

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 2011

Review report of Independent Auditor

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

I have reviewed the accompanying consolidated statement of financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 30 September 2011 the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010, changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 2011 and 2010, and the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Lam Soon (Thailand) Public Company Limited for the year ended 31 December 2010 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 25 February 2011. The consolidated and separate statements of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of the above report. In addition, as described in Note 1.4 to the financial statements, during the current period, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the interim financial statements. For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

Ernst & Young Office Limited
Bangkok: 11 November 2011

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents	3	427,447	361,178	252,125	203,874
Current investments - fixed deposits at bank		-	6,059	-	-
Trade accounts receivable					
Related parties - net	4, 5	5,654	3,870	-	58
Unrelated parties - net	5	932,775	855,026	783,646	792,483
Total trade accounts receivable - net		938,429	858,896	783,646	792,541
Short-term loans and advances to					
related parties - net	4	4	-	113	769
Inventories - net	6	1,891,688	1,067,984	1,126,313	493,723
Other current assets		56,417	57,709	14,433	19,226
Total current assets		3,313,985	2,351,826	2,176,630	1,510,133
Non-current assets					
Investments in subsidiaries - net	7	-	-	1,312,479	1,312,479
Other long-term investments - net		732	934	732	934
Investment properties - net	8	56,438	57,001	13,785	15,056
Property, plant and equipment - net	9	1,882,549	1,884,568	703,305	729,270
Cost of forest land rights and					
cost of palm plantation - net	10	293,340	306,200	-	-
Goodwill		196,376	196,376	-	-
Intangible assets - net	11	16,902	17,997	3,411	3,934
Other non-current assets		1,750	1,367	982	635
Total non-current assets		2,448,087	2,464,443	2,034,694	2,062,308
Total assets		5,762,072	4,816,269	4,211,324	3,572,441

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)

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
	from financial institutions	2,550,043	1,537,110	1,645,000	825,000
Trade accounts payable					
	Related parties	4,875	25,951	117,486	67,378
	Unrelated parties	259,829	302,089	145,645	224,706
	Total trade accounts payable	264,704	328,040	263,131	292,084
	Advances from related parties	6	6	26	38
Current portion of liabilities under					
	finance lease agreements	2,753	4,775	1,984	3,658
	Current portion of long-term loans	68,080	68,080	40,000	40,000
	Corporate income tax payable	37,216	12,109	-	6,669
	Dividend payable	6,202	20,994	3,782	18,092
Other current liabilities					
	Accrued expenses	120,387	86,471	77,016	53,289
	Unearned income	8,325	16,509	8,325	16,509
	Others	105,771	103,402	47,060	52,062
	Total other current liabilities	234,483	206,382	132,401	121,860
	Total current liabilities	3,163,487	2,177,496	2,086,324	1,307,401
Non-current liabilities					
Liabilities under finance lease agreements					
	- net of current portion	215	1,177	-	567
	Long-term loans - net of current portion	102,040	153,100	65,000	95,000
	Provision for land rental charge	20,468	20,468	-	-
	Reserve for long-term employee benefits	65,754	38,694	54,634	36,077
	Total non-current liabilities	188,477	213,439	119,634	131,644
	Total liabilities	3,351,964	2,390,935	2,205,958	1,439,045

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)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered, issued and fully paid-up				
820,000,000 ordinary shares				
of Baht 1 each	820,000	820,000	820,000	820,000
Paid-in capital				
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	103,072	102,775	82,000	82,000
Unappropriated	907,653	950,775	856,913	984,741
Other components of shareholders' equity	199	4,425	(786)	(584)
Equity attributable to owners of the Company	2,078,163	2,125,214	2,005,366	2,133,396
Non-controlling interests of the subsidiaries	331,945	300,120	-	-
Total shareholders' equity	2,410,108	2,425,334	2,005,366	2,133,396
Total liabilities and shareholders' equity	5,762,072	4,816,269	4,211,324	3,572,441
	-	-	-	-

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

Directors

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 September 2011 and 2010

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

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit or loss:				
Revenues				
Sales	2,150,396	2,008,216	1,799,523	1,728,915
Dividend income	-	17	68,015	22,689
Subsidy from the Department of Internal Trade	(2,602)	-	(2,602)	-
Other income	18,042	11,071	6,982	6,021
Total revenues	<u>2,165,836</u>	<u>2,019,304</u>	<u>1,871,918</u>	<u>1,757,625</u>
Expenses				
Cost of sales	1,830,494	1,745,679	1,726,666	1,566,228
Selling expenses	156,597	144,813	86,336	85,569
Administrative expenses	71,951	52,484	29,728	32,808
Total expenses	<u>2,059,042</u>	<u>1,942,976</u>	<u>1,842,730</u>	<u>1,684,605</u>
Profit before finance cost and corporate income tax				
Corporate income tax	106,794	76,328	29,188	73,020
Finance cost	(26,211)	(11,776)	(17,048)	(5,887)
Profit before corporate income tax	<u>80,583</u>	<u>64,552</u>	<u>12,140</u>	<u>67,133</u>
Corporate income tax	(36,715)	(17,611)	-	(9,632)
Profit for the period	<u>43,868</u>	<u>46,941</u>	<u>12,140</u>	<u>57,501</u>
Other comprehensive income:				
Income (deficit) on changes in value of available-for-sale investments	(82)	127	(82)	127
Other comprehensive income for the period	<u>(82)</u>	<u>127</u>	<u>(82)</u>	<u>127</u>
Total comprehensive income for the period	<u>43,786</u>	<u>47,068</u>	<u>12,058</u>	<u>57,628</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 periods ended 30 September 2011 and 2010

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

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit attributable to:					
Profit of equity holders of the Company		10,965	43,889	<u>12,140</u>	<u>57,501</u>
Profit of non-controlling interests of the subsidiaries		<u>32,903</u>	<u>3,052</u>		
		<u>43,868</u>	<u>46,941</u>		
Total comprehensive income attributable to:					
Profit of equity holders of the Company		10,883	44,016	<u>12,058</u>	<u>57,628</u>
Profit of non-controlling interests of the subsidiaries		<u>32,903</u>	<u>3,052</u>		
		<u>43,786</u>	<u>47,068</u>		
Basic earnings per share					
	13				
Profit attributable to equity holders of the parent		<u>0.01</u>	<u>0.05</u>	<u>0.01</u>	<u>0.07</u>
Weighted average number of ordinary shares					
(Thousand shares)		<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2011 and 2010

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

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit or loss:				
Revenues				
Sales	6,472,101	5,610,189	5,543,846	4,870,518
Dividend income	138	88	102,160	68,103
Subsidy from the Department of Internal Trade	29,092	-	29,092	-
Other income	57,754	52,714	26,262	28,360
Total revenues	<u>6,559,085</u>	<u>5,662,991</u>	<u>5,701,360</u>	<u>4,966,981</u>
Expenses				
Cost of sales	5,605,584	4,721,544	5,340,278	4,371,624
Selling expenses	433,639	410,163	246,873	238,765
Administrative expenses	199,651	152,773	96,913	98,126
Total expenses	<u>6,238,874</u>	<u>5,284,480</u>	<u>5,684,064</u>	<u>4,708,515</u>
Profit before finance cost and corporate income tax				
Corporate income tax	320,211	378,511	17,296	258,466
Finance cost	(58,439)	(33,386)	(36,477)	(15,994)
Profit (loss) before corporate income tax	<u>261,772</u>	<u>345,125</u>	<u>(19,181)</u>	<u>242,472</u>
Corporate income tax	(113,589)	(79,760)	-	(36,463)
Profit (loss) for the period	<u>148,183</u>	<u>265,365</u>	<u>(19,181)</u>	<u>206,009</u>
Other comprehensive income:				
Income (deficit) on changes in value of available-for-sale investments	(202)	91	(202)	91
Other comprehensive income for the period	<u>(202)</u>	<u>91</u>	<u>(202)</u>	<u>91</u>
Total comprehensive income for the period	<u>147,981</u>	<u>265,456</u>	<u>(19,383)</u>	<u>206,100</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2011 and 2010

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

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit (loss) attributable to:					
Profit (loss) of equity holders of the Company		65,822	234,332	<u>(19,181)</u>	<u>206,009</u>
Profit of non-controlling interests of the subsidiaries		<u>82,361</u>	<u>31,033</u>		
		<u>148,183</u>	<u>265,365</u>		
Total comprehensive income attributable to:					
Profit (loss) of equity holders of the Company		65,620	234,423	<u>(19,383)</u>	<u>206,100</u>
Profit of non-controlling interests of the subsidiaries		<u>82,361</u>	<u>31,033</u>		
		<u>147,981</u>	<u>265,456</u>		
Basic earnings (loss) per share 13					
Profit (loss) attributable to equity holders of the parent		<u>0.08</u>	<u>0.29</u>	<u>(0.02)</u>	<u>0.25</u>
Weighted average number of ordinary shares (Thousand shares)		<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of cash flows****For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit (loss) before income tax	261,772	345,125	(19,181)	242,472
Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	176,922	151,836	63,922	44,777
Increase (decrease) in allowance for doubtful accounts	(138)	2,022	(666)	2,200
Increase (decrease) in allowance for diminution in inventory value	19,626	5,832	6,447	(349)
Loss from write off of inventories	791	-	-	-
Gain on disposals of property, plant and equipment	(4,778)	(2,171)	(400)	(33)
Loss from write off of property, plant and equipment	236	1,426	-	-
Loss from write off of cost of palm plantation	124	123	-	-
Unrealised loss (gain) on exchange	(1,874)	736	(197)	(788)
Reserve for long-term employee benefits	30,271	7,200	18,557	7,200
Dividend income from subsidiary	-	-	(102,022)	(68,015)
Dividend income from other companies	(138)	(88)	(138)	(88)
Interest expenses	54,953	30,346	34,252	14,029
Income from operating activities before changes in operating assets and liabilities	537,767	542,387	574	241,405
Decrease (increase) in operating assets				
Trade accounts receivable - related parties	(1,784)	(7,088)	58	20
Trade accounts receivable - unrelated parties	(75,766)	(60,517)	9,674	(76,776)
Inventories	(841,655)	(206,197)	(639,037)	(101,799)
Other current assets	2,189	16,611	5,375	3,951
Other non-current assets	(383)	3,704	(347)	119
Increase (decrease) in operating liabilities				
Trade accounts payable - related parties	(21,076)	(688)	50,108	(66,219)
Trade accounts payable - unrelated parties	(42,138)	142,145	(79,035)	118,143
Other current liabilities	32,149	(21,175)	14,828	(23,102)
Cash paid for long-term employee benefits	(3,211)	-	-	-
Cash from (used in) operating activities	(413,908)	409,182	(637,802)	95,742
Cash paid for interest expenses	(55,668)	(29,723)	(34,916)	(13,335)
Cash paid for corporate income tax	(89,541)	(86,310)	(7,251)	(41,475)
Net cash from (used in) operating activities	(559,117)	293,149	(679,969)	40,932

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of cash flows (continued)****For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from investing activities				
Decrease (increase) in fixed deposits with maturity of more than 3 months	6,059	(59)	-	-
Decrease (increase) in short-term loans and advances to related parties	(4)	-	656	187
Increase in investment in subsidiary	-	(355)	-	(355)
Dividend received from subsidiary	-	-	102,022	68,015
Dividend received from other companies	138	88	138	88
Acquisitions of property, plant and equipment	(155,310)	(151,193)	(39,820)	(80,819)
Increase in cost of palm plantation	(10,665)	-	-	-
Proceeds from disposals of property, plant and equipment	5,320	4,023	892	294
Increase in intangible assets	(1,191)	(638)	(411)	(309)
Receipt of government grants	-	9,171	-	6,672
Net cash from (used in) investing activities	(155,653)	(138,963)	63,477	(6,227)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	1,012,933	179,000	820,000	165,000
Decrease in advances from related party	-	(105)	(12)	(69)
Repayment of liabilities under finance lease agreements	(2,984)	(2,827)	(2,241)	(2,121)
Cash receipt from long-term loans	-	76,703	-	76,703
Repayment of long-term loans	(51,060)	(67,857)	(30,000)	(30,000)
Dividend paid	(167,090)	(234,200)	(123,004)	(205,000)
Acquisition of investment in subsidiary from non-controlling interest	(10,760)	-	-	-
Net cash from (used in) financing activities	781,039	(49,286)	664,743	4,513
Net increase in cash and cash equivalents	66,269	104,900	48,251	39,218
Cash and cash equivalents at beginning of the period	361,178	206,418	203,874	110,741
Cash and cash equivalents at end of the period	427,447	311,318	252,125	149,959

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Supplementary disclosures of cash flows information				
Non-cash transactions				
Acquisitions of property, plant and equipment that				
have not been paid	23,162	22,826	1,676	1,134
Transferred nursery to inventory account	2,466	4,546	-	-

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the nine-month periods ended 30 September 2011 and 2010

Consolidated financial statements									
Equity attributable to the parent's shareholders									
							Other components of equity		
							Other comprehensive income	Other changes by the owners	
							Deficit on changes in value of available-for-sale investments	Surplus from change in shareholding in subsidiary	
		Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings				
		Note	share capital	premium	treasury stock	Appropriated - statutory reserve	Unappropriated		
Balance as at 31 December 2010			820,000	241,970	5,269	102,775	950,775	(584)	5,009
Acquisition of investment in subsidiary									
from non-controlling interest		1.3	-	-	-	292	(292)	-	(4,024)
Total comprehensive income									
for the period			-	-	-	-	65,822	(202)	-
Unappropriated retained earnings									
transferred to statutory reserve			-	-	-	5	(5)	-	-
Reversal of prior year dividend			-	-	-	-	14,353	-	-
Dividend paid		15	-	-	-	-	(123,000)	-	-
Decrease in minority interests from dividend payment in subsidiary			-	-	-	-	-	-	-
Balance as at 30 September 2011			<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>103,072</u>	<u>907,653</u>	<u>(786)</u>	<u>985</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month periods ended 30 September 2011 and 2010

Separate financial statements

	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings	
					Appropriated - statutory reserve	Unappropriated
Balance as at 31 December 2009		820,000	241,970	5,269	82,000	959,115
Total comprehensive income for the period		-	-	-	-	206,009
Reversal of prior year dividend		-	-	-	-	7,622
Dividend paid	15	-	-	-	-	(205,000)
Balance as at 30 September 2010		<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>967,746</u>
Balance as at 31 December 2010		820,000	241,970	5,269	82,000	984,741
Total comprehensive income for the period		-	-	-	-	(19,181)
Reversal of prior year dividend		-	-	-	-	14,353
Dividend paid	15	-	-	-	-	(123,000)
Balance as at 30 September 2011		<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>82,000</u>	<u>856,913</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2011 and 2010

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 Accounting Standard No. 34 (revised 2009) "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 2010. There have been no changes in the composition of the group during the current period, except for the change in shareholding of subsidiary as follows:

On 30 March 2011, Universal Food Public Company Limited (“UFC”), the subsidiary of the Company, acquired an additional 215,191 shares of Union Frost Company Limited, which is the subsidiary of UFC, from the existing shareholders of such subsidiary at a price of Baht 50.0 per share, or for a total of Baht 10.8 million. Its shareholding in this subsidiary increased by 18% from 79% to 97%. UFC recorded the Baht 4.0 million excess of the purchase price over the attributable net book value of the subsidiary, under caption “Other changes by the owners” in the statements of changes in shareholders' equity.

1.4 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets

TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits and liabilities arising from other defined benefit plans and other long-term employee benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits using the Company and its subsidiary' accounting policy.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight line basis over up to five years from date of adopted. The change has the effect of decreasing the profit of the Company and its subsidiaries for the three-month and nine-month period ended 30 September 2011 by Baht 10.1 million and Baht 30.3 million, or 0.01 Baht per share and 0.04 Baht per share respectively (Separate financial statements: for the three-month period decreasing the profit by Baht 6.2 million or 0.01 Baht per share and for the nine-month period increasing the loss by Baht 18.6 million or 0.02 Baht per share).

As at 30 September 2011, the Company and its subsidiaries recognised Baht 65.7 million of such long-term employee benefit liabilities (Separate financial statements: Baht 54.6 million) and Baht 96.0 million remains unrecognized (Separate financial statements: Baht 55.0 million).

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 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

Employee benefits

Post-employment benefits (Defined contribution plans)

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans) and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

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

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

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment.

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

Government grants - related to income

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants related to income are recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

2. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

3. Cash and cash equivalents

As at 30 September 2011 and 31 December 2010, cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Cash and cash at banks	327,447	361,178	152,125	203,874
Current investments - The Bank of Thailand Bond	100,000	-	100,000	-
Cash and cash equivalents	427,447	361,178	252,125	203,874

As at 30 September 2011, bank deposits in savings account, fixed deposits and bills of exchange carried interest between 0.10 and 0.75 percent per annum (31 December 2010: between 0.25 and 1.86 percent per annum).

4. 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.

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<i>Transactions with subsidiaries</i>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	276.5	219.8	Market price on the contract's date/Price set by National Palm Oil Policy Committee
Purchase of finished goods	-	-	179.9	142.4	Market price less fixed margin
Rental income	-	-	0.5	0.5	Market price/Contract price
Guarantee fee income	-	-	-	0.2	1.50% per annum of credit facilities
Discount from prepayment of goods	-	-	-	0.1	1.85 - 1.90% per annum of the amount collected prior to maturity (2010: 1.85 - 1.90% per annum)

(Unit: Million Baht)

	For the three-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<u>Transactions with related companies</u>					
Sales and services of goods	5.7	11.3	0.1	-	Price approximates market price
Purchase and services of goods	4.9	5.3	-	-	Selling price less marketing expenses and profit margin
<u>Transactions with jointly controlled entity</u>					
Land rental income	0.1	0.2	-	-	Agreed between the parties
Purchase of oil palm seeds	0.2	-	-	-	Market price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	903.3	704.5	Market price on the contract's date/Price set by National Palm Oil Policy Committee
Purchase of finished goods	-	-	515.0	433.8	Market price less fixed margin
Sales of goods	-	-	4.7	0.4	Market price
Rental income	-	-	1.6	1.6	Market price/Contract price
Guarantee fee income	-	-	-	0.7	1.50% per annum of credit facilities
Discount from prepayment of goods	-	-	0.1	0.2	2.75% per annum (2010: 1.72 - 1.90% per annum) of the amount collected prior the maturity
<u>Transactions with related companies</u>					
Sales and services of goods	17.9	21.7	0.1	-	Price approximates market price
Purchase and services of goods	46.0	12.4	32.6	-	Selling price less marketing expenses and profit margin
<u>Transactions with jointly controlled entity</u>					
Land rental income	0.3	0.4	-	-	Agreed between the parties
Purchase of oil palm seeds	1.0	-	-	-	Market price

The balances of accounts as at 30 September 2011 and 31 December 2010 between the Company and the related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiary</u>				
Universal Food Public Company Limited	-	-	-	58
Total trade accounts receivable - subsidiary	-	-	-	58
<u>Related companies</u>				
Lam Soon Singapore Pte Limited	5,653	3,219	-	-
Lam Soon Edible Oils Sdn. Bhd.	-	651	-	-
Union Fresh Company Limited	452	452	-	-
Siam Elite Palm Company Limited	1	-	-	-
Total trade accounts receivable - related companies	6,106	4,322	-	-
Total trade accounts receivable - related parties	6,106	4,322	-	58
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Trade accounts receivable - related parties - net	5,654	3,870	-	58
 <u>Short-term loans and advances to related parties</u>				
<u>Short-term loans - related companies</u>				
Union Fresh Company Limited	40,286	40,286	-	-
Siam Unison Company Limited	5,325	5,325	-	-
Total short-term loans - related companies	45,611	45,611	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
<u>Advances - related parties</u>				
<u>Subsidiaries</u>				
Universal Food Public Company Limited	-	-	98	740
United Palm Oil Industry Public Company Limited	-	-	12	-
Total advances - subsidiaries	-	-	110	740
<u>Related companies</u>				
Union Fresh Company Limited	18,549	18,549	-	-
Siam Unison Company Limited	1,779	1,779	-	-
Lam Soon Edible Oils Sdn. Bhd.	4	-	-	-
Union Frost Company Limited	-	-	3	29
Total advances - related companies	20,332	20,328	3	29
Total advances - related parties	20,332	20,328	113	769
Total short-term loans and advances to related parties	65,943	65,939	113	769
Less: Allowance for doubtful accounts	(65,939)	(65,939)	-	-
Short-term loans and advances to related parties - net	4	-	113	769
<u>Trade accounts payable - related parties</u>				
<u>Subsidiaries</u>				
Universal Food Public Company Limited	-	-	95,687	40,571
United Palm Oil Industry Public Company Limited	-	-	21,303	5,746
Total trade accounts payable - subsidiaries	-	-	116,990	46,317
<u>Related companies</u>				
Union Frost Company Limited	-	-	496	-
ACE Canning Corporation Sdn. Bhd.	4,875	4,890	-	-
Lam Soon Edible Oils Sdn. Bhd.	-	21,061	-	21,061
Total trade accounts payable - related companies	4,875	25,951	496	21,061
Total trade accounts payable - related parties	4,875	25,951	117,486	67,378

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
<u>Advances - related parties</u>				
<u>Subsidiary</u>				
Universal Food Public Company Limited	-	-	26	38
Total advances - subsidiary	-	-	26	38
<u>Related company</u>				
Lam Soon Edible Oils Sdn. Bhd.	6	6	-	-
Total advances - related company	6	6	-	-
Total advances - related parties	6	6	26	38

Short-term loans to related companies carry interest at a rate of 7.00% per annum and are repayable on demand. Recognition of interest on the above loans as income on an accrual basis has ceased since the date in which the Central Bankruptcy Court accepted the bankruptcy suits which the subsidiary brought against the above companies. Currently, these cases are with the Legal Execution Department.

Directors and Management's benefits

During the nine-month period ended 30 September 2011, the Company and its subsidiary companies had salaries, bonuses, meeting allowance and gratuities of their directors and management recognised as expenses totaling Baht 108.5 million (the Company only: Baht 64.6 million) (30 September 2010: Baht 99.9 million, the Company only: Baht 62.4 million).

5. Trade accounts receivable

The outstanding balances of trade accounts receivable as at 30 September 2011 and 31 December 2010, classified by aging were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<u>Age of receivables</u>				
<u>Related parties</u>				
Not yet due	2,874	1,059	-	58
Past due				
Less than 3 months	2,780	-	-	-
6 - 12 months	-	2,811	-	-
Over 12 months	452	452	-	-
Total	6,106	4,322	-	58
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Trade accounts receivable - related parties - net	5,654	3,870	-	58
<u>Unrelated parties</u>				
Post dated cheques receivable	30,454	33,356	30,454	33,335
Cheque returned	13,470	13,618	8,506	8,655
Not yet due	766,055	725,825	655,600	686,445
Past due				
Less than 3 months	134,104	95,218	96,788	72,561
3 - 6 months	3,608	1,603	364	-
6 - 12 months	464	766	421	240
Over 12 months	18,876	19,197	1,976	2,376
Total	967,031	889,583	794,109	803,612
Less: Allowance for doubtful accounts	(34,256)	(34,557)	(10,463)	(11,129)
Trade accounts receivable - unrelated parties - net	932,775	855,026	783,646	792,483
Total trade accounts receivable - net	938,429	858,896	783,646	792,541

6. Allowance for diminution in inventory value

Movements in the allowance for diminution in inventory value account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2010	(14,493)	(1,324)
Increase in allowance of diminution in inventory value made during the period	<u>(19,626)</u>	<u>(6,447)</u>
Balance as at 30 September 2011	<u><u>(34,119)</u></u>	<u><u>(7,771)</u></u>

7. Investments in subsidiaries

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

Company's name	Paid-up share capital		Shareholding percentage		Cost		(Unit: Thousand Baht)	
							Dividend received for the nine-month period ended	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	30 September 2010
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	102,022	68,015
Universal Food Public Company Limited	525,000	525,000	98.76	98.76	<u>585,231</u>	<u>585,231</u>	-	-
Total					<u>1,333,575</u>	<u>1,333,575</u>	<u>102,022</u>	<u>68,015</u>
Less: Allowance for impairment loss of investments					<u>(21,096)</u>	<u>(21,096)</u>		
Total investments in subsidiaries - net					<u><u>1,312,479</u></u>	<u><u>1,312,479</u></u>		

As at 30 September 2011, 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 1,450 million.

8. Investment property

Movements in the investment Property account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2010	57,001	15,056
Depreciation for the period	(563)	(1,271)
Balance as at 30 September 2011	<u>56,438</u>	<u>13,785</u>

As at 30 September 2011 and 31 December 2010, the allowance for impairment loss on investment properties - land of the subsidiary was Baht 6 million.

9. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2010	1,884,568	729,270
Acquisitions during the period - at cost	151,167	36,244
Disposals/write off during the period - net book value at disposal/write off date	(778)	(492)
Depreciation for the period	(153,138)	(61,717)
Interest capitalised to assets	730	-
Net book value as at 30 September 2011	<u>1,882,549</u>	<u>703,305</u>

During the period, the subsidiary capitalised interest amounting to Baht 0.7 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 rate of these loans, at 1.93% to 3.86% per annum.

The majority of land and buildings of the subsidiary were mortgaged and pledged with a bank to secure credit facilities granted by bank and letters of guarantees issued by bank.

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

Movements in the cost of forest land rights and cost of palm plantation account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2010	306,200
Acquisitions during the period - at cost	10,665
Write off during the period - net book value at write off date	(124)
Amortisation for the period	(20,935)
Transferred to inventory account	(2,466)
Net book value as at 30 September 2011	<u>293,340</u>

11. Intangible assets

Movements in the intangible asset account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2010	17,997	3,934
Acquisitions during the period - at cost	1,191	411
Amortisation for the period	(2,286)	(934)
Net book value as at 30 September 2011	<u>16,902</u>	<u>3,411</u>

12. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Long-term loans	170,120	221,180	105,000	135,000
Less: Current portion	(68,080)	(68,080)	(40,000)	(40,000)
Long-term loans - net of current portion	<u>102,040</u>	<u>153,100</u>	<u>65,000</u>	<u>95,000</u>

Movements in the long-term loan account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2010	221,180	135,000
Less: Repayments during the period	(51,060)	(30,000)
Balance as at 30 September 2011	<u>170,120</u>	<u>105,000</u>

Long-term loans of the subsidiary are secured by the mortgage of land and buildings thereon, as discussed in Note 9, and a negative pledge of machinery of the subsidiary.

The loan agreements contain covenants that, among other things, require the Company and its subsidiary to maintain such as dividend payments, the proportion of shareholding of the major shareholders and the maintenance of certain financial ratios.

13. Basic earnings (loss) 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 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit for the period attributable to equity holders of the Company (thousand Baht)	10,965	43,889	12,140	57,501
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings per share (Baht/share)	0.01	0.05	0.01	0.07
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit (loss) for the period attributable to equity holders of the Company (thousand Baht)	65,822	234,332	(19,181)	206,009
Weighted average number of ordinary shares (thousand shares)	820,000	820,000	820,000	820,000
Earnings (loss) per share (Baht/share)	0.08	0.29	(0.02)	0.25

14. Financial information by segment

The Company's and its subsidiaries' business operations involve two principal segments (1) manufacture and distribution of palm oil products and (2) manufacture and distribution of processed fruits and vegetables. These activities are carried on in the single-geographic area in Thailand. The financial information by segment of the Company and its subsidiaries for the three and nine-month periods ended 30 September 2011 and 2010 were as follows:

(Unit: Million Baht)

	Consolidated for the three-month periods ended 30 September					
	Manufacture and distribution		Total	Eliminated	Total	
	Palm oil products	Processed fruits and vegetables			2011	2010
Revenue from external customers	1,672	478	2,150	-	2,150	2,008
Intersegment revenues	276	180	456	(456)	-	-
Total revenues	1,948	658	2,606	(456)	2,150	2,008
Segment income	203	92	295	25	320	263
Unallocated income and expenses						
Other income					16	11
Selling expenses					(157)	(145)
Administrative expenses					(72)	(52)
Finance cost					(26)	(12)
Corporate income tax					(37)	(18)
Profit for the period					44	47
Profit attributable to non-controlling interest					(33)	(3)
Profit for the period attributable to equity holders of the Company					11	44

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated for the nine-month periods ended 30 September						
	Manufacture and distribution		Total	Eliminated	Total	
	Palm oil products	Processed fruits and vegetables			2011	2010
Revenue from external customers	5,064	1,408	6,472	-	6,472	5,610
Intersegment revenues	899	515	1,414	(1,414)	-	-
Total revenues	5,963	1,923	7,886	(1,414)	6,472	5,610
Segment income	644	248	892	(25)	867	889
Unallocated income and expenses						
Other income					87	52
Selling expenses					(434)	(410)
Administrative expenses					(200)	(153)
Finance cost					(58)	(33)
Corporate income tax					(114)	(80)
Profit for the period					148	265
Profit attributable to non-controlling interest					(82)	(31)
Profit for the period attributable to equity holders of the Company					66	234

Transfer prices between business segments are as set out in the Note 4 to the financial statements.

15. Dividend paid

During the nine-month periods ended 30 September 2011 and 2010, the Company and its subsidiary had dividend payment as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
<u>For the year 2011</u>			
Dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	123.00	0.15
<u>For the year 2010</u>			
Dividend on 2009 income	Annual General Meeting of the shareholders on 28 April 2010	205.00	0.25

(Unaudited but reviewed)

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<u>Subsidiary</u>			
<u>For the year 2011</u>			
Final dividend on 2010 income	Annual General Meeting of the shareholders on 27 April 2011	48.61	0.15
Interim dividends on income for the period from January to June 2011	Board of Directors' Meeting no. 3/2011 on 8 August 2011	97.21	0.30
<u>For the year 2010</u>			
Final dividend on 2009 income	Annual General Meeting of the shareholders on 28 April 2010	64.81	0.20
Interim dividends on income for the period from January to June 2010	Board of Directors' Meeting no. 3/2010 on 11 August 2010	32.40	0.10

16. Commitments and contingent liabilities

As at 30 September 2011, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities.

16.1 Capital commitments

The Company and its subsidiaries had capital expenditure under the agreements and purchase orders for purchase of equipment including services payable in the future amounting to approximately Baht 36.7 million (the Company only: Baht 19.5 million).

16.2 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.

16.3 Operating lease commitments

As at 30 September 2011, the Company and its subsidiaries had commitments relating to lease and service agreements whereby future payments are required in the following amounts:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	6.6
1 to 5 years	<u>4.2</u>
Total	<u>10.8</u>

16.4 Guarantees

As at 30 September 2011, there were outstanding bank guarantees of approximately Baht 16.7 million issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 15.5 million to guarantee electricity usage and Baht 1.2 million to guarantee payments due to domestic creditors, among others (the Company only: guarantees for electricity usage and others of Baht 9.1 million).

16.5. 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 before 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 final result of this consideration is not known at this stage.
- (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. 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. These plots of land represent 6 percent of the total area utilised by the subsidiary.

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, a 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's 2005 regulation concerning permission to exploit National Forest land, to lodge an application for permission to gather forest produce in accordance with Section 15 of the National Forest Act 1964. The subsidiary shall pay official royalty fee at the rate of 10 percent of the market price of oil palm, and forest maintenance fee at a rate of 2 times the official royalty fee, 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 Forest. At present, the relevant government agencies are processing the application.

17. Financial instruments

17.1 Foreign currency assets and liabilities

The Group's financial assets and liabilities denominated in foreign currencies as at 30 September 2011 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 30 September 2011
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollars	2.4	0.8	31.1674
Euro	0.2	-	41.9395
Yen	-	0.6	41.0878

17.2 Forward exchange contracts

As at 30 September 2011, the Company and its subsidiaries 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	7.1	29.990 - 30.955	In January 2012

As at 30 September 2011, the subsidiary had unrealised loss on exchange in the value of foreign exchange contracts to present them at fair value totaling Baht 5.9 million.

17.3 Interest rate swap agreement

The subsidiary was party to an interest rate swap agreement with a lender bank covering a period from January 2009 to February 2014, whereby the subsidiary agreed to swap the floating interest rate of THBFIX plus an applicable margin per annum on Baht 140 million loans for a fixed annual interest rate.

As at 30 September 2011, the subsidiary had unrealised loss on interest rate swap agreement to present it at fair value totaling Baht 1.5 million.

18. Reclassification

Certain amounts in the statement of financial position as at 31 December 2010 and the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2010 have been reclassified to conform to the current period's classification but with no effect to previously reported net income (loss) or shareholders' equity. The reclassifications are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As	As previously	As	As previously
	reclassified	reported	reclassified	reported
<u>Statements of financial position as at</u>				
<u>31 December 2010</u>				
Investment property - net	57,001	-	15,056	-
Property, plant and equipment - net	1,884,568	2,190,768	729,270	744,326
Non-operating asset –net	-	57,001	-	-
Cost of forest land rights and cost of palm plantation - net	306,200	-	-	-
Other current liabilities	103,402	106,019	-	-
Reserve for retirement benefit	38,694	36,077	-	-
<u>Statements of comprehensive income</u>				
<u>for the three-month period ended</u>				
<u>30 September 2010</u>				
Cost of sales	1,745,679	1,739,013	1,566,228	1,564,372
Selling expenses	144,813	137,239	85,569	81,887
Administrative expenses	52,484	33,681	32,808	17,539
Management's remuneration	-	33,043	-	20,807
<u>Statements of comprehensive income</u>				
<u>for the nine-month period ended</u>				
<u>30 September 2010</u>				
Cost of sales	4,721,544	4,701,128	4,371,624	4,366,299
Selling expenses	410,163	387,379	238,765	227,719
Administrative expenses	152,773	96,108	98,126	52,094
Management's remuneration	-	99,865	-	62,403

19. Event after the reporting period

In October 2011, several provinces in Thailand including some parts of Bangkok were affected by flooding, severely impacting the business and public sectors. However, the flooding has not caused damage to the Company and its subsidiaries' factories and offices.

20. Approval of interim financial statements

These interim financial statements were authorised for issue on 11 November 2011 by the Company's audit committees under authority delegated by the board of directors of the Company.