

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

Interim financial statements  
for the three-month and six-month periods ended  
30 June 2015

and

Independent auditor's report on  
review of interim financial information

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

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

I have reviewed the accompanying consolidated and separate statements of financial position of Mega Lifesciences Public Company Limited and its subsidiaries, and of Mega Lifesciences Public Company Limited, respectively, as at 30 June 2015; the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2015; the consolidated and separate statements of changes in equity and cash flows for the six-month period ended 30 June 2015; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting” my responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

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

#### *Conclusion*

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

(Orawan Chuhakitpaisan)  
Certified Public Accountant  
Registration No. 6105

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 August 2015



# Mega Lifesciences Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
Assets	Note	30 June 2015 (Unaudited)	31 December 2014	30 June 2015 (Unaudited)	31 December 2014
<i>(in thousand Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents		326,911	340,634	77,132	95,521
Current investments	4	939,314	433,832	939,314	432,775
Trade accounts receivable	3, 5	2,322,481	2,116,051	1,178,952	1,173,501
Other receivables	3	209,714	181,595	102,337	92,733
Short-term loan to related party	3	-	-	-	30,000
Inventories		1,687,713	1,649,471	584,527	438,213
Advances to suppliers and distributors		120,444	128,667	30,316	40,095
<b>Total current assets</b>		<b>5,606,577</b>	<b>4,850,250</b>	<b>2,912,578</b>	<b>2,302,838</b>
<b>Non-current assets</b>					
Investments in associate	6	-	-	-	-
Investments in subsidiaries	7	-	-	65,575	59,923
Other long-term investments	4	-	506,539	-	506,539
Property, plant and equipment	8	991,238	980,141	619,806	620,959
Intangible assets		234,704	230,211	191,405	187,912
Deferred tax assets	9	103,266	93,416	35,480	21,302
Other non-current assets		73,850	71,295	64,504	62,720
<b>Total non-current assets</b>		<b>1,403,058</b>	<b>1,881,602</b>	<b>976,770</b>	<b>1,459,355</b>
<b>Total assets</b>		<b>7,009,635</b>	<b>6,731,852</b>	<b>3,889,348</b>	<b>3,762,193</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	
		30 June 2015 (Unaudited)	31 December 2014	30 June 2015 (Unaudited)	31 December 2014
<i>(in thousand Baht)</i>					
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions		518,341	354,188	286,193	262,865
Trade accounts payable	3, 10	1,354,696	1,403,926	223,273	154,488
Other payables		356,792	265,396	34,599	12,089
Short-term loan from and interest payable to related party	3	-	-	3,221	2,543
Current portion of long-term loans from financial institutions		77,244	75,392	45,326	44,239
Current portion of finance lease liabilities		194	198	86	75
Income tax payable		68,023	55,497	25,083	13,720
Accrued expenses		412,721	366,242	53,257	50,901
<b>Total current liabilities</b>		<b>2,788,011</b>	<b>2,520,839</b>	<b>671,038</b>	<b>540,920</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions		102,214	137,173	67,582	87,795
Finance lease liabilities		84	185	21	69
Deferred tax liabilities	9	1,383	2,877	-	-
Employee benefit obligation		98,098	90,111	62,058	56,783
Other non-current liabilities		2,436	2,405	-	-
<b>Total non-current liabilities</b>		<b>204,215</b>	<b>232,751</b>	<b>129,661</b>	<b>144,647</b>
<b>Total liabilities</b>		<b>2,992,226</b>	<b>2,753,590</b>	<b>800,699</b>	<b>685,567</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	
		30 June 2015 (Unaudited)	31 December 2014	30 June 2015 (Unaudited)	31 December 2014
<i>(in thousand Baht)</i>					
<b>Equity</b>					
Share capital:					
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		2,138,104	2,138,104	2,138,104	2,138,104
Warrants	11	14,462	8,431	14,462	8,431
Retained earnings					
Appropriated					
Legal reserve		49,088	49,088	43,695	43,695
Corporate social responsibility reserve	12	15,000	10,000	15,000	10,000
Unappropriated		1,557,399	1,507,232	444,763	443,771
Other components of equity		(189,251)	(167,200)	-	-
<b>Equity attributable to owners of the Company</b>					
		<b>4,017,427</b>	<b>3,978,280</b>	<b>3,088,649</b>	<b>3,076,626</b>
Non-controlling interests		(18)	(18)	-	-
<b>Total equity</b>		<b>4,017,409</b>	<b>3,978,262</b>	<b>3,088,649</b>	<b>3,076,626</b>
<b>Total liabilities and equity</b>		<b>7,009,635</b>	<b>6,731,852</b>	<b>3,889,348</b>	<b>3,762,193</b>

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

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

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Three-month period ended 30 June		Three-month period ended 30 June	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
<b>Income</b>					
Revenue from sale of goods and rendering of services	13	1,972,366	1,958,753	633,896	540,274
Investment income		7,280	4,279	7,049	6,048
Net foreign exchange gain		33,564	-	31,365	100
Other income		3,233	6,020	1,492	2,081
<b>Total income</b>		<b>2,016,443</b>	<b>1,969,052</b>	<b>673,802</b>	<b>548,503</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services		1,115,341	1,209,593	355,695	354,610
Selling expenses		423,711	374,798	90,623	55,322
Administrative expenses		271,532	229,000	94,212	59,466
Net foreign exchange loss		-	2,478	-	-
Finance costs		3,289	4,539	1,788	3,177
<b>Total expenses</b>		<b>1,813,873</b>	<b>1,820,408</b>	<b>542,318</b>	<b>472,575</b>
<b>Profit before income tax expense</b>		<b>202,570</b>	<b>148,644</b>	<b>131,484</b>	<b>75,928</b>
Income tax expense		(37,062)	(19,576)	(6,987)	(783)
<b>Profit for the period</b>		<b>165,508</b>	<b>129,068</b>	<b>124,497</b>	<b>75,145</b>
<b>Other comprehensive income</b>					
<i>Item that is or may be reclassified to profit or loss</i>					
Foreign currency translation differences for foreign operations		27,922	678	-	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>27,922</b>	<b>678</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>193,430</b>	<b>129,746</b>	<b>124,497</b>	<b>75,145</b>
<b>Profit attributable to:</b>					
Owners of the Company		165,492	129,095	124,497	75,145
Non-controlling interests		16	(27)	-	-
<b>Profit for the period</b>		<b>165,508</b>	<b>129,068</b>	<b>124,497</b>	<b>75,145</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		193,415	129,775	124,497	75,145
Non-controlling interests		15	(29)	-	-
<b>Total comprehensive income for the period</b>		<b>193,430</b>	<b>129,746</b>	<b>124,497</b>	<b>75,145</b>
<b>Basic and diluted earnings per share (in Baht)</b>	15	<b>0.19</b>	<b>0.15</b>	<b>0.14</b>	<b>0.09</b>

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

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

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
<b>Income</b>					
Revenue from sale of goods and rendering of services	13	3,777,203	3,664,004	1,157,260	1,062,851
Investment income	7	15,244	8,847	14,976	312,500
Net foreign exchange gain		5,404	-	17,659	-
Other income		10,592	10,516	5,064	4,464
<b>Total income</b>		<b>3,808,443</b>	<b>3,683,367</b>	<b>1,194,959</b>	<b>1,379,815</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services		2,178,233	2,254,261	650,527	679,213
Selling expenses		796,132	730,092	152,110	115,612
Administrative expenses		500,040	457,707	155,130	115,996
Net foreign exchange loss		-	22,578	-	1,464
Finance costs		5,784	9,377	3,377	6,256
<b>Total expenses</b>		<b>3,480,189</b>	<b>3,474,015</b>	<b>961,144</b>	<b>918,541</b>
<b>Profit before income tax expense</b>		<b>328,254</b>	<b>209,352</b>	<b>233,815</b>	<b>461,274</b>
Income tax expense	14	(56,275)	(23,743)	(11,011)	(6,100)
<b>Profit for the period</b>		<b>271,979</b>	<b>185,609</b>	<b>222,804</b>	<b>455,174</b>
<b>Other comprehensive income</b>					
<i>Item that will never be reclassified to profit or loss</i>					
Defined benefit plan actuarial losses		-	(822)	-	(4,300)
<i>Item that is or may be reclassified to profit or loss</i>					
Foreign currency translation differences for foreign operations		(22,051)	6,311	-	-
<b>Other comprehensive income (loss) for the period, net of income tax</b>		<b>(22,051)</b>	<b>5,489</b>	<b>-</b>	<b>(4,300)</b>
<b>Total comprehensive income for the period</b>		<b>249,928</b>	<b>191,098</b>	<b>222,804</b>	<b>450,874</b>
<b>Profit attributable to:</b>					
Owners of the Company		271,979	185,673	222,804	455,174
Non-controlling interests		-	(64)	-	-
<b>Profit for the period</b>		<b>271,979</b>	<b>185,609</b>	<b>222,804</b>	<b>455,174</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		249,928	191,162	222,804	450,874
Non-controlling interests		-	(64)	-	-
<b>Total comprehensive income for the period</b>		<b>249,928</b>	<b>191,098</b>	<b>222,804</b>	<b>450,874</b>
<b>Basic and diluted earnings per share (in Baht)</b>	15	<b>0.31</b>	<b>0.21</b>	<b>0.26</b>	<b>0.53</b>

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



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

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

	Consolidated financial statements											
	Note	Issued and paid-up share capital	Share premium	Warrants	Retained earnings			Other component of equity				Total equity
					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	
<i>(in thousand Baht)</i>												
<b>Six-month period ended 30 June 2014</b>												
<b>Balance at 1 January 2014</b>		<b>432,624</b>	<b>2,138,104</b>	<b>-</b>	<b>49,088</b>	<b>-</b>	<b>1,212,726</b>	<b>(139,981)</b>	<b>(139,981)</b>	<b>3,692,561</b>	<b>12</b>	<b>3,692,573</b>
<b>Transactions with owners, recorded directly in equity</b>												
<i>Contributions by and distributions to owners of the Company</i>												
Dividends to owners of the Company	16	-	-	-	-	-	(156,026)	-	-	(156,026)	-	(156,026)
Share-based payment transactions	11	-	-	1,204	-	-	-	-	-	1,204	-	1,204
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>1,204</b>	<b>-</b>	<b>-</b>	<b>(156,026)</b>	<b>-</b>	<b>-</b>	<b>(154,822)</b>	<b>-</b>	<b>(154,822)</b>
<b>Comprehensive income for the period</b>												
Profit		-	-	-	-	-	185,673	-	-	185,673	(64)	185,609
Other comprehensive income		-	-	-	-	-	(822)	6,311	6,311	5,489	-	5,489
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184,851</b>	<b>6,311</b>	<b>6,311</b>	<b>191,162</b>	<b>(64)</b>	<b>191,098</b>
Transfer to corporate social responsibility reserve	12	-	-	-	-	3,000	(3,000)	-	-	-	-	-
<b>Balance at 30 June 2014</b>		<b>432,624</b>	<b>2,138,104</b>	<b>1,204</b>	<b>49,088</b>	<b>3,000</b>	<b>1,238,551</b>	<b>(133,670)</b>	<b>(133,670)</b>	<b>3,728,901</b>	<b>(52)</b>	<b>3,728,849</b>

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

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

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

		Consolidated financial statements										
		Retained earnings					Other component of equity					
		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
Note												
<i>(in thousand Baht)</i>												
<b>Six-month period ended 30 June 2015</b>												
	<b>Balance at 1 January 2015</b>	432,625	2,138,104	8,431	49,088	10,000	1,507,232	(167,200)	(167,200)	3,978,280	(18)	3,978,262
<b>Transactions with owners, recorded directly in equity</b>												
<i>Contributions by and distributions to owners of the Company</i>												
	Dividends to owners of the Company	16	-	-	-	-	(216,312)	-	-	(216,312)	-	(216,312)
	Share-based payment transactions	11	-	6,031	-	-	-	-	-	6,031	-	6,031
	<b>Total transactions with owners, recorded directly in equity</b>	-	-	<b>6,031</b>	-	-	<b>(216,312)</b>	-	-	<b>(210,281)</b>	-	<b>(210,281)</b>
<b>Comprehensive income for the period</b>												
	Profit	-	-	-	-	-	271,979	-	-	271,979	-	271,979
	Other comprehensive income	-	-	-	-	-	-	(22,051)	(22,051)	(22,051)	-	(22,051)
	<b>Total comprehensive income for the period</b>	-	-	-	-	-	<b>271,979</b>	<b>(22,051)</b>	<b>(22,051)</b>	<b>249,928</b>	-	<b>249,928</b>
	Transfer to corporate social responsibility reserve	12	-	-	-	5,500	(5,500)	-	-	-	-	-
	Utilisation of corporate social responsibility reserve	12	-	-	-	(500)	-	-	-	(500)	-	(500)
	<b>Balance at 30 June 2015</b>	<b>432,625</b>	<b>2,138,104</b>	<b>14,462</b>	<b>49,088</b>	<b>15,000</b>	<b>1,557,399</b>	<b>(189,251)</b>	<b>(189,251)</b>	<b>4,017,427</b>	<b>(18)</b>	<b>4,017,409</b>

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

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

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

	Note	Issued and paid-up share capital	Share premium	Warrants	Separate financial statements		Unappropriated	Total equity
					Legal reserve	Retained earnings Corporate social responsibility reserve		
<i>(in thousand Baht)</i>								
<b>Six-month period ended 30 June 2014</b>								
<b>Balance at 1 January 2014</b>		<b>432,624</b>	<b>2,138,104</b>	-	<b>43,695</b>	-	<b>68,931</b>	<b>2,683,354</b>
<b>Transactions with owners, recorded directly in equity</b>								
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the Company	16	-	-	-	-	-	(156,005)	(156,005)
Share-based payment transactions	11	-	-	1,204	-	-	-	1,204
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>1,204</b>	<b>-</b>	<b>-</b>	<b>(156,005)</b>	<b>(154,801)</b>
<b>Comprehensive income for the period</b>								
Profit		-	-	-	-	-	455,174	455,174
Other comprehensive income		-	-	-	-	-	(4,300)	(4,300)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450,874</b>	<b>450,874</b>
Transfer to corporate social responsibility reserve	12	-	-	-	-	3,000	(3,000)	-
<b>Balance at 30 June 2014</b>		<b>432,624</b>	<b>2,138,104</b>	<b>1,204</b>	<b>43,695</b>	<b>3,000</b>	<b>360,800</b>	<b>2,979,427</b>

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

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Statement of changes in equity (Unaudited)

	Note	Issued and paid-up share capital	Share premium	Warrants	Separate financial statements		Unappropriated	Total equity
					Legal reserve	Retained earnings Corporate social responsibility reserve		
<i>(in thousand Baht)</i>								
<b>Six-month period ended 30 June 2015</b>								
<b>Balance at 1 January 2015</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>
<b>Transactions with owners, recorded directly in equity</b>								
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the Company	16	-	-	-	-	-	(216,312)	(216,312)
Share-based payment transactions	11	-	-	6,031	-	-	-	6,031
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>6,031</b>	<b>-</b>	<b>-</b>	<b>(216,312)</b>	<b>(210,281)</b>
<b>Comprehensive income for the period</b>								
Profit		-	-	-	-	-	222,804	222,804
Other comprehensive income		-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222,804</b>	<b>222,804</b>
Transfer to corporate social responsibility reserve	12	-	-	-	-	5,500	(5,500)	-
Utilisation of corporate social responsibility reserve	12	-	-	-	-	(500)	-	(500)
<b>Balance at 30 June 2015</b>		<b>432,625</b>	<b>2,138,104</b>	<b>14,462</b>	<b>43,695</b>	<b>15,000</b>	<b>444,763</b>	<b>3,088,649</b>

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

## Mega Lifesciences Public Company Limited and its Subsidiaries

### Statement of cash flows (Unaudited)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the period	271,979	185,609	222,804	455,174
<b><i>Adjustments for</i></b>				
Depreciation	67,438	62,527	35,685	32,914
Amortisation of intangible assets	3,969	2,600	417	420
Allowance on decline in value of inventories	15,158	7,852	2,853	721
Investment income	(15,244)	(8,847)	(14,976)	(312,500)
Finance costs	5,784	9,377	3,377	6,256
Allowance for doubtful accounts	18,294	1,649	16,453	-
Unrealised (gain) loss on exchange rate	(2,060)	34,473	(7,425)	7,594
(Gain) loss on disposal of property, plant and equipment	37	(1,385)	-	-
Employee benefit obligations	8,686	7,878	5,275	4,601
Share-based payment transactions	6,031	1,204	715	119
Income tax expense	56,275	23,743	11,011	6,100
	<u>436,347</u>	<u>326,680</u>	<u>276,189</u>	<u>201,399</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(190,139)	(58)	(2,422)	(588,989)
Other receivables	(16,598)	(53,913)	3,053	(22,725)
Inventories	(59,157)	(187,326)	(149,167)	(2,519)
Advances to suppliers and distributors	808	(13,289)	8,613	(190)
Restricted deposits at financial institutions	-	196	-	196
Other non-current assets	(2,555)	(20,677)	(1,784)	(23,520)
Trade accounts payable	(58,295)	143,769	63,622	(30,532)
Other payables	91,169	(84,290)	22,625	12,197
Accrued expenses	48,445	(45,867)	2,356	(32,109)
Other non-current liabilities	31	-	-	-
Utilisation of corporate social responsibility reserve	(500)	-	(500)	-
Employee benefit obligations paid	-	(1,219)	-	-
Cash generated from (used in) operating activities	<u>249,556</u>	<u>64,006</u>	<u>222,585</u>	<u>(486,792)</u>
Income tax paid	<u>(54,317)</u>	<u>(57,884)</u>	<u>(13,826)</u>	<u>(1,671)</u>
<b>Net cash from (used in) operating activities</b>	<b><u>195,239</u></b>	<b><u>6,122</u></b>	<b><u>208,759</u></b>	<b><u>(488,463)</u></b>

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

# Mega Lifesciences Public Company Limited and its Subsidiaries

## Statement of cash flows (Unaudited)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	1,389	8,277	1,120	12,151
Dividend received	-	-	-	300,000
Purchase of property, plant and equipment	(96,142)	(97,050)	(34,532)	(61,536)
Increase in short-term loan to related party	-	-	30,000	100,000
Investment in subsidiary	-	-	(336)	-
Purchase of intangible assets	(9,350)	(10,733)	(3,910)	-
Redemption of current investments	1,082	-	-	-
Sale of equipment	3,455	1,647	-	-
<b>Net cash from (used in) investing activities</b>	<b>(99,566)</b>	<b>(97,859)</b>	<b>(7,658)</b>	<b>350,615</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(5,971)	(9,612)	(3,371)	(6,465)
Dividends paid	(216,312)	(156,026)	(216,312)	(156,005)
Finance lease payments	(105)	(164)	(37)	(64)
Increase in bank overdrafts and short-term loans from financial institutions	154,962	55,197	21,790	221,460
Increase in short-term loan from related party	-	-	678	-
Repayment of borrowings	(37,025)	(38,369)	(22,238)	(23,589)
<b>Net cash from (used in) financing activities</b>	<b>(104,451)</b>	<b>(148,974)</b>	<b>(219,490)</b>	<b>35,337</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,778)</b>	<b>(240,711)</b>	<b>(18,389)</b>	<b>(102,511)</b>
Cash and cash equivalents at 1 January	340,634	1,540,309	95,521	1,119,123
Effect of exchange rate changes on balances held in foreign currency	(4,945)	664	-	-
<b>Cash and cash equivalents at 30 June</b>	<b>326,911</b>	<b>1,300,262</b>	<b>77,132</b>	<b>1,016,612</b>

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

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

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4	Other investments
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**Mega Lifesciences Public Company Limited and its Subsidiaries**  
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**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 13 August 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 period was Unistretch Limited, which is incorporated in Thailand.

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

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

Details of the Company’s associate and subsidiaries as at 30 June 2015 are given in notes 3, 6 and 7.

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

**(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2014) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2014. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2014.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2014 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2015. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.



**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

**(b) Functional and presentation currency**

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

**(c) Judgements and estimates**

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2014.

**3 Related parties**

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

Relationships with an associate and subsidiaries are described in note 6 and 7. Relationships with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Unistretch Limited	Thailand	Ultimate parent of the Group
Al-Mayoni For Trading Services Ltd.	Yemen	Common shareholders
Magnus Pharmaceuticals 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
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties 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

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

Significant transactions for the three-month and six-month periods ended 30 June 2015 and 2014 with related parties were as follows:

<i>Three-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of service	-	-	274,579	261,867
Purchase of goods or receiving of service	-	-	8,029	15,586
Commission expense	-	-	10,894	6,223
Interest expense	-	-	11	11
Interest income	-	-	-	1,890
Other income	-	-	90	203
Advertising expenses	-	-	4,626	6,704
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	31,026	18,433	4,713	4,164
Post-employment benefits	330	319	236	227
Expenses for employee stock option plan	71	24	71	24
<b>Total key management personnel compensation</b>	<b>31,427</b>	<b>18,776</b>	<b>5,020</b>	<b>4,415</b>
<b>Directors' remuneration</b>	<b>1,860</b>	<b>1,860</b>	<b>1,860</b>	<b>1,860</b>
<b>Other related parties</b>				
Sale of goods	-	9,940	-	9,940
Purchase of goods or receiving of services	3,250	3,000	2,042	505
Advertising expenses	2,100	-	2,100	-
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>Six-month period ended 30 June</i>	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of service	-	-	486,369	516,607
Purchase of goods or receiving of service	-	-	16,258	18,426
Commission expense	-	-	16,406	10,958
Interest expense	-	-	21	21
Interest income	-	-	113	3,965
Other income	-	-	156	1,047
Advertising expenses	-	-	10,538	6,704
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	57,520	36,028	8,751	8,257
Post-employment benefits	661	617	472	433
Expenses for employee stock option plan	143	24	143	24
<b>Total key management personnel Compensation</b>	<b>58,324</b>	<b>36,669</b>	<b>9,366</b>	<b>8,714</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Directors' remuneration</b>	<b><u>3,720</u></b>	<b><u>3,720</u></b>	<b><u>3,720</u></b>	<b><u>3,720</u></b>
<b>Other related parties</b>				
Sale of goods	10,239	25,224	10,239	25,224
Purchase of goods or receiving of services	6,979	11,713	3,639	4,037
Donation	500	-	500	-
Advertising expense	3,315	-	3,315	-

Balances as at 30 June 2015 and 31 December 2014 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	June	December	June	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	482,226	549,563
Other related parties	53,754	62,524	53,755	62,524
<b>Total</b>	<b><u>53,754</u></b>	<b><u>62,524</u></b>	<b><u>535,981</u></b>	<b><u>612,087</u></b>

<i>Other receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	June	December	June	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	10,511	33,932
Other related parties	2,418	450	1,823	-
<b>Total</b>	<b><u>2,418</u></b>	<b><u>450</u></b>	<b><u>12,334</u></b>	<b><u>33,932</u></b>

<i>Loans to related party</i>	<b>Interest rate</b>		<b>Consolidated</b>		<b>Separate</b>	
	30	31	<b>financial statements</b>		<b>financial statements</b>	
	June	December	30	31	30	31
	2015	2014	June	December	June	December
	2015	2014	2015	2014	2015	2014
	<i>(% per annum)</i>					
	<i>(in thousand Baht)</i>					
<i>Short-term loan</i>						
Subsidiary	-	1.65	-	-	-	30,000
<b>Short-term loan to related party</b>			<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>30,000</u></b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

Movements during the six-month periods ended 30 June 2015 and 2014 of loans to related party were as follows:

<i>Short-term loans to related party</i>		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
<i>Six-month period ended 30 June</i>		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
<i>Subsidiary</i>					
At 1 January		-	-	30,000	400,000
Increase		-	-	-	300,000
Decrease		-	-	(30,000)	(400,000)
<b>At 30 June</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u><b>300,000</b></u>
<i>Trade accounts payable - related parties</i>		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30	31	30	31
		June	December	June	December
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Subsidiaries		-	-	-	21,108
<b>Total</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u><b>21,108</b></u>
<i>Other payables - related parties</i>		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30	31	30	31
		June	December	June	December
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Subsidiaries		-	-	11,280	-
Other related parties		343	481	-	-
<b>Total</b>		<u><b>343</b></u>	<u><b>481</b></u>	<u><b>11,280</b></u>	<u>-</u>
<i>Loan from and interest payable to related party</i>		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
	<b>Interest rate</b>	30	31	30	31
		June	December	June	December
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
<i>Short-term loan</i>	<i>(% per annum)</i>				
Subsidiary	1.32	1.70	-	-	3,221
<b>Short-term loan from related party</b>			<u>-</u>	<u>-</u>	<u><b>3,221</b></u>
					<u><b>2,543</b></u>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

Movements during the six-month periods ended 30 June 2015 and 2014 of loans from related parties were as follows:

<i>Loan from and interest payable to related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Six-month period ended 30 June</i>	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Short-term loan</b>				
<b>Subsidiary</b>				
At 1 January	-	-	2,543	2,603
Increase	-	-	721	21
Decrease	-	-	(43)	(103)
<b>At 30 June</b>	<b>-</b>	<b>-</b>	<b>3,221</b>	<b>2,521</b>

***Significant agreements with related parties***

As at 30 June 2015, 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 25% of the sale value on a quarterly basis. This agreement is effective on 1 January 2015, and shall remain valid till it is changed and shall be co-terminous with the said agreements. 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.

***Supply agreement***

The Company entered into a supply agreement 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). This agreement is effective on the agreement date and shall be terminated by either party giving at least 30 days notice in writing to the other party.

***Support service agreement***

On 1 April 2015, the Company entered into a support service agreement with Mega Lifesciences Private Limited, a subsidiary, whereby the Mega Lifesciences Private Limited agrees to provide, on a non-exclusive basis, the preparatory and auxiliary services including information collection, liasoning and co-ordination. The Company has agreed to pay service fee at a mark-up of 13% on the operating costs incurred by Mega Lifesciences Private Limited on a quarterly basis. This agreement is effective on the agreement date and shall be terminated by either party giving at least 90 days notice in writing to the other party.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

**4 Other investments**

As at 30 June 2015, a fixed deposit at a financial institution of Baht 506.54 million will mature within 12 months. The Company reclassified the investment from non-current investment to current investment.

During the six-month period ended 30 June 2015, a restricted deposit at a financial institution of a subsidiary of Baht 1.06 million was redeemed. The Group reclassified the investment from current investment to cash and cash equivalents.

**5 Trade accounts receivable**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
		<i>(in thousand Baht)</i>			
Related parties	3	53,754	62,524	535,981	612,087
Other parties		2,294,481	2,062,844	659,424	561,414
<b>Total</b>		<b>2,348,235</b>	<b>2,125,368</b>	<b>1,195,405</b>	<b>1,173,501</b>
Less allowance for doubtful accounts		(25,754)	(9,317)	(16,453)	-
<b>Net</b>		<b>2,322,481</b>	<b>2,116,051</b>	<b>1,178,952</b>	<b>1,173,501</b>
Bad and doubtful debts expense for the six-month period ended 30 June		<b>18,294</b>	<b>790</b>	<b>16,453</b>	<b>-</b>

Aging analyses for trade accounts receivable are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	24,894	33,314	431,502	531,189
Overdue:				
Less than 3 months	4,393	6,285	66,500	33,221
3 - 6 months	11,469	7,457	14,112	19,891
6 - 12 months	9,921	12,552	20,790	19,643
Over 12 months	3,077	2,916	3,077	8,143
	<b>53,754</b>	<b>62,524</b>	<b>535,981</b>	<b>612,087</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	June	December	June	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	1,386,592	1,496,552	361,278	388,931
Overdue:				
Less than 3 months	621,310	445,080	220,488	150,974
3 - 6 months	241,361	65,695	69,222	17,872
6 - 12 months	23,425	25,572	4,815	3,130
Over 12 months	21,793	29,945	3,621	507
	<u>2,294,481</u>	<u>2,062,844</u>	<u>659,424</u>	<u>561,414</u>
<i>Less allowance for</i>				
doubtful accounts	(25,754)	(9,317)	(16,453)	-
	<u>2,268,727</u>	<u>2,053,527</u>	<u>642,971</u>	<u>561,414</u>
<b>Net</b>	<u>2,322,481</u>	<u>2,116,051</u>	<u>1,178,952</u>	<u>1,173,501</u>

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 delivers 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 commences and when the revenue is recognised. This results in an apparent high level of overdue trade accounts receivable.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

**6 Investments in associate**

Investments in an associate as at 30 June 2015 and 31 December 2014 were as follows:

		<b>Consolidated financial statements</b>								
Type of business	Country of Incorporation	Ownership interest		Paid-up capital		Cost		Equity		
		30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	
		(%)				(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>							<u><u>1,213</u></u>	<u><u>1,213</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The Group has not recognised losses relating to certain investments accounted for using the equity method where its share of losses exceeds the carrying amount of those investments. As at 30 June 2015, the Group's cumulative share of unrecognised losses was Baht 6.47 million (31 December 2014: Baht 5.17 million), of which the Group's share of losses for the six-month period ended 30 June 2015 was Baht 1.18 million (30 June 2014: profit of Baht 0.35 million). The Group has no obligation in respect of these losses.



**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

**7 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	59,923	52,162
Increase	5,652	1,085
<b>At 30 June</b>	<b><u>65,575</u></b>	<b><u>53,247</u></b>
<b>At 31 December</b>		<b><u>59,923</u></b>

***Employee stock option plan***

Additional investments in subsidiaries of Baht 5.3 million resulted from Employee Stock Option Plan granted to employees of the Company's subsidiaries (see note 11).

***Additional investment in direct subsidiaries***

During June 2015, the Company made an additional investment of Baht 0.3 million in the issued and paid up capital of Mega Lifesciences Limited, a direct subsidiary in Ukraine, in order to expand the business.

***Additional investment in indirect subsidiaries***

During March 2015, Mega Lifesciences PTY Limited, a subsidiary, made an additional investment of Baht 38.9 million in the issued and paid up capital of Mega Lifesciences (Australia) Pty. Limited, an indirect subsidiary of the Company, in order to expand the business.

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

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

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

Investments in subsidiaries as at 30 June 2015 and 31 December 2014 and dividend income from those investments for the six-month periods ended 30 June 2015 and 2014 were as follows:

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income	
			30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
			( <i>%</i> )				<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	62,908	57,592	-	300,000
Natural Health Foods Limited	Branded products business	Thailand	99.99	99.99	2,000	2,000	1,996	1,996	-	-
Mega We Care Limited	Branded products business	Thailand	99.96	99.96	170	170	170	170	-	-
Mega Lifesciences Limited	Branded products business	Ukraine	100.00	100.00	501	165	501	165	-	-
<b>Total</b>							<b>65,575</b>	<b>59,923</b>	<b>-</b>	<b>300,000</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	468,294	429,442	468,822	429,726	-	-
Mega Lifesciences (Vietnam) Limited	Branded products and distribution business	Vietnam	99.99	99.99	107,959	107,959	109,014	108,527	-	-
Mega Lifesciences Sdn.Bhd	Branded products business	Malaysia	99.99	99.99	17,214	17,214	17,524	17,381	-	-
PT Mega Lifesciences	Branded products business	Indonesia	98.99	98.99	15,163	15,163	15,012	15,012	-	-

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
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**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Dividend income	
			30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	30 June 2014
			(%)				(in thousand Baht)			
Mega Lifesciences PTY Limited	Branded products and distribution business	Cambodia	99.99	99.99	15,281	15,281	16,056	15,698	-	-
Mega Lifesciences Nigeria Limited	Branded products and distribution business	Nigeria	99.99	99.99	14,885	14,885	15,537	15,269	-	-
Mega Lifesciences Ghana Limited	Branded products business	Ghana	99.99	99.99	9,469	9,469	9,624	9,553	-	-
Mega Lifesciences Private Limited	Branded products business	India	99.99	99.99	4,777	4,777	5,397	5,111	-	-
Mega Lifesciences Limited	Distribution business	Myanmar	99.99	99.99	2,534	2,534	4,961	4,200	-	-
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	1,403	945	133,800	-
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	409	349	-	-
<b>Total</b>							<b>664,414</b>	<b>622,426</b>	<b>133,800</b>	<b>-</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

**8 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the six-month periods ended 30 June 2015 and 2014 were as follows:

<i>Six-month period ended 30 June</i>	<b>Consolidated financial statements</b>			
	2015		2014	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land	37,708	-	-	-
Building and building improvements	7,762	-	78,797	-
Leasehold improvements	2,273	100	5,001	-
Machinery and equipment	64,868	-	196,099	-
Furniture, fixtures and office equipment	10,357	59	15,229	208
Vehicles	3,409	3,378	15,951	136
Assets under construction	7,496	37,731	51,915	265,942
Exchange differences	(24,312)	-	10,278	-
<b>Total</b>	<b>109,561</b>	<b>41,268</b>	<b>373,270</b>	<b>266,286</b>

<i>Six-month period ended 30 June</i>	<b>Separate financial statements</b>			
	2015		2014	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Building and building improvements	4,985	-	77,948	-
Machinery and equipment	56,406	-	193,752	-
Furniture, fixtures and office equipment	3,330	-	3,863	-
Vehicles	47	-	-	-
Assets under construction	7,496	37,731	51,915	265,942
<b>Total</b>	<b>72,264</b>	<b>37,731</b>	<b>327,478</b>	<b>265,942</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

**9 Deferred tax**

Deferred tax assets and liabilities as at 30 June 2015 and 31 December 2014 were as follows:

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Total	274,769	283,875	(172,886)	(193,336)
Set off of tax	(171,503)	(190,459)	171,503	190,459
<b>Net deferred tax assets (liabilities)</b>	<b>103,266</b>	<b>93,416</b>	<b>(1,383)</b>	<b>(2,877)</b>

  

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Total	48,555	29,983	(13,075)	(8,681)
Set off of tax	(13,075)	(8,681)	13,075	8,681
<b>Net deferred tax assets</b>	<b>35,480</b>	<b>21,302</b>	<b>-</b>	<b>-</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.

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>			
	<b>At 1 January 2015</b>	<b>(Charged) / Credited to:</b>		<b>At 30 June 2015</b>
		profit or loss (Note 14)	Exchange differences	
	<i>(in thousand Baht)</i>			
<b>Deferred tax assets</b>				
Accounts receivables	243,339	(13,001)	(49)	230,289
Provision for employee benefits	15,872	4,686	(207)	20,351
Loss carry forward	22,157	422	(684)	21,895
Others	2,507	(210)	(63)	2,234
<b>Total</b>	<b>283,875</b>	<b>(8,103)</b>	<b>(1,003)</b>	<b>274,769</b>
<b>Deferred tax liabilities</b>				
Inventories	189,920	(19,651)	-	170,269
Property, plant and equipment	3,416	(225)	(574)	2,617
<b>Total</b>	<b>193,336</b>	<b>(19,876)</b>	<b>(574)</b>	<b>172,886</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

	<b>Consolidated financial statements</b>			
	<b>At 1</b>	(Charged) /		<b>At 30</b>
	<b>January</b>	Credited to:	Exchange	<b>June</b>
	<b>2015</b>	profit or loss	differences	<b>2015</b>
		<i>(Note 14)</i>		
<b>Net</b>	<b>90,539</b>	<b>11,773</b>	<b>(429)</b>	<b>101,883</b>

	<b>Consolidated financial statements</b>			
	<b>At 1</b>	(Charged) /		<b>At 30</b>
	<b>January</b>	Credited to:	Exchange	<b>June</b>
	<b>2014</b>	profit or loss	differences	<b>2014</b>
		<i>(Note 14)</i>		
		<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>				
Accounts receivables	245,138	19,749	(2)	264,885
Provision for employee benefits	14,989	850	157	15,996
Loss carry forward	25,826	14,036	1,127	40,989
Others	2,614	(1,647)	(50)	917
<b>Total</b>	<b>288,567</b>	<b>32,988</b>	<b>1,232</b>	<b>322,787</b>
<b>Deferred tax liabilities</b>				
Inventories	204,658	7,699	-	212,357
Property, plant and equipment	7,621	(493)	126	7,254
<b>Total</b>	<b>212,279</b>	<b>7,206</b>	<b>126</b>	<b>219,611</b>
<b>Net</b>	<b>76,288</b>	<b>25,782</b>	<b>1,106</b>	<b>103,176</b>

	<b>Separate financial statements</b>		
	<b>At 1</b>	(Charged) /	<b>At 30</b>
	<b>January</b>	Credited to :	<b>June</b>
	<b>2015</b>	profit or loss	<b>2015</b>
		<i>(Note 14)</i>	
		<i>(in thousand Baht)</i>	
<b>Deferred tax assets</b>			
Accounts receivables	21,324	14,703	36,027
Provision for employee benefits	8,539	3,872	12,411
Others	120	(3)	117
<b>Total</b>	<b>29,983</b>	<b>18,572</b>	<b>48,555</b>
<b>Deferred tax liabilities</b>			
Inventories	8,681	4,394	13,075
<b>Total</b>	<b>8,681</b>	<b>4,394</b>	<b>13,075</b>
<b>Net</b>	<b>21,302</b>	<b>14,178</b>	<b>35,480</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

	<b>Separate financial statements</b>		
	<b>At 1 January 2014</b>	<b>(Charged) / Credited to : profit or loss (Note 14)</b>	<b>At 30 June 2014</b>
	<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>			
Accounts receivables	20,224	1,178	21,402
Provision for employee benefits	7,727	394	8,121
Others	185	(147)	38
<b>Total</b>	<b><u>28,136</u></b>	<b><u>1,425</u></b>	<b><u>29,561</u></b>
<b>Deferred tax liabilities</b>			
Inventories	10,149	(1,367)	8,782
<b>Total</b>	<b><u>10,149</u></b>	<b><u>(1,367)</u></b>	<b><u>8,782</u></b>
<b>Net</b>	<b><u>17,987</u></b>	<b><u>2,792</u></b>	<b><u>20,779</u></b>

**10 Trade accounts payable**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
		<i>(in thousand Baht)</i>			
Related parties	3	-	-	-	21,108
Other parties		1,354,696	1,403,926	223,273	133,380
<b>Total</b>		<b><u>1,354,696</u></b>	<b><u>1,403,926</u></b>	<b><u>223,273</u></b>	<b><u>154,488</u></b>

**11 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 assistant 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.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
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**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

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.
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 measured fair value of options using Black-Scholes model based on number of employees in employment on the reporting date to whom warrants have been awarded with the assumption that all of the option will be exercised at 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 follows:

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 follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b><i>Statement of financial position as at 30 June 2015/ 31 December 2014</i></b>				
Investments in subsidiaries	-	-	12,912	7,596
Warrant	(14,462)	(8,431)	(14,462)	(8,431)
<b><i>Statement of comprehensive income for the six-month periods ended 30 June</i></b>				
Administrative expenses	6,031	1,204	715	119



**Mega Lifesciences Public Company Limited and its Subsidiaries**  
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**12 Corporate social responsibility reserve**

The directors 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 during the six-month period ended 30 June 2015 of Baht 5.5 million (2014: Baht 3.0 million) in the consolidated and the separate financial statements, respectively. During the six-month period ended 30 June 2015, the Company donated an amount of Baht 0.5 million (2014: nil) to Mechai Pattana School and reduced such amount from the corporate social responsibility reserve in the consolidated and the separate statements of changes in equity.

**13 Segment information**

The Group comprises the following segment information:

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

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

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

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

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

***Inter-segment charge***

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

***Segment profit before tax***

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

***Segment assets and liabilities***

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

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
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*Information about reportable segments:*

<i>Three-month period ended 30 June</i>	<b>Brand</b>		<b>Distribution</b>		<b>OEM</b>		<b>Total</b>	
	2015	2014	2015	2014	2015	2014	2015	2014
	<i>(in thousand Baht)</i>							
External revenue	1,040,980	894,341	821,956	943,128	109,430	121,284	1,972,366	1,958,753
Inter-segment revenue	(34,540)	(30,425)	34,540	30,425	-	-	-	-
Other income	1,203	2,074	866	1,007	296	173	2,365	3,254
<b>Total segment revenue</b>	<b>1,007,643</b>	<b>865,990</b>	<b>857,362</b>	<b>974,560</b>	<b>109,726</b>	<b>121,457</b>	<b>1,974,731</b>	<b>1,962,007</b>
<b>Segment profit before income tax</b>	<b>190,308</b>	<b>147,343</b>	<b>41,127</b>	<b>69,873</b>	<b>13,879</b>	<b>12,204</b>	<b>245,314</b>	<b>229,420</b>
	<i>(in thousand Baht)</i>							
<i>Six-month period ended 30 June</i>	<b>Brand</b>		<b>Distribution</b>		<b>OEM</b>		<b>Total</b>	
	2015	2014	2015	2014	2015	2014	2015	2014
External revenue	1,918,716	1,661,316	1,644,934	1,783,874	213,553	218,814	3,777,203	3,664,004
Inter-segment revenue	(67,735)	(59,297)	67,735	59,297	-	-	-	-
Other income	4,055	4,538	2,534	1,909	296	320	6,885	6,767
<b>Total segment revenue</b>	<b>1,855,036</b>	<b>1,606,557</b>	<b>1,715,203</b>	<b>1,845,080</b>	<b>213,849</b>	<b>219,134</b>	<b>3,784,088</b>	<b>3,670,771</b>
<b>Segment profit before income tax</b>	<b>346,104</b>	<b>226,648</b>	<b>89,768</b>	<b>123,532</b>	<b>29,504</b>	<b>19,684</b>	<b>465,376</b>	<b>369,864</b>
<b>Segment assets as at 30 June/ 31 December</b>	<b>2,207,610</b>	<b>2,221,155</b>	<b>1,768,472</b>	<b>1,579,786</b>	<b>219,510</b>	<b>149,980</b>	<b>4,195,592</b>	<b>3,950,921</b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

*Reconciliation of reportable segment profit or loss and assets*

*Three-month period ended 30 June*

2015                      2014  
*(in thousand Baht)*

**Profit or loss**

Total profit for reportable segments	<u>245,314</u>	<u>229,420</u>
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Unallocated amounts:

Other corporate expenses	(11,606)	(49,614)
Depreciation and amortisation	(35,997)	(33,667)
Finance costs	(3,289)	(4,539)
Interest income	7,280	4,279
Other income	868	2,765
Income tax expense	<u>(37,062)</u>	<u>(19,576)</u>

**Consolidated profit**

	<u><b>165,508</b></u>	<u><b>129,068</b></u>
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*Six-month period ended 30 June*

2015                      2014  
*(in thousand Baht)*

**Profit or loss**

Total profit for reportable segments	<u>465,376</u>	<u>369,864</u>
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Unallocated amounts:

Other corporate expenses	(78,882)	(98,605)
Depreciation and amortization	(71,407)	(65,127)
Finance costs	(5,784)	(9,377)
Interest income	15,244	8,847
Other income	3,707	3,750
Income tax expense	<u>(56,275)</u>	<u>(23,743)</u>

**Consolidated profit**

	<u><b>271,979</b></u>	<u><b>185,609</b></u>
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30                              31  
June                              December  
2015                              2014  
*(in thousand Baht)*

**Assets**

Total assets for reportable segments	4,195,592	3,950,921
Other unallocated amounts	<u>2,814,043</u>	<u>2,780,931</u>
<b>Consolidated total assets</b>	<u><b>7,009,635</b></u>	<u><b>6,731,852</b></u>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
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**14 Income tax expense**

*Income tax recognised in profit or loss*

<i>Six-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current tax expense		64,216	56,239	25,189	14,500
Adjustment for prior years		3,832	(5,608)	-	(5,608)
		<u>68,048</u>	<u>50,631</u>	<u>25,189</u>	<u>8,892</u>
<b>Deferred tax expense</b>					
Movements in temporary differences	9	<u>(11,773)</u>	<u>(26,888)</u>	<u>(14,178)</u>	<u>(2,792)</u>
<b>Total income tax expense</b>		<u>56,275</u>	<u>23,743</u>	<u>11,011</u>	<u>6,100</u>

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

- (a) a significant portion of the Group's profit was derived from promoted activities which are not subject to tax.
- (b) of the different treatment for accounting and taxation purposes of certain items of income/expense, in particular, allowance for obsolescence and temporary difference arising from revenue and cost of sale of export of finished goods from Thailand to other countries for which tax becomes payable upon export of the goods but for which revenue and cost of sale are recognised in the statement of income subsequently at the moment the goods are sold to third parties outside the Group.

**15 Earnings per share**

The calculations of basic earnings and diluted per share for the three-month and six-month periods ended 30 June 2015 and 2014 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company	<u>165,492</u>	<u>129,095</u>	<u>124,497</u>	<u>75,145</u>
Weighted average number of ordinary shares outstanding	<u>865,249</u>	<u>865,249</u>	<u>865,249</u>	<u>865,249</u>
<b>Basic and diluted earnings per share (in Baht)</b>	<u>0.19</u>	<u>0.15</u>	<u>0.14</u>	<u>0.09</u>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

<i>Six-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company	<u>271,979</u>	<u>185,673</u>	<u>222,804</u>	<u>455,174</u>
Weighted average number of ordinary shares outstanding	<u>865,249</u>	<u>865,249</u>	<u>865,249</u>	<u>865,249</u>
<b>Basic and diluted earnings per share (in Baht)</b>	<b><u>0.31</u></b>	<b><u>0.21</u></b>	<b><u>0.26</u></b>	<b><u>0.53</u></b>

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. 8,652,400 shares of which are related to warrants under Employee Stock Option Plan (note 11).

***Diluted earnings per share***

During the year 2014, the Company issued the warrants for employees, the issue of warrants (note 11) does 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.

**16 Dividends**

At the annual general meeting of the shareholders of the Company held on 10 April 2015, the shareholders approved the appropriation of dividends of Baht 0.25 per share, amounting to Baht 216.3 million. The dividends were paid to shareholders during April 2015.

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

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Contracted but not provided for:				
Land	94,080	129,074	94,080	94,080
Buildings and other constructions	<u>28,391</u>	<u>24,414</u>	<u>28,391</u>	<u>22,331</u>
<b>Total</b>	<b><u>122,471</u></b>	<b><u>153,488</u></b>	<b><u>122,471</u></b>	<b><u>116,411</u></b>
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	31,529	19,447	4,404	7,812
After one year but within five years	<u>34,410</u>	<u>12,913</u>	<u>-</u>	<u>1,200</u>
<b>Total</b>	<b><u>65,939</u></b>	<b><u>32,360</u></b>	<b><u>4,404</u></b>	<b><u>9,012</u></b>

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	30	31	30	31
	June	December	June	December
	2015	2014	2015	2014
<b><i>Other commitments</i></b>				
Purchase orders for goods and supplies	76,230	166,099	76,230	166,099
Bank guarantees	44,143	63,108	44,143	61,108
<b>Total</b>	<b>120,373</b>	<b>229,207</b>	<b>120,373</b>	<b>227,207</b>

*(in thousand Baht)*

***Operating lease agreements***

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

***Distribution and service agreements***

The Group has entered into usually exclusive distribution and service agreements with third parties in various countries. The compensation for the distributors is variable and depends on the volume of business carried out. The compensation accruing to the Group is usually fixed and revised periodically. The agreements can usually be terminated within a year without the Group incurring significant obligations.

***Contingent liabilities***

As at 30 June 2015, the Company had contingent liabilities with financial institutions to guarantee the Company's subsidiaries in respect of line of credit use for amounts up to Baht 1,225 million and U.S. Dollars 13 million (*31 December 2014: Baht 1,340 million and U.S. Dollars 13 million*).

**18 Events after the reporting period**

At the meeting of the Board of Directors held on 13 August 2015, the director approved the appropriation of interim dividends of Baht 0.16 per share, amounting to Baht 138.44 million. The interim dividends will be paid during 2015.

**Mega Lifesciences Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015 (Unaudited)**

**19 Reclassification of accounts**

Certain accounts in the 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements. The significant reclassifications were as follows:

	<b>2014</b>		
	<b>Consolidated financial statements</b>		
	Before reclass.	Reclass. <i>(in thousand Baht)</i>	After reclass.
<b><i>Statement of financial position</i></b>			
Advances to suppliers and distributors	119,254	9,413	128,667
Accrued expenses	(356,829)	(9,413)	(366,242)
<b><i>Statement of comprehensive income</i></b>			
<b><i>(three-month period)</i></b>			
Cost of sales of goods and rendering of services	(1,205,152)	(4,441)	(1,209,593)
Selling expenses	(362,839)	(11,959)	(374,798)
Administrative expenses	(245,400)	16,400	(229,000)
<b><i>Statement of comprehensive income</i></b>			
<b><i>(six-month period)</i></b>			
Cost of sales of goods and rendering of services	(2,247,130)	(7,131)	(2,254,261)
Selling expenses	(718,133)	(11,959)	(730,092)
Administrative expenses	(476,797)	19,090	(457,707)
		<u>          -</u>	

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