

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month periods ended
31 March 2008 and 2007

Review report of independent auditor

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

I have reviewed the consolidated balance sheet of Lam Soon (Thailand) Public Company Limited and its subsidiaries as at 31 March 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2008 and 2007; 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 2007 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those financial statements under my report dated 28 February 2008. The consolidated and separate balance sheets as at 31 December 2007, 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 that report.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok: 13 May 2008

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	<u>Note</u> 31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)
Assets				
Current assets				
Cash and cash equivalents	296,719	326,212	51,344	138,792
Trade accounts receivable				
Related parties	2, 3 2,647	1,826	-	91
Unrelated parties	3 1,253,388	985,818	1,159,630	938,700
Total trade accounts receivable - net	1,256,035	987,644	1,159,630	938,791
Short-term loans and advances to				
related parties - net	2 -	-	-	356
Inventories - net	1,472,931	1,029,984	865,429	516,738
Other current assets	51,313	43,542	17,893	13,170
Total current assets	3,076,998	2,387,382	2,094,296	1,607,847
Non-current assets				
Investments in subsidiaries - net	5 -	-	1,133,766	1,133,766
Other long-term investments - net	841	6,608	841	858
Property, plant and equipment - net	6 1,746,235	1,651,022	436,263	430,119
Non-operating land	7 54,591	56,794	-	-
Goodwill in business combination	224,720	221,084	-	-
Other non-current assets	1,834	10,514	773	442
Total non-current assets	2,028,221	1,946,022	1,571,643	1,565,185
Total assets	5,105,219	4,333,404	3,665,939	3,173,032

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	8	1,983,382	1,574,000	1,455,000	1,010,000
Trade accounts payable					
Related parties	2	-	281	109,719	91,586
Unrelated parties		346,689	317,855	179,680	220,919
Total trade accounts payable		346,689	318,136	289,399	312,505
Advances from related party	2	-	-	1	531
Current portion of liabilities under finance					
lease agreements		3,226	1,964	2,588	1,639
Current portion of long-term loans	9	58,388	56,320	-	-
Dividend payable		30,031	30,031	25,570	25,570
Other current liabilities					
Corporate income tax payable		80,665	24,224	21,311	9,201
Accrued expenses		78,577	81,303	51,547	45,782
Unearned income		27,014	24,787	27,014	24,787
Others		134,306	127,658	65,529	68,384
Total other current liabilities		320,562	257,972	165,401	148,154
Total current liabilities		2,742,278	2,238,423	1,937,959	1,498,399
Non-current liabilities					
Liabilities under finance lease agreements - net					
of current portion		11,408	7,375	9,109	6,140
Long-term loans - net of current portion	9	171,295	76,613	-	-
Provision for land rental charge		20,468	20,468	-	-
Reserve for employee retirement benefit plan		13,827	11,727	13,827	11,727
Total non-current liabilities		216,998	116,183	22,936	17,867
Total liabilities		2,959,276	2,354,606	1,960,895	1,516,266

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
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
Unrealised loss from other long-term investments	(659)	(1,154)	(659)	(642)
Retained earnings				
Appropriated - statutory reserve	102,429	102,429	82,000	82,000
Unappropriated	615,481	482,967	556,464	508,169
Equity attributable to the Company's				
shareholders	1,784,490	1,651,481	1,705,044	1,656,766
Minority interests - equity attributable to minority				
shareholders of subsidiaries	361,453	327,317	-	-
Total shareholders' equity	2,145,943	1,978,798	1,705,044	1,656,766
Total liabilities and shareholders' equity	5,105,219	4,333,404	3,665,939	3,173,032
	0	0	0	0

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

Directors

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Income statements

For the three-month periods ended 31 March 2008 and 2007

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

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues				
Sales	2,433,213	1,335,031	2,175,869	1,153,349
Other income	29,506	17,832	12,864	9,310
Total revenues	<u>2,462,719</u>	<u>1,352,863</u>	<u>2,188,733</u>	<u>1,162,659</u>
Expenses				
Cost of sales	2,055,550	1,108,983	2,002,803	1,031,843
Selling and administrative expenses	169,220	165,317	115,254	97,233
Amortisation of goodwill	-	4,680	-	-
Total expenses	<u>2,224,770</u>	<u>1,278,980</u>	<u>2,118,057</u>	<u>1,129,076</u>
Income before interest expenses and corporate income tax				
Interest expenses	(18,080)	(15,162)	(10,271)	(7,589)
Corporate income tax	<u>(57,075)</u>	<u>(15,137)</u>	<u>(12,110)</u>	<u>(6,330)</u>
Net income for the period	<u>162,794</u>	<u>43,584</u>	<u>48,295</u>	<u>19,664</u>
Net income attributable to:				
Equity holders of the parent	132,514	34,524	<u>48,295</u>	<u>19,664</u>
Minority interests of the subsidiaries	<u>30,280</u>	<u>9,060</u>		
	<u>162,794</u>	<u>43,584</u>		
Basic earnings per share				
Net income attributable to equity holders of the parent				
(Baht)	<u>0.16</u>	<u>0.04</u>	<u>0.06</u>	<u>0.02</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 three-month periods ended 31 March 2008 and 2007**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before tax	219,869	58,721	60,405	25,994
Adjustments to reconcile net income to net cash provided by (paid from) operating activities				
Depreciation and amortisation	36,131	34,685	13,043	12,286
Amortisation of goodwill	-	4,680	-	-
Increase in allowance for doubtful accounts	730	67	575	-
Increase (decrease) in allowance for diminution in inventory value	1,704	(25,808)	335	-
Write-off deteriorated inventories	-	26,893	-	-
Gain on disposal of property, plant and equipment	(974)	(245)	(14)	(14)
Gain on sales of available for sale investments	(118)	-	-	-
Unrealised loss (gain) on exchange	(405)	503	(398)	(25)
Provision for land rental charge	-	430	-	-
Reserve for employee retirement benefit plan	2,100	2,100	2,100	2,100
Interest expenses	18,080	15,162	10,271	7,589
Income from operating activities before changes in operating assets and liabilities	277,117	117,188	86,317	47,930
Decrease (increase) in operating assets				
Trade accounts receivable - related parties	(833)	(2,075)	91	171
Trade accounts receivable - unrelated parties	(268,645)	(78,902)	(221,172)	(66,002)
Inventories	(442,387)	68,406	(349,026)	96,306
Other current assets	(6,940)	1,260	(4,565)	(1,276)
Other non-current assets	8,680	1,588	(331)	203
Increase (decrease) in operating liabilities				
Trade accounts payable - related parties	(281)	414	18,133	(39,937)
Trade accounts payable - unrelated parties	29,399	101,080	(41,174)	45,310
Other current liabilities	(7,300)	(9,033)	5,151	(16,375)
Cash flows from operating activities	(411,190)	199,926	(506,576)	66,330
Cash paid for interest expenses	(18,676)	(14,497)	(10,555)	(6,287)
Cash paid for corporate income tax	(838)	(481)	(158)	(165)
Net cash from (used in) operating activities	(430,704)	184,948	(517,289)	59,878

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

(Unaudited but reviewed)

Lam Soon (Thailand) Public Company Limited and its subsidiaries**Statements of cash flows (continued)****For the three-month periods ended 31 March 2008 and 2007**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from investing activities				
Decrease in fixed deposits with maturity of more than				
3 months	-	52,121	-	-
Decrease in deposit at financial institution with restrictions	-	900	-	-
Decrease in short-term loans and advances				
to related parties	-	-	356	36
Acquisitions of property, plant and equipment	(111,289)	(81,540)	(14,477)	(16,199)
Proceeds from disposals of property, plant and equipment	1,016	323	14	15
Proceeds from sales of available for sale investments	6,600	-	-	-
Interest capitalised to assets	(613)	-	-	-
Net cash used in investing activities	<u>-104,286</u>	<u>-28,196</u>	<u>-14,107</u>	<u>-16,148</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	409,382	(6,470)	445,000	(30,000)
Increase (decrease) in advances from related party	-	14	(530)	14
Repayment of hire-purchase creditors	-	(98)	-	-
Repayment of liabilities under finance lease agreements	(635)	-	(522)	-
Cash receipt from long-term loans	110,830	-	-	-
Repayment for long-term loans	(14,080)	(12,342)	-	-
Net cash from (used in) financing activities	<u>505,497</u>	<u>-18,896</u>	<u>443,948</u>	<u>-29,986</u>
Net increase (decrease) in cash and cash equivalents	<u>-29,493</u>	<u>137,856</u>	<u>-87,448</u>	<u>13,744</u>
Cash and cash equivalents at beginning of the period	<u>326,212</u>	<u>195,378</u>	<u>138,792</u>	<u>56,144</u>
Cash and cash equivalents at end of the period	<u><u>296,719</u></u>	<u><u>333,234</u></u>	<u><u>51,344</u></u>	<u><u>69,888</u></u>

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of property, plant and equipment that

have not been paid	26,023	6,036	335	1,640
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Acquisitions of equipment under financial

lease agreements	5,930	-	4,440	-
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Transfer equipment to inventory account

	2,264	-	-	-
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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

For the three-month periods ended 31 March 2008 and 2007

	Consolidated financial statements					
	Issued and paid up share capital	Share premium	Premium on treasury stock	Unrealised loss from other long-term investments	Retained earnings Appropriated - statutory reserve	Unapp
Balance as at 31 December 2007	820,000	241,970	5,269	(1,154)	102,429	
Adjustment of fair value of investments	-	-	-	495	-	
Net income for the period	-	-	-	-	-	
Increase in minority interests	-	-	-	-	-	
Balance as at 31 March 2008	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>(659)</u>	<u>102,429</u>	
Balance as at 31 December 2006	820,000	241,970	5,269	(2,631)	101,820	
Adjustment of fair value of investments	-	-	-	(179)	-	
Appropriation of statutory reserve	-	-	-	-	259	
Net income for the period	-	-	-	-	-	
Increase in minority interests	-	-	-	-	-	
Balance as at 31 March 2007	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>(2,810)</u>	<u>102,079</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

For the three-month periods ended 31 March 2008 and 2007

	Separate financial statements				
	Issued and paid up share capital	Share premium	Premium on treasury stock	Unrealised loss from other long-term investments	Approp stat res
Balance as at 31 December 2007	820,000	241,970	5,269	(642)	
Adjustment of fair value of investments	-	-	-	(17)	
Net income for the period	-	-	-	-	
Balance as at 31 March 2008	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>(659)</u>	
Balance as at 31 December 2006 - as restated	820,000	241,970	5,269	(844)	
Adjustment of fair value of investments	-	-	-	2	
Net income for the period	-	-	-	-	
Balance as at 31 March 2007	<u>820,000</u>	<u>241,970</u>	<u>5,269</u>	<u>(842)</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 periods ended 31 March 2008 and 2007

1. General information

1.1 Corporate information

Lam Soon (Thailand) Public Company Limited is a public limited company incorporated under Thai laws. The Company operates its business in Thailand and is principally engaged in the manufacture and distribution of palm oil. Its registered address is at No. 947/155 Moo 12, Bangna-Trad Road, Bangna, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard Pronouncement No. 41 (revised 2007) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of income, changes in shareholders' equity, and cash flows as in 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.

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 2007.

1.4 Accounting standards which are effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 49 is not relevant to the business of the Company, whereas the other accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standard.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the Company to amortise goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008.

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 2007, except for the change in the accounting policy regarding goodwill on business combinations, which is presented in the balance sheet at cost less accumulated impairment loss.

(Unaudited but reviewed)

2. Related party transactions

During the periods, the Company had significant business transactions with related parties, which have been concluded on commercial terms and based on agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated financial statements		Separate financial statements		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Purchase of raw material	-	-	322.5	129.4	Forward contract prices by using market prices at the date of agreement or market prices
Purchase of finished goods	-	-	111.4	110.9	Market prices less fixed margin
Sales of goods	-	-	0.1	-	Price approximates market price
Rental income	-	-	0.5	0.5	Market prices
Guarantee fee income	-	-	0.7	0.7	1.50% per annum of credit facilities
Discount from prepayment of goods	-	-	0.3	-	3.75 - 3.80% per annum
Transactions with related companies					
Sales of goods	-	3.1	-	-	Price approximates market price

(Unaudited but reviewed)

The outstanding balances as at 31 March 2008 and 31 December 2007 between the Company and the related parties have been separately shown in the balance sheets with the details as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiary</u>				
Universal Food Public Company Limited	-	-	-	91
Total trade accounts receivable - subsidiary	-	-	-	91
<u>Related companies</u>				
Lam Soon Singapore Pte Limited	2,524	997	-	-
ACE Canning Corporation Sdn. Bhd.	-	303	-	-
Lam Soon Edible Oils Sdn. Bhd.	123	526	-	-
Union Fresh Company Limited	452	452	-	-
Total trade accounts receivable - related companies	3,099	2,278	-	-
Total trade accounts receivable - related parties	3,099	2,278	-	91
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Trade accounts receivable - related parties - net	2,647	1,826	-	91
 <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	-	-
<u>Advances - related party</u>				
<u>Subsidiary</u>				
Universal Food Public Company Limited	-	-	-	345
Total advances - subsidiary	-	-	-	345

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
<u>Related companies</u>				
Union Fresh Company Limited	18,549	18,549	-	-
Siam Unison Company Limited	1,779	1,779	-	-
Union Frost Company Limited	-	-	-	11
Total advances - related companies	20,328	20,328	-	11
Total advances - related parties	20,328	20,328	-	356
Total short-term loans and advances to related parties	65,939	65,939	-	356
Less: Allowance for doubtful accounts	(65,939)	(65,939)	-	-
Short-term loans and advances to related parties - net	-	-	-	356
<u>Trade accounts payable - related parties</u>				
<u>Subsidiaries</u>				
United Palm Oil Industry Public Company Limited	-	-	98,388	45,650
Universal Food Public Company Limited	-	-	11,331	45,655
Total trade accounts payable - subsidiaries	-	-	109,719	91,305
<u>Related company</u>				
Lam Soon Singapore Pte Limited	-	281	-	281
Total trade accounts payable - related company	-	281	-	281
Total trade accounts payable - related parties	-	281	109,719	91,586
<u>Advances from related parties</u>				
<u>Subsidiary</u>				
Universal Food Public Company Limited	-	-	1	531
Total advances from subsidiary	-	-	1	531
Total advances from related party	-	-	1	531

(Unaudited but reviewed)

Directors' remuneration

During the three-month period ended 31 March 2008, the Company and its subsidiaries paid remuneration to their directors totaling Baht 2.4 million (the Company only: Baht 0.8 million).

Directors' remuneration represents the benefits paid to the Company's and the subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act.

Guarantee obligations with related party

The Company has outstanding guarantee obligations for its subsidiary, as described in Note 13.2 to the financial statements.

3. Trade accounts receivable

The outstanding balances of trade accounts receivable as at 31 March 2008 and 31 December 2007 classified by aging were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
<u>Related parties</u>				
- Less than 3 months	2,647	1,826	-	91
- Over 12 months	452	452	-	-
Total related parties	3,099	2,278	-	91
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Trade accounts receivable - related parties - net	2,647	1,826	-	91
<u>Unrelated parties</u>				
Post dated cheques receivable	38,629	54,877	38,629	54,877
Cheques returned	14,799	16,526	9,591	11,318
Trade accounts receivable				
- Less than 3 months	1,210,441	926,448	1,116,640	879,502
- 3 – 6 months	3,148	417	3,022	417
- 6 – 12 months	376	1,043	376	1,043
- Over 12 months	20,256	20,045	3,337	2,933
Total unrelated parties	1,287,649	1,019,356	1,171,595	950,090
Less: Allowance for doubtful accounts	(34,261)	(33,538)	(11,965)	(11,390)
Total trade accounts receivable - unrelated parties - net	1,253,388	985,818	1,159,630	938,700
Total trade accounts receivable - net	1,256,035	987,644	1,159,630	938,791

(Unaudited but reviewed)

4. Allowance for diminution in inventory value

Movements in the allowance for diminution in inventory value account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2007	10,205	1,099
Add: Allowance made during the period	1,704	335
Balance as at 31 March 2008	<u>11,909</u>	<u>1,434</u>

5. Investments in subsidiaries

		(Unit: Thousand Baht)					
		Separate financial statements				Investment value under cost method	
Company's name	Type of business	Paid-up share capital		Equity interest			
		31		31		31	
		31 March 2008	December 2007	31 March 2008	December 2007	31 March 2008	December 2007
				Percent	Percent		
United Palm Oil Industry Public Company Limited	Oil palm plantation, crude palm oil and kernel palm oil processing	324,050	324,050	69.96	69.96	748,344	748,344
Universal Food Public Company Limited	Manufacture and distribution of canned fruits and vegetables, juice and drinks	350,000	350,000	96.79	96.79	406,518	406,518
Total investments in subsidiaries						1,154,862	1,154,862
Less: Allowance for impairment loss of investments						(21,096)	(21,096)
Total investments in subsidiaries - net						<u>1,133,766</u>	<u>1,133,766</u>

(Unaudited but reviewed)

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2007	1,651,022	430,119
Acquisitions during the period - at cost	133,037	19,187
Disposals during the period - net book value at disposal date	(42)	-
Interest capitalised to assets	613	-
Depreciation for the period	(36,131)	(13,043)
Transfer to inventory account	(2,264)	-
Net book value as at 31 March 2008	<u>1,746,235</u>	<u>436,263</u>

The majority of land and buildings thereon, land awaiting for development and machinery of the subsidiary were mortgaged and pledged with the financial institutions to secure credit facilities granted by those financial institutions and letters of guarantees issued by banks. Included in the land is a plot of the subsidiary's land with the total cost of Baht 32 million acquired for operation expansion.

7. Non-operating land

The subsidiary has mortgaged non-operating land amounting to Baht 32 million to secure credit facilities granted by financial institutions.

8. Bank overdrafts and short-term loans from financial institutions

Overdraft facilities and short-term loans from financial institutions of the subsidiary are guaranteed by the Company.

9. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2008	31 December 2007
Long-term loans	229,683	132,933
Less: Current portion	(58,388)	(56,320)
Long-term loans - net of current portion	<u>171,295</u>	<u>76,613</u>

(Unaudited but reviewed)

Movements in the long-term loan account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<hr/>
Balance as at 31 December 2007	132,933
Add: Additions	110,830
Less: Repayments	<hr/> (14,080)
Balance as at 31 March 2008	<hr/> <hr/> 229,683

Long-term loans of the subsidiary are secured by the mortgage of land and buildings thereon, land awaiting for development and non-operating land and the pledge of machinery of the subsidiary, as discussed in Note 6 and 7, and are guaranteed by the Company.

Under the loan agreements, the subsidiaries have to comply with certain covenants and restrictions normally required by the banks, which include dividend payment policy and the pledge of assets other than permitted encumbrances.

(Unaudited but reviewed)

10. Financial information by segment

The Company and its subsidiaries' business operations involve two principal segments (1) manufacture and distribution of palm oil and (2) manufacture and distribution of canned 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-month periods ended 31 March 2008 and 2007 were as follows:

(Unit: Million Baht)

Consolidated for the three-month periods ended 31 March						
	Manufacture and distribution		Total	Eliminated	Total	
	Palm oil	Canned fruits and vegetables			2008	2007
Revenue from external customers	2,086	347	2,433	-	2,433	1,335
Intersegment revenues	322	112	434	(434)	-	-
Total revenues	2,408	459	2,867	(434)	2,433	1,335
Segment income	320	67	387	(9)	378	226
Unallocated income and expenses						
Other income					29	18
Selling and administrative expenses					(169)	(165)
Amortisation of goodwill					-	(5)
Income before interest expenses and corporate income tax					238	74
Interest expenses					(18)	(15)
Corporate income tax					(57)	(15)
Income before minority interests					163	44
Income in respect of minority interests					(30)	(9)
Net income for the period					133	35

Transfer prices between business segments are as set out in the Note 2 to the financial statements.

11. Proposed dividend

On 28 February 2008, the meeting of the Board of Directors of the Company passed a resolution to approve a dividend payment in respect of the 2007 income at Baht 0.1 per share, totaling Baht 82.0 million, which will be paid to the shareholders on 23 May 2008. This proposed dividend was approved by the resolution of the Annual General Meeting of the Company's shareholders on 28 April 2008.

On 28 February 2008, the meeting of the Board of Directors of a subsidiary company passed a resolution to approve the payment of dividend in respect of October to December 2007 earnings at Baht 3.0 per share, totaling Baht 97.2 million, which will be paid to the shareholders on 23 May 2008. This proposed dividend was approved by the resolution of the Annual General Meeting of the subsidiary's shareholders on 28 April 2008.

12. Commitments

As at 31 March 2008, the Company and its subsidiaries had the following outstanding commitments:

12.1 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 145.1 million and USD 0.1 million (the Company only: Baht 1.0 million and USD 0.1 million).

12.2 Operating lease commitments

As at 31 March 2008, the Company and its subsidiaries had commitments relating to lease and service agreements whereby future payments are required in the following amounts:

<u>Payable within</u>	<u>Million Baht</u>
1 year	7.9
2 - 3 years	0.6
Total	<u>8.5</u>

(Unaudited but reviewed)

12.3 Long-term service commitments

Under the agreements with a foreign shareholder in relation to the use of its trademark in the production and distribution of oil palm seed, the jointly controlled entity is obliged to pay royalty fees amounting to Euro 150,000 (in proportion to the subsidiary's interest) and is obliged to pay royalty calculated as a percentage of the net annual sales of the products, as defined in the agreements. Moreover, the jointly controlled entity is obliged to pay technical assistance fees amounting to Euro 50,000 (in proportion to the subsidiary's interest). The jointly controlled entity and such foreign shareholder are also required to comply with conditions stipulated in the contracts.

13. Guarantees

13.1 Bank guarantees

As at 31 March 2008, there were outstanding bank guarantees of approximately Baht 25.1 million and USD 0.5 million issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 12.5 million to guarantee payments due to domestic creditors, USD 0.5 million to guarantee payments due to overseas creditors, and Baht 12.6 million to guarantee electricity usage, among others (the Company only: guarantees for electricity usage and others of Baht 7.2 million).

13.2 Corporate guarantees

The Company has issued letters of guarantee to bank to secure credit facilities granted by the bank to its subsidiary as follows:

	(Unit: Million Baht)	
	Credit facilities	
	31 March 2008	31 December 2007
<u>Subsidiary</u>		
Universal Food Public Company Limited	180.4	180.4
Total	180.4	180.4

(Unaudited but reviewed)

14. Financial instruments

As at 31 March 2008, the Company and its subsidiary had outstanding forward exchange contracts, of which details are presented below.

	Maturity date	Exchange rate per contracts (Baht per foreign currency unit)
<u>Contracts to sell</u>		
USD 17.3 million	11 April 2008 - 10 February 2009	31.450 - 33.520

15. Contingent liabilities

15.1 In January 2006, the Company was sued by the Metropolitan Electricity Authority 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, the Metropolitan Electricity Authority 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 of approximately Baht 0.5 million plus interest to the plaintiff. However, the Company countersued to recover the guarantee amount from the Metropolitan Electricity Authority because the Company did not have any outstanding late electricity payments due to the Metropolitan Electricity Authority 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 judged that the Metropolitan refunded the guarantee of Baht 2.9 million plus interest to the Company. At present, these cases are appealed to the Appeal Court.

15.2 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 end-result of this consideration is not known at this stage.

(Unaudited but reviewed)

15.3 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 Suratthani 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. At present, the subsidiary is in the process of negotiating with the relevant government agencies concerning these land plots, which represent 6 percent of the total area utilised by the subsidiary.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's audit committees on 13 May 2008.