

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 2014

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 30 September 2014, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lam Soon (Thailand) Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 7 November 2014

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 30 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2014	31 December 2013	30 September 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	181,017	233,723	58,770	46,880
Trade and other receivables	2, 4	951,006	1,011,553	864,808	929,689
Short-term loans to related parties	2	-	-	-	-
Inventories	5	1,722,529	1,103,370	960,695	548,842
Other current assets		36,190	47,142	16,898	18,931
Total current assets		2,890,742	2,395,788	1,901,171	1,544,342
Non-current assets					
Investment in associated company	6	-	-	-	-
Investments in subsidiaries	7	-	-	1,312,491	1,312,491
Other long-term investments		4,591	836	4,591	836
Investment properties	8	53,441	51,735	8,689	9,960
Property, plant and equipment	9	2,124,334	2,181,058	587,498	607,505
Cost of forest land rights and cost of palm plantation	10	251,108	273,578	239	248
Goodwill		196,376	196,376	-	-
Intangible assets		16,997	15,969	5,238	5,126
Deferred tax assets		45,953	40,795	13,923	10,671
Other non-current assets		2,683	6,525	518	469
Total non-current assets		2,695,483	2,766,872	1,933,187	1,947,306
Total assets		5,586,225	5,162,660	3,834,358	3,491,648

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 30 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2014	31 December 2013	30 September 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	11	1,535,500	1,240,749	545,000	185,000
Trade and other payables	2, 12	531,684	509,165	481,705	531,110
Short-term loan from related party	2	25,000	50,000	-	-
Current portion of long-term loans	13	100,000	117,140	-	15,000
Income tax payable		28,418	33,138	14,943	16,544
Other current liabilities		85,204	62,433	57,284	47,169
Total current liabilities		2,305,806	2,012,625	1,098,932	794,823
Non-current liabilities					
Long-term loans - net of current portion	13	100,000	200,000	-	-
Provision for land rental charge		20,468	20,468	-	-
Provision for long-term employee benefits		104,298	77,736	59,577	41,843
Total non-current liabilities		224,766	298,204	59,577	41,843
Total liabilities		2,530,572	2,310,829	1,158,509	836,666

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 30 September 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 30 September 2014 (Unaudited but reviewed)	As at 31 December 2013 (Audited)	As at 30 September 2014 (Unaudited but reviewed)	As at 31 December 2013 (Audited)
Shareholders' equity				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Paid-in surplus				
Share premium	241,970	241,970	241,970	241,970
Premium on treasury stock	5,269	5,269	5,269	5,269
Retained earnings				
Appropriated - statutory reserve	103,071	103,071	82,000	82,000
Unappropriated	1,520,487	1,349,238	1,525,712	1,506,288
Other components of shareholders' equity	<u>1,883</u>	<u>440</u>	<u>898</u>	<u>(545)</u>
Equity attributable to owners of the Company	2,692,680	2,519,988	2,675,849	2,654,982
Non-controlling interests of the subsidiaries	<u>362,973</u>	<u>331,843</u>	-	-
Total shareholders' equity	<u>3,055,653</u>	<u>2,851,831</u>	<u>2,675,849</u>	<u>2,654,982</u>
Total liabilities and shareholders' equity	<u>5,586,225</u>	<u>5,162,660</u>	<u>3,834,358</u>	<u>3,491,648</u>
	-	-	-	-

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 30 September 2014

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

Note	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit or loss:				
Revenues				
Sales	2,016,407	1,766,057	1,680,742	1,335,079
Dividend income	75	-	75	45,343
Other income	24,000	19,642	29,479	21,001
Total revenues	2,040,482	1,785,699	1,710,296	1,401,423
Expenses				
Cost of sales	1,648,256	1,437,425	1,497,583	1,163,244
Selling expenses	162,344	138,732	108,574	90,683
Administrative expenses	50,576	52,756	30,996	29,138
Total expenses	1,861,176	1,628,913	1,637,153	1,283,065
Profit before finance cost and				
income tax expenses	179,306	156,786	73,143	118,358
Finance cost	(13,623)	(11,345)	(4,215)	(2,188)
Profit before income tax expenses	165,683	145,441	68,928	116,170
Income tax expenses	14 (23,080)	(24,967)	(12,462)	(11,703)
Profit for the period	142,603	120,474	56,466	104,467
Other comprehensive income:				
Loss on changes in value of				
available-for-sale investments	(82)	(54)	(82)	(54)
Income tax effect on changes in value of				
available-for-sale investments	14 16	12	16	12
Other comprehensive income for the period	(66)	(42)	(66)	(42)
Total comprehensive income for the period	142,537	120,432	56,400	104,425

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month period ended 30 September 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit attributable to:					
Profit of equity holders of the Company		129,065	102,333	<u>56,466</u>	<u>104,467</u>
Profit of non-controlling interests of the subsidiaries		<u>13,538</u>	<u>18,141</u>		
		<u>142,603</u>	<u>120,474</u>		
Total comprehensive income attributable to:					
Profit of equity holders of the Company		128,999	102,291	<u>56,400</u>	<u>104,425</u>
Profit of non-controlling interests of the subsidiaries		<u>13,538</u>	<u>18,141</u>		
		<u>142,537</u>	<u>120,432</u>		
Basic earnings per share					
	15				
Profit attributable to equity holders of the Company (Baht)		<u>0.16</u>	<u>0.12</u>	<u>0.07</u>	<u>0.13</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month period ended 30 September 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales		6,386,323	5,267,123	5,184,579	4,224,565
Dividend income		75	175	90,761	113,533
Other income		67,808	86,511	91,043	80,367
Total revenues		6,454,206	5,353,809	5,366,383	4,418,465
Expenses					
Cost of sales		5,295,426	4,231,155	4,738,654	3,683,742
Selling expenses		472,604	417,803	317,948	258,264
Administrative expenses		167,142	152,614	94,434	91,221
Total expenses		5,935,172	4,801,572	5,151,036	4,033,227
Profit before finance cost and					
income tax expenses		519,034	552,237	215,347	385,238
Finance cost		(39,896)	(39,869)	(10,121)	(10,704)
Profit before income tax expenses		479,138	512,368	205,226	374,534
Income tax expenses	14	(73,838)	(96,024)	(21,814)	(42,740)
Profit for the period		405,300	416,344	183,412	331,794
Other comprehensive income:					
Gain (loss) on changes in value of					
available-for-sale investments		1,804	(138)	1,804	(138)
Income tax effect on changes in value of					
available-for-sale investments	14	(361)	28	(361)	28
Other comprehensive income for the period		1,443	(110)	1,443	(110)
Total comprehensive income for the period		406,743	416,234	184,855	331,684

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month period ended 30 September 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit attributable to:					
Profit of equity holders of the Company		335,237	352,142	<u>183,412</u>	<u>331,794</u>
Profit of non-controlling interests of the subsidiaries		<u>70,063</u>	<u>64,202</u>		
		<u>405,300</u>	<u>416,344</u>		
Total comprehensive income attributable to:					
Profit of equity holders of the Company		336,680	352,032	<u>184,855</u>	<u>331,684</u>
Profit of non-controlling interests of the subsidiaries		<u>70,063</u>	<u>64,202</u>		
		<u>406,743</u>	<u>416,234</u>		
Basic earnings per share					
	15				
Profit attributable to equity holders of the parent (Baht)		<u>0.41</u>	<u>0.43</u>	<u>0.22</u>	<u>0.40</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of cash flows

For the nine-month period ended 30 September 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit before tax	479,138	512,368	205,226	374,534
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	200,636	190,896	62,245	64,056
Increase (decrease) in allowance for doubtful accounts	5,859	3,049	(11)	-
Increase (decrease) in allowance for diminution in inventory value	(25,860)	(2,293)	340	(118)
Decrease in allowance for impairment loss of assets	(2,268)	-	-	-
Gain on disposals of property, plant and equipment	(3,487)	(9,197)	(929)	(2,484)
Loss from write off of cost of palm plantation	-	2,481	-	-
Unrealised loss (gain) on exchange	229	1,286	(42)	120
Provision for long-term employee benefits	29,016	30,259	17,921	17,921
Dividend income from subsidiary	-	-	(90,686)	(113,358)
Dividend income from other companies	(75)	(175)	(75)	(175)
Interest expenses	37,562	37,969	8,629	9,449
Profit from operating activities before changes in operating assets and liabilities	720,750	766,643	202,618	349,945
Decrease (increase) in operating assets				
Trade and other receivables	54,760	86,681	64,913	164,987
Inventories	(578,029)	217,171	(412,193)	176,598
Other current assets	12,940	27,568	3,969	5,979
Other non-current assets	(1,350)	(2,076)	(49)	(1,101)
Increase (decrease) in operating liabilities				
Trade and other payables	19,351	(8,949)	(51,148)	(92,206)
Other current liabilities	22,639	(36,484)	10,127	(15,935)
Provision for long-term employee benefits	(2,454)	(23,685)	(187)	(22,861)
Cash from (used in) operating activities	248,607	1,026,869	(181,950)	565,406
Cash paid for interest expenses	(37,197)	(38,687)	(8,366)	(10,001)
Cash paid for corporate income tax	(86,155)	(125,855)	(28,964)	(44,514)
Net cash from (used in) operating activities	125,255	862,327	(219,280)	510,891

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of cash flows (continued)****For the nine-month period ended 30 September 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Dividend received from subsidiary	-	-	90,686	113,358
Dividend received from other companies	75	175	75	175
Increase in other long-term investment	(1,951)	-	(1,951)	-
Acquisitions of property, plant and equipment	(107,350)	(141,878)	(39,014)	(39,730)
Increase in cost of palm plantation	(21,702)	(15,234)	-	-
Proceeds from disposals of property, plant and equipment	5,911	11,214	967	3,186
Increase in intangible assets	(2,622)	(444)	(593)	(145)
Net cash from (used in) investing activities	(127,639)	(146,167)	50,170	76,844
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	294,751	(399,877)	360,000	(400,000)
Decrease in short-term loan from related party	(25,000)	-	-	-
Repayment of liabilities under finance lease agreements	-	(135)	-	-
Repayment of long-term loans	(117,140)	(51,060)	(15,000)	(30,000)
Dividend paid	(202,933)	(212,663)	(164,000)	(164,000)
Net cash from (used in) financing activities	(50,322)	(663,735)	181,000	(594,000)
Net increase (decrease) in cash and cash equivalents				
	(52,706)	52,425	11,890	(6,265)
Cash and cash equivalents at beginning of the period	233,723	259,266	46,880	54,862
Cash and cash equivalents at end of the period	181,017	311,691	58,770	48,597
Supplementary disclosures of cash flows information				
Non-cash transactions				
Acquisitions of property, plant and equipment that have not been paid	10,038	3,484	4,299	1,520
Transferred palm nursery to inventory account	15,270	3,873	-	-
Transferred property, plant and equipment to intangible assets	-	700	-	700

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the nine-month period ended 30 September 2014

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
					Other components of shareholders' equity						
					Other comprehensive income	Other changes by the owners					
					Surplus (deficit)		Equity				
					Retained earnings	on changes in value of available-for-sale investments	Surplus from change in shareholding in subsidiary	Total other components of shareholders' equity	Total equity attributable to owners 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							
Balance as at 1 January 2013	820,000	241,970	5,269	103,071	1,262,862	(406)	985	579	2,433,751	319,332	2,753,083
Total comprehensive income for the period	-	-	-	-	352,142	(110)	-	(110)	352,032	64,202	416,234
Reversal of prior year dividend	-	-	-	-	40	-	-	-	40	-	40
Dividend paid (Note 17)	-	-	-	-	(164,000)	-	-	-	(164,000)	-	(164,000)
Decrease in minority interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(48,663)	(48,663)
Balance as at 30 September 2013	820,000	241,970	5,269	103,071	1,451,044	(516)	985	469	2,621,823	334,871	2,956,694
Balance as at 1 January 2014	820,000	241,970	5,269	103,071	1,349,238	(545)	985	440	2,519,988	331,843	2,851,831
Total comprehensive income for the period	-	-	-	-	335,237	1,443	-	1,443	336,680	70,063	406,743
Reversal of prior year dividend	-	-	-	-	12	-	-	-	12	-	12
Dividend paid (Note 17)	-	-	-	-	(164,000)	-	-	-	(164,000)	-	(164,000)
Decrease in minority interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(38,933)	(38,933)
Balance as at 30 September 2014	820,000	241,970	5,269	103,071	1,520,487	898	985	1,883	2,692,680	362,973	3,055,653

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2014

(Unit: Thousand Baht)

	Separate financial statements					Other components of shareholders' equity		Total shareholders' equity
	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings	Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2013	820,000	241,970	5,269	82,000	1,284,833	(406)	(406)	2,433,666
Total comprehensive income for the period	-	-	-	-	331,794	(110)	(110)	331,684
Reversal of prior year dividend	-	-	-	-	40	-	-	40
Dividend paid (Note 17)	-	-	-	-	(164,000)	-	-	(164,000)
Balance as at 30 September 2013	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,452,667</u>	<u>(516)</u>	<u>(516)</u>	<u>2,601,390</u>
Balance as at 1 January 2014	820,000	241,970	5,269	82,000	1,506,288	(545)	(545)	2,654,982
Total comprehensive income for the period	-	-	-	-	183,412	1,443	1,443	184,855
Reversal of prior year dividend	-	-	-	-	12	-	-	12
Dividend paid (Note 17)	-	-	-	-	(164,000)	-	-	(164,000)
Balance as at 30 September 2014	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,525,712</u>	<u>898</u>	<u>898</u>	<u>2,675,849</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to interim financial statements
For the three-month and nine-month periods ended 30 September 2014

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 (revised 2012) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (herein after called “the Company”) and its subsidiaries (herein after called “the subsidiaries”), which were incorporated in Thailand, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2013. There have been no changes in the composition of the group during the current period.

1.4 New accounting standards

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

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

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

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.

2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	208.7	182.9	Market price on the contract date
Purchase of goods and services	-	-	178.9	161.8	Market price less fixed margin
Sales of goods and services	-	-	0.4	0.3	Market price
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	18.7	12.0	Actual charge
Dividend income	-	-	-	45.3	At the declared rate
<u>Transactions with related companies</u>					
Sales of goods	10.3	10.3	-	-	Price approximates market price
Purchase of goods	0.9	0.3	-	2.4	Selling price less marketing expenses and profit margin
Interest expenses	0.2	0.3	-	-	THBFIX + 0.50% per annum
<u>Transactions with jointly controlled entity</u>					
Land rental income	0.1	0.1	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	3.6	1.9	-	-	Market price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	647.8	768.7	Market price on the contract date
Purchase of goods and services	-	-	562.6	529.0	Market price less fixed margin
Sales of goods and services	-	-	1.7	1.1	Market price
Rental income	-	-	1.6	1.6	Market price/Contract price
Selling and administrative service income	-	-	59.9	47.6	Actual charge
Dividend income	-	-	90.6	113.4	At the declared rate
<u>Transactions with related companies</u>					
Sales of goods	25.4	20.6	-	-	Price approximates market price
Purchase of goods	1.6	3.7	-	8.1	Selling price less marketing expenses and profit margin
Interest expenses	0.7	1.1	-	-	THBFIX + 0.50% per annum
<u>Transactions with jointly controlled entity</u>					
Land rental income	0.4	0.4	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	4.1	2.6	-	-	Market price

The balances of accounts as at 30 September 2014 and 31 December 2013 between the Company and the related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
<u>Trade and other receivables - related parties</u> (Note 4)				
Subsidiaries	-	-	18,330	16,095
Associated company	452	452	-	-
Related companies (related by common shareholders)	31,723	24,938	-	39
Total trade and other receivables - related parties	32,175	25,390	18,330	16,134
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	11,395	4,610	18,330	16,134
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans to related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 12)				
Subsidiaries	-	-	154,796	168,597
Related companies (related by common shareholders)	1,178	948	-	-
Total trade and other payables - related parties	1,178	948	154,796	168,597
<u>Short-term loan from related party</u>				
Related company (related by major shareholder)	25,000	50,000	-	-
Total short-term loan from related party	25,000	50,000	-	-

Movements in short-term loan from related party during the nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

		Consolidated financial statements		
Company's name	Related by	Balance as at 31 December 2013	Decrease during the period	Balance as at 30 September 2014
Lam Soon Holding Co., Ltd.	Major shareholder	50,000	(25,000)	25,000
Total		50,000	(25,000)	25,000

Short-term loans to related parties

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

Short-term 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.

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2014, the Company and its subsidiaries have short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 36.7 million and Baht 107.5 million, respectively (2013: Baht 31.6 million and Baht 100.1 million, respectively) and for the Company totaling Baht 21.8 million and Baht 65.8 million, respectively (2013: Baht 17.7 million and Baht 56.6 million, respectively).

3. Cash and cash equivalents

As at 30 September 2014 and 31 December 2013, cash and cash equivalents consist of the following:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Cash	3,384	3,167	1,373	1,113
Bank deposits	177,633	180,511	57,397	45,767
Investment in Bank of Thailand Bond	-	50,045	-	-
Total	181,017	233,723	58,770	46,880

As at 30 September 2014, bank deposits in savings account, fixed deposits and investment in Bank of Thailand Bond carried interest between 0.10 and 1.25 percent per annum (31 December 2013: between 0.10 and 2.50 percent per annum).

4. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	9,367	3,634	10	15
Past due				
Up to 3 months	1,055	944	-	-
3 - 6 months	960	-	-	-
6 - 12 months	-	13	-	-
Over 12 months	452	452	-	-
Total	11,834	5,043	10	15
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	11,382	4,591	10	15

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	40,049	50,097	40,049	50,097
Cheque returned	13,471	13,671	8,508	8,708
Not yet due	669,401	766,119	615,462	712,697
Past due				
Up to 3 months	222,221	182,039	190,243	148,304
3 - 6 months	3,475	2,423	563	1,727
6 - 12 months	2,772	3,679	8	-
Over 12 months	28,249	25,252	2,463	2,851
Total	979,638	1,043,280	857,296	924,384
Less: Allowance for doubtful accounts	(43,163)	(37,394)	(10,818)	(10,829)
Total trade receivables - unrelated parties - net	936,475	1,005,886	846,478	913,555
Total trade receivables - net	947,857	1,010,477	846,488	913,570
<u>Other receivables</u>				
Other receivables - related parties	13	19	1,207	4,428
Other receivables - unrelated parties	682	99	-	-
Accrued income - related parties	-	-	17,113	11,691
Accrued income - unrelated parties	1,972	565	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	482	393	-	-
Total	23,477	21,404	18,320	16,119
Less: Allowance for doubtful accounts	(20,328)	(20,328)	-	-
Total other receivables - net	3,149	1,076	18,320	16,119
Total trade and other receivables - net	951,006	1,011,553	864,808	929,689

5. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2013	51,835	1
The reduction of inventory value recorded during the period	866	340
The reduction of inventory value reversed during the period	(26,726)	-
Balance as at 30 September 2014	25,975	341

6. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			30 September 2014	31 December 2013	30 September 2014	31 December 2013
			(Million Baht)	(Million Baht)	(%)	(%)
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for diminution in value of investment		Carrying amounts based on method - net		Carrying amounts based on equity method	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

7. Investments in subsidiaries

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

Company's name	Paid-up share capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the nine-month period ended 30 September	
	30	31	30	31	30	31		
	September	December	September	December	September	December		
	2014	2013	2014	2013	2014	2013	2014	2013
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	90,686	113,358
Universal Food Public Company Limited	525,000	525,000	98.76	98.76	585,243	585,243	-	-
Total					1,333,587	1,333,587	90,686	113,358
Less: Allowance for diminution in value of investments					(21,096)	(21,096)	-	-
Total investments in subsidiaries - net					1,312,491	1,312,491	90,686	113,358

As at 30 September 2014, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on the 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 2,358 million (31 December 2013: Baht 2,256 million).

8. Investment properties

Movements in the investment property account during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2013	51,735	9,960
Depreciation for the period	(562)	(1,271)
Reversal of allowance for impairment loss	2,268	-
Balance as at 30 September 2014	53,441	8,689

As at 30 September 2014, the allowance for impairment loss on investment properties - land and building of the subsidiary was Baht 7 million (31 December 2013: Baht 9 million).

9. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2013	2,181,058	607,505
Acquisitions during the period - at cost	115,014	40,515
Disposals during the period - net book value at disposal date	(2,424)	(38)
Depreciation for the period	(169,578)	(60,484)
Interest capitalised to assets	264	-
Net book value as at 30 September 2014	<u>2,124,334</u>	<u>587,498</u>

During the current period, the subsidiary capitalised interest amounting to Baht 0.3 million to the costs of plant enlargement and machinery installation. These borrowing costs arose on loans obtained for general purpose but used in these projects, and were determined based on the weighted average interest rate of these loans between 2.82% and 3.40% per annum.

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

Movements in the cost of forest land rights and cost of palm plantation account during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2013	273,578	248
Acquisitions during the period - at cost	21,702	-
Amortisation for the period	(28,902)	(9)
Transferred to inventory account	(15,270)	-
Net book value as at 30 September 2014	<u>251,108</u>	<u>239</u>

Approximately 21,349 rai, or 49 percent, of the total planted areas of a subsidiary, is held by two subsidiaries under concessions that expire in July 2014 and January 2015. The subsidiaries submitted requests to extend the terms of the permits to utilise and lease these areas to the relevant government agencies.

On 18 July 2014, a subsidiary was informed by an officer in Surat Thani Province that the Treasury Department had a permission to extend the lease of 4,294 Rai of the state owned land for a period of 15 years. The subsidiary must comply with the conditions set out in the lease agreement made with the Treasury Department in Surat Thani Province. Currently, the subsidiary is in a process to enter into the lease agreement, covering a period from 9 July 2014 to 8 July 2029, with the Treasury Department.

11. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Short-term loans from financial institutions	2.25 - 3.15	2.30 - 3.30	1,535,500	1,240,749	545,000	185,000
Total			1,535,500	1,240,749	545,000	185,000

There is no collateral on short-term loans from financial institutions of the Company and its subsidiary.

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Trade payables - related parties	659	360	154,783	168,573
Trade payables - unrelated parties	336,809	341,914	216,455	268,377
Other payables - related parties	512	581	-	-
Other payables - unrelated parties	51,404	53,033	34,215	32,969
Advance received from related parties	7	7	13	24
Other payables for purchase of machineries	10,038	5,565	4,299	2,798
Accrued expenses	132,255	107,705	71,940	58,369
Total trade and other payables	531,684	509,165	481,705	531,110

13. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Long-term loans	200,000	317,140	-	15,000
Less: Current portion	(100,000)	(117,140)	-	(15,000)
Long-term loans - net of current portion	<u>100,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>

Movements in the long-term loans account during the nine-month period ended 30 September 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 31 December 2013	317,140	15,000
Less: Repayments during the period	(117,140)	(15,000)
Balance as at 30 September 2014	<u>200,000</u>	<u>-</u>

As at 31 December 2013, long-term loans of the subsidiary were secured by the mortgage of land and buildings thereon and a negative pledge of machinery of the subsidiary. However, the subsidiary released such mortgage in March 2014.

The loan agreement contains covenant that requires the subsidiary to maintain the proportion of shareholding of the major shareholders.

14. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	24,895	21,827	13,692	8,093
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,815)	3,140	(1,230)	3,610
Income tax expenses reported in the profit or loss	<u>23,080</u>	<u>24,967</u>	<u>12,462</u>	<u>11,703</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	79,357	95,886	25,427	41,343
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,519)	138	(3,613)	1,397
Income tax expenses reported in the profit or loss	<u>73,838</u>	<u>96,024</u>	<u>21,814</u>	<u>42,740</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to the changes in value of available-for-sale investments	16	12	16	12

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to the changes in value of available-for-sale investments	(361)	28	(361)	28

15. Earnings per share

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

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	129,065	102,333	56,466	104,467
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.16	0.12	0.07	0.13
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the period attributable to equity holders of the Company (Thousand Baht)	335,237	352,142	183,412	331,794
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht)	0.41	0.43	0.22	0.40

16. Operating segment Information

The Company and its subsidiaries are organised into business units based on their products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2014 and 2013.

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 September									
	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue										
External customers	1,533	1,115	483	651	2,016	1,766	-	-	2,016	1,766
Inter-segment	209	183	179	165	388	348	(388)	(348)	-	-
Total revenue	<u>1,742</u>	<u>1,298</u>	<u>662</u>	<u>816</u>	<u>2,404</u>	<u>2,114</u>	<u>(388)</u>	<u>(348)</u>	<u>2,016</u>	<u>1,766</u>
Operating results										
Segment profit	192	222	149	94	341	316	27	13	368	329
Unallocated income and expenses										
Other income									24	20
Selling expenses									(163)	(139)
Administrative expenses									(50)	(53)
Finance cost									(14)	(12)
Profit before income tax expenses									165	145
Income tax expenses									(23)	(25)
Profit for the period									<u>142</u>	<u>120</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the nine-month periods ended 30 September

	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil products		Processed fruits and vegetables		Total segments		eliminations			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue										
External customers	4,886	3,887	1,500	1,380	6,386	5,267	-	-	6,386	5,267
Inter-segment	648	769	563	537	1,211	1,306	(1,211)	(1,306)	-	-
Total revenue	<u>5,534</u>	<u>4,656</u>	<u>2,063</u>	<u>1,917</u>	<u>7,597</u>	<u>6,573</u>	<u>(1,211)</u>	<u>(1,306)</u>	<u>6,386</u>	<u>5,267</u>
Operating results										
Segment profit	692	763	403	269	1,095	1,032	(4)	4	1,091	1,036
Unallocated income and expenses										
Other income									68	87
Selling expenses									(473)	(418)
Administrative expenses									(167)	(153)
Finance cost									(40)	(40)
Profit before income tax expenses									479	512
Income tax expenses									(74)	(96)
Profit for the period									<u>405</u>	<u>416</u>

The following tables present segment assets of the Company and its subsidiaries' operating segments as at 30 September 2014 and 31 December 2013.

(Unit: Million Baht)

	Manufacture and distribution			Adjustments and eliminations	Consolidated
	Palm oil products	Processed fruits and vegetables	Total segments		
Segment assets					
As at 30 September 2014	<u>5,341</u>	<u>1,555</u>	<u>6,896</u>	<u>(1,310)</u>	<u>5,586</u>
As at 31 December 2013	<u>4,833</u>	<u>1,475</u>	<u>6,308</u>	<u>(1,145)</u>	<u>5,163</u>

17. Dividend paid

During the nine-month periods ended 30 September 2014 and 2013, the Company and its subsidiary had dividend payments as follows:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2014</u>			
Dividend on 2013 profit	Annual General Meeting of the shareholders on 25 April 2014	164.00	0.20
<u>For the year 2013</u>			
Dividend on 2012 profit	Annual General Meeting of the shareholders on 26 April 2013	164.00	0.20
<u>Subsidiary</u>			
<u>For the year 2014</u>			
Final dividend on 2013 profit	Annual General Meeting of the shareholders on 25 April 2014	129.62	0.40
<u>For the year 2013</u>			
Final dividend on 2012 profit	Annual General Meeting of the shareholders on 26 April 2013	97.21	0.30
Interim dividend on profit for the period from January to June 2013	Board of Directors' Meeting No. 5/2013 on 8 August 2013	64.81	0.20

18. Commitments and contingent liabilities**18.1 Capital commitments**

As at 30 September 2014, the Company and its subsidiaries had capital commitments relating to the construction of buildings and purchase of machineries, equipment and motor vehicles amounting to approximately Baht 33.8 million (the Company only: Baht 4.6 million).

18.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, equipment and motor vehicles. The terms of the agreements are generally between 1 and 5 years. Operating lease agreements are non-cancelable.

As at 30 September 2014, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

	Consolidated financial statement	(Unit: Million Baht) Separate financial statement
Payable:		
In up to 1 year	22.3	5.0
In over 1 year and up to 5 years	37.4	1.4

18.3 Long-term service commitments

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

18.4 Guarantees

As at 30 September 2014, there were outstanding bank guarantees of approximately Baht 17.6 million issued by the banks on behalf of the Company and its subsidiaries to guarantee electricity usage and others (the Company only: Baht 9.1 million).

18.5 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 September 2002 to 30 November 2003. In October 2005, MEA received Baht 2.9 million from the bank which was guarantor for electricity payment, leaving an outstanding payable amount of Baht 4.2 million. In September 2006, the Civil Court judged that the Company was liable for the electric payment of November 2003 plus interest of approximately Baht 0.5 million to the plaintiff. The Company filed an appeal against the judgment with the Appeal Court. On 16 February 2011, the Appeal Court dismissed this case. 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 period, 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. The result of this matter is not known at this time.
- (3) On 11 April 2008, a subsidiary met with the working committee responsible for reviewing practical methods and negotiations for distributing land belonging to holders of large plots in land reform areas to farmers, which had been set up by the Surat Thani Land Reform Commission. The purpose of meeting was to find a practical solution to the land issue arising as a result of the subsidiary holding land amounting to approximately 1,210 rai in designated forest areas and another 276 rai in land reform areas. These land plots represent 3 percent of the total planted area of the subsidiary. The 276 rai in land reform areas represents a large landholding and a holding in excess of the area that can be owned under Section 30 of the Land Reform for Agriculture Act.

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

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

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

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

19. Financial instruments

19.1 Foreign currency assets and liabilities

The Group's financial assets and liabilities denominated in foreign currencies as at 30 September 2014 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 30 September 2014
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollars	2.6	0.6	32.3733
Euro	0.2	-	40.7695
Yen	-	0.4	0.2989

19.2 Forward exchange contracts

As at 30 September 2014, the Company and its subsidiary had outstanding forward exchange contracts, of which details are presented below.

Foreign currency	Sold amount	Contractual exchange rate of sold amount	Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.2	31.17 – 32.20	Within January 2015

20. Approval of interim financial statements

These interim financial statements were authorised for issue on 7 November 2014 by the Company's audit committees under authority delegated by the board of directors of the Company.