

**Mega Lifesciences Public Company Limited  
and its Subsidiaries**

Interim financial statements  
for the three-month and the six-month periods ended  
30 June 2013

and

Independent auditor's report on  
review of interim financial information

## **Independent Auditor's Report on Review of Interim Financial Information**

### **To the Board of Directors of Mega Lifesciences Public Company Limited**

I have reviewed the accompanying consolidated and separate statements of financial position of Mega Lifesciences Public Company Limited and its subsidiaries, and of Mega Lifesciences Public Company Limited, respectively, as at 30 June 2013; the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2013, changes in equity and cash flows for the six-month period ended 30 June 2013; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

#### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

*Emphasis of Matter*

Without qualifying my conclusion, I draw attention to note 3 to the interim financial information describing the effect of the Company and its subsidiaries' adoption from 1 January 2013 of certain new accounting policies. The consolidated and separate statements of financial position as at 31 December 2012, which are included as comparative information, are components of the audited consolidated and separate financial statements as at and for the year ended 31 December 2012 after making the adjustments described in note 3. I have audited these adjustments and, based on my audit, in my opinion, such adjustments are appropriate and have been properly applied. Furthermore, the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2012, changes in equity and cash flows for the six-month period ended 30 June 2012, which are included as comparative information, have also been adjusted as described in note 3. I have reviewed these adjustments and, based on my review, nothing has come to my attention to indicate that such adjustments are not appropriate and properly applied.

(Wilai Buranakittisophon)  
Certified Public Accountant  
Registration No. 3920

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 August 2013

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 June 2013 (Unaudited)	31 December 2012 (Restated)	30 June 2013 (Unaudited)	31 December 2012 (Restated)
		<i>(in thousand Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents		331,227	353,786	16,541	3,465
Trade accounts receivable	4, 5	1,493,255	1,176,554	458,410	509,399
Other receivables	4	188,488	115,652	39,567	7,384
Inventories		1,619,251	1,442,023	441,178	339,644
Advances to suppliers and distributors		73,747	82,379	19,191	24,291
<b>Total current assets</b>		<b>3,705,968</b>	<b>3,170,394</b>	<b>974,887</b>	<b>884,183</b>
<b>Non-current assets</b>					
Investments in subsidiaries	6	-	-	52,162	52,162
Restricted deposits at financial institutions		10,626	17,601	196	189
Property, plant and equipment	7	853,159	731,847	511,218	394,826
Intangible assets		20,816	8,926	3,632	4,042
Deferred tax assets	3, 8	96,552	93,336	11,404	9,166
Prepayment for trademark	16	185,399	185,399	185,399	185,399
Other non-current assets		11,116	21,089	-	-
<b>Total non-current assets</b>		<b>1,177,668</b>	<b>1,058,198</b>	<b>764,011</b>	<b>645,784</b>
<b>Total assets</b>		<b>4,883,636</b>	<b>4,228,592</b>	<b>1,738,898</b>	<b>1,529,967</b>

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2013 (Unaudited)	31 December 2012 (Restated)	30 June 2013 (Unaudited)	31 December 2012 (Restated)
<i>(in thousand Baht)</i>					
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions		1,085,144	771,204	544,678	394,610
Trade accounts payable	4, 9	896,238	768,912	102,312	171,800
Other payables	4	164,304	80,870	11,433	34,976
Dividends payable	14	33,333	-	33,333	-
Short-term loan from and interest payable to related party	4	-	-	2,579	2,555
Current portion of long-term loans from financial institutions		123,510	79,760	103,648	60,456
Current portion of finance lease liabilities		343	503	38	60
Income tax payable		50,349	89,857	8,920	10,362
Accrued expenses		339,961	300,329	55,193	30,884
<b>Total current liabilities</b>		<b>2,693,182</b>	<b>2,091,435</b>	<b>862,134</b>	<b>705,703</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions		373,677	346,526	273,371	242,719
Finance lease liabilities		546	327	208	220
Deferred tax liabilities	3, 8	872	979	-	-
Employee benefit obligations	10	74,206	68,570	40,235	36,885
Other non-current liabilities		2,105	2,157	-	-
<b>Total non-current liabilities</b>		<b>451,406</b>	<b>418,559</b>	<b>313,814</b>	<b>279,824</b>
<b>Total liabilities</b>		<b>3,144,588</b>	<b>2,509,994</b>	<b>1,175,948</b>	<b>985,527</b>
<b>Equity</b>					
Share capital:					
Authorised share capital		67,056	67,056	67,056	67,056
Issued and paid-up share capital		67,056	67,056	67,056	67,056
Reserve for stock dividends	14	300,000	-	300,000	-
Retained earnings					
Appropriated					
Legal reserve		13,114	13,114	7,721	7,721
Unappropriated		1,511,267	1,752,101	188,173	469,663
Other components of equity		-172,889	-137,055	-	-
<b>Equity attributable to owners of the Company</b>		<b>1,718,548</b>	<b>1,695,216</b>	<b>562,950</b>	<b>544,440</b>
Non-controlling interests		20,500	23,382	-	-
<b>Total equity</b>		<b>1,739,048</b>	<b>1,718,598</b>	<b>562,950</b>	<b>544,440</b>
<b>Total liabilities and equity</b>		<b>4,883,636</b>	<b>4,228,592</b>	<b>1,738,898</b>	<b>1,529,967</b>

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

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended 30 June		Three-month period ended 30 June	
		2013	2012 (Restated)	2013	2012 (Restated)
<i>(in thousand Baht)</i>					
<b>Income</b>					
Revenue from sale of goods and rendering of services	11	1,764,007	1,406,508	382,985	325,918
Investment income		108	608	170,088	-
Net foreign exchange gain		13,768	3,512	-	-
Other income		4,626	6,950	2,682	1,502
<b>Total income</b>		<b>1,782,509</b>	<b>1,417,578</b>	<b>555,755</b>	<b>327,420</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services		1,006,482	797,221	239,283	264,151
Selling expenses		359,511	263,688	42,235	4,629
Administrative expenses		183,526	199,175	47,415	31,137
Net foreign exchange loss		-	-	2,151	2,243
Finance costs		7,594	6,166	4,920	3,415
<b>Total expenses</b>		<b>1,557,113</b>	<b>1,266,250</b>	<b>336,004</b>	<b>305,575</b>
<b>Profit before income tax expense</b>		<b>225,396</b>	<b>151,328</b>	<b>219,751</b>	<b>21,845</b>
Income tax expense		-44,734	-27,869	-4,506	-5,237
<b>Profit for the period</b>		<b>180,662</b>	<b>123,459</b>	<b>215,245</b>	<b>16,608</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations		25,406	23,414	-	-
<b>Other comprehensive income for the period</b>		<b>25,406</b>	<b>23,414</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>206,068</b>	<b>146,873</b>	<b>215,245</b>	<b>16,608</b>
<b>Profit attributable to:</b>					
Owners of the Company		180,368	123,083	215,245	16,608
Non-controlling interests		294	376	-	-
<b>Profit for the period</b>		<b>180,662</b>	<b>123,459</b>	<b>215,245</b>	<b>16,608</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		206,466	145,824	215,245	16,608
Non-controlling interests		-398	1,049	-	-
<b>Total comprehensive income for the period</b>		<b>206,068</b>	<b>146,873</b>	<b>215,245</b>	<b>16,608</b>
<b>Basic earnings per share (in Baht)</b>	13	<b>26.90</b>	<b>18.36</b>	<b>32.10</b>	<b>2.48</b>

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

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income (Unaudited)**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
<i>Note</i>	2013	2012	2013	2012	
		(Restated)		(Restated)	
		<i>(in thousand Baht)</i>			
<b>Income</b>					
Revenue from sale of goods and rendering of services	11	3,293,468	2,722,183	763,255	607,487
Investment income	6	798	1,121	170,094	93,000
Net foreign exchange gain		10,497	5,143	7,460	388
Other income		13,997	15,785	5,935	4,968
<b>Total income</b>		<b>3,318,760</b>	<b>2,744,232</b>	<b>946,744</b>	<b>705,843</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services		1,892,504	1,495,654	496,340	479,105
Selling expenses		638,977	467,352	70,021	12,862
Administrative expenses		422,959	408,121	111,316	64,623
Finance costs		14,951	11,409	9,293	6,344
<b>Total expenses</b>		<b>2,969,391</b>	<b>2,382,536</b>	<b>686,970</b>	<b>562,934</b>
<b>Profit before income tax expense</b>		<b>349,369</b>	<b>361,696</b>	<b>259,774</b>	<b>142,909</b>
Income tax expense	12	-54,854	-57,346	-6,762	-12,555
<b>Profit for the period</b>		<b>294,515</b>	<b>304,350</b>	<b>253,012</b>	<b>130,354</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations		-39,551	-5,612	-	-
<b>Other comprehensive income for the period</b>		<b>-39,551</b>	<b>-5,612</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>254,964</b>	<b>298,738</b>	<b>253,012</b>	<b>130,354</b>
<b>Profit attributable to:</b>					
Owners of the Company		293,680	303,551	253,012	130,354
Non-controlling interests		835	799	-	-
<b>Profit for the period</b>		<b>294,515</b>	<b>304,350</b>	<b>253,012</b>	<b>130,354</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		257,846	299,334	253,012	130,354
Non-controlling interests		-2,882	-596	-	-
<b>Total comprehensive income for the period</b>		<b>254,964</b>	<b>298,738</b>	<b>253,012</b>	<b>130,354</b>
<b>Basic earnings per share (in Baht)</b>	13	<b>43.80</b>	<b>45.27</b>	<b>37.73</b>	<b>19.44</b>

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

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Statement of changes in equity (Unaudited)**

	Note	Consolidated financial statements							
		Retained earnings			Other component of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity
		Issued and paid-up share capital	Legal reserve	Unappropriated	Currency translation differences	Total other components of equity			
<i>(in thousand Baht)</i>									
<b>Six-month period ended 30 June 2012</b>									
<b>Balance at 1 January 2012 - as reported</b>		<b>67,056</b>	<b>13,114</b>	<b>1,248,991</b>	<b>(95,539)</b>	<b>(95,539)</b>	<b>1,233,622</b>	<b>22,648</b>	<b>1,256,270</b>
Impact of change in accounting policy	3	-	-	61,451	-	-	61,451	-	61,451
<b>Balance at 1 January 2012 - restated</b>		<b>67,056</b>	<b>13,114</b>	<b>1,310,442</b>	<b>(95,539)</b>	<b>(95,539)</b>	<b>1,295,073</b>	<b>22,648</b>	<b>1,317,721</b>
<b>Transactions with owners, recorded directly in equity</b>									
Dividends to owners of the Company	14	-	-	(97,908)	-	-	(97,908)	-	(97,908)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(97,908)</b>	<b>-</b>	<b>-</b>	<b>(97,908)</b>	<b>-</b>	<b>(97,908)</b>
<b>Comprehensive income for the period</b>									
Profit (restated)		-	-	303,551	-	-	303,551	799	304,350
Foreign currency translation differences		-	-	-	(4,217)	(4,217)	(4,217)	(1,395)	(5,612)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>303,551</b>	<b>(4,217)</b>	<b>(4,217)</b>	<b>299,334</b>	<b>(596)</b>	<b>298,738</b>
<b>Balance at 30 June 2012</b>		<b>67,056</b>	<b>13,114</b>	<b>1,516,085</b>	<b>(99,756)</b>	<b>(99,756)</b>	<b>1,496,499</b>	<b>22,052</b>	<b>1,518,551</b>

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



## Mega Lifesciences Public Company Limited and its Subsidiaries

### Statement of changes in equity (Unaudited)

		<b>Consolidated financial statements</b>								
		Retained earnings			Other component of equity					
		Issued and paid-up share capital	Reserve for stock dividends	Legal reserve	Unappropriated	Currency translation differences	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<i>Note</i>										
<i>(in thousand Baht)</i>										
<b>Six-month period ended 30 June 2013</b>										
	<b>Balance at 1 January 2013 - as reported</b>	<b>67,056</b>	-	<b>13,114</b>	<b>1,659,744</b>	<b>(137,055)</b>	<b>(137,055)</b>	<b>1,602,859</b>	<b>23,382</b>	<b>1,626,241</b>
	Impact of change in accounting policy	-	-	-	92,357	-	-	92,357	-	92,357
	<b>Balance at 1 January 2013 - restated</b>	<b>67,056</b>	-	<b>13,114</b>	<b>1,752,101</b>	<b>(137,055)</b>	<b>(137,055)</b>	<b>1,695,216</b>	<b>23,382</b>	<b>1,718,598</b>
	<b>Transactions with owners, recorded directly in equity</b>									
	Dividends to owners of the Company	-	-	-	(234,514)	-	-	(234,514)	-	(234,514)
	Stock dividends to owners of the Company	-	300,000	-	(300,000)	-	-	-	-	-
	<b>Total transactions with owners, recorded directly in equity</b>	-	<b>300,000</b>	-	<b>(534,514)</b>	-	-	<b>(234,514)</b>	-	<b>(234,514)</b>
	<b>Comprehensive income for the period</b>									
	Profit	-	-	-	293,680	-	-	293,680	835	294,515
	Foreign currency translation differences	-	-	-	-	(35,834)	(35,834)	(35,834)	(3,717)	(39,551)
	<b>Total comprehensive income for the period</b>	-	-	-	<b>293,680</b>	<b>(35,834)</b>	<b>(35,834)</b>	<b>257,846</b>	<b>(2,882)</b>	<b>254,964</b>
	<b>Balance at 30 June 2013</b>	<b>67,056</b>	<b>300,000</b>	<b>13,114</b>	<b>1,511,267</b>	<b>(172,889)</b>	<b>(172,889)</b>	<b>1,718,548</b>	<b>20,500</b>	<b>1,739,048</b>

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

**Mega Lifesciences Public Company Limited and its Subsidiaries**

**Statement of changes in equity (Unaudited)**

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Reserve for stock dividends	Retained earnings		
				Legal reserve <i>(in thousand Baht)</i>	Unappropriated	
<b>Six-month period ended 30 June 2012</b>						
<b>Balance at 1 January 2012 - as reported</b>		<b>67,056</b>	-	<b>7,721</b>	<b>322,879</b>	<b>397,656</b>
Impact of change in accounting policy	3	-	-	-	6,324	6,324
<b>Balance at 1 January 2012 - restated</b>		<b>67,056</b>	-	<b>7,721</b>	<b>329,203</b>	<b>403,980</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	14	-	-	-	-97,902	(97,902)
<b>Total transactions with owners, recorded directly in equity</b>		-	-	-	<b>(97,902)</b>	<b>(97,902)</b>
<b>Comprehensive income for the period</b>						
Profit (restated)		-	-	-	130,354	130,354
<b>Total comprehensive income for the period</b>		-	-	-	<b>130,354</b>	<b>130,354</b>
<b>Balance at 30 June 2012</b>		<b>67,056</b>	-	<b>7,721</b>	<b>361,655</b>	<b>436,432</b>
<b>Six-month period ended 30 June 2013</b>						
<b>Balance at 1 January 2013 - as reported</b>		<b>67,056</b>	-	<b>7,721</b>	<b>460,497</b>	<b>535,274</b>
Impact of change in accounting policy	3	-	-	-	9,166	9,166
<b>Balance at 1 January 2013 - restated</b>		<b>67,056</b>	-	<b>7,721</b>	<b>469,663</b>	<b>544,440</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	14	-	-	-	-234,502	(234,502)
Stock dividends to owners of the Company		-	300,000	-	(300,000)	-
<b>Total transactions with owners, recorded directly in equity</b>		-	<b>300,000</b>	-	<b>(534,502)</b>	<b>(234,502)</b>
<b>Comprehensive income for the period</b>						
Profit		-	-	-	253,012	253,012
<b>Total comprehensive income for the period</b>		-	-	-	<b>253,012</b>	<b>253,012</b>
<b>Balance at 30 June 2013</b>		<b>67,056</b>	<b>300,000</b>	<b>7,721</b>	<b>188,173</b>	<b>562,950</b>

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

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
2013	2012	2013	2012	
	(Restated)		(Restated)	
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the period	294,515	304,350	253,012	130,354
<i>Adjustments for</i>				
Depreciation	45,944	35,748	21,924	18,948
Amortisation of intangible assets	1,624	783	410	410
Allowance (reversal) on decline in value of inventories	2,562	639	(3,623)	(664)
Investment income	(798)	(1,121)	(170,094)	(93,000)
Finance costs	14,951	11,409	9,293	6,344
Allowance for doubtful accounts	1,576	1,979	-	-
Unrealised (gain) loss on exchange rate	(2,984)	14,150	(1,086)	(707)
Gain on disposal of property, plant and equipment	(470)	(16)	-	-
Employee benefit obligations	6,726	5,463	3,350	2,882
Income tax expense	54,854	57,346	6,762	12,555
	<u>418,500</u>	<u>430,730</u>	<u>119,948</u>	<u>77,122</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	-134,908	94,997	66,336	-21,656
Other receivables	-75,794	-31,939	-32,184	-1,193
Inventories	-181,596	-371,044	-97,911	-118,935
Advances to suppliers and distributors	-966	35,741	5,100	4,163
Restricted deposits at financial institutions	7,088	-	(7)	-
Other non-current assets	10,263	-5,964	-	-
Trade accounts payable	103,816	67,445	-69,370	2,403
Other payables	-28,091	-17,506	(24,504)	77
Accrued expenses	34,417	-4,013	24,074	3,878
Employee benefit obligations paid	-	(274)	-	-
Cash generated from (used in) operating activities	<u>152,729</u>	<u>198,173</u>	<u>(8,518)</u>	<u>(54,141)</u>
Income tax paid	<u>-97,170</u>	<u>-68,831</u>	<u>-10,442</u>	<u>-13,989</u>
<b>Net cash from (used in) operating activities</b>	<b><u>55,559</u></b>	<b><u>129,342</u></b>	<b><u>-18,960</u></b>	<b><u>-68,130</u></b>

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

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
2013	2012	2013	2012	
	(Restated)		(Restated)	
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Finance cost received	817	1,124	7	-
Dividend received	-	-	170,088	93,000
Purchase of property, plant and equipment	(197,585)	(189,756)	(138,316)	(63,751)
Purchase of intangible assets	(14,183)	(5,643)	-	-
Sale of equipment	658	537	-	-
<b>Net cash from (used in) investing activities</b>	<b>(210,293)</b>	<b>(193,738)</b>	<b>31,779</b>	<b>29,249</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(15,018)	(11,006)	(9,033)	(6,226)
Dividends paid	(201,181)	(97,908)	(201,169)	(97,902)
Finance lease payments	(318)	(999)	(34)	(95)
Increase in bank overdrafts and short-term loans from financial institutions	278,729	78,628	136,649	107,172
Proceeds from long-term borrowings	82,857	44,800	82,857	44,800
Repayment of borrowings	(13,839)	(10,590)	(9,013)	(10,590)
<b>Net cash from financing activities</b>	<b>131,230</b>	<b>2,925</b>	<b>257</b>	<b>37,159</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	<b>(23,504)</b>	<b>(61,471)</b>	<b>13,076</b>	<b>(1,722)</b>
Cash and cash equivalents at 1 January	353,786	329,973	3,465	3,518
Effect of exchange rate changes on balances held in foreign currency	945	(7,589)	-	-
<b>Cash and cash equivalents at 30 June</b>	<b>331,227</b>	<b>260,913</b>	<b>16,541</b>	<b>1,796</b>

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

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These notes form an integral part of the interim financial statements.

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The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language statutory interim financial statements, and were approved and authorised for issue by the Board of Directors on 13 August 2013.

**1 General information**

Mega Lifesciences Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at No. 384, Moo 4, Bangpoo Industrial Estate, Praksa, Muang - Samutprakarn, Samutprakarn, Thailand.

The Company has a representative office in Vietnam and representative offices under Mega Lifesciences Pty Ltd., a subsidiary, in Sri Lanka, Vietnam, Myanmar, Indonesia, Uzbekistan, Ukraine, Malaysia, Philippines, Kenya, India, Russia, Kazakhstan and Ghana.

The immediate and ultimate holding company during the financial period was Unistretch Limited, which was incorporated in Thailand.

On 14 March 2013, the Company has been registered under the provisions of Public Limited Companies Act with the Department of Business Development, Ministry of Commerce and changed its name to Mega Lifesciences Public Company Limited.

The principal activities of the Group are the manufacture and sale through independent distributors of health food supplements, pharmaceutical, herbal products, vitamin and minerals and the provision of logistics services relating to such products. Details of the Company’s subsidiaries as at 30 June 2013 are given in notes 4 and 6.

**2 Basis of preparation of the interim financial statements**

**(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2009) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP).

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2012. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2012.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2013:

<b>TFRS</b>	<b>Topic</b>
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

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The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, as at 30 June 2013 the FAP had issued a number of TFRS and interpretations which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these interim financial statements. Those TFRS and interpretations are disclosed in note 17.

Except for the changes in accounting policies discussed in note 3, the accounting policies and methods of computation applied in these interim financial statements for the three-month and six-month periods ended 30 June 2013 and 2012 are consistent with those applied in the financial statements for the year ended 31 December 2012.

**(b) Functional and presentation currency**

The interim financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

**(c) Use of estimates and judgements**

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2012.

**3 Changes in accounting policies**

**(a) Overview**

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policy adopted by the Group are included in notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

**(b) Accounting for income tax**

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements.

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Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

<i>Statement of financial position as at</i>	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	30	31	1	30	31	1
	June 2013	December 2012	January 2012	June 2013	December 2012	January 2012
	<i>(in thousand Baht)</i>					
Increase in deferred tax assets	96,552	93,336	62,831	11,404	9,166	6,324
Increase in deferred tax liabilities	(872)	(979)	(1,380)	-	-	-
Increase in retained earnings	95,680	92,357	61,451	11,404	9,166	6,324

<i>Statement of comprehensive income for the three-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
(Increase) decrease in income tax expense	(4,700)	4,253	493	440
<b>Increase (decrease) in profit for the period</b>	<b>(4,700)</b>	<b>4,253</b>	<b>493</b>	<b>440</b>
<b>Increase (decrease) in earnings per share</b>				
- Basic earnings per share <i>(in Baht)</i>	<b>(0.70)</b>	<b>0.63</b>	<b>0.07</b>	<b>0.07</b>



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<i>Statement of comprehensive income for the six-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Decrease in income tax expense	3,323	12,009	2,238	483
<b>Increase in profit for the period</b>	<b>3,323</b>	<b>12,009</b>	<b>2,238</b>	<b>483</b>
<b>Increase in earnings per share</b>				
- Basic earnings per share <i>(in Baht)</i>	<b>0.50</b>	<b>1.79</b>	<b>0.33</b>	<b>0.07</b>

**(c) Accounting for the effects of changes in foreign exchange rates**

From 1 January 2013, the Group has adopted TAS 21 Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

**(d) Presentation of information on operating segments**

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the 2012 financial statements, which are included in the Group's 2013 interim financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

**4 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group

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and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associate entities are described in note 6. Relationships with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Unistretch Limited	Thailand	Ultimate parent of the Group
Ambika Tours Agency Limited	Thailand	Common shareholders
InsurExcellence Insurance Brokers Ltd.	Thailand	Common shareholders
Linaria Chemical (Thailand) Limited	Thailand	Common shareholders
Mechai Pattana School	Thailand	Common Chairman
SS-KS International (Canada) Inc.	Canada	Common Director
Rupin International (Canada) Inc.	Canada	Common Director
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods and rendering of service	Market price minus margin
Purchase of goods and raw materials	Cost plus margin
Interest income and interest expense	Agreed rates stipulated in the agreements
Other income and other expenses	Contractually agreed prices

Significant transactions for the three-month and six-month periods ended 30 June 2013 and 2012 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Three-month period ended 30 June</b>				
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of service	-	-	192,601	242,680
Purchase of goods or receiving of service	-	-	4,406	4,900
Interest expense	-	-	12	14
Other income	-	-	145	110
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	31,095	29,541	5,610	7,581
Post-employment benefits	234	370	147	305
<b>Total key management personnel compensation</b>	<b>31,329</b>	<b>29,911</b>	<b>5,757</b>	<b>7,886</b>

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	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 June</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Other related parties</b>				
Purchases of goods or receiving of services	9,685	12,426	2,390	1,011
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Six-month period ended 30 June</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of service	-	-	450,643	457,398
Purchase of goods or receiving of service	-	-	6,558	8,495
Commission expense	-	-	-	4,420
Interest expense	-	-	24	28
Other income	-	-	272	211
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	47,465	62,395	10,676	15,061
Post-employment benefits	432	740	295	610
<b>Total key management personnel compensation</b>	<b>47,897</b>	<b>63,135</b>	<b>10,971</b>	<b>15,671</b>
<b>Other related parties</b>				
Purchases of goods or receiving of services	18,841	29,793	5,599	3,838
Commission income	808	550	-	-

Balances as at 30 June 2013 and 31 December 2012 with related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	June	December	June	December
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable - related parties</b>				
Subsidiaries	-	-	230,289	398,117
<b>Total</b>	<b>-</b>	<b>-</b>	<b>230,289</b>	<b>398,117</b>
<b>Other receivables - related parties</b>				
Subsidiaries	-	-	11,400	92
Other related parties	3,946	414	2,611	-
<b>Total</b>	<b>3,946</b>	<b>414</b>	<b>14,011</b>	<b>92</b>
<b>Trade accounts payable - related parties</b>				
Subsidiaries	-	-	1,280	30,745
Other related parties	1,681	5,252	-	-
<b>Total</b>	<b>1,681</b>	<b>5,252</b>	<b>1,280</b>	<b>30,745</b>

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	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	30	31	30	31
	June	December	June	December
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b><i>Other payables - related parties</i></b>				
Subsidiaries	-	-	4,993	25,339
Other related parties	367	643	-	-
<b>Total</b>	<b>367</b>	<b>643</b>	<b>4,993</b>	<b>25,339</b>

<b><i>Loan from and interest payable to related party</i></b>	<b>Interest rate</b>		<b>Consolidated</b>		<b>Separate</b>	
			<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2013	2012	30	31	30	31
	2013	2012	June	December	June	December
	2013	2012	2013	2012	2013	2012
	<i>(% per annum)</i>					
	<i>(in thousand Baht)</i>					
<b><i>Short-term loan</i></b>						
Subsidiary	2.00	2.00-2.35	-	-	2,579	2,555
<b>Short-term loan from related party</b>			<b>-</b>	<b>-</b>	<b>2,579</b>	<b>2,555</b>

Movements during the six-month periods ended 30 June 2013 and 2012 of loan from related party were as follows:

<b><i>Loan from and interest payable to related party</i></b>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
<b><i>Six-month period ended 30 June</i></b>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b><i>Short-term loan</i></b>				
<b>Subsidiary</b>				
At 1 January	-	-	2,555	2,549
Increase	-	-	24	28
<b>At 30 June</b>	<b>-</b>	<b>-</b>	<b>2,579</b>	<b>2,577</b>

***Significant agreements with related parties***

As at 30 June 2013 the Group had the following significant agreements with related parties.

***Supply agreement***

The Company has a supply agreement with Mega Lifesciences (Australia) Pty. Limited., a subsidiary, whereby the Company agrees to manufacture and supply the product as per required specification and as per Good Manufacturing Practice (GMP). These agreements are effective on the agreement date and can be terminated by either party giving at least 30 days notice in writing to the other party.

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**5 Trade accounts receivable**

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
		<i>(in thousand Baht)</i>			
Related parties	4	-	-	230,289	398,117
Other parties		1,502,424	1,198,186	228,121	112,438
<b>Total</b>		<b>1,502,424</b>	<b>1,198,186</b>	<b>458,410</b>	<b>510,555</b>
Less allowance for doubtful accounts		(9,169)	(21,632)	-	(1,156)
<b>Net</b>		<b>1,493,255</b>	<b>1,176,554</b>	<b>458,410</b>	<b>509,399</b>
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the six-month period ended 30 June		<b>1,576</b>	<b>1,979</b>	-	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	-	-	217,846	389,635
Overdue:				
Less than 3 months	-	-	4,920	4,661
3 - 6 months	-	-	3,430	3,821
6 - 12 months	-	-	4,093	-
Over 12 months	-	-	-	-
	<b>-</b>	<b>-</b>	<b>230,289</b>	<b>398,117</b>
<b>Other parties</b>				
Within credit terms	668,695	578,497	158,515	28,744
Overdue:				
Less than 3 months	476,110	491,092	28,349	66,377
3 - 6 months	229,951	84,755	31,872	13,991
6 - 12 months	118,140	21,867	9,385	2,142
Over 12 months	9,528	21,975	-	1,184
	<b>1,502,424</b>	<b>1,198,186</b>	<b>228,121</b>	<b>112,438</b>
Less allowance for doubtful accounts	(9,169)	(21,632)	-	(1,156)
	<b>1,493,255</b>	<b>1,176,554</b>	<b>228,121</b>	<b>111,282</b>
<b>Net</b>	<b>1,493,255</b>	<b>1,176,554</b>	<b>458,410</b>	<b>509,399</b>

The normal credit period granted by the Group ranges from 30 days to 180 days.

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**6 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	52,162	52,162
<b>At 30 June</b>	<b>52,162</b>	<b>52,162</b>
At 31 December		<b>52,162</b>

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Investments in subsidiaries as at 30 June 2013 and 31 December 2012 and dividend income from those investments for the six-month periods ended 30 June 2013 and 2012 were as follows:

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost - net		Dividend income	
			30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	30 June 2012
			(%)				(in thousand Baht)			
<b>Direct subsidiaries</b>										
Mega Lifesciences PTY Ltd.	Distribution	Thailand	99.99	99.99	50,000	50,000	49,996	49,996	170,088	93,000
Natural Health Foods Ltd.	Distribution	Thailand	99.99	99.99	2,000	2,000	1,996	1,996	-	-
Mega We Care Ltd.	Distribution	Thailand	99.96	99.96	170	170	170	170	-	-
<b>Total</b>							<b>52,162</b>	<b>52,162</b>	<b>170,088</b>	<b>93,000</b>
<b>Indirect subsidiaries (investments through Mega Lifesciences PTY Ltd.)</b>										
Mega Lifesciences (Australia) Pty. Limited	Manufacturing and sale	Australia	99.99	99.99	398,007	398,007	398,007	398,007	-	-
Mega Lifesciences (Vietnam) Limited	Logistic services	Vietnam	99.99	99.99	63,004	63,004	63,004	63,004	-	-
Mega Lifesciences Sdn.Bhd	Distribution and marketing	Malaysia	99.99	99.99	17,214	17,214	17,214	17,214	-	-
PT Mega Lifesciences	Distribution and marketing	Indonesia	98.99	98.99	15,163	15,163	15,012	15,012	-	-
Mega Lifesciences PTY Limited	Distribution and marketing	Cambodia	99.99	99.99	15,281	15,281	15,281	15,281	-	-
Mega Lifesciences Nigeria Limited	Distribution and marketing	Nigeria	99.99	99.99	14,885	14,885	14,885	14,885	-	-
Mega Lifesciences Ghana Limited	Distribution and marketing	Ghana	99.99	99.99	9,469	9,469	9,469	9,469	-	-
Mega Lifesciences Private Limited	Distribution	India	99.99	99.99	4,777	4,777	4,777	4,777	-	-
Mega Lifesciences Limited	Distribution and marketing	Myanmar	89.99	89.99	2,534	2,534	2,280	2,280	-	-
E-Sense Limited	Software design, development and other services	Thailand	99.96	99.96	500	500	499	499	-	-
Mega Products (Mauritius) Limited	Distribution	Mauritius	99.99	99.99	410	410	410	410	-	91,610
Mega Lifesciences Pte. Ltd.	Distribution and marketing	Singapore	99.99	99.99	156	156	156	156	-	-

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	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost - net		Dividend income	
			30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	30 June 2012
Mega Lifesciences PTY Peru S.A.C.	Distribution and marketing	Peru	99.99	99.99	100	100	99	99	-	-
Mayfield International Limited	Distribution	United Kingdom	-	99.99	-	61	-	61	-	-
<b>Total</b>							<b>541,093</b>	<b>541,154</b>	<b>-</b>	<b>91,610</b>



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**7 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the six-month periods ended 30 June 2013 and 2012 were as follows:

<i>Six-month period ended 30 June</i>	<b>Consolidated financial statements</b>			
	2013		2012	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land	-	-	46,625	-
Land improvements	17	-	-	-
Building and building improvements	127,664	-	94	-
Leasehold improvements	4,334	1,688	366	4,438
Machinery and equipment	112,710	-	42,996	-
Furniture, fixtures and office equipment	8,275	41	20,007	217
Vehicles	14,983	2	13,450	192
Assets under construction	127,347	197,745	72,096	5,878
Exchange differences	(33,289)	-	(2,650)	-
<b>Total</b>	<b>362,041</b>	<b>199,476</b>	<b>192,984</b>	<b>10,725</b>

<i>Six-month period ended 30 June</i>	<b>Separate financial statements</b>			
	2013		2012	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land improvements	17	-	-	-
Building and building improvements	126	-	-	-
Machinery and equipment	45,527	-	39,097	-
Furniture, fixtures and office equipment	975	-	737	-
Vehicles	1,050	-	69	-
Assets under construction	127,347	36,726	29,727	5,878
<b>Total</b>	<b>175,042</b>	<b>36,726</b>	<b>69,630</b>	<b>5,878</b>

**8 Deferred tax**

Deferred tax assets and liabilities as at 30 June 2013 and 31 December 2012 were as follows:

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Total	286,534	262,690	(190,854)	(170,333)
Set off of tax	(189,982)	(169,354)	189,982	169,354
<b>Net deferred tax assets (liabilities)</b>	<b>96,552</b>	<b>93,336</b>	<b>(872)</b>	<b>(979)</b>

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	Separate financial statements			
	Assets		Liabilities	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Total	17,180	13,445	(5,776)	(4,279)
Set off of tax	(5,776)	(4,279)	5,776	4,279
<b>Net deferred tax assets</b>	<b>11,404</b>	<b>9,166</b>	<b>-</b>	<b>-</b>

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2013 and 2012 were as follows:

	Consolidated financial statements			
	At 1 January 2013	(Charged) / Credited to: profit or loss	Exchange differences	At 30 June 2013
	<i>(in thousand Baht)</i>			
<b>Deferred tax assets</b>				
Accounts receivable	232,215	14,695	(26)	246,884
Inventories	1,280	512	-	1,792
Provisions	14,525	453	(325)	14,653
Loss carry forward	14,670	9,865	(1,330)	23,205
<b>Total</b>	<b>262,690</b>	<b>25,525</b>	<b>(1,681)</b>	<b>286,534</b>
<b>Deferred tax liabilities</b>				
Inventories	167,180	20,614	-	187,794
Property, plant and equipment	1,501	242	(74)	1,669
Export incentive receivable	1,652	(261)	-	1,391
<b>Total</b>	<b>170,333</b>	<b>20,595</b>	<b>(74)</b>	<b>190,854</b>
<b>Net</b>	<b>92,357</b>	<b>4,930</b>	<b>(1,607)</b>	<b>95,680</b>
<b>Consolidated financial statements</b>				
At 1 January 2012	(Charged) / Credited to: profit or loss	Exchange differences	At 30 June 2012	
<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>				
Accounts receivable	126,062	38,580	(9)	164,633
Inventories	444	148	-	592
Provisions	13,087	995	(4)	14,078
Loss carry forward	17,163	(1,169)	(27)	15,967
<b>Total</b>	<b>156,756</b>	<b>38,554</b>	<b>(40)</b>	<b>195,270</b>
<b>Deferred tax liabilities</b>				
Inventories	92,404	27,104	-	119,508
Property, plant and equipment	1,952	(827)	(29)	1,096
Export incentive receivable	949	257	-	1,206
<b>Total</b>	<b>95,305</b>	<b>26,534</b>	<b>(29)</b>	<b>121,810</b>
<b>Net</b>	<b>61,451</b>	<b>12,020</b>	<b>(11)</b>	<b>73,460</b>

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	<b>Separate financial statements</b>		
	<b>At 1 January 2013</b>	<b>(Charged) / Credited to : profit or loss <i>(in thousand Baht)</i></b>	<b>At 30 June 2013</b>
<i>Deferred tax assets</i>			
Accounts receivable	4,991	4,644	9,635
Inventories	1,077	(725)	352
Provisions	7,377	(184)	7,193
<b>Total</b>	<b>13,445</b>	<b>3,735</b>	<b>17,180</b>
<i>Deferred tax liabilities</i>			
Inventories	3,919	1,462	5,381
Export incentive receivable	360	35	395
<b>Total</b>	<b>4,279</b>	<b>1,497</b>	<b>5,776</b>
<b>Net</b>	<b>9,166</b>	<b>2,238</b>	<b>11,404</b>

	<b>Separate financial statements</b>		
	<b>At 1 January 2012</b>	<b>(Charged) / Credited to: profit or loss <i>(in thousand Baht)</i></b>	<b>At 30 June 2012</b>
<i>Deferred tax assets</i>			
Inventories	261	(133)	128
Provisions	6,303	576	6,879
<b>Total</b>	<b>6,564</b>	<b>443</b>	<b>7,007</b>
<i>Deferred tax liabilities</i>			
Export incentive receivable	240	(40)	200
<b>Total</b>	<b>240</b>	<b>(40)</b>	<b>200</b>
<b>Net</b>	<b>6,324</b>	<b>483</b>	<b>6,807</b>

**9 Trade accounts payable**

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
<i>(in thousand Baht)</i>					
Related parties	4	-	-	1,280	30,745
Other parties		896,238	768,912	101,032	141,055
<b>Total</b>		<b>896,238</b>	<b>768,912</b>	<b>102,312</b>	<b>171,800</b>

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**10 Employee benefit obligations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
<b>Statement of financial position obligations for:</b>				
Post-employment benefits	74,206	68,570	40,235	36,885
<b>Total</b>	<b>74,206</b>	<b>68,570</b>	<b>40,235</b>	<b>36,885</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Three-month period ended 30 June</b>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	4,085	1,801	1,675	1,441
Exchange differences	(557)	70	-	-
<b>Total</b>	<b>3,528</b>	<b>1,871</b>	<b>1,675</b>	<b>1,441</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Six-month period ended 30 June</b>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	6,726	5,463	3,350	2,882
Exchange differences	(1,090)	(30)	-	-
<b>Total</b>	<b>5,636</b>	<b>5,433</b>	<b>3,350</b>	<b>2,882</b>

**Retirement benefit**

The Group operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligations was determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	74,206	68,570	40,235	36,885
<b>Statement of financial position obligations</b>	<b>74,206</b>	<b>68,570</b>	<b>40,235</b>	<b>36,885</b>

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Movement in the present value of the defined benefit obligations:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Six-month period ended 30 June</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	68,570	64,913	36,885	31,513
Benefits paid by the plan	-	(274)	-	-
Current service costs and interest	6,726	5,463	3,350	1,441
Exchange differences	(1,090)	(30)	-	-
<b>Defined benefit obligations at 30 June</b>	<b>74,206</b>	<b>70,072</b>	<b>40,235</b>	<b>32,954</b>

Expense recognised in profit or loss:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 June</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current service costs	3,586	1,381	1,314	1,135
Interest on obligation	499	420	361	306
Exchange differences	(557)	70	-	-
<b>Total</b>	<b>3,528</b>	<b>1,871</b>	<b>1,675</b>	<b>1,441</b>
<i>Six-month period ended 30 June</i>				
Current service costs	5,728	4,623	2,628	2,267
Interest on obligation	998	840	722	615
Exchange differences	(1,090)	(30)	-	-
<b>Total</b>	<b>5,636</b>	<b>5,433</b>	<b>3,350</b>	<b>2,882</b>

The expense is recognised in the following line items in the statement of comprehensive income:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 June</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cost of sales	1,984	1,255	1,024	872
Selling expenses	406	374	-	-
Administrative expenses	1,695	172	651	569
Exchange differences	(557)	70	-	-
<b>Total</b>	<b>3,528</b>	<b>1,871</b>	<b>1,675</b>	<b>1,441</b>
<i>Six-month period ended 30 June</i>				
Cost of sales	2,660	2,516	2,049	1,744
Selling expenses	821	713	-	-
Administrative expenses	3,245	2,234	1,301	1,138
Exchange differences	(1,090)	(30)	-	-
<b>Total</b>	<b>5,636</b>	<b>5,433</b>	<b>3,350</b>	<b>2,882</b>



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*Information about reportable segments:*

<i>Three-month period ended 30 June</i>	<b>Brand</b>		<b>Distribution</b>		<b>OEM</b>		<b>Total</b>	
	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>							
External revenue	920,986	657,160	727,051	619,670	115,970	129,678	1,764,007	1,406,508
Inter-segment revenue	(31,769)	(28,336)	31,769	28,336	-	-	-	-
Other income	955	5,945	275	(1,050)	159	195	1,389	5,090
Total segment revenue	<b>890,172</b>	<b>634,769</b>	<b>759,095</b>	<b>646,956</b>	<b>116,129</b>	<b>129,873</b>	<b>1,765,396</b>	<b>1,411,598</b>
Segment profit before income tax	<b>187,048</b>	<b>121,815</b>	<b>80,951</b>	<b>52,127</b>	<b>14,582</b>	<b>27,055</b>	<b>282,581</b>	<b>200,997</b>
<i>Six-month period ended 30 June</i>	<b>Brand</b>		<b>Distribution</b>		<b>OEM</b>		<b>Total</b>	
	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>							
External revenue	1,644,433	1,272,415	1,419,704	1,212,603	229,331	237,165	3,293,468	2,722,183
Inter-segment revenue	(58,369)	(51,605)	58,369	51,605	-	-	-	-
Other income	4,624	9,922	1,939	(286)	279	358	6,842	9,994
Total segment revenue	<b>1,590,688</b>	<b>1,230,732</b>	<b>1,480,012</b>	<b>1,263,922</b>	<b>229,610</b>	<b>237,523</b>	<b>3,300,310</b>	<b>2,732,177</b>
Segment profit before income tax	<b>295,746</b>	<b>247,443</b>	<b>131,659</b>	<b>170,118</b>	<b>20,021</b>	<b>37,022</b>	<b>447,426</b>	<b>454,583</b>
Segment assets as at 30 June / 31 December	<b>1,739,265</b>	<b>2,176,264</b>	<b>1,360,147</b>	<b>1,605,201</b>	<b>198,493</b>	<b>432,253</b>	<b>3,297,905</b>	<b>4,213,718</b>

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*Reconciliation of reportable segment profit or loss and assets*

*Three-month period ended 30 June*

2013                      2012  
*(in thousand Baht)*

**Profit or loss**

Total profit for reportable segments	<u>282,581</u>	<u>200,997</u>
Unallocated amounts:		
Other corporate expenses	(29,867)	(27,172)
Depreciation and amortisation	(23,067)	(18,799)
Finance costs	(7,594)	(6,166)
Interest income	108	608
Other income	3,235	1,860
Income tax expenses	<u>(44,734)</u>	<u>(27,869)</u>
<b>Consolidated profit</b>	<b><u>180,662</u></b>	<b><u>123,459</u></b>

*Six-month period ended 30 June*

2013                      2012  
*(in thousand Baht)*

**Profit or loss**

Total profit for reportable segments	<u>447,426</u>	<u>454,583</u>
Unallocated amounts:		
Other corporate expenses	(43,491)	(51,859)
Depreciation and amortisation	(47,568)	(36,531)
Finance costs	(14,951)	(11,409)
Interest income	798	1,121
Other income	7,155	5,791
Income tax expenses	<u>(54,854)</u>	<u>(57,346)</u>
<b>Consolidated profit</b>	<b><u>294,515</u></b>	<b><u>304,350</u></b>

30 June                      31 December  
2013                              2012  
*(in thousand Baht)*

**Assets**

Total assets for reportable segments	3,297,905	4,213,718
Other unallocated amounts	<u>1,585,731</u>	<u>14,874</u>
<b>Consolidated total assets</b>	<b><u>4,883,636</u></b>	<b><u>4,228,592</u></b>

As disclosed in Note 3(d), following the adoption of TFRS 8 - Operating Segments from 1 January 2013, the Group has changed its policy for reporting information on operating segments.



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**12 Income tax expense**

*Income tax recognised in profit or loss*

<i>Six-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Current tax expense		58,177	69,355	9,000	13,038
Deferred income tax	8	(3,323)	(12,009)	(2,238)	(483)
<b>Total income tax expense</b>		<b>54,854</b>	<b>57,346</b>	<b>(6,762)</b>	<b>12,555</b>

The current tax expense in the consolidated and separate statements of comprehensive income are different from the amount determined by applying the Thai corporation tax rate to the accounting profit for the period principally because:

- (a) a significant portion of the Company's profit was derived from promoted activities which are not subject to tax.
- (b) of the different treatment for accounting and taxation purposes of certain items of income / expense, in particular, dividend income from subsidiaries, allowance for doubtful debts and allowance for obsolescence.
- (c) losses suffered by certain subsidiaries cannot be set-off against the profits of other subsidiaries for tax purposes.

**13 Earnings per share**

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2013 and 2012 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the year attributable to ordinary shareholders of the Company	180,368	123,083	215,245	16,608
Number of ordinary shares outstanding	6,706	6,706	6,706	6,706
<b>Basic earnings per share (in Baht)</b>	<b>26.90</b>	<b>18.36</b>	<b>32.10</b>	<b>2.48</b>
<i>Six-month period ended 30 June</i>				
Profit for the year attributable to ordinary shareholders of the Company	293,680	303,551	253,012	130,354
Number of ordinary shares outstanding	6,706	6,706	6,706	6,706
<b>Basic earnings per share (in Baht)</b>	<b>43.80</b>	<b>45.27</b>	<b>37.73</b>	<b>19.44</b>

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**14 Dividends**

At the extraordinary general meeting of the shareholders of the Company held on 7 June 2013, the shareholders approved the appropriation of dividends of Baht 333.3 million divided into stock dividends amounting to Baht 300 million, which consisted of an increase in ordinary shares of 30 million shares with a par value of Baht 10 per share at the ratio of 1 existing share to 4.43 new ordinary shares, and cash dividends paid at Baht 4.43 per share, amounting to Baht 33.3 million. The stock dividends are recorded as reserve for stock dividends in the shareholders' equity while the cash dividends are recorded as dividends payable and are paid during July 2013.

At the annual general meeting of the shareholders of the Company held on 22 April 2013, the shareholders approved the appropriation of dividends of Baht 30 per share, amounting to Baht 201.2 million. The dividends were paid to shareholders during 2013.

At the meeting of the Board of Directors of the Company held on 27 March 2012, the directors approved the appropriation of dividends of Baht 14.6 per share, amounting to Baht 97.9 million. The dividends were paid to shareholders during 2012.

**15 Commitments and contingent liabilities with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Contracted but not provided for:				
Buildings and other constructions	91,476	82,407	91,476	75,632
<b>Total</b>	<b>91,476</b>	<b>82,407</b>	<b>91,476</b>	<b>75,632</b>
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	34,037	29,673	9,216	5,616
After one year but within five years	21,097	33,819	13,620	9,828
<b>Total</b>	<b>55,134</b>	<b>63,492</b>	<b>22,836</b>	<b>15,444</b>
<b><i>Other commitments</i></b>				
Purchase orders for goods and supplies	52,779	106,537	52,779	106,537
Bank guarantees	83,088	74,420	83,088	74,420
<b>Total</b>	<b>135,867</b>	<b>180,957</b>	<b>135,867</b>	<b>180,957</b>

***Operating lease agreements***

The Group has various operating lease agreements for office and warehouse rental. The period of agreements is variable from 1-5 years.

***Distribution and service agreements***

The Group has entered into usually exclusive distribution and service agreements with third parties in various countries. The compensation for the distributors is variable and depends on the volume of business carried out. The compensation accruing to the Group is usually fixed and revised

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periodically. The agreements can usually be terminated within a year without the Group incurring significant obligations.

*Contingent liabilities*

As at 30 June 2013, the Company had contingent liabilities with financial institutions to guarantee the Company's subsidiaries in respect of line of credit use for amounts up to Baht 722.50 million and U.S. Dollars 14 million (*31 December 2012: Baht 518 million and U.S. Dollars 4 million*).

**16 Events after the reporting period**

At the Extraordinary General Meeting of Shareholders No.2/2013 held on 7 June 2013, the shareholders passed a resolution to approve the follows;

- A) Approved to increase and allocate the authorised shares to 30,067,480 shares with a par value of Baht 10 per share to existing shareholders, pursuant to the issuance of stock dividends of 30,000,000 shares and the issuance of ordinary shares to the existing shareholders of 67,480 shares.
- B) Approved to decrease the par value of the ordinary shares from Baht 10 per share to Baht 0.50 per share which resulted to the increase in ordinary shares from 36,773,099 shares to 735,461,980 shares.
- C) Approved the issuance and offering of warrants in total of 8,652,494 units to the Company's employees based upon the contemplated conditions.
- D) Approved to increase newly authorised ordinary shares of 129,787,408 shares with a par value of Baht 0.50 per share to the public (Initial Public Offering).
- E) Approved to increase newly authorised ordinary shares of 8,652,494 shares with a par value of Baht 0.50 per share to reserve for warrants to certain employees embodying the right to purchase shares of the Company.

The Company registered the increase in shares with the Department of Business Development, the Ministry of Commerce on 17 July 2013, and the total authorised capital is Baht 436,950,941 comprising of 873,901,882 shares with a par value of Baht 0.50 per share.

At the board of directors meeting No.2/2013 held on 22 May 2013, the board approved a plan to make cash dividend payment to the Company's shareholders totaling Baht 565,498,096, provided that the cash dividend shall be payable only upon;

- (i) The successful obtaining of the approval from the Securities Exchange Commission for the initial public offering ("IPO") of shares.
- (ii) The approval of the payment of such cash dividend by the Board of Directors.

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**Finalisation of the transfer of assets related to the Brand purchase agreement**

On 12 December 2012, the Company entered into various agreements with DHG Pharmaceutical Joint Stock Company of Vietnam to purchase the trademarks, intellectual property rights and regulatory documentation related to products produced and sold under the Eugica brand in Vietnam for a consideration of USD 6 million. The acquired assets were transferred to the Company on 9 July 2013.

**17 Thai Financial Reporting Standards (TFRS) not yet adopted**

The Group has not adopted the TFRS and interpretations that have been issued as of the reporting date but are not yet effective. Those TFRS and interpretations will become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

<b>TFRS</b>	<b>Topic</b>	<b>Year effective</b>
TFRS 4	Insurance Contracts	2016
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TSIC 29	Service Concession Arrangements - Disclosure	2014

Management expects to adopt and apply these new TFRS and interpretations in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new TFRS and interpretations and expects that there will be no material impact on the financial statements in the period of initial application.