

Lam Soon (Thailand) Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2014

## **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 2014, 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 judgement, 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 2014, 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 15 to the financial statements regarding a permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests which had expired in January 2015. The subsidiary has used the land of 13,030 rai for palm oil plantation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land, and the request is under the consideration of such government unit. My opinion is not qualified in respect of this matter.

Kamontip Lertwitworatep  
Certified Public Accountant (Thailand) No. 4377

EY Office Limited  
Bangkok: 25 February 2015

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

**Statements of financial position**

**As at 31 December 2014**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	229,800,274	233,723,235	27,893,106	46,880,426
Trade and other receivables	6, 8	902,624,698	1,011,552,983	816,939,192	929,688,533
Short-term loans to related parties	6	-	-	-	-
Inventories	9	1,303,080,947	1,103,370,066	629,344,464	548,842,010
Other current assets		38,525,350	47,142,150	12,453,224	18,931,219
<b>Total current assets</b>		<b>2,474,031,269</b>	<b>2,395,788,434</b>	<b>1,486,629,986</b>	<b>1,544,342,188</b>
<b>Non-current assets</b>					
Investment in associated company	10	-	-	-	-
Investments in subsidiaries	11	-	-	1,312,490,844	1,312,490,844
Other long-term investments	12	3,939,715	836,479	3,939,715	836,479
Investment properties	13	86,530,203	51,735,001	8,261,203	9,959,861
Property, plant and equipment	14	2,094,930,535	2,181,056,593	608,463,720	607,504,980
Cost of forest land rights and cost of palm plantation	15	213,418,251	273,578,527	236,294	248,059
Goodwill		196,376,189	196,376,189	-	-
Intangible assets	16	16,547,337	15,968,798	5,064,874	5,126,205
Deferred tax assets	25	35,605,028	40,794,409	8,181,489	10,670,843
Other non-current assets		7,570,570	6,525,330	518,235	468,435
<b>Total non-current assets</b>		<b>2,654,917,828</b>	<b>2,766,871,326</b>	<b>1,947,156,374</b>	<b>1,947,305,706</b>
<b>Total assets</b>		<b>5,128,949,097</b>	<b>5,162,659,760</b>	<b>3,433,786,360</b>	<b>3,491,647,894</b>

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

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

**Statements of financial position (continued)**

**As at 31 December 2014**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 December 2014</u>	<u>31 December 2013</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	17	1,230,000,000	1,240,748,983	140,000,000	185,000,000
Trade and other payables	6, 18	432,450,867	509,165,504	414,467,581	531,110,105
Short-term loan from related party	6	10,000,000	50,000,000	-	-
Current portion of long-term loans	20	100,000,000	117,140,000	-	15,000,000
Income tax payable		41,750,222	33,137,894	22,680,531	16,544,213
Other current liabilities	19	89,890,389	62,432,114	51,386,151	47,168,727
<b>Total current liabilities</b>		<u>1,904,091,478</u>	<u>2,012,624,495</u>	<u>628,534,263</u>	<u>794,823,045</u>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	20	75,000,000	200,000,000	-	-
Provision for land rental charge	21	-	20,468,000	-	-
Provision for long-term employee benefits	22	55,994,816	77,735,920	30,453,694	41,842,550
<b>Total non-current liabilities</b>		<u>130,994,816</u>	<u>298,203,920</u>	<u>30,453,694</u>	<u>41,842,550</u>
<b>Total liabilities</b>		<u>2,035,086,294</u>	<u>2,310,828,415</u>	<u>658,987,957</u>	<u>836,665,595</u>

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

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

**Statements of financial position (continued)**

**As at 31 December 2014**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Shareholders' equity</b>					
Share capital					
Registered					
820,000,000 ordinary shares of Baht 1 each		<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>	<u>820,000,000</u>
Issued and fully paid-up					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Paid-in surplus					
Share premium		241,970,265	241,970,265	241,970,265	241,970,265
Premium on treasury stock		5,269,100	5,269,100	5,269,100	5,269,100
Retained earnings					
Appropriated - statutory reserve	23	103,071,298	103,071,298	82,000,000	82,000,000
Unappropriated		1,582,266,632	1,349,237,654	1,625,182,005	1,506,288,490
Other components of shareholders' equity		<u>1,362,262</u>	<u>439,673</u>	<u>377,033</u>	<u>(545,556)</u>
Equity attributable to owners of the Company		<u>2,753,939,557</u>	<u>2,519,987,990</u>	<u>2,774,798,403</u>	<u>2,654,982,299</u>
Non-controlling interests of the subsidiaries		<u>339,923,246</u>	<u>331,843,355</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u><b>3,093,862,803</b></u>	<u><b>2,851,831,345</b></u>	<u><b>2,774,798,403</b></u>	<u><b>2,654,982,299</b></u>
<b>Total liabilities and shareholders' equity</b>		<u><b>5,128,949,097</b></u>	<u><b>5,162,659,760</b></u>	<u><b>3,433,786,360</b></u>	<u><b>3,491,647,894</b></u>

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 2014

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		8,451,098,678	7,243,414,725	6,931,738,438	5,859,338,205
Dividend income	6, 11	95,070	182,268	124,788,381	113,539,823
Other income	6	98,844,157	99,412,141	108,987,831	104,309,534
<b>Total revenues</b>		<b>8,550,037,905</b>	<b>7,343,009,134</b>	<b>7,165,514,650</b>	<b>6,077,187,562</b>
<b>Expenses</b>					
Cost of sales	24	7,075,466,489	5,934,374,298	6,286,769,265	5,144,256,220
Selling expenses		627,475,324	596,935,109	422,353,069	361,622,924
Administrative expenses		264,188,483	235,060,872	125,409,840	122,094,987
Loss on impairment of assets	14	-	105,705,780	-	-
<b>Total expenses</b>		<b>7,967,130,296</b>	<b>6,872,076,059</b>	<b>6,834,532,174</b>	<b>5,627,974,131</b>
<b>Profit before finance cost</b>					
<b>and income tax expenses</b>		582,907,609	470,933,075	330,982,476	449,213,431
Finance cost		(52,371,940)	(52,331,368)	(13,197,751)	(12,412,778)
<b>Profit before income tax expenses</b>		<b>530,535,669</b>	<b>418,601,707</b>	<b>317,784,725</b>	<b>436,800,653</b>
Income tax expenses	25	(91,644,897)	(107,092,176)	(37,289,230)	(51,385,038)
<b>Profit for the year</b>		<b>438,890,772</b>	<b>311,509,531</b>	<b>280,495,495</b>	<b>385,415,615</b>
<b>Other comprehensive income:</b>					
Gain (loss) on changes in value of					
available-for-sale investments		1,153,236	(174,368)	1,153,236	(174,368)
Actuarial gain		24,267,184	-	2,983,044	-
Income tax relating to components of					
other comprehensive income	25	(4,759,429)	34,874	(827,256)	34,874
<b>Other comprehensive income for the year</b>		<b>20,660,991</b>	<b>(139,494)</b>	<b>3,309,024</b>	<b>(139,494)</b>
<b>Total comprehensive income for the year</b>		<b>459,551,763</b>	<b>311,370,037</b>	<b>283,804,519</b>	<b>385,276,121</b>

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 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Profit attributable to:</b>				
Equity holders of the Company	380,672,695	250,335,482	<u>280,495,495</u>	<u>385,415,615</u>
Non-controlling interests of the subsidiaries	<u>58,218,077</u>	<u>61,174,049</u>		
	<u>438,890,772</u>	<u>311,509,531</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	397,939,982	250,195,988	<u>283,804,519</u>	<u>385,276,121</u>
Non-controlling interests of the subsidiaries	<u>61,611,781</u>	<u>61,174,049</u>		
	<u>459,551,763</u>	<u>311,370,037</u>		
<b>Basic earnings per share</b>	27			
Profit attributable to equity holders of the Company			<u>0.46</u>	<u>0.31</u>
			<u>0.34</u>	<u>0.47</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 2014**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>				
Profit before tax	530,535,669	418,601,707	317,784,725	436,800,653
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	267,124,379	256,201,575	83,621,411	84,533,009
Increase (decrease) in allowance for doubtful accounts	5,899,722	4,233,530	(11,195)	-
Increase (decrease) in allowance for diminution in inventory value	(26,117,608)	39,383,434	106,519	(117,790)
Increase (decrease) in allowance for impairment loss of assets	(2,336,416)	105,705,780	-	-
Reversal of provision for land rental charge	(20,468,000)	-	-	-
Loss on write-off of property, plant and equipment	4,010,256	219,528	10	7
Gain on disposals of property, plant and equipment	(5,034,446)	(9,257,473)	(951,487)	(3,017,857)
Gain on disposals of intangible assets	(361)	-	(361)	-
Loss on write-off of cost of palm plantation	37,857,245	2,480,644	-	-
Unrealised loss (gain) on exchange	293,196	(318,553)	(39,313)	(112,747)
Provision for long-term employee benefits	30,740,853	40,018,334	15,913,284	23,895,256
Dividend income from subsidiary	-	-	(124,693,311)	(113,357,555)
Dividend income from other companies	(95,070)	(182,268)	(95,070)	(182,268)
Interest expenses	49,354,799	49,932,021	11,249,612	10,775,380
Profit from operating activities before changes in operating assets and liabilities	871,764,218	907,018,259	302,884,824	439,216,088
Decrease (increase) in operating assets				
Trade and other receivables	103,136,387	(111,646,339)	112,763,645	(107,515,206)
Inventories	(156,266,429)	432,015,620	(80,608,973)	226,987,287
Other current assets	12,929,276	9,469,386	6,477,995	(882,804)
Other non-current assets	(1,191,483)	(4,497,187)	(49,800)	48,303
Increase (decrease) in operating liabilities				
Trade and other payables	(79,046,800)	81,148,083	(119,241,507)	74,437,775
Other current liabilities	27,140,386	(7,052,857)	4,234,277	(3,281,413)
Provision for long-term employee benefits	(28,214,774)	(34,070,155)	(24,319,096)	(25,939,283)
Cash from operating activities	750,250,781	1,272,384,810	202,141,365	603,070,747
Cash paid for interest expenses	(49,633,022)	(49,109,961)	(11,404,081)	(11,227,245)
Cash paid for corporate income tax	(86,997,589)	(126,526,683)	(29,496,082)	(44,936,359)
<b>Net cash from operating activities</b>	<b>613,620,170</b>	<b>1,096,748,166</b>	<b>161,241,202</b>	<b>546,907,143</b>

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 2014**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from investing activities</b>				
Dividend received from subsidiary	-	-	124,693,311	113,357,555
Dividend received from other companies	95,070	182,268	95,070	182,268
Increase in other long term investment	(1,950,000)	-	(1,950,000)	-
Acquisitions of property, plant and equipment	(180,159,113)	(651,034,385)	(79,463,419)	(50,753,493)
Proceeds from disposals of property, plant and equipment	9,667,614	11,888,602	988,736	3,720,226
Proceeds from disposals of intangible assets	380	-	380	-
Increase in cost of palm plantation	(32,071,547)	(49,970,168)	-	-
Increase in intangible assets	(2,704,662)	(3,629,887)	(592,600)	(2,395,000)
<b>Net cash from (used in) investing activities</b>	<b>(207,122,258)</b>	<b>(692,563,570)</b>	<b>43,771,478</b>	<b>64,111,556</b>
<b>Cash flows from financing activities</b>				
Decreases in short-term loans from financial institutions	(10,748,983)	(449,000,611)	(45,000,000)	(415,000,000)
Decrease in short-term loan from related party	(40,000,000)	-	-	-
Repayment of liabilities under finance lease agreement	-	(135,105)	-	-
Cash received from long-term loans	-	300,000,000	-	-
Repayment of long-term loans	(142,140,000)	(67,880,000)	(15,000,000)	(40,000,000)
Dividend paid	(217,531,890)	(212,711,677)	(164,000,000)	(164,000,000)
<b>Net cash used in financing activities</b>	<b>(410,420,873)</b>	<b>(429,727,393)</b>	<b>(224,000,000)</b>	<b>(619,000,000)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,922,961)</b>	<b>(25,542,797)</b>	<b>(18,987,320)</b>	<b>(7,981,301)</b>
Cash and cash equivalents at beginning of the year	233,723,235	259,266,032	46,880,426	54,861,727
<b>Cash and cash equivalents at end of the year</b>				
<b>(Note 7)</b>	<b>229,800,274</b>	<b>233,723,235</b>	<b>27,893,106</b>	<b>46,880,426</b>

**Supplementary disclosures of cash flows information**

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid	9,922,872	7,301,535	5,587,923	2,798,267
Transferred palm nursery to inventory account	17,326,844	8,211,378	-	-
Transferred property, plant and equipment to intangible assets	-	700,000	-	700,000
Transcended property, plant and equipment investment properties	33,210,524	-	-	-

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 2014

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
Other components of equity												
Other comprehensive income												
Other changes by the owners												
Deficit												
Equity												
Total equity attributable to shareholders												
Total equity attributable to non-controlling interests of the subsidiaries												
Total equity												
Total shareholders' equity												
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other comprehensive income	Other changes by the owners	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	in value of available-for-sale investments	in subsidiary	shareholding	equity	the Company	the subsidiaries	equity
<b>Balance as at 1 January 2013</b>		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
Profit for the year		-	-	-	-	250,335,482	-	-	-	250,335,482	61,174,049	311,509,531
Other comprehensive income for the year		-	-	-	-	-	(139,494)	-	(139,494)	(139,494)	-	(139,494)
Total comprehensive income for the year		-	-	-	-	250,335,482	(139,494)	-	(139,494)	250,195,988	61,174,049	311,370,037
Dividend paid	30	-	-	-	-	(164,000,000)	-	-	-	(164,000,000)	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	40,326	-	-	-	40,326	-	40,326
Decrease in non-controlling interests from dividend payment in subsidiary		-	-	-	-	-	-	-	-	-	(48,662,421)	(48,662,421)
<b>Balance as at 31 December 2013</b>		<b>820,000,000</b>	<b>241,970,265</b>	<b>5,269,100</b>	<b>103,071,298</b>	<b>1,349,237,654</b>	<b>(545,556)</b>	<b>985,229</b>	<b>439,673</b>	<b>2,519,987,990</b>	<b>331,843,355</b>	<b>2,851,831,345</b>

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 2014

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Retained earnings				Other components of equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
		Issued and paid up share capital	Share premium	Premium on treasury stock	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Other changes by the owners				Surplus (deficit) on changes in value of available-for-sale investments
<b>Balance as at 1 January 2014</b>		820,000,000	241,970,265	5,269,100	103,071,298	1,349,237,654	(545,556)	985,229	439,673	2,519,987,990	331,843,355	2,851,831,345
Profit for the year		-	-	-	-	380,672,695	-	-	-	380,672,695	58,218,077	438,890,772
Other comprehensive income for the year		-	-	-	-	16,344,698	922,589	-	922,589	17,267,287	3,393,704	20,660,991
Total comprehensive income for the year		-	-	-	-	397,017,393	922,589	-	922,589	397,939,982	61,611,781	459,551,763
Dividend paid	30	-	-	-	-	(164,000,000)	-	-	-	(164,000,000)	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	11,585	-	-	-	11,585	-	11,585
Decrease in non-controlling interests from dividend payment in subsidiary		-	-	-	-	-	-	-	-	-	(53,531,890)	(53,531,890)
<b>Balance as at 31 December 2014</b>		<b>820,000,000</b>	<b>241,970,265</b>	<b>5,269,100</b>	<b>103,071,298</b>	<b>1,582,266,632</b>	<b>377,033</b>	<b>985,229</b>	<b>1,362,262</b>	<b>2,753,939,557</b>	<b>339,923,246</b>	<b>3,093,862,803</b>

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 2014

(Unit: Baht)

Separate financial statements

	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other components of equity		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Deficit on changes in value of available-for-sale investments	
<b>Balance as at 1 January 2013</b>		820,000,000	241,970,265	5,269,100	82,000,000	1,284,832,549	(406,062)	(406,062)	2,433,665,852
Profit for the year		-	-	-	-	385,415,615	-	-	385,415,615
Other comprehensive income for the year		-	-	-	-	-	(139,494)	(139,494)	(139,494)
Total comprehensive income for the year		-	-	-	-	385,415,615	(139,494)	(139,494)	385,276,121
Dividend paid	30	-	-	-	-	(164,000,000)	-	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	40,326	-	-	40,326
<b>Balance as at 31 December 2013</b>		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,506,288,490</u>	<u>(545,556)</u>	<u>(545,556)</u>	<u>2,654,982,299</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 2014

(Unit: Baht)

Separate financial statements

	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Other components of equity		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	Other comprehensive income Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	
<b>Balance as at 1 January 2014</b>		820,000,000	241,970,265	5,269,100	82,000,000	1,506,288,490	(545,556)	(545,556)	2,654,982,299
Profit for the year		-	-	-	-	280,495,495	-	-	280,495,495
Other comprehensive income for the year		-	-	-	-	2,386,435	922,589	922,589	3,309,024
Total comprehensive income for the year		-	-	-	-	282,881,930	922,589	922,589	283,804,519
Dividend paid	30	-	-	-	-	(164,000,000)	-	-	(164,000,000)
Reversal of prior year dividend		-	-	-	-	11,585	-	-	11,585
<b>Balance as at 31 December 2014</b>		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,625,182,005</u>	<u>377,033</u>	<u>377,033</u>	<u>2,774,798,403</u>

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

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2014**

**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>2014</u> Percent	<u>2013</u> Percent
<b><u>Subsidiaries directly held by the Company</u></b>				
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
<b><u>Subsidiary held by United Palm Oil Industry Public Company Limited</u></b>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> Percent	<u>2013</u> Percent
<b><u>Jointly controlled entity held by United Palm Oil Industry Public Company Limited</u></b>				
Siam Elite Palm Company Limited	Production and distribution of palm oil seeds	Thailand	50	50
<b><u>Subsidiaries held by Phansrivivat Company Limited</u></b>				
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
<b><u>Subsidiary held by Universal Food Public Company Limited</u></b>				
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, the management of the subsidiary had a plan to discontinue these operations and to 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 subsidiaries 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 financial reporting standards

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

#### (a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

Financial Reporting Standard Interpretations:

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

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

**(b) Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below.

### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognises actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company and its subsidiaries' financial statements as the Company and its subsidiaries have already applied the equity method to an investment in a jointly controlled entity.

## **IFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

## **IFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

##### *Sales of goods*

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

##### *Interest income*

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

##### *Dividends*

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

#### **4.2 Cash and cash equivalents**

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

#### **4.3 Trade accounts receivable**

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

#### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. Cost includes all cost of raw materials, labour and factory overheads.

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

#### **4.5 Investments**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other 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 impairment loss (if any).
- c) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

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

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

#### **4.6 Investment properties**

Investment properties are initially measured 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.

#### **4.7 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, land improvement and assets under construction and installation.

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

#### **4.8 Cost of forest land rights and cost of palm plantation and 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 remaining productive life of the palm trees (the productive life of palm trees is generally 25 years) or over the remaining period of the forest reserve land concession, whichever is shorter.

Amortisation is included in determining income.

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

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

#### **4.9 Borrowing costs**

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

#### **4.10 Intangible assets 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 (if any).

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

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

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

#### **4.11 Government grants**

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

#### **4.12 Goodwill**

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

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

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

#### **4.13 Related party transactions**

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

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

#### **4.14 Long-term leases**

Leases of property, plant and 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.



#### **4.15 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company and subsidiaries' 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.

#### **4.16 Impairment of assets**

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

#### **4.17 Treasury stock**

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

## 4.18 Employee benefits

### ***Short-term employee benefits***

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

### ***Post-employment benefits and other long-term employee benefits***

#### *Defined contribution plans*

The Company and its subsidiaries and 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 are recognised immediately in other comprehensive income.

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

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

#### **4.19 Provisions**

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

#### **4.20 Income tax**

Income tax 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.

## 4.21 Derivatives

### *Forward exchange contracts*

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

### *Interest rate swap contracts*

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

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements 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 judgement 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 judgement 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 judgement 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Cost of forest land rights and cost of palm plantation am and amortisation**

In determining amortisation of cost of forest land rights and cost of palm plantation, the management is required to make estimates of the useful lives of cost of forest land rights and cost of palm plantation and to review estimate useful lives when there are any changes.

In addition, the management is required to review the cost of forest land rights and cost of palm plantation for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Goodwill**

The initial recognition and measurement of goodwill, 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.

#### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### **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 the land issue. The subsidiary's management has used judgement to assess the liabilities that may arise and believes that no significant loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	755	949	Market prices on the contract date
Purchases of goods and services	-	-	735	728	Market prices less fixed margin
Sales of goods and services	-	-	3	2	Market price
Dividend income	-	-	125	113	At the declared rate
Rental income	-	-	2	2	Market price
Selling and administrative service income	-	-	70	62	Actual charge
<b><u>Transactions with related companies</u></b>					
Sales of goods	29	25	-	-	Price approximates market price
Purchases of goods	2	5	-	-	Price less marketing expenses and margin
Interest expenses	1	2	-	-	THBFIX + 0.50% per annum
<b><u>Transactions with jointly controlled entity of subsidiary</u></b>					
Purchases of oil palm seeds and fresh fruit bunch	6	3	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties

As at 31 December 2014 and 2013, the balances of accounts between the Company and those related parties are detailed as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
(Unit: Baht)				
<b><u>Trade and other receivables - related parties</u></b> (Note 8)				
Subsidiaries	-	-	14,161,878	16,095,029
Associated company	452,280	452,280	-	-
Related companies (related by common shareholders)	26,149,606	24,938,203	5,250	38,544
<b>Total trade and other receivables - related parties</b>	<b>26,601,886</b>	<b>25,390,483</b>	<b>14,167,128</b>	<b>16,133,573</b>
Less: Allowance for doubtful accounts	(20,780,523)	(20,780,523)	-	-
<b>Total trade and other receivables - related parties, net</b>	<b>5,821,363</b>	<b>4,609,960</b>	<b>14,167,128</b>	<b>16,133,573</b>
<b><u>Short-term loans to related parties</u></b>				
Associated company	40,285,836	40,285,836	-	-
Related companies (related by common shareholders)	5,324,565	5,324,565	-	-
<b>Total short-term loans to related parties</b>	<b>45,610,401</b>	<b>45,610,401</b>	<b>-</b>	<b>-</b>
Less: Allowance for doubtful accounts	(45,610,401)	(45,610,401)	-	-
<b>Total short-term loans to related parties - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Trade and other payables - related parties</u></b> (Note 18)				
Subsidiaries	-	-	140,208,273	168,597,572
Related companies (related by common shareholders)	582,367	948,157	-	-
<b>Total trade and other payables - related parties</b>	<b>582,367</b>	<b>948,157</b>	<b>140,208,273</b>	<b>168,597,572</b>
<b><u>Short-term loan from related party</u></b>				
Related company (related by major shareholder)	10,000,000	50,000,000	-	-
<b>Total short-term loan from related party</b>	<b>10,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>-</b>

As at 31 December 2014 and 2013, the balance of short-term loan between the Company and the related party and the movements are as follows:

(Unit: Baht)

Company's name	Related by	Consolidated financial statements		
		Balance as at 31 December 2013	Repayment	Balance as at 31 December 2014
Lam Soon Holding Co., Ltd.	Major shareholder	50,000,000	(40,000,000)	10,000,000
Total		50,000,000	(40,000,000)	10,000,000

### **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 been ceased from the date that 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 + 0.50% 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 2014, the Company had selling and administrative service income from such subsidiary totaling Baht 70 million (2013: Baht 62 million).



## Directors and management's remuneration

During the years ended 31 December 2014 and 2013, 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 150 million and Baht 140 million, respectively (the Company only: Baht 89 million and Baht 81 million, respectively).

## 7. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	3,884,364	3,167,463	1,017,524	1,113,200
Bank deposits	225,915,910	180,511,252	26,875,582	45,767,226
Investment in Bank of Thailand Bond	-	50,044,520	-	-
Total	<u>229,800,274</u>	<u>233,723,235</u>	<u>27,893,106</u>	<u>46,880,426</u>

As at 31 December 2014, bank deposits in saving accounts, fixed deposits and investment in Bank of Thailand Bond carried interests between 0.10 and 1.25 percent per annum (2013: between 0.10 and 2.50 percent per annum).

## 8. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,545,294	3,633,989	16,752	15,034
Past due				
Up to 3 months	4,260,164	943,425	-	-
6 - 12 months	-	13,274	-	-
Over 12 months	452,280	452,280	-	-
Total	<u>6,257,738</u>	<u>5,042,968</u>	<u>16,752</u>	<u>15,034</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>5,805,458</u>	<u>4,590,688</u>	<u>16,752</u>	<u>15,034</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	43,908,600	50,096,595	43,908,600	50,096,595
Cheque returned	13,791,546	13,671,166	8,828,233	8,707,851
Not yet due	715,650,026	766,118,643	664,764,157	712,697,495
Past due				
Up to 3 months	124,651,464	182,039,065	89,940,357	148,303,834
3 - 6 months	2,646,768	2,423,264	624,614	1,727,440
6 - 12 months	5,067,408	3,679,349	179,058	-
Over 12 months	28,714,032	25,252,573	2,845,803	2,850,712
Total	934,429,844	1,043,280,655	811,090,822	924,383,927
Less: Allowance for doubtful accounts	(43,227,149)	(37,394,110)	(10,817,772)	(10,828,967)
Total trade receivables - unrelated parties, net	891,202,695	1,005,886,545	800,273,050	913,554,960
Total trade receivables - net	897,008,153	1,010,477,233	800,289,802	913,569,994
<u>Other receivables</u>				
Other receivables - related parties	15,905	19,272	5,483,396	4,427,706
Other receivables - unrelated parties	4,195,462	99,198	2,499,014	-
Accrued income - related parties	-	-	8,666,980	11,690,833
Accrued income - unrelated parties	926,988	564,602	-	-
Advances - related parties	20,328,243	20,328,243	-	-
Advances - unrelated parties	478,190	392,678	-	-
Total	25,944,788	21,403,993	16,649,390	16,118,539
Less: Allowance for doubtful accounts	(20,328,243)	(20,328,243)	-	-
Total other receivables - net	5,616,545	1,075,750	16,649,390	16,118,539
<b>Total trade and other receivables - net</b>	<b>902,624,698</b>	<b>1,011,552,983</b>	<b>816,939,192</b>	<b>929,688,533</b>

## 9. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
	Finished goods	657,303,835	565,474,714	(11,452,425)	(41,103,556)	645,851,410
Work in process	461,436,851	393,427,625	-	-	461,436,851	393,427,625
Raw materials	88,884,326	95,469,467	(11,948,879)	(9,270,423)	76,935,447	86,199,044
Inventories in transit	18,988,210	593,767	-	-	18,988,210	593,767
Supplies and spare parts	102,185,144	100,239,520	(2,316,115)	(1,461,048)	99,869,029	98,778,472
<b>Total</b>	<b>1,328,798,366</b>	<b>1,155,205,093</b>	<b>(25,717,419)</b>	<b>(51,835,027)</b>	<b>1,303,080,947</b>	<b>1,103,370,066</b>

(Unit: Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
	Finished goods	70,626,491	73,984,603	-	-	70,626,491
Work in process	459,306,076	393,814,990	-	-	459,306,076	393,814,990
Raw materials	55,820,808	53,929,408	-	-	55,820,808	53,929,408
Inventories in transit	18,988,210	593,767	-	-	18,988,210	593,767
Supplies and spare parts	24,710,144	26,519,988	(107,265)	(746)	24,602,879	26,519,242
<b>Total</b>	<b>629,451,729</b>	<b>548,842,756</b>	<b>(107,265)</b>	<b>(746)</b>	<b>629,344,464</b>	<b>548,842,010</b>

During the current year, the Company reduced cost of inventories by Baht 0.1 million (2013: reversed the write-down of cost of inventories by Baht 0.1 million). In addition, the subsidiaries reversed the write-down of cost of inventories by Baht 26.2 million (2013: reduced cost of inventories by Baht 39.5 million). This was included in cost of sales.

## 10. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2014	2013	2014	2013
			Million Baht	Million Baht	Percent	Percent
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Baht)

Company's name	Consolidated financial statements							
	Cost				Carrying amounts			
	Cost		Allowance for impairment loss of investment		based on cost method - net		based on equity method	
	2014	2013	2014	2013	2014	2013	2014	2013
Union Fresh Co., Ltd.	12,000,000	12,000,000	(12,000,000)	(12,000,000)	-	-	-	-

## 11. Investments in subsidiaries

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

Company's name	(Unit: Baht)							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2014	2013	2014	2013	2014	2013	2014	2013
			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	124,693,311	113,357,555
Universal Food Public Company Limited	525,000,000	525,000,000	98.76	98.76	585,242,875	585,242,875	-	-
<b>Total</b>					1,333,586,724	1,333,586,724	124,693,311	113,357,555
Less: Allowance for impairment loss of investments					(21,095,880)	(21,095,880)		
<b>Total investments in subsidiaries - net</b>					1,312,490,844	1,312,490,844		

As at 31 December 2014, 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 (2013: Baht 2,256 million).

## 12. Other long-term investments

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><u>Equity securities</u></b>				
Ichitan Group Plc.	1,950,000	-	1,950,000	-
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	3,468,425	1,518,425	3,468,425	1,518,425
Add: Unrealised gain (loss) on changes in value of investments	471,290	(681,946)	471,290	(681,946)
<b>Other long-term investments - net</b>	<b>3,939,715</b>	<b>836,479</b>	<b>3,939,715</b>	<b>836,479</b>

## 13. Investment properties

The net book value of investment properties as at 31 December 2014 and 2013 is presented below.

(Unit: Baht)

	As at 31 December 2014					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795,063	142,220,823	206,015,886	5,614,750	33,973,158	39,587,908
Less: Accumulated depreciation	-	(72,969,437)	(72,969,437)	-	(31,326,705)	(31,326,705)
Allowance for impairment	(4,837,600)	(41,678,646)	(46,516,246)	-	-	-
Net book value	<u>58,957,463</u>	<u>27,572,740</u>	<u>86,530,203</u>	<u>5,614,750</u>	<u>2,646,453</u>	<u>8,261,203</u>

(Unit: Baht)

	As at 31 December 2013					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
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 impairment	(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>

A reconciliation of the net book value of investment properties for the years 2014 and 2013 is presented below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	51,735,001	52,486,739	9,959,861	11,658,519
Transfers	33,210,524	-	-	-
Reversal of allowance for impairment	2,336,416	-	-	-
Depreciation for the year	(751,738)	(751,738)	(1,698,658)	(1,698,658)
Net book value at end of year	<u>86,530,203</u>	<u>51,735,001</u>	<u>8,261,203</u>	<u>9,959,861</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 2014 amounted to Baht 48 million and Baht 5 million, respectively (2013: 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 as at 31 December 2014 was determined at approximately Baht 26 million (2013: Baht 26 million) using the income approach. The assumption used in the valuation was based on the Company's data.

## 14. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements							Total
	Land and land improvement	Land awaiting development	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	
<b>Cost</b>								
1 January 2013	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
Additions	3,511,770	-	5,950,229	50,357,321	3,186,387	9,343,984	110,108,417	182,458,108
Capitalised interest	-	-	39,071	185,014	-	-	98,257	322,342
Disposals/write off	(4,010,245)	-	(339,746)	(39,153,753)	(2,044,762)	(23,319,489)	-	(68,867,995)
Transfer in (transfer out)	-	-	9,789,333	77,590,825	765,784	9,574,264	(97,720,206)	-
Transfer to investment properties	(9,203,577)	-	(127,186,063)	-	-	-	-	(136,389,640)
31 December 2014	688,956,209	76,475,756	900,292,905	2,596,736,515	114,193,958	248,885,148	91,218,972	4,716,759,463

(Unit: Baht)

## Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<b><u>Accumulated depreciation</u></b>								
1 January 2013	-	-	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
Depreciation for the year	-	-	45,189,184	150,748,749	5,300,855	25,813,772	-	227,052,560
Depreciation on disposals/write off	-	-	(293,692)	(34,985,053)	(1,972,437)	(22,973,389)	-	(60,224,571)
Depreciation on items transferred to investment properties	-	-	(63,689,822)	-	-	-	-	(63,689,822)
31 December 2014	-	-	578,231,190	1,682,991,712	99,686,395	180,064,867	-	2,540,974,164
<b><u>Allowance for impairment</u></b>								
1 January 2013	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
Decrease during the year for items transferred to investment properties	-	-	(39,489,294)	-	-	-	-	(39,489,294)
31 December 2014	14,638,278	-	-	66,216,486	-	-	-	80,854,764



(Unit: Baht)

Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<b>Net book value</b>								
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
31 December 2014	674,317,931	76,475,756	322,061,715	847,528,317	14,507,563	68,820,281	91,218,972	2,094,930,535
<b>Depreciation for the year</b>								
2013 (Baht 201.4 million included in manufacturing cost, and the balance in administrative expenses)								222,122,636
2014 (Baht 203.5 million included in manufacturing cost, and the balance in administrative expenses)								227,052,560

(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	Assets under construction and installation	Total
<b>Cost</b>							
1 January 2013	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
Additions	3,511,770	-	19,778,331	605,789	2,485,000	55,872,185	82,253,075
Disposals/write off	-	(272,843)	(22,916,504)	(433,880)	(2,342,960)	-	(25,966,187)
Transfer in (transfer out)	-	3,204,728	17,921,487	605,230	-	(21,731,445)	-
31 December 2014	25,835,645	306,358,844	1,162,804,266	38,356,665	47,409,488	46,588,456	1,627,353,364

(Unit: Baht)

## Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<b><u>Accumulated depreciation</u></b>							
1 January 2013	-	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
Depreciation for the year	-	14,578,105	60,025,444	1,770,681	4,882,846	-	81,257,076
Depreciation on disposals/write off	-	(272,836)	(22,881,598)	(431,538)	(2,342,956)	-	(25,928,928)
31 December 2014	-	223,319,740	724,903,725	34,774,801	35,891,378	-	1,018,889,644
<b><u>Allowance for impairment</u></b>							
1 January 2013	-	-	1,926,317	-	-	-	1,926,317
Decrease during the year	-	-	(1,926,317)	-	-	-	(1,926,317)
31 December 2013	-	-	-	-	-	-	-
31 December 2014	-	-	-	-	-	-	-
<b><u>Net book value</u></b>							
31 December 2013	22,323,875	94,412,488	460,261,073	4,143,868	13,915,960	12,447,716	607,504,980
31 December 2014	25,835,645	83,039,104	437,900,541	3,581,864	11,518,110	46,588,456	608,463,720
<b><u>Depreciation for the year</u></b>							
2013 (Baht 71.9 million included in manufacturing cost, and the balance in administrative expenses)							82,160,384
2014 (Baht 71.1 million included in manufacturing cost, and the balance in administrative expenses)							81,257,076

During the current year, the subsidiary reclassified land and land improvement, buildings and building improvement to investment properties because the subsidiary plans to sell these assets, as mentioned in Note 2.2 a).

During 2014, the subsidiary capitalised interest amounting to Baht 0.3 million (2013: Baht 1.7 million) to the costs of plant enlargement 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 2.82% - 3.44% per annum (2013: 3.17% - 3.55% per annum).

As at 31 December 2013, the majority of land and buildings thereon of the subsidiary were mortgaged with the bank to secure credit facilities and bank guarantees granted by the bank. However, the subsidiary released such mortgage in March 2014.

As at 31 December 2014, 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 1,362 million (2013: Baht 1,264 million) and for the Company amounted to approximately Baht 532 million (2013: Baht 502 million).

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

	(Unit: Baht)			Separate financial statements
	Consolidated financial statements			
	Cost of forest land rights and cost of palm plantation ready for harvest	Cost of palm plantation not ready for harvest	Total	
<b>Cost</b>				Cost of forest land rights and cost of palm plantation ready for harvest
1 January 2013	610,741,369	12,538,958	623,280,327	294,119
Additions	27,600,000	22,370,168	49,970,168	-
Write off	(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
Additions	8,286,571	23,784,976	32,071,547	-
Write off	(49,064,274)	-	(49,064,274)	-
Transfer in (transfer out)	978,000	(18,304,844)	(17,326,844)	-
31 December 2014	595,318,696	32,177,880	627,496,576	294,119
<b>Accumulated amortisation</b>				
1 January 2013	358,367,497	-	358,367,497	34,295
Amortisation for the year	30,612,449	-	30,612,449	11,765
Amortisation on write off	(742,326)	-	(742,326)	-
31 December 2013	388,237,620	-	388,237,620	46,060
Amortisation for the year	37,047,734	-	37,047,734	11,765
Amortisation on write off	(11,207,009)	-	(11,207,009)	-
31 December 2014	414,078,325	-	414,078,325	57,825
<b>Net book value</b>				
31 December 2013	246,880,779	26,697,748	273,578,527	248,059
31 December 2014	181,240,371	32,177,880	213,418,251	236,294
<b>Amortisation for the year (included in manufacturing cost)</b>				
2013			30,612,449	11,765
2014			37,047,734	11,765

Approximately 12,205 rai of the total area utilised by the subsidiary has land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

During the year 2014, other land ownership documents of the subsidiary for the land of approximately 19 rai have been transformed into land title deeds.

A permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests had expired in January 2015. The subsidiary has used the land of 13,030 rai for palm oil plantation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land, and the request is under the consideration of such government unit.

## 16. Intangible assets

The net book value of intangible assets as at 31 December 2014 and 2013 is presented below.

	Consolidated financial statements			(Unit: Baht) Separate financial statements
	Computer software	Licenses	Total	Computer software
	As at 31 December 2014			
Cost	55,883,798	10,764,200	66,647,998	25,261,596
Less: Accumulated amortisation	(47,611,799)	(2,488,862)	(50,100,661)	(20,196,722)
Net book value	<u>8,271,999</u>	<u>8,275,338</u>	<u>16,547,337</u>	<u>5,064,874</u>
As at 31 December 2013				
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>

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2014	2013	2014	2013
	Net book value at beginning of year	15,968,798	14,353,663	5,126,205
Acquisition of computer software	2,704,662	3,629,887	592,600	2,395,000
Transfer from property, plant and equipment	-	700,000	-	700,000
Disposals - net book value	(19)	-	(19)	-
Amortisation for the year	(2,126,104)	(2,714,752)	(653,912)	(662,202)
Net book value at end of year	<u>16,547,337</u>	<u>15,968,798</u>	<u>5,064,874</u>	<u>5,126,205</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.

## 17. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2014	2013	2014	2013	2014	2013
Short-term loans						
from financial						
institutions	2.30 - 4.75	2.30 - 3.30	1,230,000,000	1,240,748,983	140,000,000	185,000,000
Total			1,230,000,000	1,240,748,983	140,000,000	185,000,000

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

## 18. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Trade payables - related parties	-	360,502	140,195,424	168,573,513
Trade payables - unrelated parties	245,671,357	341,914,265	172,366,883	268,376,837
Other payables - related parties	456,722	581,011	-	-
Other payables - unrelated parties	51,422,861	51,296,855	31,663,797	32,968,552
Advance received from related parties	125,645	6,644	12,849	24,059
Other payables for purchase of machineries	9,922,872	7,301,535	5,587,923	2,798,267
Accrued expenses	124,851,410	107,704,692	64,640,705	58,368,877
Total trade and other payables	432,450,867	509,165,504	414,467,581	531,110,105

## 19. Other current liabilities

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Advance income	45,071,724	17,676,574	19,134,631	17,676,574
Accrued dividend	4,141,093	3,711,565	1,024,961	588,777
Others	40,677,572	41,043,975	31,226,559	28,903,376
Total other current liabilities	89,890,389	62,432,114	51,386,151	47,168,727

## 20. Long-term loans

(Unit: Million Baht)

Loan	Consolidated financial statements		Separate financial statements		Interest rate (Percent per annum)	Repayment schedule	Security
	2014	2013	2014	2013			
<b><u>The Company and its subsidiary</u></b>							
1	-	15.00	-	15.00	THBFIX plus applicable margin	Repayment in 17 quarterly installments, starting March 2010	No collateral
2	175.00	300.00	-	-	BIBOR + 1	Repayment in 12 quarterly installments, starting February 2014	No collateral
Total long-term loans - the Company and its subsidiary	175.00	315.00	-	15.00			
<b><u>The subsidiary company held by the subsidiary</u></b>							
Union Frost Company Limited							
1	-	2.14	-	-	Fixed rate	Monthly installment of Baht 1.17 million, starting March 2009	Mortgage of land and construction thereon, and negative pledge of machinery which was redeemed in March 2014
Total long-term loans - the subsidiary company held by the subsidiary	-	2.14	-	-			
Total long-term loans	175.00	317.14	-	15.00			
Less: Current portion	(100.00)	(117.14)	-	(15.00)			
Long-term loans - net of current portion	75.00	200.00	-	-			



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 at the rate prescribed in the agreements.

## **21. Provision for land rental charge**

In 2001, a subsidiary of the 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 Royal Forest 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. However, in 2014, the subsidiary had reversed the provision of land rental charge since the subsidiary entered into a lease agreement with the Treasury Department in December 2014 after the permit with the Royal Forest Department expired on 8 July 2014. During the said permit being still effective, the subsidiary was obliged to comply with the rules and regulations of the Royal Forest Department.

## 22. Provision for long-term employee benefits

Provision for long-term employee benefits was presented as follows:

(Unit: Baht)

	Consolidated financial statements					
	2014			2013		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Defined benefit obligations at beginning of year</b>	115,646,412	5,409,989	121,056,401	134,632,611	4,897,149	139,529,760
Current service cost	7,930,942	178,900	8,109,842	12,346,826	405,507	12,752,333
Interest cost	4,243,208	69,592	4,312,800	4,709,041	107,333	4,816,374
Benefits paid during the year	(27,639,774)	(575,000)	(28,214,774)	(34,070,155)	-	(34,070,155)
Actuarial gain	(24,267,184)	(3,372,988)	(27,640,172)	-	-	-
Reversal of provisions	-	-	-	(1,971,905)	-	(1,971,905)
<b>Defined benefit obligations at end of year</b>	75,913,604	1,710,493	77,624,097	115,646,418	5,409,989	121,056,407
Unrecognised transitional provisions	(20,850,676)	(778,605)	(21,629,281)	(41,763,276)	(1,557,211)	(43,320,487)
<b>Provision for long-term employee benefits at end of year</b>	55,062,928	931,888	55,994,816	73,883,142	3,852,778	77,735,920

(Unit: Baht)

	Separate financial statements					
	2014			2013		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Defined benefit obligations at beginning of year</b>	62,291,237	5,409,989	67,701,226	77,808,398	4,897,149	82,705,547
Current service cost	3,438,772	178,900	3,617,672	7,519,880	405,507	7,925,387
Interest cost	2,638,715	69,592	2,708,307	2,902,243	107,333	3,009,576
Benefits paid during the year	(23,744,096)	(575,000)	(24,319,096)	(25,939,283)	-	(25,939,283)
Actuarial gain	(2,983,044)	(3,372,988)	(6,356,032)	-	-	-
<b>Defined benefit obligations at end of year</b>	41,641,584	1,710,493	43,352,077	62,291,238	5,409,989	67,701,227
Unrecognised transitional provisions	(12,119,778)	(778,605)	(12,898,383)	(24,301,466)	(1,557,211)	(25,858,677)
<b>Provision for long-term employee benefits at end of year</b>	29,521,806	931,888	30,453,694	37,989,772	3,852,778	41,842,550

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Baht)

	Consolidated financial statements					
	2014			2013		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	7,930,942	178,900	8,109,842	12,346,826	405,507	12,752,333
Interest cost	4,243,208	69,592	4,312,800	4,709,041	107,333	4,816,374
Actuarial gain recognised during the year	-	(3,372,988)	(3,372,988)	-	-	-
Transitional liability recognised during the year	20,912,594	778,605	21,691,199	21,671,022	778,605	22,449,627
<b>Total expenses recognised in profit or loss</b>	<b>33,086,744</b>	<b>(2,345,891)</b>	<b>30,740,853</b>	<b>38,726,889</b>	<b>1,291,445</b>	<b>40,018,334</b>
Line items in profit or loss under which such expenses are included						
Cost of sales			20,645,523			24,463,964
Selling and administrative expenses			10,095,330			15,554,370

(Unit: Baht)

	Separate financial statements					
	2014			2013		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	3,438,772	178,900	3,617,672	7,519,880	405,507	7,925,387
Interest cost	2,638,715	69,592	2,708,307	2,902,243	107,333	3,009,576
Actuarial gain recognised during the year	-	(3,372,988)	(3,372,988)	-	-	-
Transitional liability recognised during the year	12,181,688	778,605	12,960,293	12,181,688	778,605	12,960,293
<b>Total expenses recognised in profit or loss</b>	<b>18,259,175</b>	<b>(2,345,891)</b>	<b>15,913,284</b>	<b>22,603,811</b>	<b>1,291,445</b>	<b>23,895,256</b>
Line items in profit or loss under which such expenses are included						
Cost of sales			9,984,591			11,311,960
Selling and administrative expenses			5,928,693			12,583,296

As at 31 December 2014, cumulative actuarial gains, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 24.3 million (2013: Nil) (the Company only: Baht 3.0 million and 2013: Nil).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate		financial	
	financial statements		statements			
	2014	2013	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.30 - 4.75	3.1	4.52, 4.77	3.1		
Future salary increase rate	5.0	5.0	5.0	5.0		
Staff turnover rate (depending on age)	0 - 46	0 - 80	0 - 46	0 - 45		

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

(Unit: Million Baht)

Year	Consolidated financial statements					
	Defined benefit obligations			Experience adjustments on the obligations		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
2014	76	2	78	46	(3)	43
2013	116	5	121	-	-	-
2012	135	5	140	-	-	-
2011	143	4	147	-	-	-
2010	148	4	152	-	-	-

(Unit: Million Baht)

Year	Separate financial statements					
	Defined benefit obligations			Experience adjustments on the obligations		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
2014	41	2	43	24	(3)	21
2013	62	6	68	-	-	-
2012	78	5	83	-	-	-
2011	91	4	95	-	-	-
2010	97	4	101	-	-	-

## 23. 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.

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Raw materials and consumables used	5,990,700,762	3,854,886,253	5,120,288,587	3,805,636,071
Changes in inventories of finished goods and work in process	(159,838,347)	358,215,241	(62,132,974)	174,998,088
Salary and wages and other employee benefits	794,247,631	813,074,268	308,989,649	289,293,066
Depreciation and amortisation	267,124,379	256,201,575	83,621,411	84,533,009
Transportation expenses	165,658,206	187,387,443	101,870,941	100,031,697
Promotion expenses	154,626,393	106,682,036	154,626,393	106,682,036
Repair and maintenance expenses	113,718,676	106,837,701	33,327,029	24,713,135
Loss on impairment of assets	-	105,705,780	-	-
Rental expenses from operating lease agreements	34,739,166	25,293,203	5,589,748	6,707,197

## 25. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Current income tax charge	91,214,945	108,381,642	35,627,132	50,567,411
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	429,952	(1,289,466)	1,662,098	817,627
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>91,644,897</u>	<u>107,092,176</u>	<u>37,289,230</u>	<u>51,385,038</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to gain on change in value of available-for-sale investments	230,647	(34,874)	230,647	(34,874)
Deferred tax relating to actuarial gain	4,528,782	-	596,609	-
Income tax charged directly to other comprehensive income	<u>4,759,429</u>	<u>(34,874)</u>	<u>827,256</u>	<u>(34,874)</u>



Reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit before tax	530,535,669	418,601,707	317,784,725	436,800,653
Applicable tax rate	15% and 20%	15% and 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	133,992,346	104,774,282	63,556,945	87,360,131
Effects of:				
Promotional privileges (Note 26)	(18,253,041)	1,183,551	(1,593,742)	(13,335,493)
Non-deductible expenses	9,637,682	28,541,578	624,899	579,529
Additional expense deductions allowed	(33,732,090)	(28,396,103)	(25,298,872)	(23,219,129)
Others	-	988,868	-	-
Total	(42,347,449)	2,317,894	(26,267,715)	(35,975,093)
Income tax expenses reported in the statements of comprehensive income	91,644,897	107,092,176	37,289,230	51,385,038

The components of deferred tax assets are as follows:

(Unit: Baht)

	Statements of financial position			
	Consolidated financial statements		Separated financial statements	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	19,772,114	18,827,437	2,163,555	2,165,794
Allowance for diminution in value of inventories	1,172,291	765,006	21,453	150
Allowance for impairment loss of investment in associated company	2,400,000	2,400,000	-	-
Unrealised loss on changes in value of available-for-sale investments	-	136,389	-	136,389
Allowance for asset impairment	3,365,525	3,529,727	-	-
Provision for long-term employee benefits	8,989,356	15,135,850	6,090,739	8,368,510
Total	35,699,286	40,794,409	8,275,747	10,670,843
<b>Deferred tax liabilities</b>				
Unrealised gain on changes in value of available-for-sale investments	94,258	-	94,258	-
Total	94,258	-	94,258	-
<b>Net deferred tax assets</b>	35,605,028	40,794,409	8,181,489	10,670,843

## 26. 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>
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>
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

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).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2014 and 2013 were as follows:

	(Unit: Baht)					
	Promoted operations		Non-promoted operations		Total	
	2014	2013	2014	2013	2014	2013
<b>Sales</b>						
Domestic sales	2,118,585,245	1,738,669,307	4,503,187,149	3,861,197,117	6,621,772,394	5,599,866,424
Export sales	44,976,459	81,372,538	264,989,585	178,099,243	309,966,044	259,471,781
Total sales	<u>2,163,561,704</u>	<u>1,820,041,845</u>	<u>4,768,176,734</u>	<u>4,039,296,360</u>	<u>6,931,738,438</u>	<u>5,859,338,205</u>

## 27. 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	
	2014	2013	2014	2013
Profit attributable to equity holders of the Company (Thousand Baht)	378,742	250,335	280,495	385,416
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.46	0.31	0.34	0.47

## 28. 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 2014 and 2013.

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	6,642	5,439	1,809	1,804	8,451	7,243	-	-	8,451	7,243
Intersegment revenues	755	949	735	728	1,490	1,677	(1,490)	(1,677)	-	-
Interest income										
Interest expenses	(21)	(14)	(31)	(38)	(52)	(52)	-	-	(52)	(52)
Depreciation and amortisation	(193)	(184)	(74)	(72)	(267)	(256)	-	-	(267)	(256)
Income tax expenses	(74)	(101)	(20)	(6)	(94)	(107)	-	-	(94)	(107)
Loss on impairment of assets	-	-	2	(106)	2	(106)	-	-	2	(106)
<b>Segment profit</b>	<b>884</b>	<b>968</b>	<b>488</b>	<b>328</b>	<b>1,372</b>	<b>1,296</b>	<b>3</b>	<b>13</b>	<b>1,375</b>	<b>1,309</b>

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Segment total assets</b>	<b>4,951</b>	<b>4,833</b>	<b>1,405</b>	<b>678</b>	<b>6,356</b>	<b>5,511</b>	<b>(1,230)</b>	<b>(348)</b>	<b>5,126</b>	<b>5,163</b>
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	30	426	(137)	(96)	(107)	330	-	-	(107)	330

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

### *Geographic information*

During the year 2014, the Company's and its subsidiaries' sales represent domestic sales of 85 percent (2013: 84 percent) and export sales of 15 percent (2013: 16 percent).

### *Major customers*

For the years 2014 and 2013, the Company and its subsidiaries have no major external customer with revenue of 10 percent or more of an entity's revenues.

## **29. 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 2014, total amount of approximately of Baht 10.7 million (2013: Baht 9.9 million) had been contributed to the funds by the Company and the subsidiaries, and Baht 5.4 million had been contributed by the Company (2013: Baht 4.8 million).

### 30. Dividends

	Approved by	Total dividends	Dividend per share
(Unit: Baht)			
<b><u>The Company</u></b>			
<b><u>For the year 2013</u></b>			
Final dividends for 2012	Annual General Meeting of the shareholders on 26 April 2013	164,000,000	0.20
<b>Total dividends for the year 2013</b>		<b>164,000,000</b>	<b>0.20</b>
<b><u>For the year 2014</u></b>			
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	164,000,000	0.20
<b>Total dividends for the year 2014</b>		<b>164,000,000</b>	<b>0.20</b>
(Unit: Baht)			
	Approved by	Total dividends	Dividend per share
<b><u>Subsidiary</u></b>			
<b><u>For the year 2013</u></b>			
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	64,810,000	0.20
<b>Total dividends for the year 2013</b>		<b>162,025,000</b>	<b>0.50</b>
<b><u>For the year 2014</u></b>			
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	129,620,000	0.40
Interim dividends for the period from January to September 2014	Board of Directors' Meeting on 6 November 2014	48,607,500	0.15
<b>Total dividends for the year 2014</b>		<b>178,227,500</b>	<b>0.55</b>

## 31. Commitments and contingent liabilities

### 31.1 Capital commitments

As at 31 December 2014, the Company and its subsidiaries had capital commitments relating to the purchase of machineries, equipment, vehicles and construction of buildings amounting to approximately Baht 51.0 million SGD 0.7 million and Euro 39,000 (2013: Baht 16.5 million), the Company only: Baht 8.3 million SGD 0.7 million and Euro 39,000 (2013: Baht 1.8 million).

### 31.2 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)	
	As at 31 December	
	<u>2014</u>	<u>2013</u>
Payable:		
Within 1 year	21.8	7.2
More than 1 year but not over 5 years	63.8	3.2
More than 5 years	15.4	-

### 31.3 Long-term service commitments

Under the agreement 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 agreement. The jointly controlled entity and such foreign shareholder are also required to comply with conditions stipulated in the contract.

### 31.4 Guarantees

As at 31 December 2014, 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 16.1 million to guarantee import, electricity usage, among others (2013: Baht 17.9 million) and for the Company: Baht 9.1 million to guarantee electricity usage, among others (2013: Baht 9.1 million).

### 31.5 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 for 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. On 22 July 2014, the Supreme Court judged to uphold the verdict passed by the Court of Appeal. 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 plus interest to the Company after deducting the electricity fee for the period from 5 to 30 November 2003 of approximately Baht 0.4 million. Subsequently on 29 July 2014, the Supreme Court judged to uphold the verdict passed by the Court of Appeal ordering the MEA to refund Baht 2.5 million plus interest to the Company. During the year, the MEA had already refunded Baht 2.5 million plus interest to the Company.

(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.

On 15 October 2005, the subsidiary submitted related documents to Agricultural Land Reform Office to verify the right over the land.

Consequently, Agricultural Land Reform Office sent a letter to the subsidiary regarding the distribution of land. The land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the cost of land and the net book value of the oil palm on such land as at 31 December 2014 totally Baht 11 million, was in conflict with the subsidiary's land title deed. The subsidiary is in a process to prepare the documents to submit to Agricultural Land Reform Office to nullify the status of being land under Sor Por Kor.



- (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 plots of land represent 3 percent of the total planted area of the subsidiary. The 276 rai in land reform areas represents a large landholding and a holding in excess of the area that can be owned under Section 30 of the Land Reform for Agriculture Act.

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received a 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 a 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 Royal Forest 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 Royal Forest Department. On 18 December 2009, the subsidiary lodged an application for permission to gather forest produce in a National Forest.

On 8 July 2014, a permit from the Royal Forest Department granted to a subsidiary for the exploitation in the National Reserved Forests expired. As a result, the royalties payable to the Royal Forest Department are terminated. On 11 December 2014, the subsidiary entered into a lease agreement for half of the land that was under the expired permit for land exploitation. The agreement is effective from 9 July 2014 to 8 July 2029.

## **32. Financial instruments**

### **32.1 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 and other receivables, loans, trade and other payables, short-term and long-term borrowings. 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, 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 2014 and 2013 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 2014						
Fixed interest rate						
	More than	Floating	Non-			
	one year	interest	interest			
Within	but within	rate	bearing	Total	Interest rate	
one year	four years				(% p.a.)	
<b>Financial assets</b>						
Cash and cash equivalents	-	-	225	5	230	0.10 - 1.25
Trade and other receivables	-	-	-	903	903	-
	-	-	225	908	1,133	
<b>Financial liabilities</b>						
Short-term loans from financial institutions						
	340	-	890	-	1,230	2.30 - 4.75
Trade and other payables	-	-	-	432	432	-
Short-term loan from related party	-	-	10	-	10	THBFIX + 0.50
Long-term loans	100	-	75	-	175	BIBOR + 1
	440	-	975	432	1,847	

(Unit: Million Baht)

As at 31 December 2013						
Fixed interest rate						
	More than	Floating	Non-			
	one year	interest	interest			
Within	but within	rate	bearing	Total	Interest rate	
one year	four years				(% p.a.)	
<b>Financial assets</b>						
Cash and cash equivalents	50	-	181	3	234	0.10 - 2.50
Trade and other receivables	-	-	-	1,011	1,011	-
	50	-	181	1,014	1,245	
<b>Financial liabilities</b>						
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
Long-term loans	117	-	200	-	317	5.45, BIBOR + 1
	302	-	1,306	401	2,009	

As at 31 December 2013, 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>	<u>Interest rate in the original loan agreement</u>	<u>Interest rate in the swap agreement</u>
		(Million Baht)	(Percent per annum)	(Percent per annum)
January 2009	February 2014	2.14	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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	2.2	2.0	0.9	0.3	32.9630	32.8136
Euro	0.2	0.3	0.1	-	40.0530	45.0217

Forward exchange contracts outstanding as at 31 December 2013 are summarised below.

<u>Foreign currency</u>	<u>Sold amount</u>		<u>Contractual exchange rate of sold amount</u>	<u>Contractual maturity date</u>
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	(Million)	(Million)		
US dollars	0.7	0.2	31.24 - 31.63	In March 2014
Euro	0.1	-	41.20	In June 2014

## **32.2 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.

## **33. 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 2014, the Group's debt-to-equity ratio was 0.66:1 (2013: 0.81:1) and the Company's was 0.24:1 (2013: 0.32:1).

## **34. Events after the reporting period**

On 25 February 2015, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2014 earnings of Baht 0.20 per share, or a total of Baht 164 million.

On 24 February 2015, the meeting of the subsidiary's Board of Directors passed a resolution to propose the payment of dividend in respect of October to December 2014 earnings of Baht 0.15 per share, or a total of Baht 49 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.

## **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2015.