

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month period ended 31 March 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 31 March 2014, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-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

(Formerly known as Ernst & Young Office Limited)

Bangkok: 9 May 2014

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2014	31 December 2013	31 March 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	150,274	233,723	43,541	46,880
Trade and other receivables	2, 4	1,007,228	1,011,553	915,075	929,689
Short-term loans to related parties	2	-	-	-	-
Inventories	5	1,275,022	1,103,370	703,340	548,842
Other current assets		48,366	47,142	20,797	18,931
Total current assets		2,480,890	2,395,788	1,682,753	1,544,342
Non-current assets					
Investment in associated company	6	-	-	-	-
Investments in subsidiaries	7	-	-	1,312,491	1,312,491
Other long-term investments		858	836	858	836
Investment properties	8	53,681	51,735	9,541	9,960
Property, plant and equipment	9	2,157,550	2,181,058	597,949	607,505
Cost of forest land rights and cost of palm plantation	10	265,405	273,578	245	248
Goodwill		196,376	196,376	-	-
Intangible assets		16,833	15,969	5,161	5,126
Deferred tax assets		42,688	40,795	11,843	10,671
Other non-current assets		2,412	6,525	469	469
Total non-current assets		2,735,803	2,766,872	1,938,557	1,947,306
Total assets		5,216,693	5,162,660	3,621,310	3,491,648

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2014	31 December 2013	31 March 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	11	1,329,963	1,240,749	365,000	185,000
Trade and other payables	2, 12	507,747	509,165	514,245	531,110
Short-term loan from related party	2	50,000	50,000	-	-
Current portion of long-term loans	13	100,000	117,140	-	15,000
Income tax payable		38,453	33,138	16,544	16,544
Other current liabilities		56,540	62,433	35,620	47,169
Total current liabilities		2,082,703	2,012,625	931,409	794,823
Non-current liabilities					
Long-term loans - net of current portion	13	150,000	200,000	-	-
Provision for land rental charge		20,468	20,468	-	-
Provision for long-term employee benefits		85,232	77,736	47,728	41,843
Total non-current liabilities		255,700	298,204	47,728	41,843
Total liabilities		2,338,403	2,310,829	979,137	836,666

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 March 2014 (Unaudited but reviewed)	As at 31 December 2013 (Audited)	As at 31 March 2014 (Unaudited but reviewed)	As at 31 December 2013 (Audited)
Shareholders' equity				
Share capital				
Registered				
820,000,000 ordinary shares of Baht 1 each	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>
Issued and fully paid-up				
820,000,000 ordinary shares of Baht 1 each	820,000	820,000	820,000	820,000
Paid-in surplus				
Share premium	241,970	241,970	241,970	241,970
Premium on treasury stock	5,269	5,269	5,269	5,269
Retained earnings				
Appropriated - statutory reserve	103,071	103,071	82,000	82,000
Unappropriated	1,366,241	1,349,238	1,493,462	1,506,288
Other components of shareholders' equity	<u>457</u>	<u>440</u>	<u>(528)</u>	<u>(545)</u>
Equity attributable to owners of the Company	2,537,008	2,519,988	2,642,173	2,654,982
Non-controlling interests of the subsidiaries	<u>341,282</u>	<u>331,843</u>		-
Total shareholders' equity	<u>2,878,290</u>	<u>2,851,831</u>	<u>2,642,173</u>	<u>2,654,982</u>
Total liabilities and shareholders' equity	<u>5,216,693</u>	<u>5,162,660</u>	<u>3,621,310</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 31 March 2014**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit or loss:					
Revenues					
Sales		2,088,156	1,803,765	1,816,404	1,516,877
Other income		14,279	33,779	26,610	28,472
Total revenues		<u>2,102,435</u>	<u>1,837,544</u>	<u>1,843,014</u>	<u>1,545,349</u>
Expenses					
Cost of sales		1,861,120	1,415,256	1,718,650	1,308,689
Selling expenses		143,263	135,949	104,411	81,141
Administrative expenses		54,529	50,441	31,490	33,515
Total expenses		<u>2,058,912</u>	<u>1,601,646</u>	<u>1,854,551</u>	<u>1,423,345</u>
Profit (loss) before finance cost and					
income tax expenses		43,523	235,898	(11,537)	122,004
Finance cost		(13,085)	(14,962)	(2,478)	(4,841)
Profit (loss) before income tax expenses		<u>30,438</u>	<u>220,936</u>	<u>(14,015)</u>	<u>117,163</u>
Income tax expenses	14	(4,008)	(40,353)	1,177	(14,000)
Profit (loss) for the period		<u>26,430</u>	<u>180,583</u>	<u>(12,838)</u>	<u>103,163</u>
Other comprehensive income:					
Gain on changes in value of					
available-for-sale investments		22	16	22	16
Income tax effect on changes in value of					
available-for-sale investments	14	(5)	(4)	(5)	(4)
Other comprehensive income for the period		<u>17</u>	<u>12</u>	<u>17</u>	<u>12</u>
Total comprehensive income for the period		<u>26,447</u>	<u>180,595</u>	<u>(12,821)</u>	<u>103,175</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 three-month period ended 31 March 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit attributable to:					
Profit (loss) of equity holders of the Company		16,991	153,661	<u>(12,838)</u>	<u>103,163</u>
Profit of non-controlling interests of the subsidiaries		<u>9,439</u>	<u>26,922</u>		
		<u>26,430</u>	<u>180,583</u>		
Total comprehensive income attributable to:					
Profit (loss) of equity holders of the Company		17,008	153,673	<u>(12,821)</u>	<u>103,175</u>
Profit of non-controlling interests of the subsidiaries		<u>9,439</u>	<u>26,922</u>		
		<u>26,447</u>	<u>180,595</u>		
Basic earnings (loss) per share					
	15				
Profit (loss) attributable to equity holders of the Company (Baht)		<u>0.02</u>	<u>0.19</u>	<u>(0.02)</u>	<u>0.13</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of cash flows****For the three-month period ended 31 March 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) before tax	30,438	220,936	(14,015)	117,163
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	66,510	64,143	20,272	21,388
Increase (decrease) in allowance for doubtful accounts	3,060	(98)	-	-
Increase (decrease) in allowance for diminution in inventory value	(8,938)	(1,669)	-	-
Decrease in allowance for impairment loss of assets	(2,131)	-	-	-
Gain on disposals of property, plant and equipment	(92)	(4,030)	(374)	(61)
Unrealised loss (gain) on exchange	1,036	466	(155)	(72)
Dividend received from other company	-	(4)	-	(4)
Provision for long-term employee benefits	9,595	10,086	5,973	5,973
Interest expenses	12,347	14,323	1,978	4,434
Profit from operating activities before changes in operating assets and liabilities	111,825	304,153	13,679	148,821
Decrease (increase) in operating assets				
Trade and other receivables	1,079	75,128	14,744	88,247
Inventories	(154,551)	20,857	(154,498)	(12,431)
Other current assets	(750)	12,102	(1,314)	(1,756)
Other non-current assets	4,113	(1,163)	-	(1,065)
Increase (decrease) in operating liabilities				
Trade and other payables	(2,985)	(13,009)	(17,373)	(60,381)
Other current liabilities	(5,969)	(9,642)	(11,537)	(8,723)
Cash paid for long-term employee benefits	(2,099)	(158)	(88)	-
Cash from (used in) operating activities	(49,337)	388,268	(156,387)	152,712
Cash paid for interest expenses	(12,056)	(12,988)	(1,902)	(4,268)
Cash paid for corporate income tax	(1,155)	(1,811)	(552)	(814)
Net cash from (used in) operating activities	(62,548)	373,469	(158,841)	147,630

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 three-month period ended 31 March 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Dividend received from other company	-	4	-	4
Acquisitions of property, plant and equipment	(33,315)	(38,018)	(9,680)	(8,637)
Increase in cost of palm plantation	(9,942)	(3,446)	-	-
Proceeds from disposals of property, plant and equipment	2,378	4,374	374	61
Increase in intangible assets	(1,442)	-	(192)	-
Net cash used in investing activities	<u>(42,321)</u>	<u>(37,086)</u>	<u>(9,498)</u>	<u>(8,572)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	88,560	(102,274)	180,000	(105,000)
Repayment of liabilities under finance lease agreements	-	(67)	-	-
Repayment of long-term loans	(67,140)	(17,020)	(15,000)	(10,000)
Net cash from (used in) financing activities	<u>21,420</u>	<u>(119,361)</u>	<u>165,000</u>	<u>(115,000)</u>
Net increase (decrease) in cash and cash equivalents	<u>(83,449)</u>	<u>217,022</u>	<u>(3,339)</u>	<u>24,058</u>
Cash and cash equivalents at beginning of the period	<u>233,723</u>	<u>259,266</u>	<u>46,880</u>	<u>54,862</u>
Cash and cash equivalents at end of the period	<u><u>150,274</u></u>	<u><u>476,288</u></u>	<u><u>43,541</u></u>	<u><u>78,920</u></u>
Supplementary disclosures of cash flows information				
Non-cash transactions				
Acquisitions of property, plant and equipment that have not been paid	6,068	9,863	764	1,303
Transferred palm nursery to inventory account	8,163	359	-	-

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 three-month period ended 31 March 2014

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
					Other components of shareholders' equity			Equity			
					Other	Other					
					comprehensive	changes					
					income	by the owners					
					Deficit	Surplus from	Total other	Total equity	Equity		
					on changes	change in	components of	attributable to	attributable to	Total	
					in value of	shareholding	shareholders'	owners of	interests of	shareholders'	
Issued and	Share	Premium on	Retained earnings		available-for-sale	in subsidiary	equity	the Company	the subsidiaries	equity	
paid up	premium	treasury stock	Appropriated -	Unappropriated	investments	change in	shareholders'	owners of	interests of	shareholders'	
share capital	premium	treasury stock	statutory reserve	Unappropriated	investments	in subsidiary	equity	the Company	the subsidiaries	equity	
Balance as at 1 January 2013	820,000	241,970	5,269	103,071	1,262,862	(406)	985	579	2,433,751	319,332	2,753,083
Total comprehensive income											
for the period	-	-	-	-	153,661	12	-	12	153,673	26,922	180,595
Reversal of prior year dividend	-	-	-	-	40	-	-	-	40	-	40
Balance as at 31 March 2013	820,000	241,970	5,269	103,071	1,416,563	(394)	985	591	2,587,464	346,254	2,933,718
Balance as at 1 January 2014	820,000	241,970	5,269	103,071	1,349,238	(545)	985	440	2,519,988	331,843	2,851,831
Total comprehensive income											
for the period	-	-	-	-	16,991	17	-	17	17,008	9,439	26,447
Reversal of prior year dividend	-	-	-	-	12	-	-	-	12	-	12
Balance as at 31 March 2014	820,000	241,970	5,269	103,071	1,366,241	(528)	985	457	2,537,008	341,282	2,878,290

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 three-month period ended 31 March 2014

(Unit: Thousand Baht)

Separate financial statements

	Issued and paid up share capital		Premium on treasury stock	Retained earnings		Other components of shareholders' equity	Total other components of equity	Total shareholders' equity
	Share capital	Share premium		Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Deficit on changes in value of available-for-sale investments	
Balance as at 1 January 2013	820,000	241,970	5,269	82,000	1,284,833	(406)	(406)	2,433,666
Total comprehensive income for the period	-	-	-	-	103,163	12	12	103,175
Reversal of prior year dividend	-	-	-	-	40	-	-	40
Balance as at 31 March 2013	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,388,036</u>	<u>(394)</u>	<u>(394)</u>	<u>2,536,881</u>
Balance as at 1 January 2014	820,000	241,970	5,269	82,000	1,506,288	(545)	(545)	2,654,982
Total comprehensive income for the period	-	-	-	-	(12,838)	17	17	(12,821)
Reversal of prior year dividend	-	-	-	-	12	-	-	12
Balance as at 31 March 2014	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>1,493,462</u>	<u>(528)</u>	<u>(528)</u>	<u>2,642,173</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 period ended 31 March 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 the financial statements of 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 31 March				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	-	-	151.0	302.1	Market price on the contract date
Purchase of goods and services	-	-	209.1	196.5	Market price less fixed margin
Sales of goods and services	-	-	0.3	-	Market price
Rental income	-	-	0.5	0.5	Market price/Contract price
Selling and administrative service income	-	-	18.5	16.6	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	7.9	4.9	-	-	Price approximates market price
Purchase of goods	0.4	3.1	-	-	Selling price less marketing expenses and profit margin
Interest expenses	0.2	0.4	-	-	THBFIX + 0.50% per annum
<u>Transactions with jointly controlled entity of subsidiary</u>					
Land rental income	0.1	0.1	-	-	Agreed between the parties
Purchase of oil palm seeds and fresh fruit bunch	0.2	0.2	-	-	Market price

The balances of accounts as at 31 March 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	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
<u>Trade and other receivables - related parties</u> (Note 4)				
Subsidiaries	-	-	17,641	16,095
Associated company	452	452	-	-
Related companies (related by common shareholders)	27,401	24,938	-	39
Total trade and other receivables - related parties	27,853	25,390	17,641	16,134
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties, net	7,073	4,610	17,641	16,134
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans to related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 12)				
Subsidiaries	-	-	174,493	168,597
Related companies (related by common shareholders)	1,045	948	-	-
Total trade and other payables - related parties	1,045	948	174,493	168,597
<u>Short-term loan from related party</u>				
Related company (related by major shareholder)	50,000	50,000	-	-
Total short-term loan from related party	50,000	50,000	-	-

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

(Unit: Thousand Baht)

		Consolidated financial statements		
Company's name	Related by	Balance as at	Increase/ (decrease)	Balance as at
		31 December 2013		31 March 2014
Lam Soon Holding Co., Ltd.	Major shareholder	50,000	-	50,000
Total		50,000	-	50,000

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 + 0.5% per annum and is repayable on demand.

Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited ("UFC"), a subsidiary, entered into a memorandum related to the agency agreement (dated 27 February 2006) whereby both parties agreed to change the terms and conditions on dealer compensation to comply with the general practice in the industry. In addition, the Company and UFC had on 29 December 2011 agreed to extend the agreement for another 5 years, starting from 1 January 2012 and expiring on 31 December 2016.

Directors and management's benefits

During the three-month periods ended 31 March 2014 and 2013, the Company and its subsidiaries have short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 36.4 million and Baht 35.5 million, respectively (the Company only: Baht 21.9 million and Baht 21.5 million, respectively).

3. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Cash	3,462	3,167	1,262	1,113
Bank deposits	146,812	180,511	42,279	45,767
Investment in Bank of Thailand Bond	-	50,045	-	-
Total	150,274	233,723	43,541	46,880

As at 31 March 2014, bank deposits in savings account, fixed deposits and investment in Bank of Thailand Bond carried interest between 0.1 and 1.75 percent per annum (31 December 2013: between 0.1 and 2.5 percent per annum).

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	4,272	3,634	21	15
Past due				
Up to 3 months	2,788	944	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	13	-	-
Over 12 months	452	452	-	-
Total	7,512	5,043	21	15
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties, net	7,060	4,591	21	15

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	46,336	50,097	44,540	50,097
Cheque returned	13,408	13,671	8,445	8,708
Not yet due	768,055	766,119	695,648	712,697
Past due				
Up to 3 months	180,630	182,039	156,707	148,304
3 - 6 months	96	2,423	57	1,727
6 - 12 months	761	3,679	49	-
Over 12 months	28,765	25,252	2,817	2,851
Total	1,038,051	1,043,280	908,263	924,384
Less: Allowance for doubtful accounts	(40,364)	(37,394)	(10,829)	(10,829)
Total trade receivables - unrelated parties, net	997,687	1,005,886	897,434	913,555
Total trade receivables - net	1,004,747	1,010,477	897,455	913,570
<u>Other receivables</u>				
Other receivables - related parties	13	19	6,717	4,428
Other receivables - unrelated parties	32	99	-	-
Accrued income - related parties	-	-	10,903	11,691
Accrued income - unrelated parties	2,013	565	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	423	393	-	-
Total	22,809	21,404	17,620	16,119
Less: Allowance for doubtful accounts	(20,328)	(20,328)	-	-
Total other receivables - net	2,481	1,076	17,620	16,119
Total trade and other receivables - net	1,007,228	1,011,553	915,075	929,689

5. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2013	51,835	1
The reduction of inventory value recorded during the period	18	-
The reduction of inventory value reversed during the period	(8,956)	-
Balance as at 31 March 2014	42,897	1

6. Investment in associated company

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for diminution in value of investment		Carrying amounts based on method - net		Carrying amounts based on equity method	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 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:

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Cost	
	31	31	31	31	31	31
	March	December	March	December	March	December
	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
Universal Food Public Company Limited	525,000	525,000	98.76	98.76	585,243	585,243
Total					1,333,587	1,333,587
Less: Allowance for diminution in value of investments					(21,096)	(21,096)
Total investments in subsidiaries - net					<u>1,312,491</u>	<u>1,312,491</u>

As at 31 March 2014, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 2,335 million (31 December 2013: Baht 2,256 million).

8. Investment properties

Movements in the investment property account during the three-month period ended 31 March 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2013	51,735	9,960
Depreciation for the period	(185)	(419)
Reversal of impairment loss	2,131	-
Balance as at 31 March 2014	<u>53,681</u>	<u>9,541</u>

As at 31 March 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 three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
Net book value as at 31 December 2013	2,181,058	607,505
Acquisitions during the period - at cost	34,391	10,137
Disposals during the period - net book value at disposal date	(2,286)	-
Depreciation for the period	(55,795)	(19,693)
Interest capitalised to assets	182	-
Net book value as at 31 March 2014	<hr/> <hr/> 2,157,550	<hr/> <hr/> 597,949

During the 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, at 3.23% to 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 three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
Net book value as at 31 December 2013	273,578	248
Acquisitions during the period - at cost	9,942	-
Amortisation for the period	(9,952)	(3)
Transferred to inventory account	(8,163)	-
Net book value as at 31 March 2014	<hr/> <hr/> 265,405	<hr/> <hr/> 245

11. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2014	2013	2014	2013	2014	2013
Short-term loans from financial institutions	2.25 - 3.25	2.30 - 3.30	1,329,963	1,240,749	365,000	185,000
Total			1,329,963	1,240,749	365,000	185,000

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

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Trade payables - related parties	337	360	174,480	168,573
Trade payables - unrelated parties	367,936	341,914	261,744	268,377
Other payables - related parties	702	581	-	-
Other payables - unrelated parties	62,397	53,033	39,616	32,969
Advance received from related parties	6	7	13	24
Other payables for purchase of machineries	3,902	5,565	2,300	2,798
Accrued expenses	72,467	107,705	36,092	58,369
Total trade and other payables	507,747	509,165	514,245	531,110

13. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Long-term loans	250,000	317,140	-	15,000
Less: Current portion	(100,000)	(117,140)	-	(15,000)
Long-term loans - net of current portion	150,000	200,000	-	-

(Unaudited but reviewed)

Movements in the long-term loan account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u> </u>	<u> </u>
Balance as at 31 December 2013	317,140	15,000
Less: Repayments during the period	<u>(67,140)</u>	<u>(15,000)</u>
Balance as at 31 March 2014	<u><u>250,000</u></u>	<u><u>-</u></u>

As at 31 December 2013, long-term loans from bank 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 periods ended 31 March 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Interim corporate income tax charge	5,906	41,935	-	15,195
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(1,898)</u>	<u>(1,582)</u>	<u>(1,177)</u>	<u>(1,195)</u>
Income tax expenses reported in the profit or loss	<u><u>4,008</u></u>	<u><u>40,353</u></u>	<u><u>(1,177)</u></u>	<u><u>14,000</u></u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to gain on changes in value of available-for-sale investments	5	4	5	4

15. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit (loss) for the period attributable to equity holders of the Company (Thousand Baht)	16,991	153,661	(12,838)	103,163
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings (loss) per share (Baht)	0.02	0.19	(0.02)	0.13

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.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2014 and 2013.

(Unit: Million Baht)

	Manufacture and distribution						Adjustments and		Consolidated	
	Palm oil		Processed fruits		Total segments		eliminations			
	products		and vegetables							
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue										
External customers	1,628	1,366	460	438	2,088	1,804	-	-	2,088	1,804
Inter-segment	151	302	209	196	360	498	(360)	(498)	-	-
Total revenue	<u>1,779</u>	<u>1,668</u>	<u>669</u>	<u>634</u>	<u>2,448</u>	<u>2,302</u>	<u>(360)</u>	<u>(498)</u>	<u>2,088</u>	<u>1,804</u>
Results										
Segment profit	125	324	105	81	230	405	(3)	(16)	227	389
Unallocated income and expenses										
Other income									14	33
Selling expenses									(143)	(136)
Administrative expenses									(55)	(50)
Finance cost									(13)	(15)
Profit before income tax expenses									30	221
Income tax expenses									(4)	(40)
Profit for the period									<u>26</u>	<u>181</u>

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

(Unit: Million Baht)

	Manufacture and distribution			Adjustments	
	Palm oil	Processed fruits	Total	and	Consolidated
	products	and vegetables	segments	eliminations	
Segment assets					
As at 31 March 2014	<u>4,995</u>	<u>1,428</u>	<u>6,423</u>	<u>(1,206)</u>	<u>5,217</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. Commitments and contingent liabilities

17.1 Capital commitments

As at 31 March 2014, the Company and its subsidiaries had capital commitments relating to the construction of buildings and purchase of machineries, equipment and vehicles amounting to approximately Baht 32.7 million (the Company only: Baht 5.0 million).

17.2 Operating lease commitments

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

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

	<u>Million Baht</u>
Payable:	
In up to 1 year	10.6
In over 1 year and up to 5 years	2.7

17.3 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.

17.4 Guarantees

As at 31 March 2014, there were outstanding bank guarantees of approximately Baht 18.7 million issued by the banks on behalf of the Company and its subsidiaries to guarantee electricity usage and others (the Company only: Baht 9.9 million).

17.5 Contingent liabilities

- (1) In January 2006, the Company was sued by the Metropolitan Electricity Authority (MEA) for payment of additional electricity expenses totaling approximately Baht 7.1 million for the 18-month period from 30 June 2002 to 30 November 2003. In October 2005, MEA received Baht 2.9 million from the bank which was guarantor for electricity payment, leaving an outstanding payable amount of Baht 4.2 million. In September 2006, the Civil Court judged that the Company was liable for the electric payment of November 2003 plus interest of approximately Baht 0.5 million to the plaintiff. The Company filed an appeal against the judgment with the Appeal Court. On 16 February 2011, the Appeal Court dismissed this case. However, the Company countersued to recover the guarantee amount from the MEA because the Company did not have any outstanding late electricity payments due to the MEA as per the guarantee issued by the bank, but the claim made was a retrospective claim for additional payments. In October 2006, the Civil Court delivered the judgment ordering the MEA to refund the Baht 2.9 million guarantee plus interest to the Company. In January 2011, the Appeal Court issued a new ruling ordering the MEA to refund Baht 2.5 million to the Company after deducting the electricity fee for the period from 5 to 30 November 2003 of approximately Baht 0.4 million. Currently, the cases are under the consideration of the Supreme Court.
- (2) In 2004, a subsidiary received a letter of invitation from the Agricultural Land Reform Office (ALRO) concerning the issue of land overlapping with ALRO land. On 6 October 2004, the subsidiary attended a fact-finding consultation meeting with the ALRO and handed over various relevant documents for use by ALRO in considering this issue. The result of this matter is not known at this time.
- (3) On 11 April 2008, 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 subsidiaries lodged an application for permission to gather forest produce in a National Reserved Forest. At present, the relevant government agencies are processing the application.

18. Financial instruments

18.1 Foreign currency assets and liabilities

The Group's financial assets and liabilities denominated in foreign currencies as at 31 March 2014 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2014
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollars	3.0	0.5	32.4432
Euro	0.3	-	44.3019

18.2 Forward exchange contracts

As at 31 March 2014, the Company had outstanding forward exchange contract, of which details are presented below.

Foreign currency	Sold amount (Million)	Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Maturity date
US dollars	0.2	32.5800	Within April 2014

19. Events after the reporting period

19.1 On 25 April 2014, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment in respect of the 2013 profit to the Company's shareholders at Baht 0.2 per share, totaling Baht 164 million, which will be paid to the shareholders on 16 May 2014. Such dividend will be recorded in the second quarter of 2014.

19.2 On 20 February 2014, the Annual General Meeting of the subsidiary's shareholders passed a resolution to approve a final dividend payment in respect of October to December 2013 profit at Baht 0.4 per share, totaling Baht 130 million, which will be paid to the shareholders on 16 May 2014. Such dividend will be recorded in the second quarter of 2014.

20. Approval of interim financial statements

These interim financial statements were authorised for issue on 9 May 2014 by the Company's audit committees under authority delegated by the board of directors of the Company.