

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

Interim financial statements
for the three-month period ended
31 March 2014

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 31 March 2014; the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2014; 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".

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
12 May 2014

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2014 (Unaudited)	31 December 2013	31 March 2014 (Unaudited)	31 December 2013
<i>(in thousand Baht)</i>					
Assets					
Current assets					
Cash and cash equivalents		1,584,230	1,540,309	1,105,285	1,119,123
Trade accounts receivable	3, 4	1,576,276	1,724,243	791,917	529,762
Short-term loan to related parties	3	-	-	620,000	400,000
Other receivables	3	316,079	174,012	74,815	56,193
Inventories		1,915,111	1,684,925	525,324	503,241
Advances to suppliers and distributors		105,605	101,804	37,054	29,956
Total current assets		5,497,301	5,225,293	3,154,395	2,638,275
Non-current assets					
Investments in subsidiaries	5	-	-	52,162	52,162
Restricted deposits at financial institutions		10,430	10,626	-	196
Property, plant and equipment	6	1,002,486	969,507	626,538	606,630
Intangible assets		217,469	213,016	188,542	188,751
Deferred tax assets	7	96,605	79,248	18,670	17,987
Other non-current assets		50,020	38,163	39,200	27,440
Total non-current assets		1,377,010	1,310,560	925,112	893,166
Total assets		6,874,311	6,535,853	4,079,507	3,531,441

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

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2014 (Unaudited)	31 December 2013	31 March 2014 (Unaudited)	31 December 2013
<i>(in thousand Baht)</i>					
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions		760,539	709,425	533,692	349,466
Trade accounts payable	3, 8	1,452,560	1,144,738	154,492	148,152
Other payables	4	131,633	201,759	20,529	42,397
Short-term loan from and interest payable to related parties	3	-	-	2,613	2,603
Current portion of long-term loans from financial institutions		74,181	75,019	43,529	44,020
Current portion of finance lease liabilities		261	247	69	47
Income tax payable		64,931	52,884	13,009	7,057
Accrued expenses		356,779	363,335	82,931	78,963
Total current liabilities		2,840,884	2,547,407	850,864	672,705
Non-current liabilities					
Long-term loans from financial institutions		190,888	211,799	119,313	131,666
Finance lease liabilities		323	435	126	196
Deferred tax liabilities	7	2,162	2,960	-	-
Employee benefit obligations		83,361	78,586	50,121	43,520
Other non-current liabilities		2,790	2,093	-	-
Total non-current liabilities		279,524	295,873	169,560	175,382
Total liabilities		3,120,408	2,843,280	1,020,424	848,087

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

Mega Lifesciences Public Company Limited and its Subsidiaries

Statement of financial position

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
	<i>(in thousand Baht)</i>			
Liabilities and equity				
Equity				
Share capital:				
Authorised share capital	436,951	436,951	436,951	436,951
Issued and paid-up share capital	432,624	432,624	432,624	432,624
Additional paid in capital:				
Premium on ordinary shares	2,138,104	2,138,104	2,138,104	2,138,104
Retained earnings				
Appropriated				
Legal reserve	49,088	49,088	43,695	43,695
Unappropriated	1,268,460	1,212,726	444,660	68,931
Other components of equity	-134,350	-139,981	-	-
Equity attributable to owners of the Company	3,753,926	3,692,561	3,059,083	2,683,354
Non-controlling interests	(23)	12	-	-
Total equity	3,753,903	3,692,573	3,059,083	2,683,354
Total liabilities and equity	6,874,311	6,535,853	4,079,507	3,531,441

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		Three month period ended	
		31 March		31 March	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
Income					
Revenue from sale of goods and rendering of services	9	1,705,251	1,529,461	522,577	380,269
Investment income		-	-	303,373	-
Net foreign exchange gain		-	-	-	9,611
Other income		4,496	9,371	2,383	3,253
Total income		1,709,747	1,538,832	828,333	393,133
Expenses					
Cost of sales of goods and rendering of services		1,041,978	886,022	324,603	257,057
Selling expenses		355,294	296,146	60,290	27,785
Administrative expenses		231,397	222,753	56,530	63,902
Net foreign exchange loss		20,100	3,271	1,564	-
Finance costs		270	6,667	-	4,366
Total expenses		1,649,039	1,414,859	442,987	353,110
Profit before income tax expense		60,708	123,973	385,346	40,023
Income tax expense	10	-4,167	-10,120	-5,317	-2,256
Profit for the period		56,541	113,853	380,029	37,767
Other comprehensive income					
Defined benefit plan actuarial losses		-822	-	-4,300	-
Foreign currency translation differences for foreign operations		5,633	-64,957	-	-
Other comprehensive income for the period		4,811	-64,957	-4,300	-
Total comprehensive income for the period		61,352	48,896	375,729	37,767
Profit attributable to:					
Owners of the Company		56,578	113,312	380,029	37,767
Non-controlling interests		(37)	541	-	-
Profit for the period		56,541	113,853	380,029	37,767
Total comprehensive income attributable to:					
Owners of the Company		61,387	51,380	375,729	37,767
Non-controlling interest		(35)	-2,484	-	-
Total comprehensive income for the period		61,352	48,896	375,729	37,767
Basic and diluted earnings per share (in Baht)	11	0.07	0.16	0.44	0.05

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)

	Consolidated financial statements							Total equity
	Retained earnings			Other component of equity		Equity attributable to owners of the Company	Non-controlling interests	
	Issued and paid-up share capital	Legal reserve	Unappropriated	Currency translation differences	Total other components of equity			
Three month period ended 31 March 2013	<i>(in thousand Baht)</i>							
Balance at 1 January 2013	67,056	13,114	1,743,899	(137,055)	(137,055)	1,687,014	23,382	1,710,396
Comprehensive income for the period								
Profit	-	-	113,312	-	-	113,312	541	113,853
Other comprehensive income	-	-	-	(61,932)	(61,932)	(61,932)	(3,025)	(64,957)
Total comprehensive income for the period	-	-	113,312	(61,932)	(61,932)	51,380	(2,484)	48,896
Balance at 31 March 2013	67,056	13,114	1,857,211	(198,987)	(198,987)	1,738,394	20,898	1,759,292

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)

	Consolidated financial statements								
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity		Equity attributable to owners of the Company	Non-controlling interests	Total equity
			Legal reserve	Unappropriated	Currency translation differences	Total other components of equity			
<i>(in thousand Baht)</i>									
Three month period ended 31 March 2014									
Balance at 1 January 2014	432,624	2,138,104	49,088	1,212,726	(139,981)	(139,981)	3,692,561	12	3,692,573
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners of the Company</i>									
Dividends to owners of the Company	-	-	-	(22)	-	-	(22)	-	(22)
Total transactions with owners, recorded directly in equity	-	-	-	(22)	-	-	(22)	-	(22)
Comprehensive income for the period									
Profit	-	-	-	56,578	-	-	56,578	(37)	56,541
Other comprehensive income	-	-	-	(822)	5,631	5,631	4,809	2	4,811
Total comprehensive income for the period	-	-	-	55,756	5,631	5,631	61,387	(35)	61,352
Balance at 31 March 2014	432,624	2,138,104	49,088	1,268,460	(134,350)	(134,350)	3,753,926	(23)	3,753,903

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)

	Separate financial statements				Total equity
	Issued and paid-up share capital	Share premium	Retained earnings		
				Legal reserve	Unappropriated
	<i>(in thousand Baht)</i>				
Three month period ended 31 March 2013					
Balance at 1 January 2013	67,056	-	7,721	468,204	542,981
Comprehensive income for the period					
Profit	-	-	-	37,767	37,767
Total comprehensive income for the period	-	-	-	37,767	37,767
Balance at 31 March 2013	67,056	-	7,721	505,971	580,748
Three month period ended 31 March 2014					
Balance at 1 January 2014	432,624	2,138,104	43,695	68,931	2,683,354
Comprehensive income for the period					
Profit	-	-	-	380,029	380,029
Other comprehensive income	-	-	-	(4,300)	(4,300)
Total comprehensive income for the period	-	-	-	375,729	375,729
Balance at 31 March 2014	432,624	2,138,104	43,695	444,660	3,059,083

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	
	Three month period ended 31 March		Three month period ended 31 March	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	56,541	113,853	380,029	37,767
<i>Adjustments for</i>				
Depreciation	30,256	23,887	16,114	11,720
Amortisation of intangible assets	1,203	614	210	205
Allowance (reversal) for decline in value of inventories	5,737	(1,835)	3,047	(3,707)
Investment income	-	-	(303,373)	-
Finance costs	270	6,667	-	4,366
Allowance for doubtful accounts	790	123	-	-
Unrealised (gain) loss on exchange rate	13,272	(1,316)	10,984	(6,741)
Gain on disposal of property, plant and equipment	(553)	(349)	-	-
Employee benefit obligations	3,625	2,108	2,300	1,675
Income tax expense	4,167	10,120	5,317	2,256
	<u>115,308</u>	<u>153,872</u>	<u>114,628</u>	<u>47,541</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	200,150	332	-275,591	103,776
Other receivables	-139,426	-53,187	-25,437	-11,936
Inventories	-241,030	-168,188	-25,130	-72,193
Advances to suppliers and distributors	-3,802	6,601	-7,098	11,104
Restricted deposits at financial institutions	196	6,975	196	(7)
Other non-current assets	-11,222	5,889	(11,760)	-
Trade accounts payable	262,084	124,455	7,430	-3,003
Other payables	-67,233	-8,141	(12,473)	(23,520)
Accrued expenses	-10,616	24,215	4,090	12,323
Other non-current liabilities	-	-176	-	-
Employee benefit obligations paid	-	-138	-	-
Cash generated from (used in) operating activities	<u>104,409</u>	<u>92,509</u>	<u>-231,145</u>	<u>64,085</u>
Income tax paid	<u>-10,176</u>	<u>-5,279</u>	<u>-48</u>	<u>-65</u>
Net cash from (used in) operating activities	<u>94,233</u>	<u>87,230</u>	<u>-231,193</u>	<u>64,020</u>

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	
	Three month period ended 31 March		Three month period ended 31 March	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	172	690	3,261	7
Dividend received	-	-	300,000	-
Purchase of property, plant and equipment	(57,265)	(96,229)	(36,022)	(70,321)
Purchase of intangible assets	(5,344)	(7,318)	-	-
Sale of equipment	623	391	-	-
Net cash from (used in) investing activities	(61,814)	(102,466)	267,239	(70,314)
<i>Cash flows from financing activities</i>				
Finance cost	(4,995)	(7,677)	(3,200)	(4,418)
Dividends paid	(22)	-	-	-
Finance lease payments	(98)	-	(48)	(19)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	38,764	81,546	184,246	(226)
Increase in short-term loans to related parties	-	-	(220,000)	-
Proceeds from borrowings	-	14,890	-	14,890
Repayment of borrowings	(18,585)	(2,790)	(10,882)	(2,790)
Net cash from (used in) financing activities	15,064	85,969	(49,884)	7,437
Net increase (decrease) in cash and cash equivalents				
	47,483	70,733	(13,838)	1,143
Cash and cash equivalents at 1 January	1,540,309	353,786	1,119,123	3,465
Effect of exchange rate changes on balances held in foreign currency	(3,562)	-	-	-
Cash and cash equivalents at 31 March	1,584,230	424,519	1,105,285	4,608

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

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade accounts receivable
5	Investments in subsidiaries
6	Property, plant and equipment
7	Deferred tax
8	Trade accounts payable
9	Segment information
10	Income tax expense
11	Earnings per share
12	Commitments and contingent liabilities with non-related parties
13	Events after the reporting period
14	Reclassification of accounts

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 12 May 2014.

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 representative offices in Vietnam, Uganda, Ukraine and representative offices under Mega Lifesciences PTY Limited, 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 is incorporated in Thailand.

The Company was listed on the Stock Exchange of Thailand on 19 November 2013.

The principal activities of the Group are the manufacture and sale through independent distributors of health food supplements, branded prescription pharmaceutical products, over-the-counter products, herbal products, vitamins and fast moving consumer goods as well as the provision of distribution services relating to such products.

Currently, the Group is a leading distributor in developing countries with high growth trends such as Myanmar, Vietnam, and Cambodia. Details of the Company’s subsidiaries as at 31 March 2014 are given in notes 3 and 5.

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 2012) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2013. 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 2013.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2013 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2014. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

(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 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 2013.

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

Relationships with subsidiaries are described in note 5. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Unistretch Limited	Thailand	Ultimate parent of the Group
Al-Mayoni For Trading Services Ltd.	Yemen	Common shareholders
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.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
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 periods ended 31 March 2014 and 2013 with related parties were as follows:

Three-month period ended 31 March	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sale of goods and rendering of service	-	-	254,740	258,042
Purchase of goods or receiving of service	-	-	2,840	2,152
Commission expense	-	-	4,735	-
Interest expense	-	-	10	12
Interest income	-	-	2,075	-
Other income	-	-	844	127
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	17,595	16,308	4,093	2,658
Post-employment benefits	298	182	206	131
Total key management personnel compensation	17,893	16,490	4,299	2,789
Directors' remuneration	1,860	1,860	1,860	1,860
Other related parties				
Sale of goods	15,284	11,706	15,284	11,706
Purchase of goods or receiving of services	8,713	6,045	3,532	4,207

Balances as at 31 March 2014 and 31 December 2013 with related parties were as follows:

Trade accounts receivable - related parties	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	388,615	237,506
Other related parties	61,188	55,883	61,188	55,883
Total	61,188	55,883	449,803	293,389

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

<i>Other receivables - related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	11,100	10,799
Other related parties	2,977	228	2,123	228
Total	2,977	228	13,223	11,027

<i>Short-term loans to related parties</i>	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2014	2013	31	31	31	31
			March	December	March	December
			2014	2013	2014	2013
	<i>(% per annum)</i>					
	<i>(in thousand Baht)</i>					
<i>Short-term loan</i>						
Subsidiary	1.75	1.75	-	-	620,000	400,000
Short-term loan to related parties			-	-	620,000	400,000

Movements during the three-month periods ended 31 March 2014 and 2013 of loans to related parties were as follows:

<i>Short-term loans to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
<i>Three-month period ended 31 March</i>	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Subsidiary</i>				
At 1 January	-	-	400,000	-
Increase	-	-	300,000	400,000
Decrease	-	-	(80,000)	-
At 31 March	-	-	620,000	400,000

<i>Trade accounts payable - related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	4,618	13,088
Other related parties	1,373	3,821	-	-
Total	1,373	3,821	4,618	13,088

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

<i>Other payables - related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	1,525	9,813
Other related parties	344	275	-	-
Total	344	275	1,525	9,813

<i>Short-term loans from and interest payable to related parties</i>	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2014	2013	31	31	31	31
			March	December	March	December
			2014	2013	2014	2013
	<i>(% per annum)</i>					
	<i>(in thousand Baht)</i>					
<i>Short-term loan</i>						
Subsidiary	1.70	2.00	-	-	2,613	2,603
Short-term loan from related parties			-	-	2,613	2,603

Movements during the three-month periods ended 31 March 2014 and 2013 of loans from related parties were as follows:

<i>Loan from and interest payable to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
<i>Three-month period ended 31 March</i>	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Short-term loan</i>				
Subsidiary				
At 1 January	-	-	2,603	2,555
Increase	-	-	10	12
At 31 March	-	-	2,613	2,567

Significant agreements with related parties

As at 31 March 2014 the Group had the following significant agreements with related parties.

Commission agreement

The Company entered into a commission agreement with Mega Lifesciences (Australia) Pty. Limited, a subsidiary, whereas Mega Lifesciences (Australia) Pty. Limited grants the Company an exclusive right to market, sell and distribute product namely Nat-C either by itself or through third parties. The Company shall pay the commission at the rate of 15% of the sale value on a quarterly basis. This agreement is effective on 1 January 2014, and shall remain in force for one year. The agreement shall be automatically renewed after one year with such terms as the parties may agree.

Loan agreement

On 28 February 2014, the Company entered into a loan agreement with a subsidiary for an amount of Baht 300 million, with an interest rate which the Company pays to the bank in obtaining the loan and at the rate on fixed deposits in case of the Company's repayment to the bank in full. This loan is scheduled to be repaid in installments agreed to by the signing parties within 28 February 2015.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31	31	31	31
	March	December	March	December
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	832,676	982,844	213,816	119,450
Overdue:				
Less than 3 months	385,096	359,150	95,635	76,084
3 - 6 months	238,848	276,707	32,419	39,751
6 - 12 months	54,929	52,421	-	239
Over 12 months	12,020	5,146	244	849
	1,523,569	1,676,268	342,114	236,373
<i>Less allowance for doubtful accounts</i>	<i>(8,481)</i>	<i>(7,908)</i>	<i>-</i>	<i>-</i>
	1,515,088	1,668,360	342,114	236,373
Net	1,576,276	1,724,243	791,917	529,762

The normal credit term granted by the Group ranges from 30 days to 360 days.

The aging is calculated by counting the age of trade accounts receivable from the day the Group sells products and issues an invoice to the local importers or distributors. However, revenue is not recognised until such local importers or distributors complete the sale of products to the end consumers. Consequently, there is a time lag between when the aging is commenced and when the sale is recorded in sales. This results in an apparent high level of overdue trade accounts receivable.

5 Investments in subsidiaries

	Separate	
	financial statements	financial statements
	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	52,162	52,162
At 31 March	52,162	52,162
At 31 December	52,162	52,162

Additional investment in indirect subsidiaries

During February 2014, Mega Lifesciences PTY Limited (a subsidiary) made an additional investment in the same percentage of interest of the issued and paid up capital of Mega Lifesciences (Vietnam) Limited, an indirect subsidiary of the Company, of Baht 45 million in order to expand the business capacity.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

Investments in subsidiaries as at 31 March 2014 and 31 December 2013 and dividend income from those investments for the three-month periods ended 31 March 2014 and 2013 were as follows:

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income	
			31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 March 2013
			(%)				(in thousand Baht)			
Direct subsidiaries										
Mega Lifesciences PTY Limited	Branded products and distribution business	Thailand	99.99	99.99	50,000	50,000	49,996	49,996	300,000	-
Natural Health Foods Limited	Branded products business	Thailand	99.99	99.99	2,000	2,000	1,996	1,996	-	-
Mega We Care Limited	Branded products business	Thailand	99.96	99.96	170	170	170	170	-	-
Total							52,162	52,162	300,000	-
Indirect subsidiaries (investment through Mega Lifesciences PTY Limited)										
Mega Lifesciences (Australia) Pty. Limited	Branded and OEM products business	Australia	99.99	99.99	398,007	398,007	398,007	398,007	-	-
Mega Lifesciences (Vietnam) Limited	Branded products and distribution business	Vietnam	99.99	99.99	107,959	63,004	107,959	63,004	-	-
Mega Lifesciences Sdn.Bhd	Branded products business	Malaysia	99.99	99.99	17,214	17,214	17,214	17,214	-	-
PT Mega Lifesciences	Branded products business	Indonesia	98.99	98.99	15,163	15,163	15,012	15,012	-	-
Mega Lifesciences PTY Limited	Branded products and distribution business	Cambodia	99.99	99.99	15,281	15,281	15,281	15,281	-	-
Mega Lifesciences Nigeria Limited	Branded products and distribution business	Nigeria	99.99	99.99	14,885	14,885	14,885	14,885	-	-
Mega Lifesciences Ghana Limited	Branded products business	Ghana	99.99	99.99	9,469	9,469	9,469	9,469	-	-

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income	
			31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 March 2013
Mega Lifesciences Private Limited	Branded products business	India	99.99	99.99	4,777	4,777	4,777	4,777	-	-
Mega Lifesciences Limited	Distribution business	Myanmar	99.99	99.99	2,534	2,534	2,534	2,534	-	-
E-Sense Limited	Software design, development and other services business	Thailand	99.96	99.96	500	500	499	499	-	-
Mega Products (Mauritius) Limited	Distribution business	Mauritius	99.99	99.99	410	410	410	410	-	-
Mega Lifesciences Pte. Ltd.	Distribution business	Singapore	99.99	99.99	156	156	156	156	-	-
Mega Lifesciences PTY Peru S.A.C.	Branded products business	Peru	99.99	99.99	100	100	99	99	-	-
Total							586,302	541,347	-	-

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

7 Deferred tax

Deferred tax assets and liabilities as at 31 March 2014 and 31 December 2013 were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Total	313,958	288,567	(219,515)	(212,279)
Set off of tax	(217,353)	(209,319)	217,353	209,319
Net deferred tax assets (liabilities)	96,605	79,248	(2,162)	(2,960)

	Separate financial statements			
	Assets		Liabilities	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Total	26,966	28,136	(8,296)	(10,149)
Set off of tax	(8,296)	(10,149)	8,296	10,149
Net deferred tax assets	18,670	17,987	-	-

Deferred tax assets arising from accounts receivable relate to export of finished goods from the Group to other countries for which tax becomes payable upon export of the goods but for which revenue is recognised in the statement of income subsequently at the moment the goods are sold to third parties outside the Group. Deferred tax liabilities arising from inventories also relate to export of finished goods for which the cost becomes deductible for tax upon export but for which the cost of sales is recognised in the statement of income at the moment the goods subsequently are sold to third parties outside the Group.

Movements in total deferred tax assets and liabilities during the three-month periods ended 31 March 2014 and 2013 were as follows:

	Consolidated financial statements			
	At 1 January 2014	(Charged) / Credited to: profit or loss	Exchange differences	At 31 March 2014
	<i>(in thousand Baht)</i>			
Deferred tax assets				
Accounts receivables	245,138	16,482	-	261,620
Provision for employee benefits	14,989	468	96	15,553
Loss carry forward	25,826	9,054	601	35,481
Others	2,614	(1,279)	(31)	1,304
Total	288,567	24,725	666	313,958
Deferred tax liabilities				
Inventories	204,658	7,757	-	212,415
Property, plant and equipment	7,621	(654)	133	7,100
Total	212,279	7,103	133	219,515
Net	76,288	17,622	533	94,443

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

	Consolidated financial statements			
	At 1 January 2013	(Charged) / Credited to: profit or loss (in thousand Baht)	Exchange differences	At 31 March 2013
<i>Deferred tax assets</i>				
Accounts receivables	228,265	21,204	(25)	249,444
Provision for employee benefits	13,681	406	(137)	13,950
Loss carry forward	16,317	6,203	(563)	21,957
Others	1,069	(92)	-	977
Total	259,332	27,721	(725)	286,328
<i>Deferred tax liabilities</i>				
Inventories	168,006	18,702	-	186,708
Property, plant and equipment	7,171	345	(74)	7,442
Total	175,177	19,047	(74)	194,150
Net	84,155	8,674	(651)	92,178
		Separate financial statements		
	At 1 January 2014	(Charged) / Credited to : profit or loss (in thousand Baht)	At 31 March 2014	
<i>Deferred tax assets</i>				
Accounts receivables	20,224	(1,269)	18,955	
Provision for employee benefits	7,727	188	7,915	
Others	185	(89)	96	
Total	28,136	(1,170)	26,966	
<i>Deferred tax liabilities</i>				
Inventories	10,149	(1,853)	8,296	
Total	10,149	(1,853)	8,296	
Net	17,987	683	18,670	
		Separate financial statements		
	At 1 January 2013	(Charged) / Credited to : profit or loss (in thousand Baht)	At 31 March 2013	
<i>Deferred tax assets</i>				
Accounts receivable	1,564	5,958	7,522	
Provision for employee benefits	7,173	335	7,508	
Others	(149)	(206)	(355)	
Total	8,588	6,087	14,675	
<i>Deferred tax liabilities</i>				
Inventories	881	4,342	5,223	
Total	881	4,342	5,223	
Net	7,707	1,745	9,452	

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

8 Trade accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2014	31 December 2013	31 March 2014	31 December 2013
		<i>(in thousand Baht)</i>			
Related parties	3	1,373	3,821	4,618	13,088
Other parties		1,451,187	1,140,917	149,874	135,064
Total		1,452,560	1,144,738	154,492	148,152

9 Segment information

The Group comprises the following segment information:

Segment 1	Brands
Segment 2	Distribution
Segment 3	OEM (“Original Equipment Manufacture”)

“Brands” represents a business segment in which goods are manufactured and sold under brands owned by the Group.

“Distribution” represents a service business segment in which the Group provides logistical and marketing services for goods trading purpose and sale of goods manufactured by third parties.

“OEM” represents a business segment in which goods are manufactured for third parties under brands not owned by the Group.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group’s CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment charge

The distribution segment provides service to the brand segment in which the inter-segment pricing is determined on an arm’s length basis.

Segment profit before tax

The segment profit before tax is derived from reportable segment revenue minus allocated cost for each segment and inter-segment charges.

Segment assets and liabilities

Segment assets and liabilities are based on the allocation to each segment of the assets and liabilities which are used for the operations of each segment.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

Information about reportable segments:

<i>Three-month period ended 31 March</i>	Brand		Distribution		OEM		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>							
External revenue	766,975	745,064	840,746	671,036	97,530	113,361	1,705,251	1,529,461
Inter-segment revenue	(28,872)	(20,878)	28,872	20,878	-	-	-	-
Other income	2,463	3,700	902	1,632	147	120	3,512	5,452
Total segment revenue	740,566	727,886	870,520	693,546	97,677	113,481	1,708,763	1,534,913
Segment profit before income tax	79,304	104,691	53,660	56,617	7,480	5,094	140,444	166,402
Segment assets as at 31 March/ 31 December	1,716,927	1,789,003	1,774,571	1,613,685	185,288	191,879	3,676,786	3,594,567

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

Reconciliation of reportable segment profit or loss and assets

Three-month period ended 31 March

2014 2013
(in thousand Baht)

Profit or loss

Total profit for reportable segments	140,444	166,402
Unallocated amounts:		
Other corporate expenses	(48,991)	(15,180)
Depreciation and amortisation	(31,459)	(24,501)
Finance costs	(270)	(6,667)
Other income	984	3,919
Income tax expense	(4,167)	(10,120)
Consolidated profit	56,541	113,853

31 March 31 December
2014 2013
(in thousand Baht)

Assets

Total assets for reportable segments	3,676,786	3,594,567
Other unallocated amounts	3,197,525	2,941,286
Consolidated total assets	6,874,311	6,535,853

10 Income tax expense

Income tax recognised in profit or loss

<i>Three-month period ended 31 March</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
Current tax expense		22,322	18,143	6,000	4,001
Deferred income tax	7	(18,155)	(8,023)	(683)	(1,745)
Total income tax expense		4,167	10,120	5,317	2,256

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 Group'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.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

11 Earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2014 and 2013 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 31 March</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company	<u>56,578</u>	<u>113,312</u>	<u>380,029</u>	<u>37,767</u>
Number of ordinary shares outstanding at 1 January	865,249	6,706	865,249	6,706
Effect of stock dividends for the existing shares	-	29,701	-	29,701
Effect of share split on the existing shares	<u>-</u>	<u>691,727</u>	<u>-</u>	<u>691,727</u>
Weighted average number of ordinary shares outstanding	<u>865,249</u>	<u>728,134</u>	<u>865,249</u>	<u>728,134</u>
Basic and diluted earnings per share (in Baht)	<u>0.07</u>	<u>0.16</u>	<u>0.44</u>	<u>0.05</u>

12 Commitments and contingent liabilities with non-related parties

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Capital commitments				
Contracted but not provided for:				
Land	158,856	129,360	117,600	129,360
Buildings and other constructions	56,198	53,210	55,264	53,210
Software	7,398	-	-	-
Total	<u>222,452</u>	<u>182,570</u>	<u>172,864</u>	<u>182,570</u>
Non-cancellable operating lease commitments				
Within one year	23,751	27,385	9,216	9,216
After one year but within five years	11,819	14,552	6,708	9,012
Total	<u>35,570</u>	<u>41,937</u>	<u>15,924</u>	<u>18,228</u>
Other commitments				
Purchase orders for goods and supplies	117,507	155,172	117,507	155,172
Bank guarantees	154,127	155,993	154,127	155,993
Total	<u>271,634</u>	<u>311,165</u>	<u>271,634</u>	<u>311,165</u>

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.

Mega Lifesciences Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2014 (Unaudited)

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

Contingent liabilities

As at 31 March 2014, 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 990 million and U.S. Dollars 13 million (31 December 2013: Baht 990 million and U.S. Dollars 13 million).

13 Events after the reporting period

At the Annual General Meeting of the shareholders of the Company held on 11 April 2014, the shareholders approved the appropriation of dividends of Baht 0.18 per share, amounting to Baht 156 million. The dividends were paid to shareholders during May 2014.

14 Reclassification of accounts

Certain accounts in the statements of comprehensive income for the three-month period ended 31 March 2013, which are included in the 2014 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2014 interim financial statements.

	2013					
	Consolidated			Separate		
	financial statements			financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
<i>Statement of financial comprehensive income</i>						
Selling expenses	(279,466)	(16,680)	(296,146)	-	-	-
Administrative expenses	(239,433)	16,680	(222,753)	-	-	-
Investment income	690	(690)	-	7	(7)	-
Finance costs	(7,357)	690	(6,667)	(4,373)	7	(4,366)
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.