

Lam Soon (Thailand) Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and six-month periods ended 30 June 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 June 2014, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2014, the related consolidated statements of changes in shareholders' equity and cash flows for the six-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: 8 August 2014

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

**Statements of financial position**

**As at 30 June 2014**

(Unit: Thousand Baht)

|   | Note | Consolidated financial statements |                  | Separate financial statements |                  |
|---|------|-----------------------------------|------------------|-------------------------------|------------------|
|   |      | As at                             | As at            | As at                         | As at            |
|   |      | 30 June 2014                      | 31 December 2013 | 30 June 2014                  | 31 December 2013 |
|   |      | (Unaudited<br>but reviewed)       | (Audited)        | (Unaudited<br>but reviewed)   | (Audited)        |
| <b>Assets</b>   |      |                                   |                  |                               |                  |
| <b>Current assets</b>                                     |      |                                   |                  |                               |                  |
| Cash and cash equivalents                                 | 3    | 265,871                           | 233,723          | 68,791                        | 46,880           |
| Trade and other receivables                               | 2, 4 | 1,060,814                         | 1,011,553        | 899,251                       | 929,689          |
| Short-term loans to related parties                       | 2    | -                                 | -                | -                             | -                |
| Inventories   | 5    | 1,568,310                         | 1,103,370        | 978,348                       | 548,842          |
| Other current assets                                      |      | 46,671                            | 47,142           | 18,718                        | 18,931           |
| <b>Total current assets</b>                               |      | <b>2,941,666</b>                  | <b>2,395,788</b> | <b>1,965,108</b>              | <b>1,544,342</b> |
| <b>Non-current assets</b>                                 |      |                                   |                  |                               |                  |
| Investment in associated company                          | 6    | -                                 | -                | -                             | -                |
| Investments in subsidiaries                               | 7    | -                                 | -                | 1,312,491                     | 1,312,491        |
| Other long-term investments                               |      | 4,673                             | 836              | 4,673                         | 836              |
| Investment properties                                     | 8    | 53,562                            | 51,735           | 9,117                         | 9,960            |
| Property, plant and equipment                             | 9    | 2,141,475                         | 2,181,058        | 590,411                       | 607,505          |
| Cost of forest land rights and<br>cost of palm plantation | 10   | 254,218                           | 273,578          | 242                           | 248              |
| Goodwill  |      | 196,376                           | 196,376          | -                             | -                |
| Intangible assets   |      | 17,075                            | 15,969           | 5,000                         | 5,126            |
| Deferred tax assets                                       |      | 44,122                            | 40,795           | 12,677                        | 10,671           |
| Other non-current assets                                  |      | 2,713                             | 6,525            | 469                           | 469              |
| <b>Total non-current assets</b>                           |      | <b>2,714,214</b>                  | <b>2,766,872</b> | <b>1,935,080</b>              | <b>1,947,306</b> |
| <b>Total assets</b>                                       |      | <b>5,655,880</b>                  | <b>5,162,660</b> | <b>3,900,188</b>              | <b>3,491,648</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 30 June 2014**

(Unit: Thousand Baht)

|  | Note  | Consolidated financial statements |                  | Separate financial statements |                  |
|--|-------|-----------------------------------|------------------|-------------------------------|------------------|
|  |       | As at                             | As at            | As at                         | As at            |
|  |       | 30 June 2014                      | 31 December 2013 | 30 June 2014                  | 31 December 2013 |
|  |       | (Unaudited<br>but reviewed)       | (Audited)        | (Unaudited<br>but reviewed)   | (Audited)        |
| <b>Liabilities and shareholders' equity</b>  |       |                                   |                  |                               |                  |
| <b>Current liabilities</b>                   |       |                                   |                  |                               |                  |
| Short-term loans from financial institutions | 11    | 1,669,692                         | 1,240,749        | 695,000                       | 185,000          |
| Trade and other payables                     | 2, 12 | 568,143                           | 509,165          | 479,331                       | 531,110          |
| Short-term loan from related party           | 2     | 40,000                            | 50,000           | -                             | -                |
| Current portion of long-term loans           | 13    | 100,000                           | 117,140          | -                             | 15,000           |
| Income tax payable                           |       | 53,619                            | 33,138           | 11,730                        | 16,544           |
| Other current liabilities                    |       | 71,112                            | 62,433           | 41,075                        | 47,169           |
| <b>Total current liabilities</b>             |       | <b>2,502,566</b>                  | <b>2,012,625</b> | <b>1,227,136</b>              | <b>794,823</b>   |
| <b>Non-current liabilities</b>               |       |                                   |                  |                               |                  |
| Long-term loans - net of current portion     | 13    | 125,000                           | 200,000          | -                             | -                |
| Provision for land rental charge             |       | 20,468                            | 20,468           | -                             | -                |
| Provision for long-term employee benefits    |       | 94,730                            | 77,736           | 53,603                        | 41,843           |
| <b>Total non-current liabilities</b>         |       | <b>240,198</b>                    | <b>298,204</b>   | <b>53,603</b>                 | <b>41,843</b>    |
| <b>Total liabilities</b>                     |       | <b>2,742,764</b>                  | <b>2,310,829</b> | <b>1,280,739</b>              | <b>836,666</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 30 June 2014**

(Unit: Thousand Baht)

|   | Consolidated financial statements                    |  | Separate financial statements                        |  |
|---|--|--|--|--|
|   | As at<br>30 June 2014<br>(Unaudited<br>but reviewed) | As at<br>31 December 2013<br>(Audited) | As at<br>30 June 2014<br>(Unaudited<br>but reviewed) | As at<br>31 December 2013<br>(Audited) |
| <b>Shareholders' equity</b>                       |  |  |  |  |
| 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                                    | 1,391,422  | 1,349,238                              | 1,469,246  | 1,506,288                              |
| Other components of shareholders' equity          | <u>1,949</u>   | <u>440</u>                             | <u>964</u>   | <u>(545)</u>                           |
| Equity attributable to owners of the Company      | 2,563,681  | 2,519,988                              | 2,619,449  | 2,654,982                              |
| Non-controlling interests of the subsidiaries     | <u>349,435</u>                                       | <u>331,843</u>                         | -  | -                                      |
| <b>Total shareholders' equity</b>                 | <u>2,913,116</u>                                     | <u>2,851,831</u>                       | <u>2,619,449</u>                                     | <u>2,654,982</u>                       |
| <b>Total liabilities and shareholders' equity</b> | <u>5,655,880</u>                                     | <u>5,162,660</u>                       | <u>3,900,188</u>                                     | <u>3,491,648</u>                       |
|   | -  | -                                      | -  | -                                      |

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

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Directors  
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(Unaudited but reviewed)

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

**Statements of comprehensive income**

**For the three-month period ended 30 June 2014**

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

| Note   | Consolidated financial statements |                  | Separate financial statements |                  |
|--|-----------------------------------|------------------|-------------------------------|------------------|
|  | <u>2014</u>                       | <u>2013</u>      | <u>2014</u>                   | <u>2013</u>      |
| <b>Profit or loss:</b>   |                                   |                  |                               |                  |
| <b>Revenues</b>  |                                   |                  |                               |                  |
| Sales  | 2,281,760                         | 1,697,301        | 1,687,433                     | 1,372,609        |
| Dividend income  | -                                 | 171              | 90,686                        | 68,186           |
| Other income   | 29,529                            | 30,969           | 34,954                        | 30,898           |
| <b>Total revenues</b>  | <b>2,311,289</b>                  | <b>1,728,441</b> | <b>1,813,073</b>              | <b>1,471,693</b> |
| <b>Expenses</b>  |                                   |                  |                               |                  |
| Cost of sales  | 1,786,050                         | 1,378,474        | 1,522,421                     | 1,211,809        |
| Selling expenses   | 166,997                           | 143,122          | 104,963                       | 86,440           |
| Administrative expenses  | 62,037                            | 47,292           | 31,948                        | 28,568           |
| <b>Total expenses</b>  | <b>2,015,084</b>                  | <b>1,568,888</b> | <b>1,659,332</b>              | <b>1,326,817</b> |
| <b>Profit before finance cost and<br/>income tax expenses</b>              |                                   |                  |                               |                  |
| Finance cost   | (13,188)                          | (13,562)         | (3,428)                       | (3,675)          |
| <b>Profit before income tax expenses</b>                                   | <b>283,017</b>                    | <b>145,991</b>   | <b>150,313</b>                | <b>141,201</b>   |
| Income tax expenses  | 14 (46,750)                       | (30,704)         | (10,529)                      | (17,037)         |
| <b>Profit for the period</b>   | <b>236,267</b>                    | <b>115,287</b>   | <b>139,784</b>                | <b>124,164</b>   |
| <b>Other comprehensive income:</b>   |                                   |                  |                               |                  |
| Gain (loss) on changes in value of<br>available-for-sale investments       | 1,864                             | (100)            | 1,864                         | (100)            |
| Income tax effect on changes in value of<br>available-for-sale investments | 14 (372)                          | 20               | (372)                         | 20               |
| <b>Other comprehensive income for the period</b>                           | <b>1,492</b>                      | <b>(80)</b>      | <b>1,492</b>                  | <b>(80)</b>      |
| <b>Total comprehensive income for the period</b>                           | <b>237,759</b>                    | <b>115,207</b>   | <b>141,276</b>                | <b>124,084</b>   |

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 June 2014**

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

|  | Note | Consolidated financial statements |                | Separate financial statements |                |
|--|------|-----------------------------------|----------------|-------------------------------|----------------|
|  |      | <u>2014</u>                       | <u>2013</u>    | <u>2014</u>                   | <u>2013</u>    |
| <b>Profit attributable to:</b>                                 |      |                                   |                |                               |                |
| Equity holders of the Company                                  |      | 189,181                           | 96,148         | <u>139,784</u>                | <u>124,164</u> |
| Non-controlling interests of the subsidiaries                  |      | <u>47,086</u>                     | <u>19,139</u>  |                               |                |
|  |      | <u>236,267</u>                    | <u>115,287</u> |                               |                |
| <b>Total comprehensive income attributable to:</b>             |      |                                   |                |                               |                |
| Equity holders of the Company                                  |      | 190,673                           | 96,068         | <u>141,276</u>                | <u>124,084</u> |
| Non-controlling interests of the subsidiaries                  |      | <u>47,086</u>                     | <u>19,139</u>  |                               |                |
|  |      | <u>237,759</u>                    | <u>115,207</u> |                               |                |
| <b>Basic earnings per share</b>                                |      |                                   |                |                               |                |
|  | 15   |                                   |                |                               |                |
| Profit attributable to equity holders<br>of the Company (Baht) |      | <u>0.23</u>                       | <u>0.12</u>    | <u>0.17</u>                   | <u>0.15</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 six-month period ended 30 June 2014**

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

|   | Note | Consolidated financial statements |                  | Separate financial statements |                  |
|---|------|-----------------------------------|------------------|-------------------------------|------------------|
|   |      | <u>2014</u>                       | <u>2013</u>      | <u>2014</u>                   | <u>2013</u>      |
| <b>Profit or loss:</b>  |      |                                   |                  |                               |                  |
| <b>Revenues</b>   |      |                                   |                  |                               |                  |
| Sales   |      | 4,369,916                         | 3,501,066        | 3,503,837                     | 2,889,486        |
| Dividend income   |      | -                                 | 175              | 90,686                        | 68,190           |
| Other income  |      | 43,808                            | 66,869           | 61,564                        | 59,366           |
| <b>Total revenues</b>   |      | <u>4,413,724</u>                  | <u>3,568,110</u> | <u>3,656,087</u>              | <u>3,017,042</u> |
| <b>Expenses</b>   |      |                                   |                  |                               |                  |
| Cost of sales   |      | 3,647,170                         | 2,793,730        | 3,241,071                     | 2,520,498        |
| Selling expenses  |      | 310,260                           | 279,071          | 209,374                       | 167,581          |
| Administrative expenses   |      | 116,566                           | 99,858           | 63,438                        | 62,083           |
| <b>Total expenses</b>   |      | <u>4,073,996</u>                  | <u>3,172,659</u> | <u>3,513,883</u>              | <u>2,750,162</u> |
| <b>Profit before finance cost and income tax expenses</b>               |      |                                   |                  |                               |                  |
| Finance cost  |      | (26,273)                          | (28,524)         | (5,906)                       | (8,516)          |
| <b>Profit before income tax expenses</b>                                |      | <u>313,455</u>                    | <u>366,927</u>   | <u>136,298</u>                | <u>258,364</u>   |
| Income tax expenses   | 14   | (50,758)                          | (71,057)         | (9,352)                       | (31,037)         |
| <b>Profit for the period</b>  |      | <u>262,697</u>                    | <u>295,870</u>   | <u>126,946</u>                | <u>227,327</u>   |
| <b>Other comprehensive income:</b>                                      |      |                                   |                  |                               |                  |
| Gain (loss) on changes in value of available-for-sale investments       |      | 1,886                             | (84)             | 1,886                         | (84)             |
| Income tax effect on changes in value of available-for-sale investments | 14   | (377)                             | 16               | (377)                         | 16               |
| <b>Other comprehensive income for the period</b>                        |      | <u>1,509</u>                      | <u>(68)</u>      | <u>1,509</u>                  | <u>(68)</u>      |
| <b>Total comprehensive income for the period</b>                        |      | <u>264,206</u>                    | <u>295,802</u>   | <u>128,455</u>                | <u>227,259</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 six-month period ended 30 June 2014**

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

|  | Note | Consolidated financial statements |                | Separate financial statements |                |
|--|------|-----------------------------------|----------------|-------------------------------|----------------|
|  |      | <u>2014</u>                       | <u>2013</u>    | <u>2014</u>                   | <u>2013</u>    |
| <b>Profit attributable to:</b>                                 |      |                                   |                |                               |                |
| Equity holders of the Company                                  |      | 206,172                           | 249,809        | <u>126,946</u>                | <u>227,327</u> |
| Non-controlling interests of the subsidiaries                  |      | <u>56,525</u>                     | <u>46,061</u>  |                               |                |
|  |      | <u>262,697</u>                    | <u>295,870</u> |                               |                |
| <b>Total comprehensive income attributable to:</b>             |      |                                   |                |                               |                |
| Equity holders of the Company                                  |      | 207,681                           | 249,741        | <u>128,455</u>                | <u>227,259</u> |
| Non-controlling interests of the subsidiaries                  |      | <u>56,525</u>                     | <u>46,061</u>  |                               |                |
|  |      | <u>264,206</u>                    | <u>295,802</u> |                               |                |
| <b>Basic earnings per share</b>                                |      |                                   |                |                               |                |
|  | 15   |                                   |                |                               |                |
| Profit attributable to equity holders<br>of the Company (Baht) |      | <u>0.25</u>                       | <u>0.30</u>    | <u>0.15</u>                   | <u>0.28</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 six-month period ended 30 June 2014**

(Unit: Thousand Baht)

|  | Consolidated financial statements |                | Separate financial statements |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | <u>2014</u>                       | <u>2013</u>    | <u>2014</u>                   | <u>2013</u>    |
| <b>Cash flows from operating activities</b>  |                                   |                |                               |                |
| Profit before tax  | 313,455                           | 366,927        | 136,298                       | 258,364        |
| Adjustments to reconcile profit before tax<br>to net cash provided by (paid from) operating activities |                                   |                |                               |                |
| Depreciation and amortisation  | 133,720                           | 127,904        | 41,012                        | 43,130         |
| Increase in allowance for doubtful accounts  | 5,737                             | 469            | 158                           | -              |
| Increase (decrease) in allowance for diminution<br>in inventory value                                  | (19,418)                          | 745            | -                             | -              |
| Decrease in allowance for impairment loss of assets  | (2,200)                           | -              | -                             | -              |
| Gain on disposals of property, plant and equipment   | (1,551)                           | (7,699)        | (674)                         | (2,565)        |
| Unrealised loss (gain) on exchange   | 1,338                             | 427            | (34)                          | 128            |
| Provision for long-term employee benefits  | 19,192                            | 20,170         | 11,947                        | 11,947         |
| Dividend income from subsidiary  | -                                 | -              | (90,686)                      | (68,015)       |
| Dividend income from other companies   | -                                 | (175)          | -                             | (175)          |
| Interest expenses  | 24,758                            | 27,267         | 4,918                         | 7,667          |
| Profit from operating activities before changes in<br>operating assets and liabilities                 | 475,031                           | 536,035        | 102,939                       | 250,481        |
| Decrease (increase) in operating assets  |                                   |                |                               |                |
| Trade and other receivables  | (55,521)                          | 156,067        | 30,286                        | 166,840        |
| Inventories  | (433,962)                         | 189,058        | (429,506)                     | 146,827        |
| Other current assets   | 1,673                             | 11,721         | 1,469                         | 1,069          |
| Other non-current assets   | 3,812                             | (1,670)        | -                             | (1,065)        |
| Increase (decrease) in operating liabilities   |                                   |                |                               |                |
| Trade and other payables   | 37,820                            | 12,103         | (53,762)                      | (61,780)       |
| Other current liabilities  | 8,696                             | (49,800)       | (6,082)                       | (22,153)       |
| Cash paid for long-term employee benefits  | (2,198)                           | (1,652)        | (187)                         | (882)          |
| Cash from (used in) operating activities   | 35,351                            | 851,862        | (354,843)                     | 479,337        |
| Cash paid for interest expenses  | (25,118)                          | (27,381)       | (4,631)                       | (7,922)        |
| Cash paid for corporate income tax   | (35,273)                          | (53,851)       | (17,805)                      | (12,320)       |
| <b>Net cash from (used in) operating activities</b>  | <b>(25,040)</b>                   | <b>770,630</b> | <b>(377,279)</b>              | <b>459,095</b> |

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 six-month period ended 30 June 2014**

(Unit: Thousand Baht)

|  | Consolidated financial statements |                  | Separate financial statements |                  |
|--|-----------------------------------|------------------|-------------------------------|------------------|
|  | 2014                              | 2013             | 2014                          | 2013             |
| <b>Cash flows from investing activities</b>                              |                                   |                  |                               |                  |
| Dividend received from subsidiary  | -                                 | -                | 90,686                        | 68,015           |
| Dividend received from other companies                                   | -                                 | 175              | -                             | 175              |
| Increase in other long-term investment                                   | (1,951)                           | -                | (1,951)                       | -                |
| Acquisitions of property, plant and equipment                            | (53,646)                          | (87,600)         | (21,061)                      | (19,520)         |
| Proceeds from disposals of property,<br>plant and equipment              | 3,944                             | 8,054            | 708                           | 2,567            |
| Increase in cost of palm plantation                                      | (12,194)                          | (7,148)          | -                             | -                |
| Increase in intangible assets  | (2,175)                           | (232)            | (192)                         | -                |
| <b>Net cash from (used in) investing activities</b>                      | <b>(66,022)</b>                   | <b>(86,751)</b>  | <b>68,190</b>                 | <b>51,237</b>    |
| <b>Cash flows from financing activities</b>                              |                                   |                  |                               |                  |
| Increase (decrease) in short-term loans<br>from financial institutions   | 428,283                           | (277,745)        | 510,000                       | (230,000)        |
| Decrease in short-term loan from related party                           | (10,000)                          | -                | -                             | -                |
| Repayment of liabilities under<br>finance lease agreements               | -                                 | (135)            | -                             | -                |
| Repayment of long-term loans   | (92,140)                          | (34,040)         | (15,000)                      | (20,000)         |
| Dividend paid  | (202,933)                         | (193,199)        | (164,000)                     | (164,000)        |
| <b>Net cash from (used in) financing activities</b>                      | <b>123,210</b>                    | <b>(505,119)</b> | <b>331,000</b>                | <b>(414,000)</b> |
| <b>Net increase in cash and cash equivalents</b>                         | <b>32,148</b>                     | <b>178,760</b>   | <b>21,911</b>                 | <b>96,332</b>    |
| Cash and cash equivalents at beginning of the period                     | 233,723                           | 259,266          | 46,880                        | 54,862           |
| <b>Cash and cash equivalents at end of the period</b>                    | <b>265,871</b>                    | <b>438,026</b>   | <b>68,791</b>                 | <b>151,194</b>   |
| <b>Supplementary disclosures of cash flows information</b>               |                                   |                  |                               |                  |
| Non-cash transactions  |                                   |                  |                               |                  |
| Acquisitions of property, plant and equipment that<br>have not been paid | 26,258                            | 9,267            | 2,031                         | 2,685            |
| Transferred palm nursery to inventory account                            | 11,560                            | 2,085            | -                             | -                |

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 six-month period ended 30 June 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 |  |   |   |  |  |  |                            |
| <b>Balance as at 1 January 2013</b>                                | 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                          | -              | -                         | -                                | -              | 249,809                                  | (68)  | -   | (68)   | 249,741  | 46,061   | 295,802                    |
| 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 | -              | -                         | -                                | -              | -  | -   | -   | -  | -  | (29,199)   | (29,199)                   |
| <b>Balance as at 30 June 2013</b>                                  | <b>820,000</b> | <b>241,970</b>            | <b>5,269</b>                     | <b>103,071</b> | <b>1,348,711</b>                         | <b>(474)</b>  | <b>985</b>  | <b>511</b>                                     | <b>2,519,532</b>                                   | <b>336,194</b>   | <b>2,855,726</b>           |
| <b>Balance as at 1 January 2014</b>                                | 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                          | -              | -                         | -                                | -              | 206,172                                  | 1,509   | -   | 1,509  | 207,681  | 56,525   | 264,206                    |
| 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)                   |
| <b>Balance as at 30 June 2014</b>                                  | <b>820,000</b> | <b>241,970</b>            | <b>5,269</b>                     | <b>103,071</b> | <b>1,391,422</b>                         | <b>964</b>  | <b>985</b>  | <b>1,949</b>                                   | <b>2,563,681</b>                                   | <b>349,435</b>   | <b>2,913,116</b>           |

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 six-month period ended 30 June 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    |                            |   |  |                            |
| <b>Balance as at 1 January 2013</b>       | 820,000                          | 241,970        | 5,269                            | 82,000            | 1,284,833                  | (406)   | (406)  | 2,433,666                  |
| Total comprehensive income for the period | -                                | -              | -                                | -                 | 227,327                    | (68)  | (68)   | 227,259                    |
| Reversal of prior year dividend           | -                                | -              | -                                | -                 | 40                         | -   | -  | 40                         |
| Dividend paid (Note 17)                   | -                                | -              | -                                | -                 | (164,000)                  | -   | -  | (164,000)                  |
| <b>Balance as at 30 June 2013</b>         | <u>820,000</u>                   | <u>241,970</u> | <u>5,269</u>                     | <u>82,000</u>     | <u>1,348,200</u>           | <u>(474)</u>  | <u>(474)</u>                                   | <u>2,496,965</u>           |
| <b>Balance as at 1 January 2014</b>       | 820,000                          | 241,970        | 5,269                            | 82,000            | 1,506,288                  | (545)   | (545)  | 2,654,982                  |
| Total comprehensive income for the period | -                                | -              | -                                | -                 | 126,946                    | 1,509   | 1,509  | 128,455                    |
| Reversal of prior year dividend           | -                                | -              | -                                | -                 | 12                         | -   | -  | 12                         |
| Dividend paid (Note 17)                   | -                                | -              | -                                | -                 | (164,000)                  | -   | -  | (164,000)                  |
| <b>Balance as at 30 June 2014</b>         | <u>820,000</u>                   | <u>241,970</u> | <u>5,269</u>                     | <u>82,000</u>     | <u>1,469,246</u>           | <u>964</u>  | <u>964</u>                                     | <u>2,619,449</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 six-month periods ended 30 June 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 June |                      |                      |                      | 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                                | -   | -                    | 288.1                | 283.7                | Market price on the contract date                       |
| Purchase of goods and services                          | -   | -                    | 174.6                | 170.7                | Market price less fixed margin                          |
| Sales of goods and services                             | -   | -                    | 1.0                  | 0.4                  | Market price  |
| Rental income   | -   | -                    | 0.6                  | 0.6                  | Market price/Contract price                             |
| Selling and administrative service income               | -   | -                    | 22.7                 | 19.0                 | Actual charge   |
| Dividend income   | -   | -                    | 90.6                 | 68.0                 | At the declared rate                                    |
| <u>Transactions with related companies</u>              |   |                      |                      |                      |   |
| Sales of goods  | 7.2                                       | 5.4                  | -                    | -                    | Price approximates market price                         |
| Purchase of goods                                       | 0.3                                       | 0.3                  | -                    | 5.7                  | Selling price less marketing expenses and profit margin |
| Interest expenses                                       | 0.3                                       | 0.4                  | -                    | -                    | THBFIX + 0.50% per annum                                |
| <u>Transactions with jointly controlled entity</u>      |   |                      |                      |                      |   |
| Land rental income                                      | 0.2                                       | 0.2                  | -                    | -                    | Agreed between the parties                              |
| Purchase of oil palm seeds and fresh fruit bunch        | 0.3                                       | 0.5                  | -                    | -                    | Market price  |



(Unit: Million Baht)

|   | For the six-month periods ended 30 June |             |                      |             | 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                                | -                                       | -           | 439.1                | 585.8       | Market price on the contract date                       |
| Purchase of goods and services                          | -                                       | -           | 383.7                | 367.2       | Market price less fixed margin                          |
| Sales of goods and services                             | -                                       | -           | 1.3                  | 0.8         | Market price  |
| Rental income   | -                                       | -           | 1.1                  | 1.1         | Market price/Contract price                             |
| Selling and administrative service income               | -                                       | -           | 41.2                 | 35.6        | Actual charge   |
| Dividend income   | -                                       | -           | 90.6                 | 68.0        | At the declared rate                                    |
| <u>Transactions with related companies</u>              |   |             |                      |             |   |
| Sales of goods  | 15.1                                    | 10.3        | -                    | -           | Price approximates market price                         |
| Purchase of goods                                       | 0.7                                     | 3.4         | -                    | 5.7         | Selling price less marketing expenses and profit margin |
| Interest expenses                                       | 0.5                                     | 0.8         | -                    | -           | THBFIX + 0.50% per annum                                |
| <u>Transactions with jointly controlled entity</u>      |   |             |                      |             |   |
| Land rental income                                      | 0.3                                     | 0.3         | -                    | -           | Agreed between the parties                              |
| Purchase of oil palm seeds and fresh fruit bunch        | 0.5                                     | 0.7         | -                    | -           | Market price  |

The balances of accounts as at 30 June 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 June               | 31 December   | 30 June              | 31 December    |
|  | 2014                  | 2013          | 2014                 | 2013           |
| <b><u>Trade and other receivables - related parties</u></b> (Note 4) |                       |               |                      |                |
| Subsidiaries   | -                     | -             | 21,345               | 16,095         |
| Associated company   | 452                   | 452           | -                    | -              |
| Related companies (related by common<br>shareholders)                | 26,731                | 24,938        | -                    | 39             |
| <b>Total trade and other receivables - related<br/>parties</b>       | <b>27,183</b>         | <b>25,390</b> | <b>21,345</b>        | <b>16,134</b>  |
| Less: Allowance for doubtful accounts                                | (20,780)              | (20,780)      | -                    | -              |
| <b>Total trade and other receivables - related<br/>parties, net</b>  | <b>6,403</b>          | <b>4,610</b>  | <b>21,345</b>        | <b>16,134</b>  |
| <b><u>Short-term loans to related parties</u></b>                    |                       |               |                      |                |
| Associated company   | 40,286                | 40,286        | -                    | -              |
| Related companies (related by common<br>shareholders)                | 5,325                 | 5,325         | -                    | -              |
| <b>Total short-term loans to related parties</b>                     | <b>45,611</b>         | <b>45,611</b> | <b>-</b>             | <b>-</b>       |
| Less: Allowance for doubtful accounts                                | (45,611)              | (45,611)      | -                    | -              |
| <b>Total short-term loans to related parties</b>                     | <b>-</b>              | <b>-</b>      | <b>-</b>             | <b>-</b>       |
| <b><u>Trade and other payables - related parties</u></b> (Note 12)   |                       |               |                      |                |
| Subsidiaries   | -                     | -             | 162,508              | 168,597        |
| Related companies (related by common<br>shareholders)                | 579                   | 948           | 44                   | -              |
| <b>Total trade and other payables - related parties</b>              | <b>579</b>            | <b>948</b>    | <b>162,552</b>       | <b>168,597</b> |
| <b><u>Short-term loan from related party</u></b>                     |                       |               |                      |                |
| Related company (related by major shareholder)                       | 40,000                | 50,000        | -                    | -              |
| <b>Total short-term loan from related party</b>                      | <b>40,000</b>         | <b>50,000</b> | <b>-</b>             | <b>-</b>       |

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

(Unit: Thousand Baht)

|                               |                   | Consolidated financial statements    |                                  |                                  |
|-------------------------------|-------------------|--------------------------------------|----------------------------------|----------------------------------|
| Company's name                | Related by        | Balance as at<br>31 December<br>2013 | Decrease<br>during the<br>period | Balance as at<br>30 June<br>2014 |
| Lam Soon Holding Co.,<br>Ltd. | Major shareholder | 50,000                               | (10,000)                         | 40,000                           |
| Total                         |                   | 50,000                               | (10,000)                         | 40,000                           |

#### 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 six-month periods ended 30 June 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 34.4 million and Baht 70.8 million, respectively (2013: Baht 33.0 million and Baht 68.5 million, respectively) and for the Company totaling Baht 22.1 million and Baht 44.0 million, respectively (2013: Baht 17.3 million and Baht 38.8 million, respectively).

### 3. Cash and cash equivalents

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

|                                     | Consolidated         |                     | (Unit: Thousand Baht) |                     |
|-------------------------------------|----------------------|---------------------|-----------------------|---------------------|
|                                     | financial statements |                     | Separate              |                     |
|                                     | 30 June<br>2014      | 31 December<br>2013 | 30 June<br>2014       | 31 December<br>2013 |
| Cash                                | 4,679                | 3,167               | 2,573                 | 1,113               |
| Bank deposits                       | 261,192              | 180,511             | 66,218                | 45,767              |
| Investment in Bank of Thailand Bond | -                    | 50,045              | -                     | -                   |
| <b>Total</b>                        | <b>265,871</b>       | <b>233,723</b>      | <b>68,791</b>         | <b>46,880</b>       |

As at 30 June 2014, bank deposits in savings account, fixed deposits and investment in Bank of Thailand Bond carried interest between 0.1 and 1.95 percent per annum (31 December 2013: between 0.1 and 2.5 percent per annum).

### 4. Trade and other receivables

|   | Consolidated         |                     | (Unit: Thousand Baht) |                     |
|---|----------------------|---------------------|-----------------------|---------------------|
|   | financial statements |                     | Separate              |                     |
|   | 30 June<br>2014      | 31 December<br>2013 | 30 June<br>2014       | 31 December<br>2013 |
| <u>Trade receivables - related parties</u>            |                      |                     |                       |                     |
| Aged on the basis of due dates                        |                      |                     |                       |                     |
| Not yet due   | 4,703                | 3,634               | -                     | 15                  |
| Past due  |                      |                     |                       |                     |
| Up to 3 months  | 1,687                | 944                 | -                     | -                   |
| 3 - 6 months  | -                    | -                   | -                     | -                   |
| 6 - 12 months   | -                    | 13                  | -                     | -                   |
| Over 12 months  | 452                  | 452                 | -                     | -                   |
| <b>Total</b>  | <b>6,842</b>         | <b>5,043</b>        | <b>-</b>              | <b>15</b>           |
| Less: Allowance for doubtful accounts                 | (452)                | (452)               | -                     | -                   |
| <b>Total trade receivables - related parties, net</b> | <b>6,390</b>         | <b>4,591</b>        | <b>-</b>              | <b>15</b>           |

(Unaudited but reviewed)

(Unit: Thousand Baht)

|  | Consolidated         |                     | Separate             |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | financial statements |                     | financial statements |                     |
|  | 30 June<br>2014      | 31 December<br>2013 | 30 June<br>2014      | 31 December<br>2013 |
| <u>Trade receivables - unrelated parties</u>     |                      |                     |                      |                     |
| Aged on the basis of due dates                   |                      |                     |                      |                     |
| Post dated cheques receivable                    | 42,315               | 50,097              | 42,315               | 50,097              |
| Cheque returned                                  | 13,338               | 13,671              | 8,375                | 8,708               |
| Not yet due                                      | 770,258              | 766,119             | 662,811              | 712,697             |
| Past due   |                      |                     |                      |                     |
| Up to 3 months                                   | 235,002              | 182,039             | 169,985              | 148,304             |
| 3 - 6 months                                     | 4,425                | 2,423               | 2,729                | 1,727               |
| 6 - 12 months                                    | 74                   | 3,679               | 74                   | -                   |
| Over 12 months                                   | 28,805               | 25,252              | 2,604                | 2,851               |
| Total  | 1,094,217            | 1,043,280           | 888,893              | 924,384             |
| Less: Allowance for doubtful accounts            | (43,041)             | (37,394)            | (10,987)             | (10,829)            |
| Total trade receivables - unrelated parties, net | 1,051,176            | 1,005,886           | 877,906              | 913,555             |
| Total trade receivables - net                    | 1,057,566            | 1,010,477           | 877,906              | 913,570             |
| <u>Other receivables</u>                         |                      |                     |                      |                     |
| Other receivables - related parties              | 13                   | 19                  | 7,711                | 4,428               |
| Other receivables - unrelated parties            | 408                  | 99                  | -                    | -                   |
| Accrued income - related parties                 | -                    | -                   | 13,634               | 11,691              |
| Accrued income - unrelated parties               | 2,352                | 565                 | -                    | -                   |
| Advances - related parties                       | 20,328               | 20,328              | -                    | -                   |
| Advances - unrelated parties                     | 475                  | 393                 | -                    | -                   |
| Total  | 23,576               | 21,404              | 21,345               | 16,119              |
| Less: Allowance for doubtful accounts            | (20,328)             | (20,328)            | -                    | -                   |
| Total other receivables - net                    | 3,248                | 1,076               | 21,345               | 16,119              |
| <b>Total trade and other receivables - net</b>   | <b>1,060,814</b>     | <b>1,011,553</b>    | <b>899,251</b>       | <b>929,689</b>      |

## 5. Reduction of inventory to net realisable value

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

|   | (Unit: Thousand Baht)                   |                                     |
|---|---|-------------------------------------|
|   | Consolidated<br>financial<br>statements | Separate<br>financial<br>statements |
| <b>Balance as at 31 December 2013</b>                       | 51,835                                  | 1                                   |
| The reduction of inventory value recorded during the period | 650                                     | -                                   |
| The reduction of inventory value reversed during the period | (20,068)                                | -                                   |
| <b>Balance as at 30 June 2014</b>                           | <b>32,417</b>                           | <b>1</b>                            |

## 6. Investment in associated company

| Company's name        | Nature of<br>business | Country of<br>incorporation | Consolidated financial statements |                     |                         |                     |
|-----------------------|-----------------------|-----------------------------|-----------------------------------|---------------------|-------------------------|---------------------|
|                       |                       |                             | Paid-up capital                   |                     | Shareholding percentage |                     |
|                       |                       |                             | 30 June<br>2014                   | 31 December<br>2013 | 30 June<br>2014         | 31 December<br>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<br>diminution in value of<br>investment |                        | Carrying amounts<br>based on<br>method - net |                        | Carrying amounts<br>based on<br>equity method |                        |
|                       | 30<br>June<br>2014                | 31<br>December<br>2013 | 30<br>June<br>2014                                    | 31<br>December<br>2013 | 30<br>June<br>2014                           | 31<br>December<br>2013 | 30<br>June<br>2014                            | 31<br>December<br>2013 |
|                       | (Million Baht)                    | (Million Baht)         | (Million Baht)  | (Million Baht)         | (Million Baht)                               | (Million Baht)         | (Million Baht)                                | (Million Baht)         |
| 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)<br>Dividend received for the six-month period ended 30 June |               |
|--|-----------------------|-------------|-------------------------|-------------|------------------|------------------|---|---------------|
|  | 30 June               | 31 December | 30 June                 | 31 December | 30 June          | 31 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  | 68,015        |
| Universal Food Public Company Limited                  | 525,000               | 525,000     | 98.76                   | 98.76       | 585,243          | 585,243          | -   | -             |
| <b>Total</b>   |                       |             |                         |             | <b>1,333,587</b> | <b>1,333,587</b> | <b>90,686</b>   | <b>68,015</b> |
| Less: Allowance for diminution in value of investments |                       |             |                         |             | (21,096)         | (21,096)         | -   | -             |
| <b>Total investments in subsidiaries - net</b>         |                       |             |                         |             | <b>1,312,491</b> | <b>1,312,491</b> | <b>90,686</b>   | <b>68,015</b> |

As at 30 June 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 2,233 million (31 December 2013: Baht 2,256 million).

## 8. Investment properties

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

|   | (Unit: Thousand Baht)             |                               |
|---|-----------------------------------|-------------------------------|
|   | Consolidated financial statements | Separate financial statements |
| <b>Balance as at 31 December 2013</b>     | 51,735                            | 9,960                         |
| Depreciation for the period               | (373)                             | (843)                         |
| Reversal of allowance for impairment loss | 2,200                             | -                             |
| <b>Balance as at 30 June 2014</b>         | <b>53,562</b>                     | <b>9,117</b>                  |

As at 30 June 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 six-month period ended 30 June 2014 are summarised below.

|  | (Unit: Thousand Baht)                   |                                     |
|--|---|-------------------------------------|
|  | Consolidated<br>financial<br>statements | Separate<br>financial<br>statements |
| <b>Net book value as at 31 December 2013</b>                     | 2,181,058                               | 607,505                             |
| Acquisitions during the period - at cost                         | 74,879                                  | 22,785                              |
| Disposals during the period - net book value<br>at disposal date | (2,393)                                 | (34)                                |
| Depreciation for the period                                      | (112,284)                               | (39,845)                            |
| Interest capitalised to assets                                   | 215                                     | -                                   |
| <b>Net book value as at 30 June 2014</b>                         | <u>2,141,475</u>                        | <u>590,411</u>                      |

During the current period, the subsidiary capitalised interest amounting to Baht 0.2 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 2.84% 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 six-month period ended 30 June 2014 are summarised below.

|  | (Unit: Thousand Baht)                   |                                     |
|--|---|-------------------------------------|
|  | Consolidated<br>financial<br>statements | Separate<br>financial<br>statements |
| <b>Net book value as at 31 December 2013</b> | 273,578                                 | 248                                 |
| Acquisitions during the period - at cost     | 12,194                                  | -                                   |
| Amortisation for the period                  | (19,994)                                | (6)                                 |
| Transferred to inventory account             | (11,560)                                | -                                   |
| <b>Net book value as at 30 June 2014</b>     | <u>254,218</u>                          | <u>242</u>                          |



Approximately 21,349 rai, or 49 percent, of the total palm planted areas of a subsidiary is held by two subsidiaries under concessions that will expire in July 2014 and January 2015. In 2012, the subsidiaries submitted requests to extend the terms of the permits to utilise and lease these areas to the relevant government agencies. On 18 July 2014, the subsidiary was informed by an officer in Surat Thani Province that the Treasury Office granted permission to enter into the lease of 4,294 rai for a period of 15 years. The subsidiary must comply with the conditions. Currently, the subsidiary is in a process to enter into the lease agreement with the Treasury Office.

## 11. Short-term loans from financial institutions

|  | (Unit: Thousand Baht) |                        |                      |                        |                      |                        |
|--|-----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|
|  | Interest rate         |                        | Consolidated         |                        | Separate             |                        |
|  | (percent per annum)   |                        | financial statements |                        | financial statements |                        |
|  | 30<br>June<br>2014    | 31<br>December<br>2013 | 30<br>June<br>2014   | 31<br>December<br>2013 | 30<br>June<br>2014   | 31<br>December<br>2013 |
| Short-term loans from financial institutions | 2.25 - 3.05           | 2.30 - 3.30            | 1,669,692            | 1,240,749              | 695,000              | 185,000                |
| Total  |                       |                        | <u>1,669,692</u>     | <u>1,240,749</u>       | <u>695,000</u>       | <u>185,000</u>         |

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 June<br>2014       | 31 December<br>2013 | 30 June<br>2014      | 31 December<br>2013 |
| Trade payables - related parties           | -                     | 360                 | 162,492              | 168,573             |
| Trade payables - unrelated parties         | 389,166               | 341,914             | 227,184              | 268,377             |
| Other payables - related parties           | 528                   | 581                 | -                    | -                   |
| Other payables - unrelated parties         | 61,288                | 53,033              | 33,499               | 32,969              |
| Advance received from related parties      | 51                    | 7                   | 60                   | 24                  |
| Other payables for purchase of machineries | 7,103                 | 5,565               | 2,708                | 2,798               |
| Accrued expenses                           | 110,007               | 107,705             | 53,388               | 58,369              |
| Total trade and other payables             | <u>568,143</u>        | <u>509,165</u>      | <u>479,331</u>       | <u>531,110</u>      |

**13. Long-term loans**

|  | (Unit: Thousand Baht) |                |                      |             |
|--|-----------------------|----------------|----------------------|-------------|
|  | Consolidated          |                | Separate             |             |
|  | financial statements  |                | financial statements |             |
|  | 30 June               | 31 December    | 30 June              | 31 December |
|  | 2014                  | 2013           | 2014                 | 2013        |
| Long-term loans                          | 225,000               | 317,140        | -                    | 15,000      |
| Less: Current portion                    | (100,000)             | (117,140)      | -                    | (15,000)    |
| Long-term loans - net of current portion | <u>125,000</u>        | <u>200,000</u> | <u>-</u>             | <u>-</u>    |

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

|                                       | (Unit: Thousand Baht) |                      |
|---------------------------------------|-----------------------|----------------------|
|                                       | Consolidated          | Separate             |
|                                       | financial statements  | financial statements |
| <b>Balance as at 31 December 2013</b> | 317,140               | 15,000               |
| Less: Repayments during the period    | (92,140)              | (15,000)             |
| <b>Balance as at 30 June 2014</b>     | <u>225,000</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 six-month periods ended 30 June 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

|   | For the three-month periods ended 30 June |               |                      |               |
|---|---|---------------|----------------------|---------------|
|   | Consolidated                              |               | Separate             |               |
|   | financial statements                      |               | financial statements |               |
|   | <u>2014</u>                               | <u>2013</u>   | <u>2014</u>          | <u>2013</u>   |
| <b>Current income tax:</b>                                |   |               |                      |               |
| Interim corporate income tax charge                       | 48,556                                    | 32,124        | 11,735               | 18,055        |
| <b>Deferred tax:</b>                                      |   |               |                      |               |
| Relating to reversal of temporary differences             | (1,806)                                   | (1,420)       | (1,206)              | (1,018)       |
| <b>Income tax expenses reported in the profit or loss</b> | <u>46,750</u>                             | <u>30,704</u> | <u>10,529</u>        | <u>17,037</u> |

(Unit: Thousand Baht)

|   | For the six-month periods ended 30 June |               |                      |               |
|---|---|---------------|----------------------|---------------|
|   | Consolidated                            |               | Separate             |               |
|   | financial statements                    |               | financial statements |               |
|   | <u>2014</u>                             | <u>2013</u>   | <u>2014</u>          | <u>2013</u>   |
| <b>Current income tax:</b>                                |   |               |                      |               |
| Interim corporate income tax charge                       | 54,462                                  | 74,059        | 11,735               | 33,250        |
| <b>Deferred tax:</b>                                      |   |               |                      |               |
| Relating to reversal of temporary differences             | (3,704)                                 | (3,002)       | (2,383)              | (2,213)       |
| <b>Income tax expenses reported in the profit or loss</b> | <u>50,758</u>                           | <u>71,057</u> | <u>9,352</u>         | <u>31,037</u> |

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

(Unit: Thousand Baht)

|   | For the three-month periods ended 30 June |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|
|   | 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 | (372)                                     | 20                   | (372)                | 20                   |

(Unit: Thousand Baht)

|   | For the six-month periods ended 30 June |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|
|   | 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 | (377)                                   | 16                   | (377)                | 16                   |

## 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 June |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|
|   | 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) | 189,181                                   | 96,148               | 139,784              | 124,164              |
| Weighted average number of ordinary shares (Thousand shares)                        | 820,000                                   | 820,000              | 820,000              | 820,000              |
| Basic earnings per share (Baht)   | 0.23                                      | 0.12                 | 0.17                 | 0.15                 |

  

|   | For the six-month periods ended 30 June |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|
|   | 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) | 206,172                                 | 249,809              | 126,946              | 227,327              |
| Weighted average number of ordinary shares (Thousand shares)                        | 820,000                                 | 820,000              | 820,000              | 820,000              |
| Basic earnings per share (Baht)   | 0.25                                    | 0.30                 | 0.15                 | 0.28                 |

## 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 six-month periods ended 30 June 2014 and 2013.

(Unit: Million Baht)

|                                   | Consolidated for the three-month periods ended 30 June |              |                                    |            |                |              |                                 |              |              |              |              |  |
|-----------------------------------|--|--------------|------------------------------------|------------|----------------|--------------|---------------------------------|--------------|--------------|--------------|--------------|--|
|                                   | Manufacture and distribution                           |              |                                    |            |                |              | Adjustments and<br>eliminations |              |              |              | Consolidated |  |
|                                   | Palm oil<br>products                                   |              | Processed fruits<br>and vegetables |            | Total segments |              |                                 |              |              |              |              |  |
|                                   | 2014   | 2013         | 2014                               | 2013       | 2014           | 2013         | 2014                            | 2013         | 2014         | 2013         |              |  |
| <b>Revenue</b>                    |  |              |                                    |            |                |              |                                 |              |              |              |              |  |
| External customers                | 1,725  | 1,406        | 557                                | 291        | 2,282          | 1,697        | -                               | -            | 2,282        | 1,697        |              |  |
| Inter-segment                     | 288  | 284          | 175                                | 176        | 463            | 460          | (463)                           | (460)        | -            | -            |              |  |
| Total revenue                     | <u>2,013</u>   | <u>1,690</u> | <u>732</u>                         | <u>467</u> | <u>2,745</u>   | <u>2,157</u> | <u>(463)</u>                    | <u>(460)</u> | <u>2,282</u> | <u>1,697</u> |              |  |
| <b>Results</b>                    |  |              |                                    |            |                |              |                                 |              |              |              |              |  |
| Segment profit                    | 374  | 217          | 149                                | 94         | 523            | 311          | (27)                            | 8            | 496          | 319          |              |  |
| Unallocated income and expenses   |  |              |                                    |            |                |              |                                 |              |              |              |              |  |
| Other income                      |  |              |                                    |            |                |              |                                 |              | 29           | 31           |              |  |
| Selling expenses                  |  |              |                                    |            |                |              |                                 |              | (167)        | (143)        |              |  |
| Administrative expenses           |  |              |                                    |            |                |              |                                 |              | (62)         | (47)         |              |  |
| Finance cost                      |  |              |                                    |            |                |              |                                 |              | (13)         | (14)         |              |  |
| Profit before income tax expenses |  |              |                                    |            |                |              |                                 |              | <u>283</u>   | <u>146</u>   |              |  |
| Income tax expenses               |  |              |                                    |            |                |              |                                 |              | <u>(47)</u>  | <u>(31)</u>  |              |  |
| Profit for the period             |  |              |                                    |            |                |              |                                 |              | <u>236</u>   | <u>115</u>   |              |  |

(Unaudited but reviewed)

(Unit: Million Baht)

| Consolidated for the six-month periods ended 30 June |                              |              |                  |              |                |              |                 |              |              |              |
|--|------------------------------|--------------|------------------|--------------|----------------|--------------|-----------------|--------------|--------------|--------------|
|  | Manufacture and distribution |              |                  |              |                |              | Adjustments and |              | Consolidated |              |
|  | Palm oil                     |              | Processed fruits |              | Total segments |              | eliminations    |              |              |              |
|  | products                     |              | and vegetables   |              | 2014           | 2013         | 2014            | 2013         | 2014         | 2013         |
|  | 2014                         | 2013         | 2014             | 2013         | 2014           | 2013         | 2014            | 2013         | 2014         | 2013         |
| <b>Revenue</b>                                       |                              |              |                  |              |                |              |                 |              |              |              |
| External customers                                   | 3,353                        | 2,772        | 1,017            | 729          | 4,370          | 3,501        | -               | -            | 4,370        | 3,501        |
| Inter-segment  | 439                          | 586          | 384              | 372          | 823            | 958          | (823)           | (958)        | -            | -            |
| Total revenue  | <u>3,792</u>                 | <u>3,358</u> | <u>1,401</u>     | <u>1,101</u> | <u>5,193</u>   | <u>4,459</u> | <u>(823)</u>    | <u>(958)</u> | <u>4,370</u> | <u>3,501</u> |
| <b>Results</b>                                       |                              |              |                  |              |                |              |                 |              |              |              |
| Segment profit                                       | 500                          | 541          | 254              | 175          | 754            | 716          | (31)            | (9)          | 723          | 707          |
| Unallocated income and expenses                      |                              |              |                  |              |                |              |                 |              |              |              |
| Other income   |                              |              |                  |              |                |              |                 |              | 44           | 67           |
| Selling expenses                                     |                              |              |                  |              |                |              |                 |              | (310)        | (279)        |
| Administrative expenses                              |                              |              |                  |              |                |              |                 |              | (117)        | (100)        |
| Finance cost   |                              |              |                  |              |                |              |                 |              | (26)         | (28)         |
| Profit before income tax expenses                    |                              |              |                  |              |                |              |                 |              | 314          | 367          |
| Income tax expenses                                  |                              |              |                  |              |                |              |                 |              | (51)         | (71)         |
| Profit for the period                                |                              |              |                  |              |                |              |                 |              | <u>263</u>   | <u>296</u>   |

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

|                        | Manufacture and distribution |                  |              | Adjustments    |              |
|------------------------|------------------------------|------------------|--------------|----------------|--------------|
|                        | Palm oil                     | Processed fruits | Total        | and            |              |
|                        | products                     | and vegetables   | segments     | eliminations   | Consolidated |
| <b>Segment assets</b>  |                              |                  |              |                |              |
| As at 30 June 2014     | <u>5,446</u>                 | <u>1,485</u>     | <u>6,931</u> | <u>(1,275)</u> | <u>5,656</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 six-month periods ended 30 June 2014 and 2013, the Company and its subsidiary had dividend payments as follows:

|  | Approved by   | Total dividends<br>(Million Baht) | Dividend per share<br>(Baht) |
|--|---|-----------------------------------|------------------------------|
| <b><u>The Company</u></b>                                    |   |                                   |                              |
| <b><u>For the year 2014</u></b>                              |   |                                   |                              |
| Dividend on 2013 profit                                      | Annual General Meeting of the shareholders on 25 April 2014 | 164.00                            | 0.20                         |
| <b><u>For the year 2013</u></b>                              |   |                                   |                              |
| Dividend on 2012 profit                                      | Annual General Meeting of the shareholders on 26 April 2013 | 164.00                            | 0.20                         |
| <b><u>Subsidiary</u></b>                                     |   |                                   |                              |
| <b><u>For the year 2014</u></b>                              |   |                                   |                              |
| Final dividend in respect of October to December 2013 profit | Annual General Meeting of the subsidiary on 25 April 2014   | 129.62                            | 0.40                         |
| <b><u>For the year 2013</u></b>                              |   |                                   |                              |
| Final dividend on 2012 profit                                | Annual General Meeting of the shareholders on 26 April 2013 | 97.21                             | 0.30                         |

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

As at 30 June 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 20.1 million (the Company only: Baht 1.1 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 June 2014, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

|                                  | (Unit: Million Baht)                |                                 |
|----------------------------------|-------------------------------------|---------------------------------|
|                                  | Consolidated<br>financial statement | Separate<br>financial statement |
| Payable:                         |                                     |                                 |
| In up to 1 year                  | 23.7                                | 5.6                             |
| In over 1 year and up to 5 years | 41.9                                | 1.8                             |

### 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 June 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 June 2002 to 30 November 2003. In October 2005, MEA received Baht 2.9 million from the bank which was guarantor for electricity payment, leaving an outstanding payable amount of Baht 4.2 million. In September 2006, the Civil Court judged that the Company was liable for the electric payment of November 2003 plus interest of approximately Baht 0.5 million to the plaintiff. The Company filed an appeal against the judgment with the Appeal Court. On 16 February 2011, the Appeal Court dismissed this case. 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.



- (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 June 2014 are summarised below.

| Foreign currency | Financial<br>assets | Financial<br>liabilities | Average exchange rate<br>as at 30 June 2014 |
|------------------|---------------------|--------------------------|---|
|                  | (Million)           | (Million)                | (Baht per 1 foreign currency unit)          |
| US dollars       | 2.9                 | 0.2                      | 32.4550                                     |
| Euro             | 0.2                 | -                        | 43.9657                                     |
| Myanmar kyats    | -                   | 19.8                     | 0.0334                                      |

### 19.2 Forward exchange contracts

As at 30 June 2014, the Company 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       | 0.3         | 32.4200 - 32.5270                        | Within August 2014 |

## 20. Approval of interim financial statements

These interim financial statements were authorised for issue on 8 August 2014 by the Company's audit committees under authority delegated by the board of directors of the Company.