



บริษัท ล้าสูง (ประเทศไทย) จำกัด (มหาชน)

Lam Soon (Thailand) Public Company Limited

CORPORATE HEADQUARTERS

64 Soi Bangna-Trad 25, Bangna,
Bangkok 10260 Thailand

Tel +66-(0)2-361 8959 - 87

Fax (Mgmt) +66-(0)2-361 8988 - 89

Fax (Sales) +66-(0)2-361 8994 - 95

www.lamsoon.co.th

August 8, 2014

**Subject: To submit the Interim Management Discussion and Analysis
For the three-month period ended 30 June, 2014**

To: Directors and Managers of the Stock Exchange of Thailand

Lam Soon (Thailand) Pcl. (LST) and its subsidiaries would like to inform the operating results for the three-month period ended June 30, 2014 which had the Profit attributable to equity holders of the Company Baht 189.18 million, compared to the same period of 2013 with the net profit at Baht 96.15 million, increase Baht 93.03 million or 96.76%.

The Company would like to submit the management discussion and financial performance analysis and explanation for the three-month period ended June 30, 2014.

Please be kindly informed.

Sincerely yours,

(Miss Anchalee Suebchantasiri)
Managing Director

CC: The Securities and Exchange Commission

REFINERY

236 Moo 4 Bangpoo Industrial Estate,
Sukhumvit Road, Phraekasa Sub-District,
Muang District, Samutprakarn 10280
Thailand

Tel +66-(0)2-709 3610 - 24
Fax +66-(0)2-324 0640

CRUSHING MILL

99/9 Moo 2 Sikao-kuankun Road,
Kalasae Sub-district, Sikao District,
Trang 92150
Thailand

Tel +66-(0)75-267 268 / 75
Fax +66-(0)75-267 028 / 265



Interim Management Discussion and Analysis For the three-month period ended 30 June 2014

Q2/2014 Industry Overview

Fresh Fruit Bunch (FFB) produced in Q2/14 was around 4.26 million MT which was higher than 3.32 million MT produced in Q2/13. This was mainly because young palms harvested in newly planted area delivered significantly high yield per rai even though the amount of rainfall during Q2/14 was lower than Q2/13, while there were some predictions of the El Nino weather phenomenon likely to take place during the second half of the year, leading to the dramatic drop of palm fruits in Malaysia and Indonesia. Such factor resulted in firmly high Crude Palm Oil (CPO) price in global market when compared with Q2/13.

Nevertheless, bearish outlook for soybean prices at the end of Q2/2014 after the US Department of Agriculture (USDA) forecasted ample global supplies of soybean, triggered lower prices of soybean and soybean oil respectively. Therefore, global CPO price in June was dragged down following the soybean oil price. Combined with the huge CPO stock in the Kingdom started to pile up from 257,426 MT in April to 343,606 MT in June, local CPO price was getting lower.

As a summary, the average prices of FFB and CPO during Q2/2014 recorded at 15% higher than Q2/2013 despite 28% higher FFB quantity produced. This was mainly because of the market concern over the negative impact from El Nino weather phenomenon.

Q2/2014 Financial performance analysis and explanation

Sales value for the three-month period ended 30 June 2014 of the Company increased by 22.94% when compared with the same period of 2013. This was due to an increase in average selling price at 20.62% besides that sales volume increased by 2.31%, resulted from an increase in CPO price by 21.81%. Therefore, gross profit for the period was raised to 4.21 million Baht and net profit increased by 15.62 million Baht or 12.58% when compared with the same period of last year.

For its subsidiary UPOIC, the overall own crop in Q2/2014 increased by 33.9% comparing to the same period of 2013. Crop from own planted area increased by 37.7%, while concession area increased by 31%. There were resulted from most of palm trees are getting start to matured period which give us higher crop than last year, in addition, an inflorescence flowering stage has delayed 2-3 months comparing to 2013 due to prolonged drought period.

Same pattern as the Company's own crop, the Out-grower crops increased by 20% in Q2/2014 due to total FFB crop in the market increased. The overall own crop also increased by 27.5%. As such, of the total volume of FFB processed, which increased by 31% from the same period of 2013, 43.1% was from FFB purchased and 56.9% from own estates. (Q2/2013: 45.8% and 54.2%).

As explained above, the net profit of equity holders of the Company on a consolidated basis for the three-month period ended 30 June 2014 increased from 96.15 million Baht to 189.18 million Baht, or 96.76% from 2013. Net profit margin for the period was 8.19% (2013 : 5.56%).

Other major components and changes in Q2/2014 consolidated financial statements are as follows:-

1. Revenues

Revenue from sales : Net Sales under LST and its subsidiaries for the period increased by 584.46 million Baht or 34.43%. Sales of LST itself increased by 314.82 million Baht or 22.94%, deriving from 2.31% increase in sales volume and 20.62% increase in the average selling price due to the increase of CPO cost, the major raw material.

Interim Management Discussion and Analysis For the three-month period ended 30 June 2014

At its subsidiaries, net sales increased by 269.64 million Baht or 83.04% due to sales of other palm products increasing by 199.63 million Baht, sales of electricity power increasing by 2.33 million Baht, sales of canned fruits & vegetables decreasing by 4.76 million, sales of fruit juice and others increasing by 111.09 million, and sales of frozen fruits & vegetables decreasing by 38.65 million Baht.

Other income : Income other than those generated by normal operation was 29.53 million Baht or 1.28% of total revenues, a decrease of 1.44 million Baht or 4.65% which mainly came from gain on exchange rate of its subsidiaries.

2. Cost of sales and expenses

Cost of sales : The Company and its subsidiaries recorded cost of sales for the period at 78.28% of total sales (2013 : 81.22%). Cost of sales of the Company itself increased from 88.29% in 2013 to 90.22% in 2014 because of higher CPO price explained above.

Plantation subsidiary UPOIC recorded cost of sales at 55.6% of total sales (2013 : 74.7%). This was because the cost of Out-grower crops increased by 8.2%, aligning with Demand Supply. Moreover the cost of own crops decreased by 24.5%. Therefore, the cost of total processed FFB decreased by 8%. Resulted from the decrease of cost of total processed FFB and the increase of FFB volume, CPO processing cost of crushing mill decreased by 17.7% when compared with the same period of 2013.

Selling expenses : The Company and its subsidiaries recorded selling expenses for the period at 167 million Baht, an increase of 23.88 million Baht (2013 : 143.12 million Baht) incurred by A&P and goods transportation expense. Of the amount, 18.52 million Baht was increased from the Company itself and 5.35 million Baht was increased from the subsidiaries.

Administrative expenses : Administrative expenses was 62.04 million Baht (2013 : 47.29 million Baht), increasing by 14.75 million Baht. Of the amount, 3.38 million Baht was increased from the Company itself incurred by employee welfare and computer expenses; and 11.36 million Baht was increased from its subsidiary incurred by public relation 5 million Baht, allowance for doubtful accounts 2.19 million Baht, employee welfare 1.4 million Baht, legal fee 1.2 million Baht and other expenses 1.57 million Baht.

Finance cost : Finance cost was recorded at 13.19 million Baht (2013 : 13.56 million Baht), slightly the same as last year.

3. Profits

Gross profit (GP) : GP margin increased to 21.72% (2013 : 18.78%). For the Company itself, GP increased by 4.21 million Baht because of the higher sales volume and selling price despite the higher raw material cost. Gross profit of its subsidiaries also increased from higher average selling price while lower processing cost which was resulted from an increase in FFB crop and %OER. The GP of the Company and its subsidiaries increased by 176.88 million Baht or 55.48%.

Operating profit : Owing to GP margin increased despite the S&A expenses increased, this resulted in operating profit increasing by 136.65 million Baht.

Net profit : The net profit attributable to equity holders of the Company for the three-month period ended 30 June 2014 increased by 93.03 million Baht or 96.76%, with net profit margin of 8.19% (2013 : 5.56%).