,339	385,415,615	318,098,804
Other comprehensive income:					
Gain (loss) on changes in value of					
available-for-sale investments		(174,368)	201,810	(174,368)	201,810
Income tax effect on changes in value of					
available-for-sale investments	27	34,874	(40,362)	34,874	(40,362)
Other comprehensive income for the year		(139,494)	161,448	(139,494)	161,448
Total comprehensive income for the year		311,370,037	370,498,787	385,276,121	318,260,252

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 year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Profit attributable to:					
Profit of equity holders of the Company		250,335,482	273,033,604	<u>385,415,615</u>	<u>318,098,804</u>
Profit of non-controlling interests of the subsidiaries		<u>61,174,049</u>	<u>97,303,735</u>		
		<u>311,509,531</u>	<u>370,337,339</u>		
Total comprehensive income attributable to:					
Profit of equity holders of the Company		250,195,988	273,195,052	<u>385,276,121</u>	<u>318,260,252</u>
Profit of non-controlling interests of the subsidiaries		<u>61,174,049</u>	<u>97,303,735</u>		
		<u>311,370,037</u>	<u>370,498,787</u>		
Basic earnings per share					
	29				
Profit attributable to equity holders of the Company		<u>0.31</u>	<u>0.33</u>	<u>0.47</u>	<u>0.39</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 year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities				
Profit before tax	418,601,707	484,886,658	436,800,653	338,418,204
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	256,201,575	251,119,845	84,533,009	87,348,465
Increase in allowance for doubtful accounts	4,233,530	379,425	-	365,742
Increase (decrease) in allowance for diminution in inventory value	39,383,434	(3,265,216)	(117,790)	(1,471,345)
Increase in allowance for impairment loss of assets	105,705,780	-	-	-
Loss on write-off of property, plant and equipment	219,528	118,718	7	2,006
Gain on disposals of property, plant and equipment	(9,257,473)	(3,497,380)	(3,017,857)	(2,693,506)
Loss on write-off of cost of palm plantation	2,480,644	6,700	-	-
Loss on disposals of intangible assets	-	220,129	-	-
Unrealised loss (gain) on exchange	(318,553)	508,952	(112,747)	(49,117)
Provision for long-term employee benefits	40,018,334	40,712,853	23,895,256	24,634,273
Dividend income from subsidiary	-	-	(113,357,555)	(249,386,621)
Dividend income from other companies	(182,268)	(116,581)	(182,268)	(116,581)
Interest expenses	49,932,021	70,059,880	10,775,380	33,586,102
Profit from operating activities before changes in operating assets and liabilities	907,018,259	841,133,983	439,216,088	230,637,622
Decrease (increase) in operating assets				
Trade and other receivables	(111,646,339)	167,516,643	(107,515,206)	165,402,281
Inventories	432,015,620	42,445,180	226,987,287	257,552,429
Other current assets	9,469,386	(803,018)	(882,804)	2,914,989
Other non-current assets	(4,497,187)	590,954	48,303	(61,760)
Increase (decrease) in operating liabilities				
Trade and other payables	90,136,836	(109,372,767)	80,153,743	(67,374,264)
Other current liabilities	(13,550,553)	10,934,928	(6,506,324)	1,253,792
Cash paid for long-term employee benefits	(34,070,155)	(25,908,986)	(25,939,283)	(24,106,007)
Cash from operating activities	1,274,875,867	926,536,917	605,561,804	566,219,082
Cash paid for interest expenses	(49,109,961)	(71,287,102)	(11,227,245)	(2,160,979)
Cash paid for corporate income tax	(126,526,683)	(124,800,279)	(44,936,359)	(35,140,222)
Net cash from operating activities	1,099,239,223	730,449,536	549,398,200	528,917,881

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 year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from investing activities				
Acquisition of investment in subsidiary from non-controlling interest	-	(11,550)	-	(11,550)
Dividend received from subsidiary	-	-	113,357,555	249,386,621
Dividend received from other companies	182,268	116,581	182,268	116,581
Acquisitions of property, plant and equipment	(653,525,442)	(218,900,016)	(53,244,550)	(24,358,059)
Proceeds from disposals of property, plant and equipment	11,888,602	3,653,140	3,720,226	2,727,183
Increase in cost of palm plantation	(49,970,168)	(9,730,526)	-	-
Increase in intangible assets	(3,629,887)	(1,653,898)	(2,395,000)	(862,715)
Net cash from (used in) investing activities	(695,054,627)	(226,526,269)	61,620,499	226,998,061
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(449,000,611)	(511,234,468)	(415,000,000)	(815,000,000)
Repayment of liabilities under finance lease agreements	(135,105)	(1,036,638)	-	(566,502)
Cash received from long-term loans	300,000,000	-	-	-
Repayment of long-term loans	(67,880,000)	(68,080,000)	(40,000,000)	(40,000,000)
Dividend paid	(212,711,677)	(172,649,081)	(164,000,000)	(65,609,852)
Net cash used in financing activities	(429,727,393)	(753,000,187)	(619,000,000)	(921,176,354)
Net decrease in cash and cash equivalents	(25,542,797)	(249,076,920)	(7,981,301)	(165,260,412)
Cash and cash equivalents at beginning of the year	259,266,032	508,342,952	54,861,727	220,122,139
Cash and cash equivalents at end of the year (Note 8)	233,723,235	259,266,032	46,880,426	54,861,727

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid	4,810,478	11,131,693	307,210	1,584,605
Transferred palm nursery to inventory account	8,211,378	6,376,422	-	-
Transferred property, plant and equipment to intangible assets	700,000	-	700,000	-

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 year ended 31 December 2013

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other components of equity			Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Deficit on changes in value of available-for-sale investments	Other changes by the owners			Surplus from shareholding in subsidiary
Balance as at 31 December 2011												
- as previously reported		820,000,000	241,970,265	5,269,100	103,071,298	1,010,013,567	(709,388)	985,229	275,841	2,180,600,071	327,586,142	2,508,186,213
Cumulative effect of change in accounting policy for income tax	4	-	-	-	-	42,214,676	141,878	-	141,878	42,356,554	1,492,629	43,849,183
Balance as at 31 December 2011												
- as restated		820,000,000	241,970,265	5,269,100	103,071,298	1,052,228,243	(567,510)	985,229	417,719	2,222,956,625	329,078,771	2,552,035,396
Dividend paid	32	-	-	-	-	(65,598,752)	-	-	-	(65,598,752)	-	(65,598,752)
Reversal of prior year dividend		-	-	-	-	3,198,751	-	-	-	3,198,751	-	3,198,751
Total comprehensive income for the year (restated)		-	-	-	-	273,033,604	161,448	-	161,448	273,195,052	97,303,735	370,498,787
Acquisition of investment in subsidiary from non-controlling interests		-	-	-	-	-	-	-	-	-	(11,550)	(11,550)
Decrease in non-controlling interests from dividend payment in subsidiary		-	-	-	-	-	-	-	-	-	(107,039,229)	(107,039,229)
Balance as at 31 December 2012		820,000,000	241,970,265	5,269,100	103,071,298	1,262,861,846	(406,062)	985,229	579,167	2,433,751,676	319,331,727	2,753,083,403

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 year ended 31 December 2013

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other components of equity			Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Deficit on changes in value of available-for-sale investments	Other changes by the owners			Total other components of shareholders' equity
Balance as at 31 December 2012												
- as previously reported		820,000,000	241,970,265	5,269,100	103,071,298	1,225,396,432	(507,578)	985,229	477,651	2,396,184,746	317,428,588	2,713,613,334
Cumulative effect of change in accounting policy for income tax	4	-	-	-	-	37,465,414	101,516	-	101,516	37,566,930	1,903,139	39,470,069
Balance as at 31 December 2012												
- as restated		820,000,000	241,970,265	5,269,100	103,071,298	1,262,861,846	(406,062)	985,229	579,167	2,433,751,676	319,331,727	2,753,083,403
Dividend paid	32	-	-	-	-	(164,000,000)	-	-	-	(164,000,000)	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	40,326	-	-	-	40,326	-	40,326
Total comprehensive income for the year		-	-	-	-	250,335,482	(139,494)	-	(139,494)	250,195,988	61,174,049	311,370,037
Decrease in non-controlling interests from dividend payment in subsidiary		-	-	-	-	-	-	-	-	-	(48,662,421)	(48,662,421)
Balance as at 31 December 2013		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>103,071,298</u>	<u>1,349,237,654</u>	<u>(545,556)</u>	<u>985,229</u>	<u>439,673</u>	<u>2,519,987,990</u>	<u>331,843,355</u>	<u>2,851,831,345</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 year ended 31 December 2013

(Unit: Baht)

		Separate financial statements					Other components of equity		
		Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other comprehensive income Deficit on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders' equity
Note	Appropriated - statutory reserve				Unappropriated				
Balance as at 31 December 2011									
- as previously reported									
		820,000,000	241,970,265	5,269,100	82,000,000	1,010,536,406	(709,388)	(709,388)	2,159,066,383
Cumulative effect of change in accounting policy for income tax									
4		-	-	-	-	18,597,340	141,878	141,878	18,739,218
Balance as at 31 December 2011									
- as restated									
		820,000,000	241,970,265	5,269,100	82,000,000	1,029,133,746	(567,510)	(567,510)	2,177,805,601
32	Dividend paid	-	-	-	-	(65,598,752)	-	-	(65,598,752)
	Reversal of prior year dividend	-	-	-	-	3,198,751	-	-	3,198,751
	Total comprehensive income for the year (restated)	-	-	-	-	318,098,804	161,448	161,448	318,260,252
Balance as at 31 December 2012									
		820,000,000	241,970,265	5,269,100	82,000,000	1,284,832,549	(406,062)	(406,062)	2,433,665,852

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 year ended 31 December 2013

(Unit: Baht)

		Separate financial statements					Other components of equity		
		Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other comprehensive income Deficit on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders' equity
Note	statutory reserve				Unappropriated				
Balance as at 31 December 2012									
- as previously reported									
		820,000,000	241,970,265	5,269,100	82,000,000	1,273,480,469	(507,578)	(507,578)	2,422,212,256
Cumulative effect of change in accounting									
policy for income tax									
4		-	-	-	-	11,352,080	101,516	101,516	11,453,596
Balance as at 31 December 2012									
- as restated									
		820,000,000	241,970,265	5,269,100	82,000,000	1,284,832,549	(406,062)	(406,062)	2,433,665,852
32	Dividend paid	-	-	-	-	(164,000,000)	-	-	(164,000,000)
	Reversal of prior year dividend	-	-	-	-	40,326	-	-	40,326
	Total comprehensive income for the year	-	-	-	-	385,415,615	(139,494)	(139,494)	385,276,121
Balance as at 31 December 2013									
		820,000,000	241,970,265	5,269,100	82,000,000	1,506,288,490	(545,556)	(545,556)	2,654,982,299

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2013

1. General information

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting 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>2013</u> Percent	<u>2012</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	
			2013 Percent	2012 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 Phansrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	97	97

The frozen vegetable and fruit manufacturing business is operated by Union Frost Company Limited (the subsidiary held by the Company's subsidiary), and because its operating results have not met targets, the management decided that the business would not be beneficial to the subsidiary in the long-term. As a result, during 2013, the subsidiary plans to discontinue these operations and sell the related assets. The subsidiary has already downsized its production and laid off most of its employees, hiring temporary employees to operate the business since November 2013.

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

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting Standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

		<u>Effective date</u>
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

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

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to their significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Baht)

	As at 31 December 2013		As at 31 December 2012		As at 1 January 2012	
	Consolidated financial statement	Separate financial statement	Consolidated financial statement	Separate financial statement	Consolidated financial statement	Separate financial statement
Statements of financial position						
Increase in deferred tax assets	40,794,409	10,670,843	39,470,069	11,453,596	43,849,183	18,739,218
Increase in other components of shareholders' equity	136,390	136,390	101,516	101,516	141,878	141,878
Increase in non-controlling interests of the subsidiaries	2,195,105	-	1,903,139	-	1,492,629	-
Increase in unappropriated retained earnings of the Company	38,462,914	10,534,453	37,465,414	11,352,080	42,214,676	18,597,340

(Unit: Baht)

	For the year ended 31 December 2013		For the year ended 31 December 2012	
	Consolidated financial statement	Separate financial statement	Consolidated financial statement	Separate financial statement
Statements of comprehensive income				
Profit or loss:				
Decrease (increase) in income tax expenses	1,289,466	(817,627)	(4,338,752)	(7,245,260)
Increase (decrease) in profit attributable to equity holders of the Company	997,500	(817,627)	(4,749,262)	(7,245,260)
Increase in profit attributable to non-controlling interest of the subsidiaries	291,966	-	410,510	-
Increase (decrease) in basic earnings per share	0.001	(0.001)	(0.006)	(0.009)
Other comprehensive income:				
Decrease (increase) in income tax effect on changes in value of available-for-sale investments	(34,874)	(34,874)	40,362	40,362

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

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

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

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 the 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 and depreciation

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

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

Building	-	20 and 30 years
Building improvement	-	5 - 25 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 20 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

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

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

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 and amortisation

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.

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

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

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

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 grants on a systematic basis to the costs that are 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.

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

5.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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 their 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's and its subsidiaries' 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 they 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.

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

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

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 expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current 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.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risks and rewards of ownership of the leased asset have 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 and 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 estimated 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 records 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	949	1,379	Market prices on the contract date
Purchases of goods and services	-	-	728	779	Market prices less fixed margin
Sales of goods and services	-	-	2	2	Market price
Dividend income	-	-	113	249	At the declared rate
Rental income	-	-	2	2	Market price
Selling and administrative service income	-	-	62	83	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	25	23	-	-	Price approximates market price
Purchases of goods	5	34	-	-	Price less marketing expenses and margin
Interest expenses	2	2	-	-	THBFIX + 0.5% per annum
<u>Transactions with jointly controlled entity</u>					
Purchases of oil palm seeds and fresh fruit bunch	3	3	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties

As at 31 December 2013 and 2012, the balances of accounts between the Company and those related parties are detailed as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
(Unit: Baht)				
<u>Trade and other receivables - related parties</u> (Note 9)				
Subsidiaries	-	-	16,095,029	18,564,270
Associated company	452,280	452,280	-	-
Related companies (related by common shareholders)	24,938,203	23,935,342	38,544	-
Total trade and other receivables - related parties	25,390,483	24,387,622	16,133,573	18,564,270
Less: Allowance for doubtful accounts	(20,780,523)	(20,780,523)	-	-
Total trade and other receivables - related parties, net	4,609,960	3,607,099	16,133,573	18,564,270
<u>Short-term loans to related parties</u>				
Associated company	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	45,610,401	45,610,401	-	-
Less: Allowance for doubtful accounts	(45,610,401)	(45,610,401)	-	-
Total short-term loans to related parties	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 19)				
Subsidiaries	-	-	168,597,572	205,396,713
Related companies (related by common shareholders)	948,157	8,566,721	-	-
Total trade and other payables - related parties	948,157	8,566,721	168,597,572	205,396,713
<u>Short-term loan from related party</u>				
Related company (related by major shareholder)	50,000,000	50,000,000	-	-
Total short-term loan from related party	50,000,000	50,000,000	-	-

As at 31 December 2013 and 2012, the balance of short-term loan between the Company and the related party and the movement are as follows:

(Unit: Baht)

		Consolidated financial statements		
		Balance as at 31 December 2012	Increase (decrease)	Balance as at 31 December 2013
Company's name	Related by			
Lam Soon Holding Co., Ltd.	Major shareholder	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 a 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 the state of the Legal Execution Department.

Short-term loan from related party

Short-term loan from related company of subsidiary carries 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 had on 29 December 2011 agreed to extend the agreement for another 5 years, starting from 1 January 2012 and expiring on 31 December 2016.

During the year 2013, the Company had selling and administrative service income from such subsidiary totaling Baht 62 million (2012: Baht 83 million).

Directors and management's remuneration

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 140 million (the Company only: Baht 81 million) (2012: Baht 150 million, the Company only: Baht 90 million).

8. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash	3,167,463	1,644,343	1,113,200	825,144
Bank deposits	180,511,252	147,675,740	45,767,226	54,036,583
Investment in Bank of Thailand Bond	50,044,520	109,945,949	-	-
Total	<u>233,723,235</u>	<u>259,266,032</u>	<u>46,880,426</u>	<u>54,861,727</u>

As at 31 December 2013, bank deposits in saving accounts, fixed deposits and investment in Bank of Thailand Bond carried interests between 0.10 and 2.50 percent per annum (2012: between 0.10 and 2.72 percent per annum).

9. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	3,633,989	3,593,910	15,034	-
Past due				
Up to 3 months	943,425	-	-	-
3 - 6 months	-	1,189	-	-
6 - 12 months	13,274	12,000	-	-
Over 12 months	452,280	452,280	-	-
Total	<u>5,042,968</u>	<u>4,059,379</u>	<u>15,034</u>	<u>-</u>
Less: Allowance for doubtful accounts	<u>(452,280)</u>	<u>(452,280)</u>	<u>-</u>	<u>-</u>
Total trade receivables - related parties, net	<u>4,590,688</u>	<u>3,607,099</u>	<u>15,034</u>	<u>-</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	50,096,595	51,173,708	50,096,595	51,173,708
Cheque returned	13,671,166	12,838,863	8,707,851	7,875,549
Not yet due	766,118,643	729,343,601	712,697,495	681,796,115
Past due				
Up to 3 months	182,039,065	107,636,179	148,303,834	70,371,161
3 - 6 months	2,423,264	8,474,039	1,727,440	146,431
6 - 12 months	3,679,349	477,706	-	355,251
Over 12 months	25,252,573	19,617,980	2,850,712	2,617,313
Total	1,043,280,655	929,562,076	924,383,927	814,335,528
Less: Allowance for doubtful accounts	(37,394,110)	(34,305,738)	(10,828,967)	(10,828,967)
Total trade receivables - unrelated parties, net	1,005,886,545	895,256,338	913,554,960	803,506,561
Total trade receivables - net	1,010,477,233	898,863,437	913,569,994	803,506,561
<u>Other receivables</u>				
Other receivables - related parties	19,272	-	4,427,706	4,370,431
Other receivables - unrelated parties	99,198	1,112,576	-	-
Accrued income - related parties	-	-	11,690,833	14,193,839
Accrued income - unrelated parties	564,602	1,005,848	-	-
Advances - related parties	20,328,243	20,328,243	-	-
Advances - unrelated parties	392,678	770,961	-	-
Total	21,403,993	23,217,628	16,118,539	18,564,270
Less: Allowance for doubtful accounts	(20,328,243)	(20,328,243)	-	-
Total other receivables - net	1,075,750	2,889,385	16,118,539	18,564,270
Total trade and other receivables - net	1,011,552,983	901,752,822	929,688,533	822,070,831

10. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
	Finished goods	565,474,714	762,002,663	(41,103,556)	(10,531,583)	524,371,158
Work in process	393,427,625	555,114,917	-	-	393,427,625	555,114,917
Raw materials	95,469,467	141,509,649	(9,270,423)	(816,052)	86,199,044	140,693,597
Inventories in transit	593,767	4,545,796	-	-	593,767	4,545,796
Supplies and spare parts	100,239,520	115,836,310	(1,461,048)	(1,103,958)	98,778,472	114,732,352
Total	1,155,205,093	1,579,009,335	(51,835,027)	(12,451,593)	1,103,370,066	1,566,557,742

(Unit: Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
	Finished goods	73,984,603	77,751,425	-	-	73,984,603
Work in process	393,814,990	565,046,256	-	-	393,814,990	565,046,256
Raw materials	53,929,408	95,535,239	-	-	53,929,408	95,535,239
Inventories in transit	593,767	4,545,796	-	-	593,767	4,545,796
Supplies and spare parts	26,519,988	32,951,327	(746)	(118,536)	26,519,242	32,832,791
Total	548,842,756	775,830,043	(746)	(118,536)	548,842,010	775,711,507

11. Investment in associated company

(Unit: Baht)

Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method	
			2013	2012	2013	2012	2013	2012	2013	2012
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40	12,000,000	12,000,000	-	-
Total							12,000,000	12,000,000	-	-

12. Investments in subsidiaries

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

(Unit: Baht)

Company's name	Paid-up share capital		Shareholding percentage		Cost		Dividend received during the year	
	2013	2012	2013	2012	2013	2012	2013	2012
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050,000	324,050,000	69.96	69.96	748,343,849	748,343,849	113,357,555	249,386,621
Universal Food Public Company Limited	525,000,000	525,000,000	98.76	98.76	585,242,875	585,242,875	-	-
Total					1,333,586,724	1,333,586,724	113,357,555	249,386,621
Less: Allowance for impairment loss of investments					(21,095,880)	(21,095,880)		
Total investments in subsidiaries - net					<u>1,312,490,844</u>	<u>1,312,490,844</u>		

As at 31 December 2013, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 2,256 million (2012: Baht 2,562 million).

13. Other long-term investments

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<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	(681,946)	(507,578)	(681,946)	(507,578)
Other long-term investments - net	836,479	1,010,847	836,479	1,010,847

14. Investment properties

The net book value of investment properties as at 31 December 2013 and 2012 is presented below.

(Unit: Baht)

	As at 31 December 2013					
	Consolidated financial statements			Separate financial statements		
	Office		Total	Office		Total
	Land	building		Land	building	
Cost	54,591,486	15,034,760	69,626,246	5,614,750	33,973,158	39,587,908
Less: Accumulated depreciation	-	(8,527,877)	(8,527,877)	-	(29,628,047)	(29,628,047)
Allowance for diminution in value	(6,353,010)	(3,010,358)	(9,363,368)	-	-	-
Net book value	<u>48,238,476</u>	<u>3,496,525</u>	<u>51,735,001</u>	<u>5,614,750</u>	<u>4,345,111</u>	<u>9,959,861</u>

(Unit: Baht)

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

A reconciliation of the net book value of investment properties for the years 2013 and 2012 is presented below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	52,486,739	53,238,477	11,658,519	13,357,177
Depreciation for the year	(751,738)	(751,738)	(1,698,658)	(1,698,658)
Net book value at end of year	<u>51,735,001</u>	<u>52,486,739</u>	<u>9,959,861</u>	<u>11,658,519</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, while that of the building has been determined using the replacement cost, which as at 31 December 2013 amounted to Baht 48 million and Baht 5 million, respectively (2012: Baht 48 million and Baht 5 million, respectively). 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 approximately Baht 26 million (2012: Baht 26 million) using the income approach. The assumption used in the valuation was based on the Company's data.

15. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements							Total
	Land	Land awaiting development	Building and improvement	Machinery and equipment and waste water treatment	factory and agricultural equipment and fixtures and office equipment	Motor vehicles	Construction in progress and machinery under installation	
Cost								
1 January 2012	245,366,901	76,475,756	898,679,616	2,308,882,453	106,018,166	209,220,237	114,113,130	3,958,756,259
Additions	-	-	728,800	45,631,151	3,485,568	21,008,186	134,843,669	205,697,374
Capitalised interest	-	-	267,998	522,150	8,603	-	747,888	1,546,639
Disposals/write off	-	-	(445,329)	(17,275,667)	(1,805,593)	(4,785,795)	-	(24,312,384)
Transfer in (transfer out)	198,000	-	47,769,218	101,173,693	819,184	24,296,538	(174,256,633)	-
31 December 2012	245,564,901	76,475,756	947,000,303	2,438,933,780	108,525,928	249,739,166	75,448,054	4,141,687,888
Additions	453,093,360	-	2,245,929	42,892,347	4,734,221	26,566,672	115,950,638	645,483,167
Capitalised interest	-	-	1,094,293	285,983	-	-	340,784	1,721,060
Disposals/write off	-	-	-	(17,926,826)	(2,085,232)	(28,943,409)	-	(48,955,467)
Transfer in (transfer out)	-	-	61,699,556	43,571,824	1,111,632	5,923,960	(112,306,972)	-
Transfer to intangible asset	-	-	-	-	-	-	(700,000)	(700,000)
31 December 2013	698,658,261	76,475,756	1,012,040,081	2,507,757,108	112,286,549	253,286,389	78,732,504	4,739,236,648

(Unit: Baht)

Consolidated financial statements

	Land	Land awaiting development	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machinery under installation	Total
<u>Accumulated depreciation</u>								
1 January 2012	-	-	513,590,296	1,302,994,932	89,550,623	160,106,062	-	2,066,241,913
Depreciation for the year	-	-	40,679,668	146,661,496	5,127,250	25,219,433	-	217,687,847
Depreciation on disposals/write off	-	-	(409,765)	(17,042,545)	(1,799,804)	(4,785,792)	-	(24,037,906)
31 December 2012	-	-	553,860,199	1,432,613,883	92,878,069	180,539,703	-	2,259,891,854
Depreciation for the year	-	-	43,165,321	148,369,496	5,539,125	25,048,694	-	222,122,636
Depreciation on disposals/write off	-	-	-	(13,755,363)	(2,059,217)	(28,363,913)	-	(44,178,493)
31 December 2013	-	-	597,025,520	1,567,228,016	96,357,977	177,224,484	-	2,437,835,997
<u>Allowance for impairment</u>								
31 December 2012	14,638,278	-	-	1,926,317	-	-	-	16,564,595
Increase during the year	-	-	39,489,294	66,216,486	-	-	-	105,705,780
Decrease during the year	-	-	-	(1,926,317)	-	-	-	(1,926,317)
31 December 2013	14,638,278	-	39,489,294	66,216,486	-	-	-	120,344,058
<u>Net book value</u>								
31 December 2012	230,926,623	76,475,756	393,140,104	1,004,393,580	15,647,859	69,199,463	75,448,054	1,865,231,439
31 December 2013	684,019,983	76,475,756	375,525,267	874,312,606	15,928,572	76,061,905	78,732,504	2,181,056,593

Depreciation for the year

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

217,687,847

2013 (Baht 201.4 million included in manufacturing cost, and the balance in administrative expenses)

222,122,636

(Unit: Baht)

Separate financial statements

	Land	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machinery under installation	Total
Cost							
1 January 2012	22,323,875	289,717,155	1,094,513,993	37,180,867	47,257,927	36,186,840	1,527,180,657
Additions	-	337,317	11,929,718	756,740	4,849,726	7,564,905	25,438,406
Disposals/write off	-	-	(7,062,053)	(1,366,103)	(4,785,796)	-	(13,213,952)
Transfer in (transfer out)	-	7,768,860	31,133,706	283,170	-	(39,185,736)	-
31 December 2012	22,323,875	297,823,332	1,130,515,364	36,854,674	47,321,857	4,566,009	1,539,405,111
Additions	-	220,000	22,264,411	1,223,405	8,227,794	20,031,545	51,967,155
Disposals/write off	-	-	(10,578,866)	(744,721)	(8,282,203)	-	(19,605,790)
Transfer in (transfer out)	-	5,383,627	5,820,043	246,168	-	(11,449,838)	-
Transfer to intangible asset	-	-	-	-	-	(700,000)	(700,000)
31 December 2013	22,323,875	303,426,959	1,148,020,952	37,579,526	47,267,448	12,447,716	1,571,066,476

(Unit: Baht)

Separate financial statements

	Land	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machinery under installation	Total
<u>Accumulated depreciation</u>							
1 January 2012	-	181,772,235	577,994,450	31,906,058	35,507,619	-	827,180,362
Depreciation for the year	-	13,310,693	63,193,401	1,837,342	6,034,680	-	84,376,116
Depreciation on disposals/write off	-	-	(7,026,407)	(1,366,070)	(4,785,792)	-	(13,178,269)
31 December 2012	-	195,082,928	634,161,444	32,377,330	36,756,507	-	898,378,209
Depreciation for the year	-	13,931,543	61,552,797	1,798,869	4,877,175	-	82,160,384
Depreciation on disposals/write off	-	-	(7,954,362)	(740,541)	(8,282,194)	-	(16,977,097)
31 December 2013	-	209,014,471	687,759,879	33,435,658	33,351,488	-	963,561,496
<u>Allowance for impairment</u>							
31 December 2012	-	-	1,926,317	-	-	-	1,926,317
Decrease during the year	-	-	(1,926,317)	-	-	-	(1,926,317)
31 December 2013	-	-	-	-	-	-	-
<u>Net book value</u>							
31 December 2012	22,323,875	102,740,404	494,427,603	4,477,344	10,565,350	4,566,009	639,100,585
31 December 2013	22,323,875	94,412,488	460,261,073	4,143,868	13,915,960	12,447,716	607,504,980
<u>Depreciation for the year</u>							
2012 (Baht 72.4 million included in manufacturing cost, and the balance in administrative expenses)							84,376,116
2013 (Baht 71.9 million included in manufacturing cost, and the balance in administrative expenses)							82,160,384

During the current year, the subsidiary recognised an allowance for impairment of Baht 106 million on buildings, building improvements, machinery and equipment since the subsidiary plans to sell these assets, as described in Note 2.2 a). The allowance for impairment was determined by the management of the subsidiary based on the value appraised by an independent professional valuer, using the replacement cost approach.

During 2013, the subsidiary capitalised interest amounting to Baht 1.7 million (2012: Baht 1.6 million) to the costs of plant construction and machinery installation. These borrowing costs were determined based on the borrowing cost of the general loans and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 3.17% - 3.55% per annum (2012: 3.16% - 4.10% per annum).

As at 31 December 2012, the subsidiary had vehicles under finance lease agreements with net book value amounting to Baht 0.3 million (2013: nil).

As at 31 December 2013 and 2012, the majority of land and building thereon of the subsidiary were mortgaged with the financial institutions to secure credit facilities granted by financial institutions and bank guarantees.

As at 31 December 2013, certain plant and equipment items of the Company and its 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 1,264 million (2012: Baht 1,138 million) and for the Company amounted to approximately Baht 502 million (2012: Baht 381 million).

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

	Consolidated financial statements			(Unit: Baht) Separate financial statements
	Cost of forest land rights and cost of palm plantation ready for harvest	Cost of palm plantation not ready for harvest	Total	Cost of forest land rights and cost of palm plantation ready for harvest
<u>Cost</u>				
1 January 2012	572,895,599	47,497,921	620,393,520	294,119
Additions	-	9,730,526	9,730,526	-
Disposals	(467,297)	-	(467,297)	-
Transfer in (transfer out)	38,313,067	(44,689,489)	(6,376,422)	-
31 December 2012	610,741,369	12,538,958	623,280,327	294,119
Additions	27,600,000	22,370,168	49,970,168	-
Disposals	(3,222,970)	-	(3,222,970)	-
Transfer in (transfer out)	-	(8,211,378)	(8,211,378)	-
31 December 2013	635,118,399	26,697,748	661,816,147	294,119
<u>Accumulated amortisation</u>				
1 January 2012	329,339,999	-	329,339,999	22,530
Amortisation for the year	29,488,095	-	29,488,095	11,765
Amortisation on disposals	(460,597)	-	(460,597)	-
31 December 2012	358,367,497	-	358,367,497	34,295
Amortisation for the year	30,612,449	-	30,612,449	11,765
Amortisation on disposals	(742,326)	-	(742,326)	-
31 December 2013	388,237,620	-	388,237,620	46,060
<u>Net book value</u>				
31 December 2012	252,373,872	12,538,958	264,912,830	259,824
31 December 2013	246,880,779	26,697,748	273,578,527	248,059
<u>Amortisation for the year (included in manufacturing cost)</u>				
2012			29,488,095	11,765
2013			30,612,449	11,765

Approximately 12,186 rai of the total area utilised by the subsidiary company has land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary company has possessory rights and is currently in the process of acquiring legal documentation of ownership.

Approximately 21,349 rai, or 49 percent, of the total planted areas of the subsidiary company, are held by its two subsidiaries under concessions that will expire in 2014 and 2015. In 2012, the subsidiaries submitted requests to extend the terms of the permits to utilise and lease these areas to the relevant government agencies. In May 2013, a subsidiary received a letter from The Regional Treasury Office, Surat Thani, stating that upon expiration of the concession in 2014 the subsidiary would be permitted to extend the concession for half of the area utilized, totaling 8,588 rai.

17. Intangible assets

(Unit: Baht)

	As at 31 December 2013			Separate financial statements
	Consolidated financial statements			
	Computer software	Licenses	Total	
Cost	56,149,389	10,764,200	66,913,589	27,639,249
Less: Accumulated amortisation	(48,829,260)	(2,115,531)	(50,944,791)	(22,513,044)
Net book value	<u>7,320,129</u>	<u>8,648,669</u>	<u>15,968,798</u>	<u>5,126,205</u>

(Unit: Baht)

	As at 31 December 2012			Separate financial statements
	Consolidated financial statements			
	Computer software	Licenses	Total	
Cost	51,819,501	10,764,200	62,583,701	24,544,249
Less: Accumulated amortisation	(46,487,838)	(1,742,200)	(48,230,038)	(21,850,842)
Net book value	<u>5,331,663</u>	<u>9,022,000</u>	<u>14,353,663</u>	<u>2,693,407</u>

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	14,353,663	16,112,059	2,693,407	3,092,618
Acquisition of computer software	3,629,887	1,653,898	2,395,000	862,715
Transfer from property, plant and equipment	700,000	-	700,000	-
Disposals - net book value	-	(220,129)	-	-
Amortisation for the year	(2,714,752)	(3,192,165)	(662,202)	(1,261,926)
Net book value at end of year	<u>15,968,798</u>	<u>14,353,663</u>	<u>5,126,205</u>	<u>2,693,407</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 statement of financial position.

18. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2013	2012	2013	2012	2013	2012
Short-term loans	2.30 - 3.30	2.00 - 4.00	1,240,748,983	1,688,974,292	185,000,000	600,000,000
from financial institutions						
Total			1,240,748,983	1,688,974,292	185,000,000	600,000,000

The short-term loans from financial institutions of the Company and its subsidiary are unsecured loans.

19. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade payables - related parties	360,502	7,764,727	168,573,513	205,323,621
Trade payables - unrelated parties	341,914,265	238,227,048	268,376,837	148,033,524
Other payables - related parties	581,011	747,909	-	-
Other payables - unrelated parties	53,033,320	63,497,139	32,968,552	34,753,221
Advance received from related parties	6,644	54,085	24,059	73,092
Other payables for purchase of machineries	5,565,070	7,201,666	2,798,267	5,691,673
Total trade and other payables	401,460,812	317,492,574	472,741,228	393,875,131

20. Other current liabilities

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Accrued expenses	107,704,692	114,202,388	58,368,877	61,593,788
Advance income	17,676,574	22,927,661	17,676,574	22,927,661
Accrued dividend	3,711,565	3,141,223	588,777	572,259
Others	41,043,975	42,683,609	28,903,376	27,442,411
Total other current liabilities	<u>170,136,806</u>	<u>182,954,881</u>	<u>105,537,604</u>	<u>112,536,119</u>

21. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Liabilities under finance lease agreements	-	139,332	-	-
Less: Deferred interest expenses	-	(4,227)	-	-
Net	-	135,105	-	-
Less: Portion due within one year	-	(135,105)	-	-
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The subsidiary had entered into the finance lease agreements with leasing companies for rental of vehicles for use in its operations, whereby it is 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.

22. Long-term loans

(Unit: Million Baht)

Loan	Consolidated financial statements		Separate financial statements		Interest rate (Percent per annum)	Repayment schedule	Security
	2013	2012	2013	2012			
<u>The Company and its subsidiary</u>							
1	15.00	55.00	15.00	55.00	THBFIX plus applicable margin	Repayment in 17 quarterly installments, starting March 2010	No collateral
2	300.00	-	-	-	BIBOR + 1	Repayment in 12 quarterly installments, starting February 2014	No collateral
Total long-term loans - the Company and its subsidiary	<u>315.00</u>	<u>55.00</u>	<u>15.00</u>	<u>55.00</u>			
<u>The subsidiary company held by the subsidiary</u>							
Union Frost Company Limited							
1	-	13.84	-	-	Fixed rate	Monthly installment of Baht 1.17 million, starting January 2009	Mortgage of land and construction thereon, and negative pledge of machinery
2	<u>2.14</u>	<u>16.18</u>	<u>-</u>	<u>-</u>	Fixed rate	Monthly installment of Baht 1.17 million, starting March 2009	Mortgage of land and construction thereon, and negative pledge of machinery
Total long-term loans - the subsidiary company held by the subsidiary	<u>2.14</u>	<u>30.02</u>	<u>-</u>	<u>-</u>			
Total long-term loans	<u>317.14</u>	<u>85.02</u>	<u>15.00</u>	<u>55.00</u>			
Less: Current portion	<u>(117.14)</u>	<u>(67.88)</u>	<u>(15.00)</u>	<u>(40.00)</u>			
Long-term loans - net of current portion	<u>200.00</u>	<u>17.14</u>	<u>-</u>	<u>15.00</u>			

The subsidiary 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 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 condition for 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 the 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 by the Forestry Department was the 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 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 prudent reasons, the subsidiary has set up a provision for its estimated liabilities in the accounts.

24. Provision for long-term employee benefits

Movements in provision for long-term employee benefits are shown as follows:

(Unit: Baht)

	Consolidated financial statements					
	2013			2012		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Defined benefit obligations at beginning of year	134,632,611	4,897,149	139,529,760	142,936,402	4,390,803	147,327,205
Current service cost	12,346,826	405,507	12,752,333	12,950,606	397,147	13,347,753
Interest cost	4,709,041	107,333	4,816,374	4,654,589	109,199	4,763,788
Benefits paid during the year	(34,070,155)	-	(34,070,155)	(25,908,986)	-	(25,908,986)
Reversal of provisions	(1,971,905)	-	(1,971,905)	-	-	-
Defined benefit obligations at end of year	115,646,418	5,409,989	121,056,407	134,632,611	4,897,149	139,529,760
Unrecognised transitional provisions	(41,763,276)	(1,557,211)	(43,320,487)	(65,406,203)	(2,335,816)	(67,742,019)
Provision for long-term employee benefits at end of year	<u>73,883,142</u>	<u>3,852,778</u>	<u>77,735,920</u>	<u>69,226,408</u>	<u>2,561,333</u>	<u>71,787,741</u>

(Unit: Baht)

	Separate financial statements					
	2013			2012		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Defined benefit obligations at beginning of year	77,808,398	4,897,149	82,705,547	90,746,771	4,390,803	95,137,574
Current service cost	7,519,880	405,507	7,925,387	8,188,068	397,147	8,585,215
Interest cost	2,902,243	107,333	3,009,576	2,979,566	109,199	3,088,765
Benefits paid during the year	(25,939,283)	-	(25,939,283)	(24,106,007)	-	(24,106,007)
Defined benefit obligations at end of year	62,291,238	5,409,989	67,701,227	77,808,398	4,897,149	82,705,547
Unrecognised transitional provisions	(24,301,466)	(1,557,211)	(25,858,677)	(36,483,154)	(2,335,816)	(38,818,970)
Provision for long-term employee benefits at end of year	<u>37,989,772</u>	<u>3,852,778</u>	<u>41,842,550</u>	<u>41,325,244</u>	<u>2,561,333</u>	<u>43,886,577</u>

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

(Unit: Baht)

	Consolidated financial statements					
	2013			2012		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Current service cost	12,346,826	405,507	12,752,333	12,950,606	397,147	13,347,753
Interest cost	4,709,041	107,333	4,816,374	4,654,589	109,199	4,763,788
Transitional liability recognised during the year	21,671,022	778,605	22,449,627	21,822,707	778,605	22,601,312
Total expenses recognised in profit or loss	38,726,889	1,291,445	40,018,334	39,427,902	1,284,951	40,712,853
Line items under which such expenses are included in profit or loss						
Cost of sales			24,463,964			25,377,343
Selling and administrative expenses			15,554,370			15,335,510

(Unit: Baht)

	Separate financial statements					
	2013			2012		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Current service cost	7,519,880	405,507	7,925,387	8,188,068	397,147	8,585,215
Interest cost	2,902,243	107,333	3,009,576	2,979,566	109,199	3,088,765
Transitional liability recognised during the year	12,181,688	778,605	12,960,293	12,181,688	778,605	12,960,293
Total expenses recognised in profit or loss	22,603,811	1,291,445	23,895,256	23,349,322	1,284,951	24,634,273
Line items under which such expenses are included in profit or loss						
Cost of sales			11,311,960			12,106,754
Selling and administrative expenses			12,583,296			12,527,519

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	financial
	financial statements		statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% 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)	0 - 80	0 - 80	0 - 45	0 - 45

Amounts of defined benefit obligations for the current and previous four periods are as follows:

(Unit: Million Baht)

	Defined benefit obligations					
	Consolidated financial statements			Separate financial statements		
	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total	Provision for employee retirement benefit under labor law	Other long- term employee benefits	Total
Year 2013	115	6	121	62	6	68
Year 2012	135	5	140	78	5	83
Year 2011	143	4	147	91	4	95
Year 2010	148	4	152	97	4	101
Year 2009	133	4	137	87	4	91

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. At present, the statutory reserve is fully set aside by the Company.

Statutory reserve of the subsidiaries 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Raw materials and consumables used	3,854,886,253	4,824,059,786	3,805,636,071	4,390,512,329
Changes in inventories of finished goods and work in process	358,215,241	73,424,647	174,998,088	302,865,016
Salary and wages and other employee benefits	813,074,268	803,312,689	289,293,066	275,091,179
Depreciation and amortisation	256,201,575	251,119,845	84,533,009	87,348,465
Transportation expenses	187,387,443	176,906,680	100,031,697	89,817,095
Promotion expenses	106,682,036	111,233,655	106,682,036	111,233,655
Repair and maintenance expenses	106,837,701	99,719,128	24,713,135	26,773,758
Loss on impairment of assets	105,705,780	-	-	-
Rental expenses from operating lease agreements	25,293,203	27,236,404	6,707,197	7,557,146

27. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	108,381,642	110,210,567	50,567,411	13,074,140
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,289,466)	4,338,752	817,627	7,245,260
Income tax expenses reported in the statements of comprehensive income	<u>107,092,176</u>	<u>114,549,319</u>	<u>51,385,038</u>	<u>20,319,400</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Deferred tax relating to gain on change in value of available-for-sale investments	(34,874)	40,362	(34,874)	40,362
Income tax charged directly to other comprehensive income	(34,874)	40,362	(34,874)	40,362

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 is shown below.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Accounting profit before tax	418,601,707	484,886,658	436,800,653	338,418,204
Applicable tax rate	15% and 20%	15% and 23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	104,774,282	169,213,014	87,360,131	77,836,187
Effects of changes in the applicable tax rates	-	(1,069,469)	-	(1,069,469)
Effects of:				
Promotional privileges (Note 28)	1,183,551	1,517,114	(13,335,493)	-
Non-deductible expenses	28,541,578	7,199,850	579,529	1,216,322
Additional expense deductions allowed	(28,396,103)	(63,208,204)	(23,219,129)	(57,663,640)
Others	988,868	897,014	-	-
Total	2,317,894	(53,594,226)	(35,975,093)	(56,447,318)
Income tax expenses reported in the statements of comprehensive income	107,092,176	114,549,319	51,385,038	20,319,400

The components of deferred tax assets are as follows:

(Unit: Baht)

	Statements of financial position		
	Consolidated financial statements		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Deferred tax assets			
Allowance for doubtful accounts	18,827,437	18,492,770	18,426,676
Allowance for diminution in value of inventories	765,006	1,182,415	1,036,370
Allowance for impairment loss of investment in associated company	2,400,000	2,400,000	2,400,000
Allowance for diminution in value of available- for-sale investments	136,389	101,516	141,878
Allowance for asset impairment	3,529,727	3,914,992	3,914,992
Provision for long-term employee benefits	15,135,850	13,378,376	10,799,474
Unused tax loss	-	-	7,129,793
Total	40,794,409	39,470,069	43,849,183

(Unit: Baht)

	Statements of financial position		
	Separated financial statements		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Deferred tax assets			
Allowance for doubtful accounts	2,165,794	2,165,794	2,092,645
Allowance for diminution in value of inventories	150	23,707	317,976
Allowance for diminution in value of available- for-sale investments	136,389	101,516	141,878
Allowance for asset impairment	-	385,264	385,264
Provision for long-term employee benefits	8,368,510	8,777,315	8,671,662
Unused tax loss	-	-	7,129,793
Total	10,670,843	11,453,596	18,739,218

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

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 into 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 2013 and 2012 were as follows:

	(Unit: Baht)					
	Promoted operations		Non-promoted operations		Total	
	2013	2012	2013	2012	2013	2012
Sales						
Domestic sales	1,738,669,307	1,921,631,913	3,861,197,117	4,197,277,893	5,599,866,424	6,118,909,806
Export sales	81,372,538	24,167,849	178,099,243	240,775,245	259,471,781	264,943,094
Total sales	<u>1,820,041,845</u>	<u>1,945,799,762</u>	<u>4,039,296,360</u>	<u>4,438,053,138</u>	<u>5,859,338,205</u>	<u>6,383,852,900</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 years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
			(Restated)	(Restated)
Profit attributable to equity holders of the Company (Thousand Baht)	250,335	273,034	385,416	318,099
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.31	0.33	0.47	0.39

30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have three reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment
- (2) The manufacture and distribution of processed fruits and vegetables segment
- (3) The generation of electricity from biogases segment

During the year, there were no material activities pertaining to the generation of electricity from biogases segment for the Company and its subsidiaries. Accordingly, most of revenues, profit and assets as reflected in these financial statements pertain to the industry segment (1) and the industry segment (2) mentioned above.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012.

(Unit: Million Baht)

	Segment									
	Palm oil		Processed fruits and vegetables		Total		Elimination of inter-segment revenues		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(Restated)		(Restated)		(Restated)				(Restated)
Revenue from external customers	5,439	5,657	1,804	1,955	7,243	7,612	-	-	7,243	7,612
Intersegment revenues	949	1,379	728	779	1,677	2,158	(1,677)	(2,158)	-	-
Total revenues	6,388	7,036	2,532	2,734	8,920	9,770	(1,677)	(2,158)	7,243	7,612
Segment profit	968	833	328	364	1,296	1,197	13	3	1,309	1,200
Other income	263	444	16	20	279	464	(180)	(336)	99	128
Depreciation and amortisation	(184)	(182)	(72)	(69)	(256)	(251)	-	-	(256)	(251)
Loss on impairment of assets	-	-	(106)	-	(106)	-	-	-	(106)	-
Finance cost	(14)	(36)	(38)	(38)	(52)	(74)	-	-	(52)	(74)
Income tax expenses	(101)	(104)	(6)	(10)	(107)	(114)	-	-	(107)	(114)

(Unit: Million Baht)

	Segment						Elimination of inter-		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		segment revenues			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Segment total assets	4,833	4,795	678	1,750	5,511	6,545	(348)	(1,324)	5,163	5,221
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	426	(70)	(96)	30	330	(40)	-	-	330	(40)

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

Geographic information

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the years 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

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 2013, total amount of approximately of Baht 9.9 million (2012: Baht 10.4 million) had been contributed to the funds by the Company and the subsidiaries, and Baht 4.8 million had been contributed by the Company (2012: Baht 5.5 million).

32. Dividends

	Approved by	Total dividends	(Unit: Baht) Dividend per share
<u>The Company</u>			
<u>For the year 2012</u>			
Final dividends for 2011	Annual General Meeting of the shareholders on 27 April 2012	65,598,752	0.08
Total dividends for the year 2012		65,598,752	0.08
<u>For the year 2013</u>			
Final dividends for 2012	Annual General Meeting of the shareholders on 26 April 2013	164,000,000	0.20
Total dividends for the year 2013		164,000,000	0.20

On 27 April 2012, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment in respect of the 2011 profit to the Company's shareholders at Baht 0.08 per share, totaling Baht 65,600,000. However, the Thailand Securities Depository Company Limited notified the Company that certain shareholders were not entitled to receive dividend amounting to Baht 1,248. The dividends of Baht 65,598,752 were paid in May 2012.

	Approved by	Total dividends	(Unit: Baht) Dividend per share
<u>Subsidiary</u>			
<u>For the year 2012</u>			
Final dividends for 2011	Annual General Meeting of the shareholders on 27 April 2012	162,025,000	0.50
Interim dividends for the period from January to June 2012	Board of Directors' Meeting on 9 August 2012	97,215,000	0.30
Interim dividends for the period from July to September 2012	Board of Directors' Meeting on 8 November 2012	97,215,000	0.30
Total dividends for the year 2012		356,455,000	1.10

	Approved by	Total dividends	Dividend per share
(Unit: Baht)			
<u>For the year 2013</u>			
Final dividends for 2012	Annual General Meeting of the shareholders on 26 April 2013	97,215,000	0.30
Interim dividends for the period from January to June 2013	Board of Directors' Meeting on 8 August 2013	<u>64,810,000</u>	<u>0.20</u>
Total dividends for the year 2013		<u>162,025,000</u>	<u>0.50</u>

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2013, the Company and its subsidiaries had capital commitments relating to the purchase of machineries, equipment, vehicles and construction of buildings amounting to approximately Baht 16.5 million (2012: Baht 41.3 million), the Company only: Baht 1.8 million (2012: Baht 3.9 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.

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

	(Unit: Million Baht)	
	<u>As at 31 December</u>	
	<u>2013</u>	<u>2012</u>
Payable within:		
Less than 1 year	7.2	9.8
More than 1 year but not over 5 years	3.2	2.8

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 2013, there were outstanding bank guarantees 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 17.9 million to guarantee import, electricity usage, among others (2012: Baht 18.8 million) and for the Company: Baht 9.1 million to guarantee electricity usage, among others (2012: Baht 10 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 under the consideration of 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 subsidiary 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 subsidiary entered into a memorandum of acknowledgement and consent to comply with the conditions stipulated by the Forestry Department. On 18 December 2009, the subsidiary 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. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2013 and 2012 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2013

	Fixed interest rate				Total	Interest rate (% p.a.)
	Within one year	More than one year but within four years	Floating interest rate	Non- interest bearing		
Financial assets						
Cash and cash equivalents	50	-	181	3	234	0.10 - 2.50
Trade and other receivables	-	-	-	1,011	1,011	-
	<u>50</u>	<u>-</u>	<u>181</u>	<u>1,014</u>	<u>1,245</u>	
Financial liabilities						
Short-term loans from financial institutions	185	-	1,056	-	1,241	2.30 - 3.30
Trade and other payables	-	-	-	401	401	-
Short-term loan from related party	-	-	50	-	50	THBFIX + 0.50, 5.45, BIBOR + 1
Long-term loans	117	-	200	-	317	
	<u>302</u>	<u>-</u>	<u>1,306</u>	<u>401</u>	<u>2,009</u>	

(Unit: Million Baht)

As at 31 December 2012

	Fixed interest rate				Total	Interest rate (% p.a.)
	Within one year	More than one year but within four years	Floating interest rate	Non- interest bearing		
Financial assets						
Cash and cash equivalents	110	-	147	2	259	0.10 - 2.72
Trade and other receivables	-	-	-	902	902	-
	<u>110</u>	<u>-</u>	<u>147</u>	<u>904</u>	<u>1,161</u>	
Financial liabilities						
Short-term loans from financial institutions	-	-	1,689	-	1,689	2.00 - 4.00
Trade and other payables	-	-	-	317	317	-
Short-term loan from related party	-	-	50	-	50	THBFIX + 0.50
Long-term loans	28	2	55	-	85	5.70, THBFIX + Fixed rate
	<u>28</u>	<u>2</u>	<u>1,794</u>	<u>317</u>	<u>2,141</u>	

As at 31 December 2013 and 2012, the subsidiary of the subsidiary had outstanding interest rate swap agreement as detailed below:

<u>Contract date</u>	<u>Due date</u>	<u>Notional amount</u> (Million Baht)	<u>Interest rate in the original loan agreement</u> (Percent per annum)	<u>Interest rate in the swap agreement</u> (Percent per annum)
<u>2013</u>				
January 2009	February 2014	2.14	THBFIX plus fixed rate	Fixed rate
<u>2012</u>				
January 2009	February 2014	30.02	THBFIX plus fixed rate	Fixed rate

Foreign currency risk

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

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

<u>Foreign currency</u>	<u>Financial assets as at 31 December</u>		<u>Financial liabilities as at 31 December</u>		<u>Average exchange rate as at 31 December</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	2.0	2.4	0.3	1.2	32.8136	30.6316
Euro	0.3	0.3	-	-	45.0217	40.5563

Forward exchange contracts outstanding are summarised below.

<u>As at 31 December 2013</u>				
<u>Foreign currency</u>	<u>Sold amount</u>		<u>Contractual exchange rate of sold amount</u> (Baht per 1 foreign currency unit)	<u>Contractual maturity date</u>
	<u>Consolidated financial statements</u> (Million)	<u>Separate financial statements</u> (Million)		
US dollars	0.7	0.2	31.24 - 31.63	In March 2014
Euro	0.1	-	41.20	In June 2014

As at 31 December 2012

Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	1.8	-	30.56 - 31.70	In July 2013
Euro	0.1	-	39.45	In May 2013

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.

The subsidiary had unrealised gain on changes in the value of forward exchange contracts to present them at fair value totaling Baht 1.0 million (2012: Baht 0.2 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 2013, the Group's debt-to-equity ratio was 0.81:1 (2012: 0.90:1) and the Company's was 0.32:1 (2012: 0.50:1).

36. Events after the reporting period

On 21 February 2014, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2013 earnings of Baht 0.20 per share, or a total of Baht 164 million.

On 20 February 2014, the meeting of the subsidiary's Board of Directors passed a resolution to propose the payment of dividend in respect of July to December 2013 earnings of Baht 0.40 per share, or a total of Baht 130 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. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2014.