

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

Financial statements for the year ended  
31 December 2014  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

### **To the Shareholders of Mega Lifesciences Public Company Limited**

I have audited the accompanying consolidated and separate financial statements of Mega Lifesciences Public Company Limited and its subsidiaries (the "Group"), and of Mega Lifesciences Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Wilai Buranakittisophon)  
Certified Public Accountant  
Registration No. 3920

KPMG Phoomchai Audit Ltd.  
Bangkok  
24 February 2015



## Mega Lifesciences Public Company Limited and its Subsidiaries

### Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
<i>(in thousand Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	5	340,634	1,540,309	95,521	1,119,123
Current investments	6	433,832	-	432,775	-
Trade accounts receivable	4, 7	2,116,051	1,747,374	1,173,501	529,762
Other receivables	4, 8	181,595	165,910	92,733	56,193
Short-term loan to related party	4	-	-	30,000	400,000
Inventories	9	1,649,471	1,684,925	438,213	503,241
Advances to suppliers and distributors		119,254	101,804	40,095	29,956
<b>Total current assets</b>		<b>4,840,837</b>	<b>5,240,322</b>	<b>2,302,838</b>	<b>2,638,275</b>
<b>Non-current assets</b>					
Investments in associate	10	-	-	-	-
Investments in subsidiaries	11	-	-	59,923	52,162
Restricted deposits at financial institutions	15	-	10,626	-	196
Other long-term investments	6	506,539	-	506,539	-
Property, plant and equipment	12	980,141	969,507	620,959	606,630
Intangible assets	13	230,211	213,016	187,912	188,752
Deferred tax assets	14	93,416	79,248	21,302	17,987
Other non-current assets		71,295	38,164	62,720	27,440
<b>Total non-current assets</b>		<b>1,881,602</b>	<b>1,310,561</b>	<b>1,459,355</b>	<b>893,167</b>
<b>Total assets</b>		<b>6,722,439</b>	<b>6,550,883</b>	<b>3,762,193</b>	<b>3,531,442</b>

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

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	15	354,188	709,425	262,865	349,466
Trade accounts payable	4, 16	1,403,926	1,167,869	154,488	148,152
Other payables	4, 17	265,396	193,657	12,089	42,397
Short-term loan from and interest payable to related party	4, 15	-	-	2,543	2,603
Current portion of long-term loans from financial institutions	15	75,392	75,019	44,239	44,020
Current portion of finance lease liabilities	15	198	247	75	48
Income tax payable		55,497	52,884	13,720	7,057
Accrued expenses		356,829	363,335	50,901	78,962
<b>Total current liabilities</b>		<b>2,511,426</b>	<b>2,562,436</b>	<b>540,920</b>	<b>672,705</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	15	137,173	211,799	87,795	131,666
Finance lease liabilities	15	185	435	69	196
Deferred tax liabilities	14	2,877	2,960	-	-
Employee benefit obligation	18	90,111	78,586	56,783	43,520
Other non-current liabilities		2,405	2,093	-	-
<b>Total non-current liabilities</b>		<b>232,751</b>	<b>295,873</b>	<b>144,647</b>	<b>175,382</b>
<b>Total liabilities</b>		<b>2,744,177</b>	<b>2,858,309</b>	<b>685,567</b>	<b>848,087</b>
<b>Equity</b>					
Share capital:	19				
Authorised share capital		436,951	436,951	436,951	436,951
Issued and paid-up share capital		432,625	432,625	432,625	432,625
Additional paid in capital:					
Premium on ordinary shares	19	2,138,104	2,138,104	2,138,104	2,138,104
Warrants	20	8,431	-	8,431	-
Retained earnings					
Appropriated					
Legal reserve	21	49,088	49,088	43,695	43,695
Corporate social responsibility reserve	21	10,000	-	10,000	-
Unappropriated		1,507,232	1,212,726	443,771	68,931
Other components of equity	21	(167,200)	(139,981)	-	-
<b>Equity attributable to owners of the Company</b>		<b>3,978,280</b>	<b>3,692,562</b>	<b>3,076,626</b>	<b>2,683,355</b>
Non-controlling interests		(18)	12	-	-
<b>Total equity</b>		<b>3,978,262</b>	<b>3,692,574</b>	<b>3,076,626</b>	<b>2,683,355</b>
<b>Total liabilities and equity</b>		<b>6,722,439</b>	<b>6,550,883</b>	<b>3,762,193</b>	<b>3,531,442</b>

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

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

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
<b>Income</b>					
Revenue from sales of goods and rendering of services	22, 27	7,730,049	7,033,531	2,262,166	1,730,578
Investment income	11	17,416	3,024	321,839	654,453
Net foreign exchange gain		-	38,834	6,673	13,863
Other income		20,447	23,138	8,002	11,197
<b>Total income</b>		<b>7,767,912</b>	<b>7,098,527</b>	<b>2,598,680</b>	<b>2,410,091</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services	9, 22, 24	4,613,262	4,074,094	1,429,865	1,132,952
Selling expenses	24	1,530,857	1,372,618	263,425	230,319
Administrative expenses	24	952,115	863,141	243,488	233,087
Net foreign exchange loss		16,407	-	-	-
Finance costs	25	17,134	31,253	11,317	20,499
<b>Total expenses</b>		<b>7,129,775</b>	<b>6,341,106</b>	<b>1,948,095</b>	<b>1,616,857</b>
<b>Profit before income tax expense</b>		<b>638,137</b>	<b>757,421</b>	<b>650,585</b>	<b>793,234</b>
Income tax expense	26	(90,289)	(133,394)	(18,916)	(8,728)
<b>Profit for the year</b>	22	<b>547,848</b>	<b>624,027</b>	<b>631,669</b>	<b>784,506</b>
<b>Other comprehensive income</b>					
Defined benefit plan actuarial losses	18	(823)	-	(4,300)	-
Foreign currency translation differences for foreign operations		(27,217)	2,330	-	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>(28,040)</b>	<b>2,330</b>	<b>(4,300)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>519,808</b>	<b>626,357</b>	<b>627,369</b>	<b>784,506</b>
<b>Profit attributable to:</b>					
Owners of the Company		547,880	624,016	631,669	784,506
Non-controlling interests		(32)	11	-	-
<b>Profit for the year</b>		<b>547,848</b>	<b>624,027</b>	<b>631,669</b>	<b>784,506</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		519,838	628,655	627,369	784,506
Non-controlling interest		(30)	(2,298)	-	-
<b>Total comprehensive income for the year</b>		<b>519,808</b>	<b>626,357</b>	<b>627,369</b>	<b>784,506</b>
<b>Basic and diluted earnings per share (Baht)</b>	28	<b>0.63</b>	<b>0.84</b>	<b>0.73</b>	<b>1.05</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

	Consolidated financial statements									
	Note	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>										
<b>Year ended 31 December 2013</b>										
<b>Balance at 1 January 2013</b>		<b>67,056</b>	<b>-</b>	<b>13,114</b>	<b>1,743,900</b>	<b>(137,056)</b>	<b>(137,056)</b>	<b>1,687,014</b>	<b>23,382</b>	<b>1,710,396</b>
<b>Transactions with owners, recorded directly in equity</b>										
<i>Contributions by and distributions to owners of the Company</i>										
Issue of ordinary shares	19	65,569	2,206,386	-	-	-	-	2,271,955	-	2,271,955
Transaction costs from issue of shares	19	-	(68,282)	-	-	-	-	(68,282)	-	(68,282)
Issue of ordinary shares for stock dividends	19, 29	300,000	-	-	(300,000)	-	-	-	-	-
Dividends to owners of the Company	29	-	-	-	(847,852)	-	-	(847,852)	-	(847,852)
<b>Total contributions by and distributions to owners of the Company</b>		<b>365,569</b>	<b>2,138,104</b>	<b>-</b>	<b>(1,147,852)</b>	<b>-</b>	<b>-</b>	<b>1,355,821</b>	<b>-</b>	<b>1,355,821</b>
<i>Changes in ownership interests in subsidiaries</i>										
Acquisition of non-controlling interests without a change in control	11	-	-	-	28,636	(7,564)	(7,564)	21,072	(21,072)	-
<b>Total changes in ownership interests in subsidiaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>28,636</b>	<b>(7,564)</b>	<b>(7,564)</b>	<b>21,072</b>	<b>(21,072)</b>	<b>-</b>
<b>Total transactions with owners, recorded directly in equity</b>		<b>365,569</b>	<b>2,138,104</b>	<b>-</b>	<b>(1,119,216)</b>	<b>(7,564)</b>	<b>(7,564)</b>	<b>1,376,893</b>	<b>(21,072)</b>	<b>1,355,821</b>
<b>Comprehensive income for the year</b>										
Profit		-	-	-	624,016	-	-	624,016	11	624,027
Other comprehensive income		-	-	-	-	4,639	4,639	4,639	(2,309)	2,330
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>624,016</b>	<b>4,639</b>	<b>4,639</b>	<b>628,655</b>	<b>(2,298)</b>	<b>626,357</b>
Transfer to legal reserve	21	-	-	35,974	(35,974)	-	-	-	-	-
<b>Balance at 31 December 2013</b>		<b>432,625</b>	<b>2,138,104</b>	<b>49,088</b>	<b>1,212,726</b>	<b>(139,981)</b>	<b>(139,981)</b>	<b>3,692,562</b>	<b>12</b>	<b>3,692,574</b>



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

<b>Consolidated financial statements</b>												
Retained earnings												
Other component of equity												
Note	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Corporate Social Responsibility Reserve	Unappropriated	Currency translation differences	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity	
												<i>(in thousand Baht)</i>
<b>Year ended 31 December 2014</b>												
	<b>432,625</b>	<b>2,138,104</b>	-	<b>49,088</b>	-	<b>1,212,726</b>	<b>(139,981)</b>	<b>(139,981)</b>	<b>3,692,562</b>	<b>12</b>	<b>3,692,574</b>	
<b>Balance at 1 January 2014</b>												
<b>Transactions with owners, recorded directly in equity</b>												
<i>Contributions by and distributions to owners of the Company</i>												
	-	-	8,431	-	-	-	-	-	8,431	-	8,431	
Share-based payment transactions	20											
Dividends to owners of the Company	29					(242,551)	-	-	(242,551)	-	(242,551)	
<b>Total transactions with owners, recorded directly in equity</b>			<b>8,431</b>	<b>-</b>	<b>-</b>	<b>(242,551)</b>	<b>-</b>	<b>-</b>	<b>(234,120)</b>	<b>-</b>	<b>(234,120)</b>	
<b>Comprehensive income for the year</b>												
Profit		-	-	-	-	547,880	-	-	547,880	(32)	547,848	
Other comprehensive income		-	-	-	-	(823)	(27,219)	(27,219)	(28,042)	2	(28,040)	
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>547,057</b>	<b>(27,219)</b>	<b>(27,219)</b>	<b>519,838</b>	<b>(30)</b>	<b>519,808</b>	
Transfer to Corporate Social Responsibility Reserve	21	-	-	-	10,000	(10,000)	-	-	-	-	-	
<b>Balance at 31 December 2014</b>		<b>432,625</b>	<b>2,138,104</b>	<b>8,431</b>	<b>49,088</b>	<b>10,000</b>	<b>1,507,232</b>	<b>(167,200)</b>	<b>(167,200)</b>	<b>3,978,280</b>	<b>(18)</b>	<b>3,978,262</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

	Note	Issued and paid-up share capital	Share premium	Separate financial statements		Total equity
				Legal reserve	Unappropriated	
				Retained earnings		
<i>(in thousand Baht)</i>						
<b>Year ended 31 December 2013</b>						
<b>Balance at 1 January 2013</b>		<b>67,056</b>	<b>-</b>	<b>7,721</b>	<b>468,204</b>	<b>542,981</b>
<b>Transactions with owners, recorded directly in equity</b>						
Issue of ordinary shares	19	65,569	2,206,386	-	-	2,271,955
Transaction costs from issue of shares	19	-	(68,282)	-	-	(68,282)
Issue of ordinary shares for stock dividends	19, 29	300,000	-	-	(300,000)	-
Dividends to owners of the Company	29	-	-	-	(847,805)	(847,805)
<b>Total transactions with owners, recorded directly in equity</b>		<b>365,569</b>	<b>2,138,104</b>	<b>-</b>	<b>(1,147,805)</b>	<b>1,355,868</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	784,506	784,506
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>784,506</b>	<b>784,506</b>
Transfer to legal reserve	21	-	-	35,974	(35,974)	-
<b>Balance at 31 December 2013</b>		<b>432,625</b>	<b>2,138,104</b>	<b>43,695</b>	<b>68,931</b>	<b>2,683,355</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

	Note	Separate financial statements						Total equity
		Issued and paid-up share capital	Share premium	Warrants	Retained earnings		Unappropriated	
					Legal reserve	Corporate Social Responsibility Reserve		
<i>(in thousand Baht)</i>								
<b>Year ended 31 December 2014</b>								
<b>Balance at 1 January 2014</b>		<b>432,625</b>	<b>2,138,104</b>	-	<b>43,695</b>	-	<b>68,931</b>	<b>2,683,355</b>
<b>Transactions with owners, recorded directly in equity</b>								
Share-based payment transactions	20	-	-	8,431	-	-	-	8,431
Dividends to owners of the Company	29	-	-	-	-	-	(242,529)	(242,529)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>8,431</b>	<b>-</b>	<b>-</b>	<b>(242,529)</b>	<b>(234,098)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	-	-	631,669	631,669
Other comprehensive income		-	-	-	-	-	(4,300)	(4,300)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>627,369</b>	<b>627,369</b>
Transfer to corporate social responsibility reserve	21	-	-	-	-	10,000	(10,000)	-
<b>Balance at 31 December 2014</b>		<b>432,625</b>	<b>2,138,104</b>	<b>8,431</b>	<b>43,695</b>	<b>10,000</b>	<b>443,771</b>	<b>3,076,626</b>

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

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Statement of cash flows

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	547,848	624,027	631,669	784,506
<b><i>Adjustments for</i></b>				
Depreciation and amortisation	131,432	98,886	65,857	45,678
Allowance (reversal) for decline in value of inventories	5,170	(830)	2,923	(2,449)
Investment income	(17,416)	(3,024)	(321,839)	(654,454)
Finance costs	17,134	31,253	11,317	20,499
Allowance for doubtful accounts	1,887	1,090	-	-
Unrealised (gain) loss on exchange rate	46,804	(40,222)	7,470	(7,064)
Gain on disposal of property, plant and equipment	(1,850)	(2,022)	-	(467)
Employee benefit obligations	11,948	11,004	9,201	6,701
Employee stock option	8,431	-	835	-
Income tax expense	90,289	133,394	18,916	8,728
	<u>841,677</u>	<u>853,556</u>	<u>426,349</u>	<u>201,678</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(453,357)	(329,989)	(656,304)	(2,032)
Other receivables	(6,909)	(40,332)	(43,244)	(44,029)
Inventories	19,726	(225,271)	62,104	(161,148)
Advances to suppliers and distributors	(18,458)	(29,381)	(11,143)	(5,664)
Restricted deposits at financial institutions	10,626	7,472	196	(7)
Other non-current assets	2,460	8,641	-	-
Trade accounts payable	260,471	346,991	4,227	(24,840)
Other payables	73,724	(17,033)	(20,300)	(5,721)
Accrued expenses	(3,996)	53,287	(28,061)	48,152
Employee benefit obligations paid	(490)	(112)	(238)	(66)
<b>Cash generated from (used in) operating activities</b>	<b>725,474</b>	<b>627,829</b>	<b>(266,414)</b>	<b>6,323</b>
Income taxes paid	(111,257)	(162,062)	(15,567)	(22,313)
<b>Net cash from (used in) operating activities</b>	<b>614,217</b>	<b>465,767</b>	<b>(281,981)</b>	<b>(15,990)</b>

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

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Statement of cash flows

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Interest received		14,033	3,350	18,344	1,777
Dividend received		-	-	300,000	649,053
Purchase of property, plant and equipment		(159,892)	(352,001)	(79,346)	(256,657)
Investment in subsidiary		-	-	(165)	-
Short-term loan to related parties		-	-	(300,000)	(400,000)
Repayment of short-term loan to related parties		-	-	670,000	-
Prepayment for land		(35,280)	(27,440)	(35,280)	(27,440)
Purchase of intangible assets		(23,500)	(22,525)	-	(135)
Sale of property, plant and equipment		2,210	2,368	-	467
Purchase of current investments		(433,832)	-	(432,775)	-
Purchase of long-term investments		(506,539)	-	(506,539)	-
<b>Net cash used in investing activities</b>		<b>(1,142,800)</b>	<b>(396,248)</b>	<b>(365,761)</b>	<b>(32,935)</b>
<b><i>Cash flows from financing activities</i></b>					
Finance costs paid		(17,313)	(35,065)	(11,550)	(20,573)
Dividends paid		(242,551)	(846,194)	(242,529)	(846,148)
Finance lease payments		(299)	(716)	(99)	(36)
Decrease in bank overdrafts and short-term loans from financial institutions		(338,032)	(71,798)	(78,030)	(45,024)
Proceeds from borrowings		-	137,862	-	137,862
Repayment of borrowings		(73,212)	(296,622)	(43,652)	(276,931)
Proceeds from issue of ordinary shares		-	2,271,954	-	2,271,954
Transaction costs from issue of shares		-	(56,521)	-	(56,521)
<b>Net cash from (used in) financing activities</b>		<b>(671,407)</b>	<b>1,102,900</b>	<b>(375,860)</b>	<b>1,164,583</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,199,990)</b>	<b>1,172,419</b>	<b>(1,023,602)</b>	<b>1,115,658</b>
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		315	14,104	-	-
<b>Cash and cash equivalents at 31 December</b>	5	<b>340,634</b>	<b>1,540,309</b>	<b>95,521</b>	<b>1,119,123</b>
<b><i>Non-cash transactions</i></b>					
Issue shares for dividends payment	19, 29	-	300,000	-	300,000

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

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

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# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and 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 24 February 2015.

### 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 Kenya 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 year was Unistretch Limited, which is incorporated in Thailand.

On 14 March 2013, the Company 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 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 associate and subsidiaries as at 31 December 2014 and 2013 are given in notes 4, 10 and 11.

### 2 Basis of preparation of the financial statements

#### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2014

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

TFRS	Topic
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 8 (revised 2012)	Operating Segments
TFRIC 10	Interim Financial Reporting and Impairment

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 33.

### (b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

### (c) *Functional and Presentation currency*

The 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 financial statements and notes to the financial statements to the nearest thousand unless otherwise stated.

### (d) *Use of estimates and judgements*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 13	Intangible assets
Note 14 and 26	Current and deferred taxation
Note 18	Measurement of defined benefit obligations
Note 20	Valuation of warrants
Note 30	Valuation of financial instruments



# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

##### *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of profit or loss and other comprehensive income of equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, the Group’s carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

## **Notes to the financial statements**

### **(b) Foreign currencies**

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions

Foreign currency differences are generally recognized in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates ruling at the dates of transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

A monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

### **(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

### **(d) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### **(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories is calculated using the weighted average cost and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

### **Notes to the financial statements**

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

#### **(f) Investments**

##### *Investments in associates and subsidiaries*

Investments in associates and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

##### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

#### **(g) Property, plant and equipment**

##### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

##### *Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10 years
Building	20 years
Building improvements	10 years
Leasehold improvements	3 - 10 years
Machinery and equipment	3 - 13 years
Furniture, fixtures and office equipment	2 - 13 years
Vehicles	4 - 10 years

No depreciation is provided on freehold land and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **(h) Intangible assets**

#### *Computer software*

Computer software that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

#### *Trademarks*

Trademarks are classified under intangible assets. Trademarks that are acquired by the Group and have indefinite useful lives are measured at cost less accumulated impairment losses. Trademarks that have indefinite useful lives are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate. Trademarks that have indefinite useful lives are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **(i) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Reversals of impairment*

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(j) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

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

### **Notes to the financial statements**

#### **(k) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

#### **(l) Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the current yield of long term government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

##### *Termination benefits*

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

##### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

## **Notes to the financial statements**

### *Share-based payments*

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

The Company recognized warrants granted to employees of subsidiaries in the separate financial statement as investment in subsidiaries.

### **(m) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **(n) Revenue**

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

### *Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

### *Investments*

Revenue from investments comprises dividend and interest income from investments and bank deposits.

### *Dividend income*

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

### *Interest income*

Interest income is recognised in profit or loss as it accrues.

### **(o) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### **(p) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

### **(q) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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.



# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

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.

### (r) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding and share options granted to employees.

### (s) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other administrative expense and income tax expense.

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

Relationships with subsidiaries and associates are described in notes 10 and 11. 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 and directors
InsurExcellence Insurance Brokers Ltd.	Thailand	Common shareholders and directors
Linaria Chemical (Thailand) Limited	Thailand	Common shareholders and directors
Mechai Pattana School	Thailand	Common Chairman
SS-KS International (Canada) Inc.	Canada	Common shareholders and directors
Rupin International (Canada) Inc.	Canada	Common shareholders and directors
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 financial statements**

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 years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of service	-	-	1,059,199	919,962
Purchase of goods or receiving of service	-	-	62,720	23,657
Commission expense	-	-	20,748	-
Interest expense	-	-	43	48
Interest income	-	-	4,826	3,210
Other income	-	-	1,254	549
Adverting expense	-	-	19,183	8,628
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	79,503	101,232	15,668	28,164
Post-employment benefits	1,227	1,241	859	840
Expense for employee stock option plan	167	-	167	-
<b>Total key management personnel Compensation</b>	<b>80,897</b>	<b>102,473</b>	<b>16,694</b>	<b>29,004</b>
<b>Directors' remuneration</b>	<b>7,440</b>	<b>7,440</b>	<b>7,440</b>	<b>7,440</b>
<b>Other related parties</b>				
Sale of goods	41,038	38,303	41,038	38,303
Purchase of goods or receiving of services	20,419	39,662	8,331	7,197
Commission income	-	1,184	-	-

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	549,563	237,506
Other related parties	62,524	55,883	62,524	55,883
<b>Total</b>	<b>62,524</b>	<b>55,883</b>	<b>612,087</b>	<b>293,389</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

<i>Other receivables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	33,932	10,799
Other related parties	450	228	-	228
<b>Total</b>	<b>450</b>	<b>228</b>	<b>33,932</b>	<b>11,027</b>

<i>Loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013	2014	2013
<i>Short-term loan</i>	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary	1.65	1.75	-	-	30,000	400,000
<b>Short-term loan to related party</b>			<b>-</b>	<b>-</b>	<b>30,000</b>	<b>400,000</b>

Movements during the years ended 31 December of loans to related parties were as follows:

<i>Subsidiary</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
At 1 January	-	-	400,000	-
Increase	-	-	300,000	400,000
Decrease	-	-	(670,000)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>400,000</b>

<i>Trade accounts payable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	21,108	13,088
Other related parties	-	3,821	-	-
<b>Total</b>	<b>-</b>	<b>3,821</b>	<b>21,108</b>	<b>13,088</b>

<i>Other payables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	-	9,813
Other related parties	481	275	-	-
<b>Total</b>	<b>481</b>	<b>275</b>	<b>-</b>	<b>9,813</b>

<i>Loan from and interest payable to related party</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013	2014	2013
<i>Short-term loan</i>	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary	1.70	2.00 - 2.35	-	-	2,543	2,603
<b>Short-term loan from related party</b>			<b>-</b>	<b>-</b>	<b>2,543</b>	<b>2,603</b>

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Notes to the financial statements

Movements during the years ended 31 December of loan from related party were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	2,603	2,555
Increase	-	-	43	48
Decrease	-	-	(103)	-
<b>At 31 December</b>	<u>-</u>	<u>-</u>	<u>2,543</u>	<u>2,603</u>

#### *Significant agreements with related parties*

As at 31 December 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.

On 4 November 2013, the Company entered into a loan agreement with a subsidiary for an amount of Baht 400 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 31 October 2014.

#### *Supply agreement*

The Company has supply agreements with Mega Lifesciences 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 shall be terminated by either party giving at least 30 days notice in writing to the other party.

## 5 Cash and cash equivalents

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cash on hand	29,262	19,210	18,539	8,466
Cash at banks - current accounts	241,147	436,670	76,982	28,345
Cash at banks - savings accounts	70,101	1,084,296	-	1,082,312
Highly liquid short-term				
Investments	124	133	-	-
<b>Total</b>	<u>340,634</u>	<u>1,540,309</u>	<u>95,521</u>	<u>1,119,123</u>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
THB (Thailand)	159,695	1,257,077	95,500	1,113,807
USD (USA)	75,999	219,204	21	5,316
MMK (Myanmar)	54,229	22,274	-	-
NGN (Nigeria)	16,284	4,587	-	-
VND (Vietnam)	13,144	18,548	-	-
Others	21,283	18,619	-	-
<b>Total</b>	<b><u>340,634</u></b>	<b><u>1,540,309</u></b>	<b><u>95,521</u></b>	<b><u>1,119,123</u></b>

**6 Other investments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b><i>Current investments</i></b>				
Short-term deposits at financial institutions	<u>433,832</u>	<u>-</u>	<u>432,775</u>	<u>-</u>
	<u>433,832</u>	<u>-</u>	<u>432,775</u>	<u>-</u>
<b><i>Other long-term investments</i></b>				
Long-term deposits at financial institutions	<u>506,539</u>	<u>-</u>	<u>506,539</u>	<u>-</u>
	<u>506,539</u>	<u>-</u>	<u>506,539</u>	<u>-</u>
<b>Total</b>	<b><u>940,371</u></b>	<b><u>-</u></b>	<b><u>939,314</u></b>	<b><u>-</u></b>

Other investments at 31 December 2014 have an annual interest rate of 3% and will mature in 11 months to 13 months.

The currency denomination of other investments as at 31 December was as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	939,314	-	939,314	-
United States Dollars (USD)	1,057	-	-	-
<b>Total</b>	<b><u>940,371</u></b>	<b><u>-</u></b>	<b><u>939,314</u></b>	<b><u>-</u></b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**7 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties	4	62,524	55,883	612,087	293,389
Other parties		2,062,844	1,699,399	561,414	236,373
<b>Total</b>		<b>2,125,368</b>	<b>1,755,282</b>	<b>1,173,501</b>	<b>529,762</b>
Less allowance for doubtful accounts		(9,317)	(7,908)	-	-
<b>Net</b>		<b>2,116,051</b>	<b>1,747,374</b>	<b>1,173,501</b>	<b>529,762</b>
Bad and doubtful debts expense for the year		<b>1,887</b>	<b>1,090</b>	-	-

Aging analyses for trade accounts receivable are as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
<b>Related parties</b>					
Within credit terms		33,314	17,650	531,189	248,152
Overdue:					
Less than 3 months		6,285	9,559	33,221	14,970
3 - 6 months		7,457	14,883	19,891	16,151
6 - 12 months		12,552	13,791	19,643	-
Over 12 months		2,916	-	8,143	14,116
		<b>62,524</b>	<b>55,883</b>	<b>612,087</b>	<b>293,389</b>
<b>Other parties</b>					
Within credit terms		1,496,552	1,005,975	388,931	119,450
Overdue:					
Less than 3 months		445,080	359,150	150,974	76,084
3 - 6 months		65,695	276,707	17,872	39,751
6 - 12 months		25,572	52,421	3,130	239
Over 12 months		29,945	5,146	507	849
		<b>2,062,844</b>	<b>1,699,399</b>	<b>561,414</b>	<b>236,373</b>
Less allowance for doubtful accounts		(9,317)	(7,908)	-	-
<b>Net</b>		<b>2,116,051</b>	<b>1,747,374</b>	<b>1,173,501</b>	<b>529,762</b>

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.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The currency denomination of trade accounts receivable as at 31 December was as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
USD (USA)	1,290,445	1,023,834	709,997	270,499
THB (Thailand)	462,112	439,086	419,131	234,466
VND (Vietnam)	109,007	94,482	-	-
MMK (Myanmar)	92,289	66,924	-	-
AUD (Australia)	55,183	44,552	26,094	8,672
NGN (Nigeria)	56,407	38,698	-	-
EUR (Euro)	18,279	8,018	18,279	8,018
Others	41,646	39,688	-	8,107
<b>Total</b>	<b><u>2,125,368</u></b>	<b><u>1,755,282</u></b>	<b><u>1,173,501</u></b>	<b><u>529,762</u></b>

**8 Other receivables**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	<b>4</b>	<b><u>450</u></b>	<b><u>228</u></b>	<b><u>33,932</u></b>	<b><u>11,027</u></b>
<b>Other parties</b>					
Advance for operating expense		7,117	40,622	6,992	184
Value added tax receivable		40,107	27,372	33,367	23,994
Prepaid expenses		41,166	33,703	5,621	5,318
Deposits		30,134	21,492	2,279	2,089
Advance to directors and employees		17,631	13,476	2,390	1,978
Export tax rebate and refundable import duty		8,561	8,309	3,020	3,749
Others		36,429	20,708	5,132	7,854
<b>Total</b>		<b><u>181,595</u></b>	<b><u>165,910</u></b>	<b><u>58,801</u></b>	<b><u>45,166</u></b>
		<b><u>181,595</u></b>	<b><u>165,910</u></b>	<b><u>92,733</u></b>	<b><u>56,193</u></b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**9 Inventories**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Finished goods	1,369,117	1,356,128	235,336	250,173
Raw materials	138,486	176,539	106,290	150,938
Work in progress	52,184	60,106	44,718	53,152
Packing materials	46,090	40,058	38,396	36,016
Spare parts and supplies	1,239	1,002	-	-
Goods in transit	53,094	56,661	19,332	15,897
	<b>1,660,210</b>	<b>1,690,494</b>	<b>444,072</b>	<b>506,176</b>
<i>Less</i> allowance decline in value	(10,739)	(5,569)	(5,859)	(2,935)
<b>Net</b>	<b>1,649,471</b>	<b>1,684,925</b>	<b>438,213</b>	<b>503,241</b>
Inventories recognised as an expense in ‘cost of sales of goods and rendering of services’:				
- Cost of sales of goods and rendering of services	4,608,092	4,074,924	1,426,941	1,135,402
- Write-down to net realisable value (reversal)	5,170	(830)	2,924	(2,450)
<b>Net total</b>	<b>4,613,262</b>	<b>4,074,094</b>	<b>1,429,865</b>	<b>1,132,952</b>



**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**10 Investments in associate**

Investments in associate as at 31 December 2014 and 2013 were as follows:

	Type of business	Country of Incorporation	Ownership interest		Paid-up capital		Cost		Equity	
			2014	2013	2014	2013	2014	2013	2014	2013
			(%)				(in thousand Baht)			
<i>Indirect associate</i>										
Mega Product (Yemen) Limited	Distribution and marketing	Yemen	48.99	48.99	2,476	2,476	1,213	1,213	-	-
<b>Total</b>							<b>1,213</b>	<b>1,213</b>	<b>-</b>	<b>-</b>

Mega Product (Yemen) Limited is not publicly listed and consequently do not have published price quotations.

As at 31 December 2014, the Group has not recognised cumulative share of losses exceeds the carrying amount of investments in associate, amounted to Baht 5.17 million (2013: Baht 5.56 million), of which Baht 0.39 million was the Group's share of the current year's profits (2013: Baht 0.61 million). The Group has no obligation in respect of these losses.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The following summarised financial information on investments in associate is not adjusted for the percentage ownership held by the Group:

	31December	
	2014	2013
	<i>(in thousand Baht)</i>	
Current assets	54,331	51,366
Non-current assets	<u>3,752</u>	<u>3,096</u>
<b>Total assets</b>	<b><u>58,083</u></b>	<b><u>54,462</u></b>
Current liabilities	<u>67,107</u>	<u>51,366</u>
<b>Total liabilities</b>	<b><u>67,107</u></b>	<b><u>51,366</u></b>
Total revenues	85,660	86,070
Total expenses	<u>84,868</u>	<u>84,824</u>
<b>Profit</b>	<b><u>792</u></b>	<b><u>1,246</u></b>

**11 Investments in subsidiaries**

	Separate financial statements	
	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	52,162	52,162
Increase	<u>7,761</u>	<u>-</u>
<b>At 31 December</b>	<b><u>59,923</u></b>	<b><u>52,162</u></b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income from those investments for the years then ended, were as follows:

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013
			(%)				<i>(in thousand Baht)</i>			
<b><i>Direct subsidiaries</i></b>										
Mega Lifesciences PTY Limited	Branded products and distribution business	Thailand	99.99	99.99	50,000	50,000	57,592	49,996	300,000	649,053
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	-	-
Mega Lifesciences Limited	Branded products business	Ukraine	100.00	-	165	-	165	-	-	-
<b>Total</b>							<b>59,923</b>	<b>52,162</b>	<b>300,000</b>	<b>649,053</b>
<b><i>Indirect subsidiaries (investment through Mega Lifesciences PTY Limited)</i></b>										
Mega Lifesciences (Australia) Pty. Limited	Branded and OEM products business	Australia	99.99	99.99	429,442	398,007	429,726	398,007	-	-
Mega Lifesciences (Vietnam) Limited	Branded products and distribution business	Vietnam	99.99	99.99	107,959	63,004	108,527	63,004	-	-
Mega Lifesciences Sdn.Bhd	Branded products business	Malaysia	99.99	99.99	17,214	17,214	17,381	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	15,698	15,281	-	-

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013
			(%)				<i>(in thousand Baht)</i>			
Mega Lifesciences Nigeria Limited	Branded products and distribution Business	Nigeria	99.99	99.99	14,885	14,885	15,269	14,885	-	-
Mega Lifesciences Ghana Limited	Branded products Business	Ghana	99.99	99.99	9,469	9,469	9,553	9,469	-	-
Mega Lifesciences Private Limited	Branded products Business	India	99.99	99.99	4,777	4,777	5,111	4,777	-	-
Mega Lifesciences Limited	Distribution Business	Myanmar	99.99	99.99	2,534	2,534	4,200	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	945	410	-	184,694
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	349	99	-	-
<b>Total</b>							<b>622,426</b>	<b>541,347</b>	<b>-</b>	<b>184,694</b>

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

### **Notes to the financial statements**

#### ***Additional investment in direct subsidiaries***

Additional investments in subsidiaries of Baht 7.6 million was resulted from the investment contribution from issuing the warrants of the Company (see note 20).

During September 2014, the Company registered a wholly owned subsidiary in Ukraine, Mega Lifesciences Limited, amounting to Baht 0.17 million.

#### ***Additional investment in indirect subsidiaries***

During February 2014, Mega Lifesciences PTY Limited (a subsidiary) made an additional investment in Mega Lifesciences (Vietnam) Limited, an indirect subsidiary of the Company, of Baht 45.0 million in order to expand the business capacity.

During April 2014, Mega Lifesciences PTY Limited (a subsidiary) made an additional investment in Mega Lifesciences (Australia) Pty. Limited, an indirect subsidiary of the Company, of Baht 31.4 million in order to expand the business capacity.

During the year 2013, Mega Lifesciences PTY Limited purchased the remaining shares of Mega Lifesciences Limited (Myanmar) from the management and the shares transfer was complete on 9 July 2013.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**12 Property, plant and equipment**

	<b>Consolidated financial statements</b>								
	Land	Land improvements	Building and building improvements	Leasehold improvements	Machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
<b>Cost</b>									
At 1 January 2013	70,974	2,828	131,841	41,522	417,743	209,292	80,398	288,662	1,243,260
Additions	-	-	6,837	4,607	41,520	23,969	27,363	247,705	352,001
Disposals	-	-	-	-	(382)	(1,064)	(10,727)	-	(12,173)
Transfers	-	-	188,826	(2,144)	103,906	1,603	1,050	(293,241)	-
Effect of movement in exchange rates	(3,760)	-	(1,931)	(454)	(4,930)	(2,958)	2,301	(10,982)	(22,714)
<b>At 31 December 2013 and 1 January 2014</b>	<b>67,214</b>	<b>2,828</b>	<b>325,573</b>	<b>43,531</b>	<b>557,857</b>	<b>230,842</b>	<b>100,385</b>	<b>232,144</b>	<b>1,560,374</b>
Additions	-	-	1,577	11,977	27,478	29,688	22,342	66,830	159,892
Disposals	-	-	-	-	-	(2,210)	(8,989)	-	(11,199)
Transfers	-	-	111,870	(34,295)	192,186	(3,952)	35	(265,942)	(98)
Effect of movement in exchange rates	(3,430)	-	(10,082)	(588)	(11,002)	(3,343)	(2,195)	-	(30,640)
<b>At 31 December 2014</b>	<b>63,784</b>	<b>2,828</b>	<b>428,938</b>	<b>20,625</b>	<b>766,519</b>	<b>251,025</b>	<b>111,578</b>	<b>33,032</b>	<b>1,678,329</b>
<b>Depreciation</b>									
At 1 January 2013	-	2,828	52,429	41,125	228,917	136,822	47,968	-	510,089
Depreciation charge for the year	-	-	13,287	1,619	45,472	21,951	12,729	-	95,058
Disposals	-	-	-	-	(298)	(984)	(10,545)	-	(11,827)
Effect of movement in exchange rates	-	-	1,594	(1,682)	(2,337)	(1,274)	1,246	-	(2,453)
<b>At 31 December 2013 and 1 January 2014</b>	<b>-</b>	<b>2,828</b>	<b>67,310</b>	<b>41,062</b>	<b>271,754</b>	<b>156,515</b>	<b>51,398</b>	<b>-</b>	<b>590,867</b>
Depreciation charge for the year	-	-	18,532	3,755	61,681	24,863	16,912	-	125,743
Disposals	-	-	-	-	-	(1,983)	(8,853)	-	(10,836)
Transfers	-	-	36,154	(36,525)	3,753	(3,403)	(77)	-	(98)
Effect of movement in exchange rates	-	-	(1,106)	(251)	(3,952)	(1,591)	(588)	-	(7,488)
<b>At 31 December 2014</b>	<b>-</b>	<b>2,828</b>	<b>120,890</b>	<b>8,041</b>	<b>333,236</b>	<b>174,401</b>	<b>58,792</b>	<b>-</b>	<b>698,188</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Consolidated financial statements</b>								
	Land	Land improvements	Building and building improvements	Leasehold improvements	Machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
<b>Net book value</b>									
<b>At 1 January 2013</b>									
Owned Assets	70,974	-	79,412	397	188,826	72,123	31,784	288,662	732,178
Assets under finance leases	-	-	-	-	-	347	646	-	993
	<b>70,974</b>	<b>-</b>	<b>79,412</b>	<b>397</b>	<b>188,826</b>	<b>72,470</b>	<b>32,430</b>	<b>288,662</b>	<b>733,171</b>
<b>At 31 December 2013 and 1 January 2014</b>									
Owned Assets	67,214	-	258,263	2,469	286,103	74,048	48,295	232,144	968,536
Assets under finance leases	-	-	-	-	-	279	692	-	971
	<b>67,214</b>	<b>-</b>	<b>258,263</b>	<b>2,469</b>	<b>286,103</b>	<b>74,327</b>	<b>48,987</b>	<b>232,144</b>	<b>969,507</b>
<b>At 31 December 2014</b>									
Owned Assets	63,784	-	308,048	12,584	433,283	76,411	52,319	33,032	979,461
Assets under finance leases	-	-	-	-	-	213	467	-	680
	<b>63,784</b>	<b>-</b>	<b>308,048</b>	<b>12,584</b>	<b>433,283</b>	<b>76,624</b>	<b>52,786</b>	<b>33,032</b>	<b>980,141</b>

The original cost of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2014 amounted to Baht 332 million (2013: Baht 297 million).

Capitalised specific borrowing costs relating to the construction of the new factory in the year 2013 amounted to Baht 7.5 million, with a capitalization rate of 4.4%.

*Security*

At 31 December 2013 the Group's properties with cost of Baht 292 million were subject to secure bank loans (see note 15). Those properties were redeemed on 24 July 2014.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Separate financial statements</b>							Total
	Land	Land improvements	Building and building improvements	Machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction	
<b>Cost</b>								
At 1 January 2013	24,996	2,828	157,216	362,338	34,050	6,087	119,856	707,371
Additions	-	-	17	3,276	2,359	3,301	247,705	256,658
Disposal	-	-	-	-	-	(3,465)	-	(3,465)
Transfers	-	-	70,547	62,255	1,566	1,050	(135,418)	-
<b>At 31 December 2013 and 1 January 2014</b>	<b>24,996</b>	<b>2,828</b>	<b>227,780</b>	<b>427,869</b>	<b>37,975</b>	<b>6,973</b>	<b>232,143</b>	<b>960,564</b>
Additions	-	-	-	9,510	3,006	-	66,830	79,346
Transfers	-	-	77,948	186,459	1,535	-	(265,942)	-
<b>At 31 December 2014</b>	<b>24,996</b>	<b>2,828</b>	<b>305,728</b>	<b>623,838</b>	<b>42,516</b>	<b>6,973</b>	<b>33,031</b>	<b>1,039,910</b>
<b>Depreciation</b>								
At 1 January 2013	-	2,828	83,656	193,516	27,191	5,354	-	312,545
Depreciation charge for the year	-	-	6,395	34,951	3,074	434	-	44,854
Disposal	-	-	-	-	-	(3,465)	-	(3,465)
<b>At 31 December 2013 and 1 January 2014</b>	<b>-</b>	<b>2,828</b>	<b>90,051</b>	<b>228,467</b>	<b>30,265</b>	<b>2,323</b>	<b>-</b>	<b>353,934</b>
Depreciation charge for the year	-	-	11,549	49,581	3,106	781	-	65,017
<b>At 31 December 2014</b>	<b>-</b>	<b>2,828</b>	<b>101,600</b>	<b>278,048</b>	<b>33,371</b>	<b>3,104</b>	<b>-</b>	<b>418,951</b>



**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Separate financial statements</b>							
	Land	Land improvements	Building and building improvements	Machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
<b>Net book value</b>								
<b>At 1 January 2013</b>								
Owned Assets	24,996	-	73,560	168,822	6,513	733	119,856	394,480
Assets under finance lease	-	-	-	-	346	-	-	346
	<b>24,996</b>	<b>-</b>	<b>73,560</b>	<b>168,822</b>	<b>6,859</b>	<b>733</b>	<b>119,856</b>	<b>394,826</b>
<b>At 31 December 2013 and 1 January 2014</b>								
Owned Assets	24,996	-	137,729	199,402	7,431	4,650	232,143	606,351
Assets under finance leases	-	-	-	-	279	-	-	279
	<b>24,996</b>	<b>-</b>	<b>137,729</b>	<b>199,402</b>	<b>7,710</b>	<b>4,650</b>	<b>232,143</b>	<b>606,630</b>
<b>At 31 December 2014</b>								
Owned Assets	24,996	-	204,128	345,790	8,932	3,869	33,031	620,746
Assets under finance lease	-	-	-	-	213	-	-	213
	<b>24,996</b>	<b>-</b>	<b>204,128</b>	<b>345,790</b>	<b>9,145</b>	<b>3,869</b>	<b>33,031</b>	<b>620,959</b>

The original cost of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2014 amounted to Baht 205 million (2013: Baht 178 million).

Capitalised specific borrowing costs relating to the construction of the new factory in the year 2013 amounted to Baht 7.5 million, with a capitalization rate of 4.4%.

**Security**

At 31 December 2013 the Company's properties with cost of Baht 292 million were subject to secure bank loans (see note 15). Those properties were redeemed on 24 July 2014.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**13 Intangible assets**

	<b>Consolidated financial statements</b>			Total
	Trademarks	Computer software <i>(in thousand Baht)</i>	Software under installation	
<b>Cost</b>				
At 1 January 2013	-	18,293	-	18,293
Additions	185,399	20,563	1,962	207,924
Effect of movements in exchange rates	-	(10)	-	(10)
<b>At 31 December 2013 and 1 January 2014</b>	<b>185,399</b>	<b>38,846</b>	<b>1,962</b>	<b>226,207</b>
Additions	-	7,257	16,244	23,501
Transfer	-	1,437	(1,437)	-
Disposal	-	(48)	-	(48)
Effect of movements in exchange rates	-	(789)	-	(789)
<b>At 31 December 2014</b>	<b>185,399</b>	<b>46,703</b>	<b>16,769</b>	<b>248,871</b>
<b>Amortisation</b>				
At 1 January 2013	-	9,367	-	9,367
Amortisation charge for the year	-	3,828	-	3,828
Effect of movements in exchange rates	-	(4)	-	(4)
<b>At 31 December 2013 and 1 January 2014</b>	<b>-</b>	<b>13,191</b>	<b>-</b>	<b>13,191</b>
Amortisation charge for the year	-	5,689	-	5,689
Disposal	-	(46)	-	(46)
Effect of movements in exchange rates	-	(174)	-	(174)
<b>At 31 December 2014</b>	<b>-</b>	<b>18,660</b>	<b>-</b>	<b>18,660</b>
<b>Net book value</b>				
At 1 January 2013	-	8,926	-	8,926
At 31 December 2013 and 1 January 2014	185,399	25,655	1,962	213,016
At 31 December 2014	185,399	28,043	16,769	230,211



**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Total	29,983	28,136	(8,681)	(10,149)
Set off of tax	(8,681)	(10,149)	8,681	10,149
<b>Net deferred tax assets</b>	<b><u>21,302</u></b>	<b><u>17,987</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

Movements in total deferred tax assets and liabilities during the year were as follows:

	<b>Consolidated financial statements</b>				
	<b>At 1 January 2014</b>	<b>(Charged) / Credited to:</b>			<b>At 31 December 2014</b>
		profit or loss <i>(Note 26)</i>	Other comprehensive income <i>(in thousand Baht)</i>	Exchange differences	
<b><i>Deferred tax assets</i></b>					
Accounts receivables	245,138	(1,803)	-	4	243,339
Provision for employee benefits	14,989	1,109	-	(226)	15,872
Loss carry forward	25,826	(1,715)	-	(1,954)	22,157
Others	2,614	37	-	(144)	2,507
<b>Total</b>	<b><u>288,567</u></b>	<b><u>(2,372)</u></b>	<b><u>-</u></b>	<b><u>(2,320)</u></b>	<b><u>283,875</u></b>
<b><i>Deferred tax liabilities</i></b>					
Inventories	204,658	(14,738)	-	-	189,920
Property, plant and equipment	7,621	(4,214)	-	9	3,416
<b>Total</b>	<b><u>212,279</u></b>	<b><u>(18,952)</u></b>	<b><u>-</u></b>	<b><u>9</u></b>	<b><u>193,336</u></b>
<b>Net</b>	<b><u>76,288</u></b>	<b><u>16,580</u></b>	<b><u>-</u></b>	<b><u>(2,329)</u></b>	<b><u>90,539</u></b>

	<b>Consolidated financial statements</b>				
	<b>At 1 January 2013</b>	<b>(Charged) / Credited to:</b>			<b>At 31 December 2013</b>
		profit or loss <i>(Note 26)</i>	Other comprehensive income <i>(in thousand Baht)</i>	Exchange differences	
<b><i>Deferred tax assets</i></b>					
Accounts receivables	228,265	16,873	-	-	245,138
Provision for employee benefits	13,681	1,308	-	-	14,989
Loss carry forward	16,317	11,005	-	(1,496)	25,826
Others	1,069	1,549	-	(4)	2,614
<b>Total</b>	<b><u>259,332</u></b>	<b><u>30,735</u></b>	<b><u>-</u></b>	<b><u>(1,500)</u></b>	<b><u>288,567</u></b>
<b><i>Deferred tax liabilities</i></b>					
Inventories	168,006	36,651	-	1	204,658
Property, plant and equipment	7,171	693	-	(243)	7,621
<b>Total</b>	<b><u>175,177</u></b>	<b><u>37,344</u></b>	<b><u>-</u></b>	<b><u>(242)</u></b>	<b><u>212,279</u></b>
<b>Net</b>	<b><u>84,155</u></b>	<b><u>(6,609)</u></b>	<b><u>-</u></b>	<b><u>(1,258)</u></b>	<b><u>76,288</u></b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Separate financial statements</b>			
	<b>At 1</b>	<b>(Charged) / Credited to :</b>		<b>At 31</b>
	<b>January</b>	profit or loss	Other	<b>December</b>
	<b>2014</b>	<i>(Note 26)</i>	comprehensive	<b>2014</b>
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Accounts receivables	20,224	1,100	-	21,324
Provision for employee benefits	7,727	812	-	8,539
Others	185	(65)	-	120
<b>Total</b>	<b>28,136</b>	<b>1,847</b>	<b>-</b>	<b>29,983</b>
<b><i>Deferred tax liabilities</i></b>				
Inventories	10,149	(1,468)	-	8,681
<b>Total</b>	<b>10,149</b>	<b>(1,468)</b>	<b>-</b>	<b>8,681</b>
<b>Net</b>	<b>17,987</b>	<b>3,315</b>	<b>-</b>	<b>21,302</b>

	<b>Separate financial statements</b>			
	<b>At 1</b>	<b>(Charged) / Credited to :</b>		<b>At 31</b>
	<b>January</b>	profit or loss	Other	<b>December</b>
	<b>2013</b>	<i>(Note 26)</i>	comprehensive	<b>2013</b>
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Accounts receivables	1,564	18,660	-	20,224
Provision for employee benefits	7,173	554	-	7,727
Others	(149)	334	-	185
<b>Total</b>	<b>8,588</b>	<b>19,548</b>	<b>-</b>	<b>28,136</b>
<b><i>Deferred tax liabilities</i></b>				
Inventories	881	9,268	-	10,149
<b>Total</b>	<b>881</b>	<b>9,268</b>	<b>-</b>	<b>10,149</b>
<b>Net</b>	<b>7,707</b>	<b>10,280</b>	<b>-</b>	<b>17,987</b>

Deferred tax assets arising from accounts receivable relate to export of finished goods from Thailand 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.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**15 Interest-bearing liabilities**

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
<b>Current</b>					
Bank overdrafts					
Secured		-	5,964	-	5,964
Unsecured		3,753	13,605	3,753	2,834
Short-term loans from financial institution – secured					
Trust receipts		-	260,624	-	255,356
Export bills discounted with recourse		-	236,379	-	-
Short-term loans from financial institution – unsecured					
Trust receipts		239,094	38,342	195,202	38,342
Export bills discounted with recourse		111,341	154,511	63,910	46,970
<b>Bank overdrafts and short-term loans from financial institutions</b>		<b>354,188</b>	<b>709,425</b>	<b>262,865</b>	<b>349,466</b>
Current portion of long-term loans					
Secured		-	75,019	-	44,020
Unsecured		75,392	-	44,239	-
Short-term loan from and interest payable to related party	4	-	-	2,543	2,603
Current portion of finance lease liabilities		198	247	75	48
<b>Total current interest-bearing liabilities</b>		<b>429,778</b>	<b>784,691</b>	<b>309,722</b>	<b>396,137</b>
<b>Non-current</b>					
Long-term loans from financial					
Secured		-	211,799	-	131,666
Unsecured		137,173	-	87,795	-
Finance lease liabilities		185	435	69	196
<b>Total non-current interest-bearing liabilities</b>		<b>137,358</b>	<b>212,234</b>	<b>87,864</b>	<b>131,862</b>

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Notes to the financial statements

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Within one year	429,778	784,691	309,722	396,137
After one year but within five years	137,358	212,234	87,864	131,862
<b>Total</b>	<b>567,136</b>	<b>996,925</b>	<b>397,586</b>	<b>527,999</b>

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Fixed deposits		-	10,400	-	-
Property, plant and equipment	12	-	292,248	-	292,248
<b>Total</b>		<b>-</b>	<b>302,648</b>	<b>-</b>	<b>292,248</b>

#### Long-term loans from financial institutions

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			

#### The Company:

U.S. Dollars 6 million Loan Facility Agreement, payable in quarterly installments of U.S. Dollars 334,000, commencing in September 2013 with annual interest USD LIBOR plus margin of 2.15% per annum. (2013 : 2.15% per annum)

	132,034	175,686	132,034	175,686
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#### Subsidiary:

U.S. Dollars 4 million Loan Facility Agreement, payable in monthly installments of U.S. Dollars 78,400, commencing in June 2013 with annual interest rate 1 month LIBOR plus margin of 1.90% per annum. (2013 : 3.25% per annum)

	80,531	111,132	-	-
<b>Total</b>	<b>212,565</b>	<b>286,818</b>	<b>132,034</b>	<b>175,686</b>

As at 31 December 2014, the Group had unutilised credit facilities totaling Baht 1,685 million (2013: Baht 1,066 million) and the Company had unutilised credit facilities totaling Baht 1,331 million (2013: Baht 746 million).

Conditions under the loan agreement, the Group has to maintain financial ratio, ownership in Eugica brand and comply with the other conditions as prescribed in the loan agreement.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**Finance lease liabilities**

Finance lease liabilities as at 31 December were as follows:

	<b>Consolidated financial statements</b>					
	2014		2013			
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	210	12	198	267	20	247
After one year but within five years	189	4	185	451	16	435
<b>Total</b>	<b>399</b>	<b>16</b>	<b>383</b>	<b>718</b>	<b>36</b>	<b>682</b>

	<b>Separate financial statements</b>					
	2014		2013			
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	87	12	75	68	20	48
After one year but within five years	73	4	69	212	16	196
<b>Total</b>	<b>160</b>	<b>16</b>	<b>144</b>	<b>280</b>	<b>36</b>	<b>244</b>

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
USD (USA)	558,587	900,372	386,733	440,053
THB (Thailand)	8,549	85,782	10,853	87,946
AUD (Australia)	-	10,771	-	-
<b>Total</b>	<b>567,136</b>	<b>996,925</b>	<b>397,586</b>	<b>527,999</b>



**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**16 Trade accounts payable**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
<i>Note</i>	2014	2013	2014	2013	
	<i>(in thousand Baht)</i>				
Related parties	4	-	3,821	21,108	13,088
Other parties		1,403,926	1,164,048	133,380	135,064
<b>Total</b>		<b>1,403,926</b>	<b>1,167,869</b>	<b>154,488</b>	<b>148,152</b>

The currency denomination of trade accounts payable as at 31 December was as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
USD (USA)	1,058,289	955,462	39,046	34,381
THB (Thailand)	208,791	153,920	84,757	87,965
MMK (Myanmar)	98,363	23,131	-	-
EUR (Euro)	13,204	14,119	9,523	11,701
VND (Vietnam)	17,017	12,102	-	-
AUD (Australia)	7,810	7,947	21,108	13,068
Others	452	1,188	54	1,037
<b>Total</b>	<b>1,403,926</b>	<b>1,167,869</b>	<b>154,488</b>	<b>148,152</b>

**17 Other payables**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
<i>Note</i>	2014	2013	2014	2013	
	<i>(in thousand Baht)</i>				
<b>Related parties</b>	4	<b>481</b>	<b>275</b>	-	<b>9,813</b>
<b>Others</b>					
Advances received from customers		65,002	81,587	1,883	775
Value added tax payable		16,330	25,201	-	-
Payables for advertisement		150,578	29,628	-	-
Listing expenses payable		-	17,719	-	17,719
Others		33,005	39,247	10,206	14,090
		<b>264,915</b>	<b>193,382</b>	<b>12,089</b>	<b>32,584</b>
<b>Total</b>		<b>265,396</b>	<b>193,657</b>	<b>12,089</b>	<b>42,397</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**18 Employee benefit obligations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b>Statement of financial position obligations for:</b>				
Post-employment benefits	90,111	78,586	56,783	43,520
<b>Total</b>	<b>90,111</b>	<b>78,586</b>	<b>56,783</b>	<b>43,520</b>
<i>For the year ended 31 December</i>				
<b>Statement of comprehensive income</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	11,948	11,004	9,201	6,701
	<b>11,948</b>	<b>11,004</b>	<b>9,201</b>	<b>6,701</b>
<b>Recognised in other comprehensive income:</b>				
Exchange difference	(756)	(877)	-	-
Actuarial losses recognised in the year	823	-	4,300	-
	<b>67</b>	<b>(877)</b>	<b>4,300</b>	<b>-</b>

**Retirement benefit**

The Group and the Company operate a defined benefit pension plan 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 obligation was determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	90,111	78,586	56,783	43,520
<b>Statement of financial position obligation</b>	<b>90,111</b>	<b>78,586</b>	<b>56,783</b>	<b>43,520</b>

Movement in the present value of the defined benefit obligations:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	78,586	68,571	43,520	36,885
Benefits paid by the plan	(490)	(112)	(238)	(66)
Current service costs and interest	11,948	11,004	9,201	6,701
Actuarial losses in other comprehensive income	823	-	4,300	-
Exchange difference	(756)	(877)	-	-
<b>Defined benefit obligations at 31 December</b>	<b>90,111</b>	<b>78,586</b>	<b>56,783</b>	<b>43,520</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Expense recognised in profit or loss

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current service costs	9,436	9,008	7,238	5,257
Interest on obligation	2,512	1,996	1,963	1,444
<b>Total</b>	<b>11,948</b>	<b>11,004</b>	<b>9,201</b>	<b>6,701</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cost of sales of goods and rendering of services	3,774	4,928	5,717	4,098
Selling expenses	1,460	1,581	-	-
Administrative expenses	6,714	4,495	3,484	2,603
Defined benefit plan actuarial losses	823	-	4,300	-
Foreign currency translation differences for foreign operations	(756)	(877)	-	-
<b>Total</b>	<b>12,015</b>	<b>10,127</b>	<b>13,501</b>	<b>6,701</b>

Actuarial gains and losses recognised in other comprehensive income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Included in retained earnings:				
At 1 January	-	-	-	-
Recognised during the year	823	-	4,300	-
<b>At 31 December</b>	<b>823</b>	<b>-</b>	<b>4,300</b>	<b>-</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	(%)			
Discount rate	4.11 - 4.58	3.92 - 4.28	4.11	3.92
Future salary increases	0.00 - 10.00	1.50 - 7.00	7.00	7.00

Assumptions regarding future mortality are based on published statistics and mortality tables.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**19 Share capital**

	Par value per share (in Baht)	2014		2013	
		Number	Baht (thousand shares / thousand Baht)	Number	Baht
<b>Authorised</b>					
At 1 January					
- ordinary shares	10	-	-	6,706	67,056
- ordinary shares	0.5	873,901	436,951	-	-
Increase of new shares (a)	10	-	-	67	675
Increase of new shares for stock dividends (a)	10	-	-	30,000	300,000
		<u>873,901</u>		<u>36,773</u>	
Share split - from Baht 10 to Baht 0.5 (b)	0.5	-	-	735,462	-
Increase of new shares for employee warrants (c, e)	0.5	-	-	8,652	4,326
Increase of new shares for IPO (d)	0.5	-	-	129,787	64,894
<b>At 31 December</b>					
<b>- ordinary shares</b>	0.5	<u><b>873,901</b></u>	<u><b>436,951</b></u>	<u><b>873,901</b></u>	<u><b>436,951</b></u>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	10	-	-	6,706	67,056
- ordinary shares	0.5	865,249	432,625	-	-
Increase of new shares (a)	10	-	-	67	675
Increase of new shares for stock dividends (a)	10	-	-	30,000	300,000
		<u>865,249</u>		<u>36,773</u>	
Share split - from Baht 10 to Baht 0.5 (b)	0.5	-	-	735,462	-
Increase of new shares for IPO (d)	0.5	-	-	129,787	64,894
<b>At 31 December</b>					
<b>- ordinary shares</b>	0.5	<u><b>865,249</b></u>	<u><b>432,625</b></u>	<u><b>865,249</b></u>	<u><b>432,625</b></u>

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

- 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.
- Approved to decrease the par value of the ordinary shares from Baht 10 per share to Baht 0.50 per share which resulted in the increase in ordinary shares from 36,773,099 shares to 735,461,980 shares.
- Approved the issuance and offering of warrants in total of 8,652,494 units to the Company's employees based upon the contemplated conditions.
- 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).
- 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.

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

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.

On 19 November 2013, the Company achieved its IPO and received cash of Baht 2,271 million, comprising 129,787,408 shares with the offering price of Baht 17.5 per share. The transaction cost from issue of shares was deducted from share premium amounting to Baht 68 million, and resulted in premium on ordinary shares of Baht 2,138 million.

### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

## 20 Warrants

### *Employee Stock Option Plan*

At the extra ordinary general meeting of Shareholders held on 7 June 2013, the shareholders approved the issue and offering of warrants to purchase ordinary shares of the Company to full-time employees at assistance manager level or above of the Group. The Group communicated terms and conditions of the scheme to the employees during June 2014.

### *Significant descriptions of the Employee Stock Option Plan*

Securities type	Warrants to purchase the ordinary shares of the Company
Qualifications of employees eligible for warrants	Full-time employees, at level of assistant manager or above of the Company, its subsidiaries and/or affiliates on or after the date the date on which the issuance and offering of warrants is announced, including those who have been transferred or seconded to any other company while continuing to be employed by the Company, its subsidiaries and/or affiliates.
Type of warrants	Warrants with specified name and non-transferable unless otherwise transferred in accordance with the terms and conditions of the warrants
Term	Not exceeding 5 years from the date of issuance of the warrants
Grant date	6 June 2014
Number of warrants issued	8,652,400 units
Offer price per unit	Baht 0 (zero Baht)
Exercise ratio	1 unit of warrant per 1 ordinary share, subject to change according to the conditions for adjustment of rights as prescribed under the terms and conditions of the warrants.
Exercise price	Baht 17.50 per share which is equivalent to the IPO price.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Exercise period	On the last day of each month of the 6 month period commencing from the end of 4th year 6 month anniversary
Fair value of warrants	8.35 Baht per unit

The Group measure fair value of options using the Black-Scholes model with the assumption that all of the options will be exercised during the exercisable period. The Group measured volatility based on three-month historical volatility per month extrapolated to 12 months.

Principal assumptions for options fair-value valuation are as follow;

Ordinary share price per share (Baht)	22.25
Exercise price per option (Baht)	17.50
Expected volatility	28.25%
Options term life (Years)	5
Expected dividend per share (Baht)	0.18
Risk-free interest rate	3.09%

The Group recorded the transaction for the employee stock option plan as follow;

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<i>Statement of financial position as at 31 December 2014</i>		
	<i>(in thousand Baht)</i>	
Investments in subsidiaries	-	7,596
Warrants	(8,431)	(8,431)
<i>Statement of comprehensive income for the year ended 31 December 2014</i>		
Administrative expenses	8,431	835

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 21 Reserves

Reserves comprise:

#### *Appropriations of profit and/or retained earnings*

##### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

##### **Corporate social responsibility reserve**

The shareholders approved the appropriation up to maximum of 2% of its consolidated profit after tax to support its corporate social responsibility activities. The Group recorded corporate social responsibility reserve as at 31 December 2014 of Baht 10 million in the consolidated and the separate financial statements, respectively.

#### *Other components of equity*

##### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign entities.

#### *Movements in reserves*

Movements in reserves are shown in the statements of changes in equity.

### 22 Segment information

#### *Business segments*

The Group comprises the following main business segments:

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.

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

### **Notes to the financial statements**

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 financial statements**

**a) Business segment results**

	<b>Brands</b>		<b>Distribution</b>		<b>OEM</b>		<b>Total</b>	
	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>							
<b>Revenue and expenses</b>								
Revenue from sale of goods and rendering of services	3,738,533	3,530,157	3,567,446	3,030,351	424,070	473,023	7,730,049	7,033,531
Inter-segment charge	(126,659)	(102,074)	126,659	102,074	-	-	-	-
Other income	7,917	6,491	5,699	3,409	533	579	14,149	10,479
<b>Total segment revenue</b>	<b><u>3,619,791</u></b>	<b><u>3,434,574</u></b>	<b><u>3,699,804</u></b>	<b><u>3,135,834</u></b>	<b><u>424,603</u></b>	<b><u>473,602</u></b>	<b><u>7,744,198</u></b>	<b><u>7,044,010</u></b>
<b>Segment profit before income tax</b>	<b><u>629,603</u></b>	<b><u>605,262</u></b>	<b><u>239,658</u></b>	<b><u>300,394</u></b>	<b><u>56,104</u></b>	<b><u>67,141</u></b>	<b><u>925,365</u></b>	<b><u>972,797</u></b>

**b) Business segment financial position**

	<b>Brands</b>		<b>Distribution</b>		<b>OEM</b>		<b>Total</b>	
	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>							
<b>Total assets</b>	<b><u>2,221,155</u></b>	<b><u>1,789,003</u></b>	<b><u>1,579,786</u></b>	<b><u>1,613,685</u></b>	<b><u>149,980</u></b>	<b><u>191,879</u></b>	<b><u>3,950,921</u></b>	<b><u>3,594,567</u></b>
<b>Total liabilities</b>	<b><u>141,111</u></b>	<b><u>122,151</u></b>	<b><u>1,169,781</u></b>	<b><u>937,715</u></b>	<b><u>17,908</u></b>	<b><u>26,988</u></b>	<b><u>1,328,800</u></b>	<b><u>1,086,854</u></b>

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

## **Notes to the financial statements**

### *Geographical segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group operates in the following main geographical areas:

Segment 1	Asia Pacific
Segment 2	Africa and Middle East
Segment 3	CIS (“Commonwealth of Independent States”)

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

c) **Geographical segments result**

	<b>Asia Pacific</b>		<b>Africa and Middle East</b>		<b>CIS</b>		<b>Others</b>		<b>Total</b>	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>									
<b>Revenue</b>										
Revenue from sale of goods and rendering of services	<u>6,985,510</u>	<u>6,265,078</u>	<u>441,831</u>	<u>379,724</u>	<u>119,111</u>	<u>190,293</u>	<u>183,597</u>	<u>198,436</u>	<u>7,730,049</u>	<u>7,033,531</u>
<b>Total revenue</b>	<u><b>6,985,510</b></u>	<u><b>6,265,078</b></u>	<u><b>441,831</b></u>	<u><b>379,724</b></u>	<u><b>119,111</b></u>	<u><b>190,293</b></u>	<u><b>183,597</b></u>	<u><b>198,436</b></u>	<u><b>7,730,049</b></u>	<u><b>7,033,531</b></u>
<b>Segment results</b>	<u><b>762,413</b></u>	<u><b>772,985</b></u>	<u><b>83,294</b></u>	<u><b>82,152</b></u>	<u><b>(3,890)</b></u>	<u><b>13,175</b></u>	<u><b>83,548</b></u>	<u><b>104,485</b></u>	<u><b>925,365</b></u>	<u><b>972,797</b></u>

d) **Geographical segments financial position**

	<b>Asia Pacific</b>		<b>Africa and Middle East</b>		<b>CIS</b>		<b>Others</b>		<b>Total</b>	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>									
<b>Total assets</b>	<u>6,530,101</u>	<u>6,392,607</u>	<u>158,344</u>	<u>134,500</u>	<u>-</u>	<u>-</u>	<u>33,994</u>	<u>23,776</u>	<u>6,722,439</u>	<u>6,550,883</u>
<b>Total liabilities</b>	<u>2,607,043</u>	<u>2,757,769</u>	<u>97,902</u>	<u>75,279</u>	<u>-</u>	<u>-</u>	<u>39,232</u>	<u>25,261</u>	<u>2,744,177</u>	<u>2,858,309</u>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

***Reconciliation of reportable segment profit or loss, assets and liabilities***

	2014	2013
	<i>(in thousand Baht)</i>	
<b>Profit or loss</b>		
Total profit for reportable segments	<u>925,365</u>	<u>972,797</u>
Unallocated amounts:		
Other corporate expenses	(162,378)	(100,919)
Depreciation and amortization	(131,431)	(98,886)
Finance costs	(17,134)	(31,253)
Other income	23,715	15,682
Income tax expenses	(90,289)	(133,394)
<b>Consolidated profit</b>	<b><u>547,848</u></b>	<b><u>624,027</u></b>
<b>Assets</b>		
Total assets for reportable segments	3,950,921	3,594,567
Other unallocated amounts	<u>2,771,518</u>	<u>2,956,316</u>
<b>Consolidated total assets</b>	<b><u>6,722,439</u></b>	<b><u>6,550,883</u></b>
<b>Liabilities</b>		
Total liabilities for reportable segments	1,328,800	1,086,854
Other unallocated amounts	<u>1,415,377</u>	<u>1,771,455</u>
<b>Consolidated total liabilities</b>	<b><u>2,744,177</u></b>	<b><u>2,858,309</u></b>

**23 Employee benefit expenses**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b><i>Management</i></b>				
Salaries, wages and bonus	79,503	101,232	15,668	28,164
Contribution to provident fund	409	377	266	250
Contribution to retirement fund	818	864	593	590
Expense for employee stock option plan	167	-	167	-
<b>Total</b>	<b><u>80,897</u></b>	<b><u>102,473</u></b>	<b><u>16,694</u></b>	<b><u>29,004</u></b>
<b><i>Other employees</i></b>				
Salaries, wages and bonus	1,175,287	1,016,605	342,932	344,329
Contribution to provident fund	19,956	17,958	5,704	4,954
Contribution to retirement fund	11,131	10,140	8,608	6,111
Expense for employee stock option plan	8,264	-	668	-
<b>Total</b>	<b><u>1,214,638</u></b>	<b><u>1,044,703</u></b>	<b><u>357,912</u></b>	<b><u>355,394</u></b>

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees and by the Group at rates of 3% of the employees basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**24 Expenses by nature**

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b><i>Included in cost of sales of goods and rendering of services:</i></b>				
Changes in inventories of finished goods and work in progress	(5,066)	(268,709)	23,271	(198,725)
Raw materials and consumables used	3,883,935	3,665,549	887,865	855,434
Personnel expenses	397,521	375,953	267,901	253,504
Depreciation and amortisation	80,091	59,778	61,130	42,169
Others	256,781	241,523	189,698	180,570
<b>Total</b>	<b><u>4,613,262</u></b>	<b><u>4,074,094</u></b>	<b><u>1,429,865</u></b>	<b><u>1,132,952</u></b>
<b><i>Included in selling expenses:</i></b>				
Advertising expenses	901,308	833,108	206,118	177,902
Personnel expenses	423,371	352,656	(7,409)	18,685
Freight expenses	105,237	86,498	35,610	27,774
Commission fees	4,557	6,001	25,305	3,834
Depreciation and amortization	1,669	1,091	-	-
Others	94,715	93,264	3,801	2,124
<b>Total</b>	<b><u>1,530,857</u></b>	<b><u>1,372,618</u></b>	<b><u>263,425</u></b>	<b><u>230,319</u></b>
<b><i>Included in administrative expenses:</i></b>				
Personnel expenses	474,643	418,567	114,114	112,209
Traveling expenses	138,214	117,986	25,839	22,933
Depreciation and amortization	49,160	38,017	4,727	3,508
Professional fees	32,672	26,450	15,814	9,357
Drug developments expenses	24,598	15,485	13,516	14,652
Minimum lease payments recognised as an operating lease expense	47,470	49,629	2,951	3,901
Others	185,358	197,007	66,527	66,527
<b>Total</b>	<b><u>952,115</u></b>	<b><u>863,141</u></b>	<b><u>243,488</u></b>	<b><u>233,087</u></b>

**25 Finance costs**

	Note	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
<b><i>Interest expense:</i></b>					
Subsidiaries	4	-	-	43	48
Bank loans and overdrafts		17,116	38,672	11,256	27,878
<b>Total interest expense</b>		<b><u>17,116</u></b>	<b><u>38,672</u></b>	<b><u>11,299</u></b>	<b><u>27,926</u></b>
Other finance costs		18	40	18	32
<i>Less: amounts included in the cost of qualifying assets</i>					
- Property, plant and equipment under construction		-	(7,459)	-	(7,459)
<b>Net</b>		<b><u>17,134</u></b>	<b><u>31,253</u></b>	<b><u>11,317</u></b>	<b><u>20,499</u></b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**26 Income tax expense**

*Income tax recognised in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
<b>Current tax expense</b>					
Current year		112,546	125,527	27,838	19,008
Adjustment for prior years		(5,677)	-	(5,607)	-
		<u>106,869</u>	<u>125,527</u>	<u>22,231</u>	<u>19,008</u>
<b>Deferred tax expense</b>					
Movements in temporary differences	14	(16,580)	7,867	(3,315)	(10,280)
<b>Total income tax expense</b>		<u><u>90,289</u></u>	<u><u>133,394</u></u>	<u><u>18,916</u></u>	<u><u>8,728</u></u>

*Reconciliation of effective tax rate*

	Consolidated financial statements			
		2014		2013
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		638,137		757,421
Income tax using the Thai corporation tax rates	20	127,627	20	151,484
Effect of difference tax rates in foreign jurisdictions		8,775		(5,689)
Income not subject to tax		(45,668)		(19,862)
Expenses not deductible for tax purposes		5,232		7,461
Over provided in prior years		(5,677)		-
<b>Total</b>	<b>14</b>	<u><u>90,289</u></u>	<b>18</b>	<u><u>133,394</u></u>

	Separate financial statements			
		2014		2013
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		650,585		793,234
Income tax using the corporation tax rate	20	130,117	20	158,647
Income not subject to tax				
- Dividends		(60,000)		(129,811)
- Promotional privileges		(45,668)		(19,801)
- Other		-		(307)
Expenses not deductible for tax purposes		74		-
Over provided in prior years		(5,607)		-
<b>Total</b>	<b>3</b>	<u><u>18,916</u></u>	<b>1</b>	<u><u>8,728</u></u>

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Income tax reduction*

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

## 27 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to manufacturing of medicines starting from 31 July 2012. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of five years from the date on which the income is first derived from such operations;

As promoted companies, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Separate financial statements					
	2014			2013		
	Promoted businesses	Non- promoted businesses	Total	Promoted Businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	865,225	679,213	1,544,438	683,762	410,214	1,093,976
Local sales	454,078	263,650	717,728	325,988	310,614	636,602
<b>Total revenues</b>	<b>1,319,303</b>	<b>942,863</b>	<b>2,262,166</b>	<b>1,009,750</b>	<b>720,828</b>	<b>1,730,578</b>

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 28 Earnings per share

#### *Basic and diluted earnings per share*

The calculation of basic and diluted earnings per share for the years ended 31 December 2014 and 2013 were based on the profit of the Company and the number of ordinary shares for the year attributable to ordinary shareholders outstanding during the years, after adjusting the number of ordinary shares to reflect share split and the stock dividends as said in note 19 as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2014	2013	2014	2013
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company	547,880	624,016	631,669	784,506
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	-	691,728	-	691,728
Effect of shares issued on 17 July 2013	-	31	-	31
Effect of stock dividends for new shares	-	137	-	137
Effect of share split on new shares	-	3,185	-	3,185
Effect of IPO shares issued on 19 November 2013	-	15,290	-	15,290
Weighted average number of ordinary shares outstanding	865,249	746,778	865,249	746,778
<b>Basic and diluted earnings per share</b> <i>(in Baht)</i>	<b>0.63</b>	<b>0.84</b>	<b>0.73</b>	<b>1.05</b>

#### *Diluted earnings per share*

During the periods, the Company issued the warrants for employee, the issue of warrants (*note 20*) do not have the dilutive effect on the earnings per share calculation because the fair value of the service yet to be rendered together with the exercise prices exceeds the average market price of ordinary share during the financial period.

### 29 Dividends

At the meeting of the Board of Directors held on 13 August 2014, the director approved the appropriation of interim dividends of Baht 0.10 per share, amounting to Baht 86.5 million. The interim dividends were paid during September 2014.

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 156.0 million. The dividends were paid to shareholders during May 2014.

At the meeting of the Board of Directors of the Company held on 30 October 2013, the directors approved the appropriation of dividends of Baht 0.77 per share, amounting to Baht 565.5 million. The dividends were paid to shareholders during November 2013.

At the meeting of the Board of Directors of the Company held on 13 August 2013, the directors approved the appropriation of interim dividends of Baht 0.07 per share, amounting to Baht 47.8 million. The dividends were paid to shareholders during September 2013.



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

### **Notes to the financial statements**

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 4.92 per share, amounting to Baht 33.3 million. The dividends were paid to shareholders 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.

### **30 Financial instruments**

#### ***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### ***Capital management***

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

#### ***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly float. The Group is primarily exposed to interest rate risk from its borrowing (*Note 15*).

The sensitivity of the interest expense of the Group is the hypothetical change in interest expense as a result of possible changes in market rates. A change in the interest rate of the Group by 100bp will change the interest expense of the Group by Baht 6 million (*2013: Baht 10 million*).

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The effective interest rates of fixed deposits at financial institutions and short-term loan to related party as at 31 December and the periods in which those fixed deposits mature or re-price were as follows

<b>Consolidated financial statements</b>				
	Effective interest Rate	Within 1 year	After 1 year but within 5 years	Total
	(% per annum)	(in thousand Baht)		
<b>2014</b>				
<b>Current</b>				
Fixed deposit - Financial institutions	3.00	433,832	-	433,832
<b>Non-current</b>				
Fixed deposit - Financial institutions	3.00	-	506,539	506,539
<b>Total</b>		<b>433,832</b>	<b>506,539</b>	<b>940,371</b>
<b>Separate financial statements</b>				
	Effective interest Rate	Within 1 year	After 1 year but within 5 years	Total
	(% per annum)	(in thousand Baht)		
<b>2014</b>				
<b>Current</b>				
Fixed deposit - Financial institutions	3.00	432,775	-	432,775
Short-term loan to related party	1.65	30,000	-	30,000
<b>Non-current</b>				
Fixed deposit - Financial institutions	3.00	-	506,539	506,539
<b>Total</b>		<b>462,775</b>	<b>506,539</b>	<b>969,314</b>
<b>2013</b>				
<b>Current</b>				
Short-term loan to related party	1.75	400,000	-	400,000
<b>Total</b>		<b>400,000</b>	<b>-</b>	<b>400,000</b>

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

<b>Consolidated financial statements</b>				
	Effective interest Rate	Within 1 year	After 1 year but within 5 years	Total
	(% per annum)	(in thousand Baht)		
<b>2014</b>				
<b>Current</b>				
Bank overdrafts and short-term loans from financial institutions	1.10 – 1.51	354,188	-	354,188
<b>Non-current</b>				
Long-term loans from financial institutions	2.05 – 2.44	75,392	137,173	212,565
Finance lease liabilities	3.63 - 10.97	198	185	383
<b>Total</b>		<b>429,778</b>	<b>137,358</b>	<b>567,136</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Consolidated financial statements</b>			
	Effective interest Rate	Within 1 year	After 1 year but within 5 years	Total
	(% per annum)	(in thousand Baht)		
<b>2013</b>				
<b>Current</b>				
Bank overdrafts and short-term loans from financial institutions	1.49 – 2.96	709,425	-	709,425
<b>Non-current</b>				
Long-term loans from financial institutions	2.46 - 3.44	75,019	211,799	286,818
Finance lease liabilities	3.63 - 10.97	247	435	682
<b>Total</b>		<b><u>784,691</u></b>	<b><u>212,234</u></b>	<b><u>996,925</u></b>

	<b>Separate financial statements</b>			
	Effective interest Rate	Within 1 year	After 1 year but within 5 years	Total
	(% per annum)	(in thousand Baht)		
<b>2014</b>				
<b>Current</b>				
Bank overdrafts and short-term loans from financial institutions	1.49	262,865	-	262,865
Loans payable - Related parties	1.70	2,543	-	2,543
<b>Non-current</b>				
Long-term loans from financial institutions	2.44	44,239	87,795	132,034
Finance lease liabilities	10.97	75	69	144
<b>Total</b>		<b><u>309,722</u></b>	<b><u>87,864</u></b>	<b><u>397,586</u></b>

<b>2013</b>				
<b>Current</b>				
Bank overdrafts and short-term loans from financial institutions	2.96	349,466	-	349,466
Loans payable - Related parties	1.93	2,603	-	2,603
<b>Non-current</b>				
Long-term loans from financial institutions	2.46	44,020	131,666	175,686
Finance lease liabilities	10.97	48	196	244
<b>Total</b>		<b><u>396,137</u></b>	<b><u>131,862</u></b>	<b><u>527,999</u></b>

***Foreign currency risk***

The Group is exposed to foreign currency risk relating to purchases, sales, borrowing and investment which are denominated in foreign currencies.

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Notes to the financial statements

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
<b>USD (USA)</b>					
Cash and cash equivalents	5	75,999	219,204	21	5,316
Trade accounts receivable	7	1,290,445	1,023,834	709,997	270,499
Fixed deposits at financial institutions	6	1,057	-	-	-
Interest-bearing liabilities	15	(558,587)	(900,372)	(386,733)	(440,053)
Trade accounts payable	16	(1,058,289)	(955,462)	(39,046)	(34,381)
<b>Gross balance sheet exposure</b>		<b>(249,375)</b>	<b>(612,796)</b>	<b>284,239</b>	<b>(198,619)</b>
<b>AUD (Australia)</b>					
Cash and cash equivalents	5	11,170	15	-	-
Trade accounts receivable	7	55,183	44,552	26,094	8,672
Interest-bearing liabilities	15	-	(10,771)	-	-
Trade accounts payable	16	(7,810)	(7,947)	(21,108)	(13,068)
<b>Gross balance sheet exposure</b>		<b>58,543</b>	<b>25,849</b>	<b>4,986</b>	<b>(4,396)</b>
<b>EUR (Euro)</b>					
Trade accounts receivable	7	18,279	8,018	18,279	8,018
Trade accounts payable	16	(13,204)	(14,119)	(9,523)	(11,701)
<b>Gross balance sheet exposure</b>		<b>5,075</b>	<b>(6,101)</b>	<b>8,756</b>	<b>(3,683)</b>
<b>NGN (Nigeria)</b>					
Cash and cash equivalents	5	16,284	4,587	-	-
Trade accounts receivable	7	56,407	38,698	-	-
<b>Gross balance sheet exposure</b>		<b>72,691</b>	<b>43,285</b>	<b>-</b>	<b>-</b>
<b>VND (Vietnam)</b>					
Cash and cash equivalents	5	13,144	18,548	-	-
Trade accounts receivable	7	109,007	94,482	-	-
Trade accounts payable	16	(17,017)	(12,102)	-	-
<b>Gross balance sheet exposure</b>		<b>105,134</b>	<b>100,928</b>	<b>-</b>	<b>-</b>
<b>MMK (Myanmar)</b>					
Cash and cash equivalents	5	54,229	22,274	-	-
Trade accounts receivable	7	92,289	66,924	-	-
Trade accounts payable	16	(98,363)	(23,131)	-	-
<b>Gross balance sheet exposure</b>		<b>48,155</b>	<b>66,067</b>	<b>-</b>	<b>-</b>
<b>Others</b>					
Cash and cash equivalents	5	10,113	18,604	-	-
Trade accounts receivable	7	41,645	39,688	-	8,107
Trade accounts payable	16	(452)	(1,188)	(54)	(1,037)
<b>Gross balance sheet exposure</b>		<b>51,306</b>	<b>57,104</b>	<b>(54)</b>	<b>7,070</b>

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

### *Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

### *Determination of fair values*

A number of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of financial assets and liabilities is close to the carrying value in the statements of financial position as at 31 December 2014 and 2013.

## 31 Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Contracted but not provided for:				
Land	129,074	129,360	94,080	129,360
Buildings and other constructions	24,414	53,210	22,331	53,210
<b>Total</b>	<b>153,488</b>	<b>182,570</b>	<b>116,411</b>	<b>182,570</b>
<b><i>Non-cancellable operating lease</i></b>				
<b><i>Commitments</i></b>				
Within one year	19,447	27,385	7,812	9,216
After one year but within five years	12,913	14,552	1,200	9,012
<b>Total</b>	<b>32,360</b>	<b>41,937</b>	<b>9,012</b>	<b>18,228</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<b><i>Other commitments</i></b>				
Purchase orders for goods and				
Supplies	166,099	155,172	166,099	155,172
Bank guarantees	63,108	155,993	61,108	155,993
<b>Total</b>	<b><u>229,207</u></b>	<b><u>311,165</u></b>	<b><u>227,207</u></b>	<b><u>311,165</u></b>

***Operating lease agreements***

The Group has various operating lease agreement 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 periodically. The agreements can usually be terminated within a year without the Group incurring significant obligations.

***Contingent liabilities***

As at 31 December 2014, the Company had contingent liabilities with financial institutions to guarantee the Company's subsidiaries in respect of line of credit use for amount up to Baht 1,340 million and U.S. Dollars 13 million (*31 December 2013: Baht 990 million and U.S. Dollars 13 million*).

**32 Events after the reporting date**

At the meeting of the Board of Directors on 24 February 2015, the Board approved the appropriation of dividends of Baht 0.25 per share, amounting to Baht 216.3 million. The dividends will be paid subject to the General Shareholders' meeting approval.

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### 33 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

<b>TFRS</b>	<b>Topic</b>	<b>Year Effective</b>
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TFRS 2(revised 2014)	Share-based Payment	2015
TFRS 8(revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**34 Reclassification of accounts**

Certain accounts in the 2013 financial statements have been reclassified to conform to the presentation in the 2014 financial statements. The significant reclassifications were as follows:

	<b>2013</b>					
	<b>Consolidated</b>			<b>Separate</b>		
	<b>financial statements</b>			<b>financial statements</b>		
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<b><i>Statement of financial position</i></b>						
Trade accounts receivable	1,724,243	23,131	1,747,374	-	-	-
Other receivable	174,012	(8,102)	165,910	-	-	-
Trade accounts payable	(1,144,738)	(23,131)	(1,167,869)	-	-	-
Other payable	(201,759)	8,102	(193,657)	-	-	-
		<u>-</u>			<u>-</u>	
<b><i>Statement of comprehensive income</i></b>						
Investment income	-	3,024	3,024	649,053	5,401	654,454
Finance cost	(28,229)	(3,024)	(31,253)	(15,098)	(5,401)	(20,499)
		<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.