

LAM SOON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2003

Report of Independent Auditor

To The Board of Directors and Shareholders of
Lam Soon (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheet of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 31 December 2003, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the year then ended and the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Lam Soon (Thailand) Public Company Limited as at and for the year ended 31 December 2002, which are presented herein for comparative purposes, were audited by another auditor who, under his report dated 31 January 2003, expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2003 and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the Company had on 28 May 2003 and 18 July 2003 acquired investment in an associated company, which led to an increase in the shareholding percentage from 24.40% to 66.29% and the change in the status of that company from associate to subsidiary. The consolidated balance sheet as at 31 December 2003 had therefore incorporated the consolidated balance sheet of this company and the consolidated earnings statement for the year then ended included the consolidated operating results of that company as from 1 June 2003 to 31 December 2003.

Ruth Chaowanagawi

Certified Public Accountant (Thailand) No. 3247

Ernst & Young Office Limited

Bangkok : 5 February 2004

LAMSOON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2003 AND 2002

(Unit : Bht)

	Note	CONSOLIDATED	THE COMPANY ONLY	
		2003	2003	2002
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		202,483,721	46,008,594	78,480,550
Short term investments	4	-	-	81,533,781
Trade accounts receivable				
Related parties	5,6	1,520,975	1,533,604	973,208
Other companies - net	5	300,331,866	300,201,777	239,076,244
Total trade accounts receivable - net		301,852,841	301,735,381	240,049,452
Inventories - net	7	597,298,373	574,188,336	435,928,416
Other current assets		5,061,300	1,921,911	1,985,348
TOTAL CURRENT ASSETS		1,106,706,235	924,451,222	837,927,547
NONCURRENT ASSETS				
Investment in related party accounted for under equity method	8	-	620,634,249	239,416,070
Other long-term investments - net	9	15,136,707	966,707	456,251
Property, plant and equipment - net	10	983,193,512	413,739,745	440,983,308
Excess of acquisition cost of investment over net book value of subsidiary		139,471,989	-	-
Other non-current assets		308,669	268,839	470,339
TOTAL NONCURRENT ASSETS		1,138,110,867	1,085,609,560	681,325,968
TOTAL ASSETS		2,244,817,102	1,960,000,782	1,519,253,515

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

LAMBSON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	Note	CONSOLIDATED		
		2003	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term loans from bank	11	170,000,000	170,000,000	-
Trade accounts payable				
Related party	6	-	28,500,085	12,889,680
Other companies		148,093,200	139,695,216	206,099,401
Total trade accounts payable		148,093,200	168,195,301	218,989,081
Current portion of long-term loan	12	77,142,857	77,142,857	-
Dividend payable		29,956,141	25,376,626	25,357,944
Other current liabilities				
Income tax payable		30,905,929	20,393,968	28,897,438
Accrued expenses		40,485,021	25,328,298	21,873,948
Unearned income		18,980,334	18,980,334	17,833,658
Others		25,549,109	24,530,776	12,749,247
Total other current liabilities		115,870,393	89,233,371	81,354,291
TOTAL CURRENT LIABILITIES		541,062,591	539,948,155	325,671,316
NON-CURRENT LIABILITIES				
Long-term loan - net of current portion	12	192,857,143	192,857,143	-
TOTAL LIABILITIES		733,919,734	722,805,298	325,671,316
SHAREHOLDERS' EQUITY				
Share capital				
Registered, issued and fully paid-up				
82,000,000 ordinary shares of Baht 10 each		820,000,000	820,000,000	820,000,000
Share premium		241,970,265	241,970,265	241,970,265
Unrealised gain from short-term investments	4	-	-	533,781
Unrealised loss from other long-term investments	9	-2,312,417	-2,312,417	-3,585,948
Retained earnings				
Appropriated - statutory reserve	13	61,346,664	61,346,664	50,478,971
Unappropriated		243,863,872	243,863,872	185,802,475
Total shareholders' equity		1,364,868,384	1,364,868,384	1,296,199,544
Less: Treasury stock	14	-127,612,900	-127,612,900	-102,617,330
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS - NET		1,237,255,484	1,237,255,484	1,193,582,214
MINORITY INTERESTS - EQUITY ATTRIBUTABLE TO MINORITY				
SHAREHOLDERS OF SUBSIDIARY		273,641,884	-	-
TOTAL SHAREHOLDERS' EQUITY		1,510,897,368	1,237,255,484	1,193,582,214
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,244,817,102	1,960,060,782	1,519,253,530

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

DIRECTORS

LAMBSON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF EARNINGS

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2002

	Note	(Unit : Bht)		
		CONSOLIDATED	THE COMPANY ONLY	
		2008	2008	2002
REVENUES				
Sales		3,489,381,474	3,341,302,776	2,633,543,694
Share of profit from investment accounted for under equity method	8	23,472,548	64,507,378	7,806,606
Other income		14,900,600	12,295,875	13,205,540
TOTAL REVENUES		<u>3,527,814,662</u>	<u>3,418,106,029</u>	<u>2,654,555,840</u>
EXPENSES				
Cost of sales		2,955,547,171	2,940,102,183	2,262,865,995
Selling and administrative expenses		252,422,723	207,666,017	218,376,818
Directors' remuneration	15	7,147,250	3,671,250	3,275,000
TOTAL EXPENSES		<u>3,215,117,144</u>	<u>3,151,439,450</u>	<u>2,484,517,813</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		<u>312,697,508</u>	<u>266,666,579</u>	<u>170,038,027</u>
INTEREST EXPENSES		-5,910,284	-5,910,284	-241,426
CORPORATE INCOME TAX	16	-61,600,423	-43,840,605	-44,069,731
EARNINGS BEFORE MINORITY INTERESTS		<u>245,186,801</u>	<u>216,915,690</u>	<u>125,726,870</u>
EARNINGS IN RESPECT OF MINORITY INTERESTS		<u>-28,271,111</u>	<u>-</u>	<u>-</u>
NET EARNINGS FOR THE YEAR		<u>216,915,690</u>	<u>216,915,690</u>	<u>125,726,870</u>
BASIC EARNINGS PER SHARE				
Net earnings		<u>292</u>	<u>292</u>	<u>154</u>
Weighted average number of ordinary shares - net (Shares)		<u>74,175,161</u>	<u>74,175,161</u>	<u>81,715,641</u>

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

LAMBSON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	(Unit : Baht)		
	CONSOLIDATED	THE COMPANY ONLY	
	2008	2008	2007
Cash flows from operating activities :			
Net earnings	216,915,690	216,915,690	125,726,870
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities :-			
Depreciation	82,126,202	49,026,697	48,586,097
Amortisation of excess of acquisition cost of investment over net book value of subsidiary	6,219,711	-	-
Share of profit from investment accounted for under equity method	-23,472,549	-64,507,378	-7,806,606
Increase (decrease) in allowance for doubtful accounts	-19,925	-19,925	6,139,116
Increase (decrease) in provision for obsolete inventories	6,485,536	-32,085	-
Gain on disposal of short-term investments	-1,089,980	-1,089,980	-
Gain on disposal of investment in related party	-288,608	-288,608	-559,446
Gain on disposal of other long-term investments	-	-	-223,489
Loss (gain) on disposal and write off of fixed assets	886,233	920,760	-685,125
Unrealised loss on exchange	173,961	173,961	104,081
Earnings in respect of minority interests	28,271,111	-	-
Earnings before changes in operating assets and liabilities	316,207,437	201,039,187	171,331,548
Decrease (increase) in operating assets :-			
Trade accounts receivable - related parties	58,828	-50,396	-991
Trade accounts receivable - other companies	-35,273,371	-61,074,609	-25,936,154
Inventories	-156,481,713	-138,227,835	-87,595,283
Other current assets	759,394	63,437	3,520,008
Other non-current assets	319,236	201,500	512,713
Increase (decrease) in operating liabilities :-			
Trade accounts payable - related party	15,640,405	15,640,405	-8,328,980
Trade accounts payable - other companies	-64,321,273	-66,603,145	128,639,970
Other current liabilities	518,912	7,897,762	14,256,895
Net cash from (used in) operating activities	77,427,855	-41,569,694	196,399,756

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

LAMSOON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2002

	(Unit : Baht)		
	CONSOLIDATED	THE COMPANY ONLY	
	2008	2008	2002
Cash flows from investing activities :			
Proceeds from disposal of short-term investments	92,188,489	92,188,489	-
Proceeds from disposal of investment in related party	1,306,675	1,306,675	2,600,800
Proceeds from disposal of other long-term investments	-	-	8,017,840
Proceeds from disposal of fixed assets	1,588,535	841,122	683,015
Increase in short-term investments	-10,038,560	-10,038,560	-81,000,000
Increase in investment in related party	-206,947,254	-374,214,638	-2,955,200
Dividend received from subsidiary	3,543,617	57,249,894	31,571,116
Acquisitions of equipment	-73,688,052	-23,545,019	-18,928,798
Net cash used in investing activities	-192,102,550	-256,273,032	-60,011,227
Cash flows from financing activities :			
Increase (decrease) in short-term loans from banks	170,000,000	170,000,000	-30,000,000
Increase in long-term loan	370,000,000	370,000,000	-
Cash paid for long-term loan	-100,000,000	-100,000,000	-
Increase in treasury stock	-24,995,570	-24,995,570	-102,617,330
Dividend paid	-176,266,564	-148,986,600	-55,996,541
Net cash from (used in) financing activities	238,737,866	266,017,830	-188,613,871
Net increase (decrease) in cash and cash equivalents	124,063,171	-31,824,956	-52,225,342
Cash and cash equivalents at beginning of the year	78,430,550	78,430,550	130,655,892
Cash and cash equivalents at end of the year	202,493,721	46,605,594	78,430,550
Supplementary disclosures of cash flows information			
Cash paid during the year for :-			
Interest expenses	5,819,985	5,819,985	572,669
Corporate income tax	82,217,191	52,328,224	31,533,899

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

LAMSOON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

(Unit: Bht)

		CONSOLIDATED								
		Retained earnings								
				Unrealised loss						
		Issued and paid up share capital	Share premium	Unrealised gain from short-term investments	from other long-term investments	Appropriated- statutory reserve	Unappropriated	Treasury stock	Minority interests	Total
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		800,000,000	241,970,265	533,781	(3,585,948)	50,478,971	186,822,475	(102,617,330)	-	1,193,582,214
		-	-	(533,781)	1,273,531	-	-	-	-	739,750
		-	-	-	-	-	-	(24,995,570)	-	(24,995,570)
	13	-	-	-	-	10,867,693	(10,867,693)	-	-	-
	17	-	-	-	-	-	(148,986,600)	-	-	(148,986,600)
		-	-	-	-	-	216,915,600	-	-	216,915,600
		-	-	-	-	-	-	-	273,641,884	273,641,884
		<u>800,000,000</u>	<u>241,970,265</u>	<u>-</u>	<u>(2,312,417)</u>	<u>61,346,664</u>	<u>243,863,872</u>	<u>(127,612,900)</u>	<u>273,641,884</u>	<u>1,510,897,368</u>

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

LAMSOON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Unit: Bht)

		THE COMPANY ONLY							
				Unrealised loss		Retained earnings			
		Issued and paid up share capital	Share premium	Unrealised gain from short-term investments	from other long-term investments	Appropriated- statutory reserve	Unappropriated	Treasury stock	Total
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		800,000,000	241,970,265	-	(4,098,364)	44,192,627	92,487,837	-	1,194,557,265
		-	-	533,781	507,416	-	-	-	1,041,197
		-	-	-	-	-	15,000,000	-	15,000,000
		-	-	-	-	-	-	(102,617,330)	(102,617,330)
	13	-	-	-	-	6,286,344	(6,286,344)	-	-
	17	-	-	-	-	-	(40,125,888)	-	(40,125,888)
		-	-	-	-	-	125,726,870	-	125,726,870
		<u>800,000,000</u>	<u>241,970,265</u>	<u>533,781</u>	<u>(3,585,948)</u>	<u>50,478,971</u>	<u>186,802,475</u>	<u>(102,617,330)</u>	<u>1,198,582,214</u>
		-	-	(533,781)	1,273,531	-	-	-	739,750
		-	-	-	-	-	-	(24,995,570)	(24,995,570)
	13	-	-	-	-	10,867,698	(10,867,698)	-	-
	17	-	-	-	-	-	(148,986,600)	-	(148,986,600)
		-	-	-	-	-	216,915,690	-	216,915,690
		<u>800,000,000</u>	<u>241,970,265</u>	<u>-</u>	<u>(2,312,417)</u>	<u>61,346,664</u>	<u>243,863,872</u>	<u>(127,612,900)</u>	<u>1,237,255,484</u>

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

LAMSOON (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Lamsoon (Thailand) Public Company Limited was incorporated as a public limited company under Thai laws. The Company operates its business in Thailand and its principle activity is the manufacture and distribution of palm oil. Its registered address is at 947/155 Mbo 12, Bangna-Trad Road, Bangna, Bangkok.

2. BASIS OF CONSOLIDATION

The Company had on 28 May 2003 and 18 July 2003 acquired investment in an associated company, which led to an increase in the shareholding percentage from 24.40% to 66.29% and the change in the status of that company from associate to subsidiary. The consolidated balance sheet as at 31 December 2003 had therefore incorporated the consolidated balance sheet of this company and the consolidated earnings statement for the year then ended included the consolidated operating results of that company as from 1 June 2003 to 31 December 2003.

The consolidated financial statements include the financial statements of Lamsoon (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, as follows:

	Paid-up capital 2003 Million Baht	Equity interest owned by the Company/ subsidiary	Nature of Business
		2003 Percent	
<u>Subsidiary directly held by the Company</u>			
United Palm Oil Industry Public Company Limited	324	66	Oil palm plantation, crude palm oil and kernel palm oil processing
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>			
Phrasivivat Company Limited	274	100	Owner of oil palm plantation
<u>Subsidiaries held by Phrasivivat Company Limited</u>			
Phrak Vivat Company Limited	5	100	Holder of concessions to use forest reserve land
Phansi Company Limited	5	100	Holder of concessions to use forest reserve land

Intercompany balances and significant intercompany transactions between the Company and its subsidiaries, investment in subsidiary of the Company and the subsidiary's share capital have been eliminated from the consolidated financial statements.

The excess of cost of investment in subsidiary and the net assets value of the subsidiary at the time of acquisition has been shown as "Excess of acquisition cost of investment over net book value of subsidiary" under non-current assets in the consolidated balance sheet, which is amortized over a period of 20 years from the date of acquisition.

The net worth of investment and net cash used in acquiring investment in subsidiary were as follows :-

	(Unit : Bht)
	<u>2008</u>
Net assets	358,615,050
Net liabilities	(18,769,867)
Net book value of subsidiary	<u>339,845,183</u>
Excess of acquisition cost of investment over net book value of subsidiary	34,369,510
Acquisition cost of investment	<u>374,214,693</u>
Less : Cash and cash equivalents at acquired date	(167,267,439)
Net cash used in acquiring investment in subsidiary	<u><u>206,947,254</u></u>

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand which are effective under the Accounting Act BE 2543.

Significant accounting policies adopted by the Company and the subsidiaries are summarised below:-

3.1 Sales

Sales represent the invoiced value, excluding value added tax, of goods supplied after deducting goods returned, discount and allowance.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash and deposits at banks with an original maturity of 3 months or less and without commitments.

3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is based on collection experience and current status of receivables outstanding at the balance sheet date.

3.4 Inventories

Finished goods are valued at the lower of cost (Moving average method) and net realisable value. Cost is defined as all production costs including attributable factory overheads.

Raw materials and supplies used in the manufacture are valued at cost (Moving average method) and constitute as parts of production cost whenever consumed.

Allowance for obsolete inventories is provided for damaged, obsolete and defective inventories.

3.5 Investments

Investments in subsidiary companies are stated under the equity method.

Short-term and long-term investments in available for sale securities are determined at fair value, which is based on the latest bid price of the Stock Exchange of Thailand on the last working day of the period as quoted. Change in the value of the available for sale securities is shown as separate item in the shareholders' equity until securities are sold, the change is then included in determining earnings.

3.6 Property, plant and equipment/depreciation and amortisation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation. Depreciation of plant and equipment is calculated by reference to their costs on the straight-line method over the estimated useful lives as follows :-

Cost of rights to use forest reserve land	-	Concession period
Building and building improvement	-	20-30 years
Waste water treatment	-	30 years
Machinery, factory and agricultural equipment	-	5-15 years
Furniture and fixtures and office equipment	-	5-10 years
Vehicles	-	5 years

No depreciation is provided for land, construction in progress and machinery under installation.

Oil palm plantation development costs represent the costs of palm tree plantations, and are amortised over the estimated productive life of the palm trees (25 years) or over the remaining period of the forest reserve land concession, whichever is shorter.

Costs of supplying palm vacancies and infilling mature areas are included in determining earnings.

Depreciation and amortisation are included in determining earnings.

3.7 Treasury stock

Treasury stock is stated at cost and presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock; losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

3.8 Foreign currencies

Transactions in foreign currencies are translated into Baht at the rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the balance sheet date are translated into Baht at the rates ruling at the balance sheet date except for those covered by forward exchange contracts at the contracted date.

Exchange gains and losses are included in determining earnings. Discounts or premiums on forward exchange contracts (the difference between the spot exchange rate and the forward exchange rate at inception of the contracts) are deferred and amortised to earnings over the contract lives using the straight-line method.

3.9 Financial instruments

The Company has no policy to speculate in or engage in the trading of any financial derivative instruments.

Financial instruments carried in the balance sheet include cash and cash equivalent, investments, loans from banks, trade accounts receivable and trade accounts payable and financial derivative instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.10 Earnings per share

Earnings per share as presented in the earnings statements is the basic earnings per share, which is determined by dividing net earnings for the year by the weighted average number of ordinary shares in issue during the year.

3.11 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

4. SHORT-TERM INVESTMENTS

	(Unit : Bht)		
	Consolidated	The Company Only	
	2008	2008	2002
Equity securities			
TMB Money Fund	-	-	1,000,000
TMB Treasury Fund	-	-	10,000,000
AIF Star Multiple Fund	-	-	70,000,000
Total	-	-	81,000,000
Add: Unrealised gain from short-term investments	-	-	533,781
Short-term investments	-	-	81,533,781

5. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable as at 31 December 2008 and 2002, classified by aging were as follows :-

	(Unit : Bht)		
	Consolidated	The Company Only	
	2008	2008	2002
Related parties			
- Less than 3 months	1,471,525	1,484,154	973,208
- 3-6 months	49,450	49,450	-
Total	1,520,975	1,533,604	973,208
Other companies			
Post dated cheques receivable	19,989,654	19,989,654	26,516,280
Cheque returned	7,544,456	7,544,456	7,500,119
Trade accounts receivable			
- Less than 3 months	280,886,514	280,756,426	210,855,862
- 3-6 months	475,190	475,190	411,378
- 6-12 months	201,014	201,014	382,704
- Over 12 months	6,614,799	1,980,117	4,174,906
Total	315,711,627	310,946,857	249,841,249
Less : Allowance for doubtful accounts	(15,379,761)	(10,745,080)	(10,765,005)
Net	300,331,866	300,201,777	239,076,244
Total trade accounts receivable - net	301,852,841	301,735,381	240,049,452

6 RELATED PARTY TRANSACTIONS

During the years, the Company had significant business transactions with its subsidiary and related companies (related by the way of common shareholders and/or common directors). Such transactions, which have been concluded on the terms and basis as determined by the Company and those companies and in the normal course of business, are summarised as follows :-

	For the year ended 31 December			(Unit : Million Bht)
	Consolidated	The Company Only		Pricing policy
	2008	2008	2007	
Transactions with subsidiary				
Purchase of goods	-	181.1	-	Forward contract prices by using market prices at the date of agreement or market prices
Transactions with related companies				
Purchase of goods	107.9	107.9	269.4	Forward contract prices by using market prices at the date of agreement or market prices
Sales of goods	1.6	1.6	2.8	Agreed prices

The outstanding balances of the above transactions have been separately shown in the balances sheets with the details as follows :-

	(Unit : Bht)		
	Consolidated	The Company Only	
	2008	2008	2007
Trade accounts receivable - related parties			
Subsidiary			
United Palm Oil Industry Public Company Limited	-	12,629	-
Related companies			
Lan Son Singapore Pte Limited	245,662	245,662	681,672
Lan Son (M) Bhd	-	-	291,536
Lan Son Edible Oils Sdn Bhd	1,275,313	1,275,313	-
Total trade accounts receivable - related parties	<u>1,520,975</u>	<u>1,533,604</u>	<u>973,208</u>
Trade account payable - related party			
Subsidiary			
United Palm Oil Industry Public Company Limited	-	28,500,085	12,859,680
Total trade account payable - related party	<u>-</u>	<u>28,500,085</u>	<u>12,859,680</u>

7. INVENTORIES

	(Unit : Bht)		
	Consolidated	The Company Only	
	2008	2008	2002
Finished goods	137,609,066	106,408,748	78,719,700
Work in process	415,926,842	425,206,252	292,257,537
Raw materials	22,990,431	22,990,431	39,665,832
Supplies and spare parts	28,393,945	20,687,195	26,421,722
Total	<u>604,920,284</u>	<u>575,292,626</u>	<u>437,064,791</u>
Less : Allowance for stock obsolescence and diminution in value of inventories	(7,621,911)	(1,104,290)	(1,136,375)
Inventories - net	<u>597,298,373</u>	<u>574,188,336</u>	<u>435,928,416</u>

8. INVESTMENT IN RELATED PARTY ACCOUNTED FOR UNDER EQUITY METHOD

Company/Source	Type of business	Back up share capital		Equity interest		Investment				Dividends received	
		2008	2002	2008 Percent	2002 Percent	Cost method		Equity method		2008	2002
						2008	2002	2008	2002		
United Palm Oil Industry Public Company Limited	Oil palm plantation, crude palm oil and kernel palm oil processing	324,050,000	324,050,000	66.29	24.40	68,505,993	325,685,240	60,684,249	239,416,070	57,249,894	31,571,116
Total investment in related party accounted for under equity method						<u>68,505,993</u>	<u>325,685,240</u>	<u>60,684,249</u>	<u>239,416,070</u>	<u>57,249,894</u>	<u>31,571,116</u>

As discussed in Note 2 to the financial statements, the Company had during 2008 acquired additional investment in United Palm Oil Industry Public Company Limited, which led to an increase in the shareholding percentage from 24.40% to 66.29% and the change in the status of that company from associate to subsidiary. Share of profit from investment accounted for under equity method of approximately of Bht 645 million was recognised by the Company the year ended 31 December 2008 (2002 : Bht 7.8 million). Share of profit from investment as from the date of the change of status from associate to subsidiary was eliminated from the consolidated financial statements.

9. OTHER LONG-TERM INVESTMENTS

	(Unit : Baht)		
	Consolidated	The Company Only	
	2008	2008	2002
Equity securities			
Open-ended Kimlai Pam Poon Fund	1,000,000	1,000,000	1,000,000
TCMEquity Fund (formally known as Thaicchid Fund)	300,000	300,000	300,000
Open-ended Kiatkin Fund	200,000	200,000	200,000
Bangkok Bank Fund	16,853,850	-	-
Total	18,353,850	1,500,000	1,500,000
Less : Unrealised loss from other long-term investments	(3,217,143)	(533,293)	(1,043,749)
Other long-term investments - net	15,136,707	966,707	456,251

	(Unit : Baht)		
	Consolidated	The Company Only	
	2008	2008	2002
Unrealised loss from long-term investments			
Portion of the Company	533,293	533,293	1,043,749
Portion of the subsidiary	2,683,850	-	-
Total	3,217,143	533,293	1,043,749
Unrealised loss attributable to the Company's investment and minority interests	(904,726)	1,779,124	2,542,199
Unrealised loss from long-term investments	2,312,417	2,312,417	3,585,948

10. PROPERTY, PLANT AND EQUIPMENT

(Unit : Bht)

	Consolidated							Total
	Land	Cost of forest landrights & plantation development costs	Building & building improvement	Factory and agricultural machinery and equipment and waste water treatment	Furniture & fixtures and office equipment	Vehicles	Construction in progress and machinery under installation	
Cost								
31 December 2002	30,758,625	-	232,023,308	593,626,452	26,291,449	27,603,217	553,615	910,856,666
Property, plant and equipment - subsidiary	123,159,615	450,137,861	151,570,818	242,766,180	19,405,839	65,709,458	52,750,503	1,105,500,274
Purchases	154,937	-	-	8,884,260	1,526,992	13,818,486	67,170,447	91,555,122
Disposals	(5,904)	-	(187,147)	(6,833,673)	(1,190,486)	(3,740,515)	-	(11,957,225)
Transfer in (out)	-	-	1,891,270	44,843,081	628,056	(2,800,000)	(44,562,357)	-
31 December 2003	154,057,273	450,137,861	385,298,249	883,286,250	46,661,850	100,590,646	75,912,208	2,095,954,337
Accumulated depreciation								
31 December 2002	-	-	122,343,180	308,270,102	21,981,252	17,278,829	-	469,873,363
Accumulated depreciation - subsidiary	-	245,714,020	78,174,333	147,492,181	15,011,940	46,922,231	-	533,314,705
Depreciation charge for the year	-	18,014,116	16,539,970	55,690,618	3,758,599	10,453,974	-	104,417,277
Depreciation - disposals	-	-	(132,410)	(4,330,926)	(1,137,758)	(3,731,374)	-	(9,332,468)
31 December 2003	-	263,728,136	216,925,073	507,081,975	39,614,033	70,923,660	-	1,098,272,877
Allowance for assets impairment								
31 December 2002	-	-	-	-	-	-	-	-
Allowance for assets impairment - subsidiary	14,487,948	-	-	-	-	-	-	14,487,948
31 December 2003	14,487,948	-	-	-	-	-	-	14,487,948
Net book value								
31 December 2003	139,579,325	186,409,725	168,373,176	375,341,329	7,910,763	29,666,986	75,912,208	983,193,512
Depreciation (included in the consolidated earnings statement)								
Depreciation charge for the year 2003								104,417,277
Less : Depreciation charge before the date of the change of status from associate to subsidiary								22,291,075
								<u>82,126,202</u>

(Unit : Baht)

	The Company/Orly						
	Land	Building & building improvement	Machinery, factory equipment and waste water treatment	Furniture & fixtures and office equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost							
31 December 2002	30,758,625	232,023,308	593,626,452	26,291,449	27,603,217	553,615	910,856,666
Purchases	-	-	7,037,425	284,307	4,378,486	11,844,801	23,545,019
Disposals	-	(69,258)	(3,911,558)	(589,978)	(2,360,515)	-	(6,981,309)
Transfer in (out)	-	107,437	10,622,628	1,116,105	-	(11,846,170)	-
31 December 2003	<u>30,758,625</u>	<u>232,061,487</u>	<u>607,374,947</u>	<u>27,101,883</u>	<u>29,621,188</u>	<u>552,246</u>	<u>927,470,376</u>
Accumulated depreciation							
31 December 2002	-	122,343,180	308,270,102	21,981,252	17,278,829	-	49,873,363
Depreciation charge for the year	-	8,906,954	34,433,206	1,937,114	3,749,423	-	49,026,697
Depreciation - disposals	-	(14,561)	(2,218,005)	(585,463)	(2,351,399)	-	(5,169,429)
31 December 2003	-	<u>131,235,573</u>	<u>340,485,302</u>	<u>23,332,903</u>	<u>18,676,853</u>	-	<u>513,730,631</u>
Net book value							
31 December 2002	<u>30,758,625</u>	<u>109,680,128</u>	<u>285,356,350</u>	<u>4,310,197</u>	<u>10,324,388</u>	<u>553,615</u>	<u>440,983,303</u>
31 December 2003	<u>30,758,625</u>	<u>100,825,914</u>	<u>266,889,645</u>	<u>3,768,980</u>	<u>10,944,335</u>	<u>552,246</u>	<u>413,739,745</u>

Depreciation (included in the earnings statements)

2002

48,586,097

2003

49,026,697

The total area of the subsidiary's plantations amounts to approximately 23,193 rai, of which 8,837 rai is supported by land title deeds or other land ownership documents (Nr Sor 3 Kor and Nr Sor 3). The remaining land was acquired through the transfer of land possession and is not supported by any land rights documents.

As at 31 December 2003, certain equipment items of the Company and subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 338 million and for the Company amounted to Baht 219 million (2002 : Baht 199 million).

11. SHORT-TERM LOANS FROM BANK

As at 31 December 2003, the Company had short-term loans from banks totaling Baht 170 million, carrying interest at the rates of 1.75 - 2% per annum

12. LONG-TERM LOAN

	(Unit : Baht)		
	Consolidated	The Company Only	
	2003	2003	2002
Long-term loan	270,000,000	270,000,000	-
Less : Current portion of long-term loan	(77,142,857)	(77,142,857)	-
Long-term loan - net of current portion	<u>192,857,143</u>	<u>192,857,143</u>	<u>-</u>

During the year 2003, the Company entered into a long-term loan agreement with a local bank and withdrew loan of Baht 370 million (credit facilities provided under the agreement amounted to Baht 600 million) to acquire investment in an associated company as discussed in Note 2 to the financial statements. The loan is repayable every 6 months in 8 semiannual installments, commencing the first date on which a disbursement of the loan is made and bears interest at the rate of THFIX plus applicable margin within the applicable period agreed with the bank. The Company repaid for the loan of Baht 100 million during the year and as at 31 December 2003 there was the outstanding loan balance of Baht 270 million.

Under the loan agreement, the Company has to comply with certain covenants and restrictions normally required by the bank, which include dividend payment policy, and the pledge of assets other than permitted encumbrances.

13. STATUTORY RESERVE

According to the Public Limited Companies Act BE 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered share capital. The statutory reserve could not be used for dividend payment.

During the year 2003, the Company set aside a statutory reserve of approximately Baht 109 million (2002: Baht 63 million).

14. TREASURY STOCK

	Consolidated	The Company Only	
	2003	2003	2002
Number of shares (shares)	8,200,000	8,200,000	6,494,500
Average price per share (Baht)	15.56	15.56	15.80

By the resolution of the Company's board of directors meeting held on 12 November 2002, the Company was approved to repurchase its shares in order to manage its excess cash under the share repurchase scheme, with an investment amount not exceeding Baht 150 million or in term of shares repurchased not exceeding 8.2 million shares, equivalent to 10% of the total issued and paid-up shares of the Company. The period for the resale of share is from 1 December 2003 to 30 November 2006 (after 6 months from the completion date of share repurchase and not later than 3 years from this time). In the event that the Company does not or is unable to dispose all the repurchased shares with the determined period starting from the share repurchase date, and when the due date has passed, the Company shall reduce its paid-up capital by writing-off the remaining unsold repurchased shares.

15. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

16. CORPORATE INCOME TAX

Corporate income tax of the Company and its subsidiary for the year has been calculated from the earnings of the operations which are not entitled to corporate income tax exemption privileges from the Board of Investment, after deducting shares of profit from investment accounted for under the equity method and adding back expenses which are disallowable for tax computation purposes.

17. DIVIDEND PAYMENT

On 7 August 2003, the meeting of the board of directors No. 6/2003 passed a resolution to approve the payment of interim dividend from the operating results for six-month period ended 30 June 2003 to the Company's shareholders at Baht 1 each, totaling approximately Baht 73.8 million.

On 7 August 2003, the meeting of the board of directors No. 6/2003 passed a resolution to approve the payment of interim dividend from the operating results for six-month period ended 30 June 2003 to a subsidiary's shareholders at Baht 2.5 each, totaling approximately Baht 81.0 million.

On 3 April 2003, the annual general meeting of the Company's shareholders passed a resolution to approve the payment of dividend from the operating results for the year ended 31 December 2002 to the Company's shareholders at Baht 1 each, totaling approximately Baht 75.2 million.

On 28 April 2003, the annual general meeting of a subsidiary's shareholders approved the payment of dividend from the operating results for the year ended 31 December 2002 to their shareholders at Baht 0.45 each, totaling approximately Baht 14.5 million.

On 9 April 2002, the annual general meeting of the Company's shareholders passed a resolution to approve the payment of dividend from the operating results for the year ended 31 December 2001 to the Company's shareholders at Baht 1.5 each, totaling Baht 123 million. A final dividend of Baht 0.5 per share amounting to a total of Baht 40.1 million was paid on 25 April 2002. The Company did not pay the dividend to 1,748,224 ordinary shareholders because the shareholders did not comply with the Regulation of Thailand Securities Depository.

18. PROVIDENT FUND

The Company, its subsidiary, and their employees have jointly established provident funds as approved by the Ministry of Finance in accordance with the Provident Fund Act (BE 2530). The funds are contributed by both employees and the Company and the subsidiaries. The funds are managed by Thai Farmers Assets Management Co., Ltd. and will be paid to an employee upon termination in accordance with the rules of the Company's and the subsidiary's staff provident funds.

During the year 2003, total contributions of approximately of Baht 4.9 million had been contributed to the funds by the Company and the subsidiary, and Baht 2.9 million had been contributed by the Company (2002: Baht 1.0 million).

19. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated	The Company Only	
	2003	2003	2002
Number of employees at the end of year (persons)	1,396	470	484
Employee costs for the year (Thousand Baht)	286,790	161,928	146,344

20. PROMOTIONAL PRIVILEGES

The Company and a subsidiary have been granted promotional privileges under the Investment Promotion Act BE 2520 as approved by the Board of Investment in respect of manufacturing of kernel palm oil, palm oil and coconut oil. Subject to certain conditions, the privileges include exemption from corporate income tax on profits from the promoted activities for a period of eight years, commencing from the date of first earning operating income. Profits derived thereafter from the promoted activities will be subject to income tax at a reduced rate of fifty percent of the normal tax rate for a further period of five years.

The subsidiary's income tax exemption privileges provided under the promotion certificate No. 1044/2537 expired on 19 August 2002, and as provided under the certificate, the profit derived from the promoted activities will be subject to income tax at half of the normal rate until the year 2007.

During the year 2008, such subsidiary was granted various additional tax privileges under the Investment Promotion Act BE 2520, as authorized by the Board of Investment under investment promotion certificate No. 1331(2)/2546 dated 4 July 2008, for manufacture of crude palm oil and palm kernels with the new machinery, up to a capacity of 30 tons of fresh fruit bunches per hour. Subject to certain conditions, the privileges include exemption from corporate income tax on profits from the promoted activities for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital.

Revenues, divided between promoted and non-promoted activities, of the Company and its subsidiary for the years 2008 and 2002 were as follows :-

(Unit : Thousand Baht)

	Consolidated			The Company Only					
	2008			2008			2002		
	Promoted	Non-promoted	Total	Promoted	Non-promoted	Total	Promoted	Non-promoted	Total
Sales									
Domestic sales	212,382	3,060,622	3,273,004	126,636	2,998,290	3,124,926	89,616	2,239,673	2,329,289
Export sales	24,679	191,698	216,377	24,679	191,698	216,377	30,400	273,765	304,255
Total	237,061	3,252,320	3,489,381	151,315	3,189,988	3,341,303	120,106	2,513,438	2,633,544

21. BANK GUARANTEES

As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 7.1 million (The Company Only : Baht 6.2 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 business.

22. COMMITMENTS

As at 31 December 2008, the Company and its subsidiaries had the significant outstanding commitments as follows :-

22.1 Capital expenditure from agreements and issuing purchase orders for equipment including services payable in the future amounting to approximately Bht 0.5 million and Euro 0.1 million (The Company Only : Bht 0.5 million).

22.2 Commitments in respect of lease and service agreements payable in the future of approximately Bht 1.2 million and Euro 0.06 million (The Company Only : Bht 1.2 million and Euro 0.06 million).

23. CONTINGENT LIABILITIES

In 2001, a subsidiary company received notification from the Surat Thani Provincial Treasury Office of the Finance Ministry that the land with an area of 8,600 rai covered by the concession previously granted to the subsidiary company by the Forestry Department was state property, under the jurisdiction of the Ministry of Finance, by virtue of a ruling issued by the Judicial Council. The notice called for the company to enter into a land lease agreement for a period of 3 years, commencing 1 January 2001, and to pay retroactive land rental for the years 1991 to 2000, amounting to approximately Bht 12 million. The subsidiary company has not yet recorded such rental in the accounts as it is in the process of negotiating with the relevant government agencies.

24. FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and its subsidiaries involve a single industry segment, namely, crude palm oil and crude palm kernel oil processing. These activities are carried on in the single geographic area in Thailand. Accordingly, revenues, earnings and assets as reflected in these financial statements pertain to the industry segment and geographic area as mentioned above.

25. FINANCIAL INSTRUMENTS

Financial risk management and policies

The Company and its subsidiaries are exposed to risks from changes in market interest rates and in currency exchange rates and from nonperformance of contractual obligations by the counterparties. The Company and its subsidiaries use derivative instruments, as and when they consider appropriate, to manage such risks. However, the Company and its subsidiaries do not hold or issue derivative financial instruments for speculative or trading purposes.

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's and its subsidiaries' operations and their cash flows. The Company's and its subsidiaries' exposure to the interest rate risk relates primarily to deposits at banks and loans from banks. Since most of these financial assets and liabilities carry interest at the rates following the market interest rates, the management believes that the future movements in market interest rates will not significantly affect the results of the operations. As at 31 December 2003, the Company and its subsidiaries had deposits with financial institutions totaling approximately Baht 202 million (the Company Only: Baht 47 million), bearing interest at rates of 0.25 - 1.25% per annum. The Company obtained short-term and long-term loans from banks as discussed in the 11 and 12 to the financial statements.

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk relates primarily to receivables and payables which are denominated in foreign currencies. The Company and its subsidiaries do not utilise forward exchange contracts to hedge such risk since the amounts were insignificant.

Below is the summary of Company's and its subsidiaries' foreign currency-denominated assets and liabilities as at 31 December 2008, which were unhedged

Foreign currency	Consolidated		The Company Only		Average exchange rate at 31 December 2008 (Bht per 1 foreign currency unit)
	Assets	Liabilities	Assets	Liabilities	
US dollar	141,433	140,288	141,433	63,684	39.5907
Euro	-	12,920	-	12,920	49.7664

Credit risk

The Company and its subsidiaries are exposed to credit risk with respect to trade accounts receivable in the normal course of business. Since the majority of sales are supplied to credit worthy customers, the Company and its subsidiaries do not anticipate any losses from their debt collection.

Fair value

Since the majority of the financial assets and liabilities are short-term and that the loans carry interest at rates close to current market rates, the management believes that the fair value of the Company's and its subsidiaries' financial assets and liabilities does not materially differ from their carrying value.

26. PRESENTATION

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001 as empowered under the Accounting Act BE 2543.

27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors.