

Ref. No. 0859/55E

August 10, 2016

Subject: Clarification on the Operating Result in the 2<sup>nd</sup> quarter 2016 and the first 6-month period of 2016

Attn: President

The Stock Exchange of Thailand

The Company wishes to report the Company's operating results in the 2<sup>nd</sup> quarter 2016 and the first 6-month period of 2016, which can be summarized as follows:

(1) The Company's net profit in the 2<sup>nd</sup> quarter 2016 was Baht 49.44 million, or net earnings per share of Baht 0.09. When compared with the same period last year, the net profit decreased by Baht 21.48 million, or a decrease in net earnings per share of Baht 0.05 or 30.29 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2016 was Baht 15.49 million or 31.33 percent of the total net profit, which decreased from the same period last year by Baht 10.99 million or 41.50 percent. This was due to the decrease in coal sales volume and average coal selling price of 4.16 percent and 14.48 percent, respectively, in line with the downtrend of coal prices in the global market.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company in the 2<sup>nd</sup> quarter 2016 was Baht 18.81 million or 38.05 percent of the total net profit, which decreased from the same period last year by Baht 10.59 million or 36.02 percent. Despite an increase in ethanol sales volume of 17.05 percent, but the average ethanol selling price decreased by 13.06 percent due to the falling global fuel prices, which had remained at low level.

(1.3) Other revenues and share of income from investment in the associate company in the 2<sup>nd</sup> quarter 2016 was Baht 15.14 million or 30.62 percent of the total net profit, which increased from the same period last year by Baht 0.10 million or 0.66 percent due to the increase in foreign exchange gain and interest received.

(2) The Company's net profit in the first 6-month period of 2016 was Baht 184.49 million, or net earnings per share of Baht 0.35. When compared with the same period last year, the net profit decreased by Baht 7.02 million, or a decrease of net earnings per share of Baht 0.01 or 3.67 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company in the first 6-month period of 2016 was Baht 61.14 million or 33.14 percent of the total net profit, which decreased from the same period last year by Baht 11.77 million or 16.14 percent. This was due to the decrease in coal sales volume and average selling price of 3.11 percent and 13.27 percent, respectively, in line with the downtrend of coal prices in the global market.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company in the first 6-month period of 2016 was Baht 64.05 million or 34.72 percent of the total net profit, which decreased from the same period last year by Baht 24.61 million or 27.76 percent due to the decrease in the average ethanol selling price of 11.77 percent. Despite an increase in ethanol sales volume of 10.71 percent, but the average ethanol selling price decreased by 11.77 percent due to the falling global gasoline prices, which had remained at low level.

(2.3) Other revenues and share of income from investment in the associate company in the first 6-month period of 2016 was Baht 59.30 million or 32.14 percent of the total net profit, which increased from the same period last year by Baht 29.36 million or 98.06 percent due to the increase in foreign exchange gain.

The details of the changes and impacts are described in the Management Discussion and Analysis (MD&A)

Please be informed accordingly.

Yours faithfully,

For and on behalf of  
Lanna Resources Public Company Limited

(Mrs. Petcharat Chayanon)  
Chief Officer – Accounting and Finance