

ANNUAL REPORT

2010





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Vision

To be one of the coal
business leaders in Asia

Core Value

Production and distribution
of high-quality coal entrusted
by its customers

MISSION

- Aim to attain business operation excellence through insisting on building customer satisfaction by paying attention to recommendations as well as making self-assessment and review in order to continually develop and create the best products for a sustainable development of the Company in the future.
- Develop excellent products and services, create new innovation to continue adding values to products and services and find new ways that are utmost beneficial for the customers.
- Develop skillful human resources and acquire modern technology in order to maintain high quality and standard of products and services.
- Take into consideration the corporate social responsibility to the overall community and society including environmental conservation by taking part in the creation and support of development that are sustainable and beneficial to the overall society, consistent with status of the Company.
- Become aware of the importance of good corporate governance by adhering to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment, as well as gaining faith from all the stakeholders.

COMPANY PROFILE

Background: Lanna Resources Public Company Limited, Registration No. 0107535000397 (formerly Bor.Mor.Jor. 72), formerly Lanna Lignite Public Company Limited, was initially established as a registered company on the October 4, 1985 and later converted to a public company limited on December 29, 1992. On July 12, 1994, the Company was given permission by the Ministry of Finance to register its ordinary shares for trading in the Stock Exchange of Thailand. The Company is listed in the Resources Group (Energy and Utilities sector). The Company has registered and changed its name to Lanna Resources Public Company Limited since May 17, 2001.

Head Office: 888/99, 9th Floor, Mahathun Plaza Building, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330; Tel.: 0-2253-8080, 0-2253-6820; Fax: 0-2253-6822, 0-2253-5014; Website: www.lannar.com; E-Mail: lanna@lannar.com

Branch Office: Ayutthaya Coal Distribution Center: 108 Moo 1, Klong Sakae Sub-district, Nakhonluang District, Ayutthaya Province, Tel.: 035-724158; Fax: 035-724158

Type of Business: The Company operates two following main businesses:

- (1) Solid Fuel:** Core business in the coal production and distribution domestically and overseas; and
- (2) Liquid Bio-Fuel:** Secondary business in the ethanol production and distribution for bio-fuel purpose.

REGISTERED AND PAID-UP CAPITAL: 350,000,000 ordinary shares at a par value of Baht 1.00 per share, for a total paid-up registered capital of Baht 350,000,000.

REGISTRAR : Thailand Securities Depository Co., Ltd., 62 Stock Exchange of Thailand Building, Rajadapisek Road, Klongtoey, Bangkok 10110 Tel.: 0-2229-2000, Fax: 0-2654-5649

AUDITOR : Ernst & Young Office Limited, represented by Ms. Kamontip Lertwitworatep, certified public accountant no. 4377; and/or Mrs. Saifon Inkaew, certified public accountants no. 4434; and/or Mr. Wichart Lokatekrawee, certified public accountant no. 4451, with address at 193/136-137 New Rajadapisek Rd., Bangkok 10110, Tel.: 0-2264-0777, Fax: 0-2264-0789-90

LEGAL ADVISOR: Dharmniti International Co., Ltd., 2/4 Nai Lert Tower, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Tel.: 0-2252-1260, Fax: 0-2252-1104

REPORT OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors of Lanna Resources Public Company Limited, I would like to take this opportunity to report to the shareholders with regard to the financial status and operating results of the Company and affiliated companies for the past year 2010, which were considered quite satisfactory, having a steady and growing net income as compared to the previous year despite the global financial and economic crisis. The Company and its affiliated companies had total revenue of Baht 8,934.23 million with net income of Baht 674.66 million or net earnings per share of Baht 1.93. In comparison with year 2009, the revenue and net income increased by Baht 3,565.37 million and Baht 20.05 million or 66.41 percent and 3.06 percent, respectively. In 2010, the Company posted its highest net income ever in the past 26 years since the Company was founded back in 1985, having revenue proportion from the sales of coal and ethanol accounting for 91.49 percent and 8.51 percent, respectively, and net income proportion from the coal business accounting for 117.44 percent and net loss from the ethanol business accounting for 17.44 percent. Furthermore, the Company was the listed company that received the Best Performance Award in the 1st Quartile (listed companies categorized within the top 25 percent) from the SET Awards 2010 by the Stock Exchange of Thailand.

From the coal business which is the Company's core business, the total revenue in 2010 was Baht 8,017.21 million, an increase from the previous year by Baht 3,534.61 million or 78.85 percent, and the net income was Baht 1,258.17 million, an increase of Baht 434.01 million from the previous year or 52.66 percent. The Company currently has a total of two operating coal mines in Indonesia, each with a production capacity of approximately 2 million metric tons per year. The remaining concession period for the first and second coal concession is approximately 20 years and 28 years, respectively. Nonetheless, the Company is actively seeking additional coal concession projects in the following years in order to enhance its coal business potential in the future.

From the ethanol business which is the Company's alternative business, the total revenue in 2010 was Baht 760.23 million, or an increase from the previous year by Baht 83.95 million or 12.41 percent and the net loss was Baht 94.52 million, a decrease from the previous year by Baht 302.40 million or 145.47 percent, with ethanol sales volume and price increased by 1.94 percent and 10.27 percent, respectively. However, the price of molasses, which was the main cost of ethanol production, has more than doubled resulting in the operating loss this year. The construction of the ethanol production plant with 200,000 liters per day capacity (Production Line No. 2) started in 2009, utilizing a multi-feed system allowing for various types of raw materials such as cassava, sugarcane, etc., and it is located adjacent to the existing ethanol production plant with 150,000 liters per day capacity (Production Line No. 1) in Suphanburi Province. Currently, the construction of the Production Line No. 2 has been completed and will start to produce ethanol commercially from the beginning of 2011. Both plants have been granted special investment promotion privileges according to the Investment Promotion Act, B.E. 2520 (1977). Accordingly, the ethanol production capacity has now reached 350,000 liters per day. The Company has planned to expand its ethanol production capacity corresponding to increasing demand for ethanol in the future.

The Company's overall financial status and liquidity were still considered satisfactory. The current ratio was at 1.44 times, but the total debt to total assets ratio was only 45.88 percent and the debt to equity ratio was only 84.76 percent.

Even though the financial and economic crisis which occurred during year 2009 to 2010 has certainly impacted the Company along with other enterprises in the other industries, the Company's Board of Directors has endeavored to resolve the problem and manage the Company with prudence by adhering to the principles of good corporate governance, which has enabled the Company to overcome the obstacles and achieve good operating results. The Board of Directors shall also invest and develop the Company's business to achieve sustainable business growth and development in long term.



Mr. Somkiart Limsong
Chairman of the Board

BOARD OF DIRECTORS

Lanna Resources Public Company Limited



Mr. Somkiart Limsong
Chairman of the Board



Mr. Paul Heinz Hugentobler
Director



Mr. Philippe Paul Alexandre Arto
Director



Mr. Vanchai Tosomboon
Director



Mr. Tanon Tantisunthorn
Director



Mr. Padoong Techasarintr
Independent Director / Audit Committee Chairman



Mr. Adul Tantharatana
Independent Director / Audit Committee Member



Mrs. Duangkamol Suchato
Independent Director / Audit Committee Member



Mr. Anan Siripong
Independent Director



Ms. Nopporn Tirawattanagool
Independent Director / Audit Committee Member



Mr. Kraisi Sirirungsi
Director / Executive Chairman



Mr. Suroj Subhasavasdikul
Director / Executive Director



Mr. Pilas Puntakosol
Director / Executive Director



Mr. Visit Tantisunthorn
Director / Executive Director



Mr. Anun Louharanoo
Director / Executive Director / Secretary



Even though the financial and economic crisis has certainly impacted the Company along with other enterprises in the other industries, nonetheless in 2010, the Company posted its highest net earnings ever in the past 26 years since the Company was founded back in 1985. The Company will continue to focus on sustainable business growth and development in long term. Moreover on November 19, 2010, the Company received the Best Performance Award in the 1st Quartile (listed companies categorized within the top 25 percent) from the SET Awards 2010 of the Stock Exchange of Thailand.



FINANCIAL INFORMATION

According to the Consolidated Financial Statements	Year 2008	Year 2009	Year 2010
Financial Status (Unit: Million Baht)			
Total Assets	3,795	4,351	5,883
Total Liabilities	1,377	1,491	2,699
Issued and Paid-up Capital	350	350	350
Total Shareholders' Equity	2,418	2,860	3,184
Operating Results (Unit: Million Baht)			
Total Revenue	7,474	5,369	8,934
Sales Revenue	7,406	5,159	8,777
Gross Earnings	2,860	2,320	3,567
EBITDA (Earnings before interest, tax, depreciation, & amortization)	1,758	1,457	2,008
Net Earnings	471	655	675
Share Information (Unit: Baht per Share)			
Book Value per Share	6.04	6.88	7.50
Net Earnings per Share	1.35	1.87	1.93
Dividend per Share	0.80	1.00	1.05
Liquidity Ratio			
Current Ratio (times)	1.53	1.59	1.44
Quick Current Ratio (times)	0.96	0.65	0.90
Cash Flow Liquidity Ratio (times)	1.49	0.41	0.92
Accounts Receivable Turnover Ratio (times)	13.61	12.91	13.95
Average Debt Collection Period (days)	27	28	26
Inventory Turnover Ratio (times)	13.40	7.31	14.82
Average Selling Period (days)	27	50	25
Accounts Payable Turnover Ratio (times)	14.95	12.23	18.22
Average Debt Payment Period (days)	24	30	20
Cash Cycle (days)	30	48	31
Profitability Ratio			
Gross Profit Margin (%)	38.62	44.96	40.63
EBITDA Margin (%)	23.52	27.13	22.47
Net Profit Margin (%)	11.39	19.22	13.02
Return on Equity (%)	23.78	28.94	26.81
Efficiency Ratio			
Return on Total Assets (%)	23.86	25.34	22.74
Return on Fixed Assets (%)	84.25	81.91	63.69
Assets Turnover Ratio (times)	2.09	1.32	1.75
Financial Policy Ratio			
Debt to Equity Ratio (times)	0.57	0.52	0.85
Interest Coverage Ratio (times)	48.13	59.93	88.64
Debt Service Coverage Ratio (Cash Basis) (times)	2.24	0.51	0.77
Dividend Payment Ratio (%)	69.90	95.84	98.22

DIVIDEND PAYMENT POLICY

The Company's dividend payment policy to the shareholders: In the case that no additional investment is required and there are no outstanding loans, the Company's dividend payment policy is not less than 60 percent of its net income according to the separate financial statements for each financial period after deduction of legal provisions and the net loss carried forward (if any). For the dividend payment of the subsidiary company with Company holding more than 50 percent shares, the dividend payment policy and capital requirement of the Company and the subsidiary will be considered to facilitate the Company for payment of dividend according to above policy.

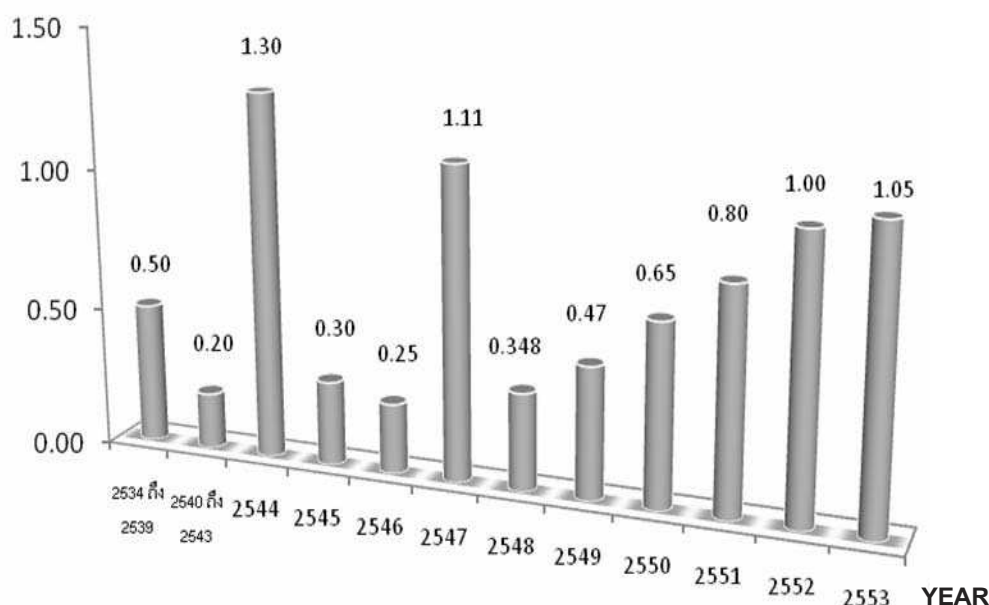
The dividend payment policy of the subsidiary companies to the Company: In the case that the subsidiary company has no additional investment and no outstanding loans, the subsidiary's dividend policy payment is not less than 60 percent of its net income according to the separate financial statements for each financial period after deduction of legal provisions and the net loss carried forward (if any). The dividend payments of the subsidiary companies in year 2010 have been shown in details for each of the companies on Page 13 of this Annual Report.

Dividend Payment in Year 2010: The Company's net income according to the separate financial statements was at Baht 374.15 million or Baht 1.07 per share. The Board of Directors has proposed for the appropriation of earnings for the purpose of dividend payment to the shareholders at Baht 1.05 per share or 98.22 percent of the net income according to the separate financial statements, which is in line with the Company's dividend payment policy above and higher than the dividend payment ratio of the previous year by 2.48 percent.

DIVIDEND PAYMENT RECORD

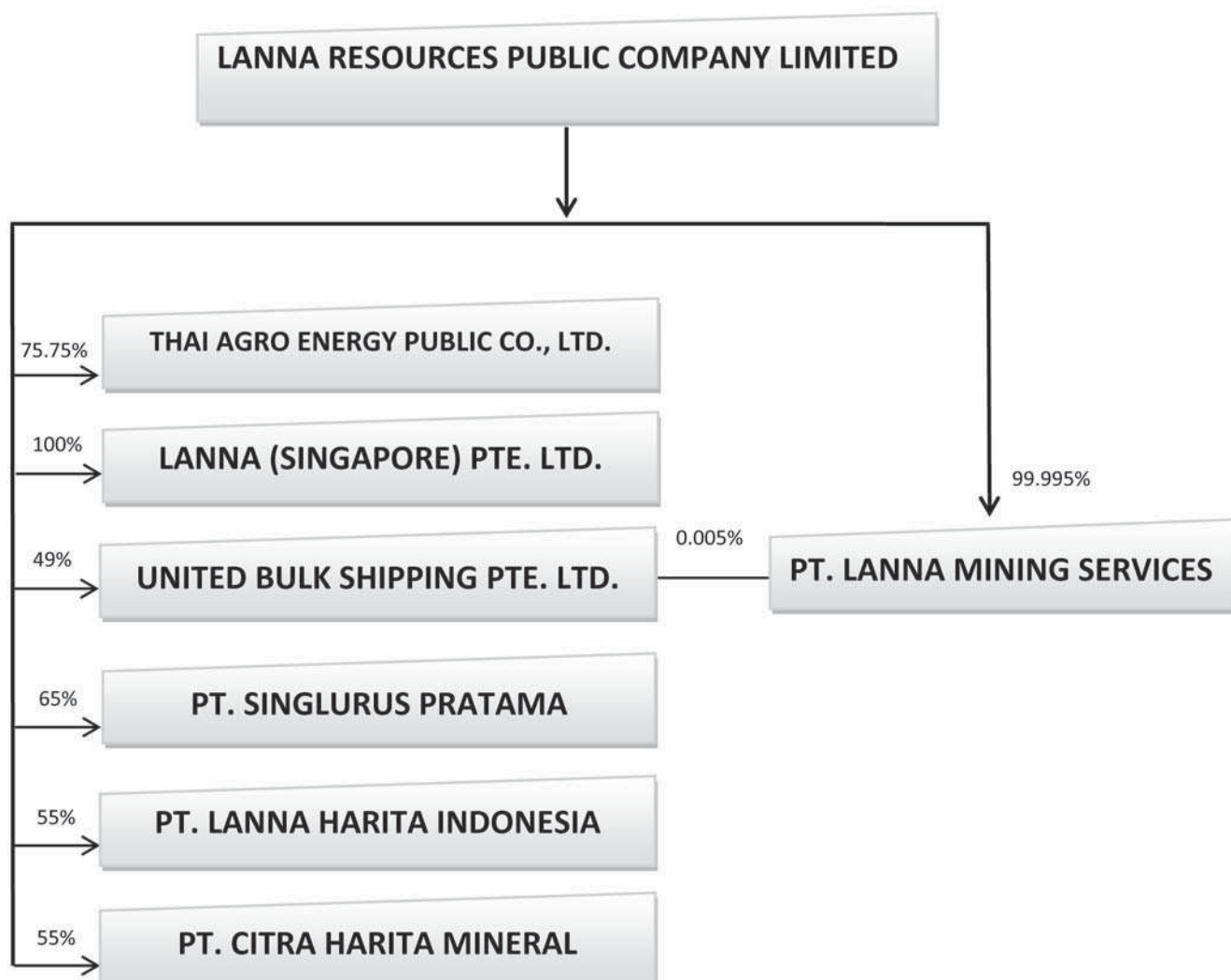
(Par value of Baht 1.00 per share)

BAHT/SHARE/YEAR



INVESTMENT IN THE SUBSIDIARY AND ASSOCIATED COMPANIES

The Company has invested in six subsidiary companies (both direct and indirect shareholding exceeding 50 percent of the paid-up capital) and in one associated company (direct shareholding of less than 50 percent of the paid-up capital), according to the investment structure and profile of each company below.



THAI AGRO ENERGY PUBLIC CO., LTD. (REGISTERED IN THAILAND)

Location:	888/114 Mahathun Plaza Bldg., 11 th Floor, Ploenchit Rd., Pathumwan, Bangkok 10330, Tel.: 02-627-3890-94, Fax: 02-627-3888-89
Type of Business:	Production and Distribution of Ethanol-for-Fuel (99.5% Anhydrous Alcohol)
Registered Capital:	800,000,000 ordinary shares at Baht 1 per share totaling Baht 800,000,000
Paid-up Capital:	600,000,000 ordinary shares at Baht 1 per share totaling Baht 600,000,000
Company's Shareholding:	454,528,300 ordinary shares at Baht 1 per share totaling Baht 454,528,300, a direct shareholding of 75.75 percent of the paid-up capital

LANNA (SINGAPORE) PTE. LTD. (REGISTERED IN SINGAPORE)

Location: 50 Raffles Place # 32-01, Singapore Land Tower, Singapore 049623,
Tel.: (65) 6536-5355, Fax: (65) 6536-2402

Type of Business: Holding company with investments in coal business and utilities

Registered Capital: 9,000,000 ordinary shares at SGD 1 per share totaling SGD 9,000,000

Paid-up Capital: 9,000,000 ordinary shares at SGD 1 per share totaling SGD 9,000,000

Company's Shareholding: 9,000,000 ordinary shares at SGD 1 per share totaling SGD 9,000,000,
a direct shareholding of 100 percent of the paid-up capital

PT. LANNA MINING SERVICES (REGISTERED IN INDONESIA)

Location: Kawasan Bisnis Granadha, 8th Floor Jl. Jend Sudirman Kav. 50, Jakarta 12930,
Indonesia Tel.: 62(21) 2553-9313, Fax: 62(21) 2553-9314

Type of Business: Coal Trading

Registered Capital: 21,000 ordinary shares at USD 100 per share totaling USD 2,100,000

Paid-up Capital: 21,000 ordinary shares at USD 100 per share totaling USD 2,100,000

Company's Shareholding: 20,999 ordinary shares at USD 100 per share totaling USD 2,099,000,
a direct and indirect shareholding of 99.9975 percent of the paid-up capital

PT. SINGLURUS PRATAMA (REGISTERED IN INDONESIA)

Location: Kawasan Bisnis Granadha, 8th Floor, Jl. Jend Sudirman Kav. 50,
Jakarta 12930, Indonesia Tel.: 62(21) 2553-5036/37; 2553 9876,
Fax: 62(21) 2553-9821

Type of Business: Coal Production and Distribution

Registered Capital: 7,950 ordinary shares at Indonesian Rupiah 1,000,000 per share totaling
Indonesian Rupiah 7,950,000,000

Paid-up Capital: 7,950 ordinary shares at Rp. 1,000,000 per share totaling Indonesian Rupiah
7,950,000,000

Company's Shareholding: 5,168 ordinary shares at Indonesian Rupiah 1,000,000 per share totaling
Indonesian Rupiah 5,168,000,000, a direct shareholding of 65 percent of the
paid-up capital

PT. LANNA HARITA INDONESIA (REGISTERED IN INDONESIA)

Location :	Kawasan Bisnis Granadha, 8 th Floor Jl. Jend Sudirman Kav. 50, Jakarta 12930, Indonesia Tel.: 62(21) 2553-9313, Fax: 62(21) 2553-9314
Type of Business:	Coal Production and Distribution
Registered Capital:	10,500 ordinary shares at USD 1,000 per share totaling USD 10,500,000
Paid-up Capital:	8,000 ordinary shares at USD 1,000 per share totaling USD 8,000,000
Company's Shareholding:	4,400 ordinary shares at USD 1,000 per share totaling USD 4,400,000, a direct shareholding of 55 percent of the paid-up capital

PT. CITRA HARITA MINERAL (REGISTERED IN INDONESIA)

Location:	Kawasan Bisnis Granadha, 8 th Floor Jl. Jend Sudirman Kav. 50, Jakarta 12930, Indonesia Tel.: 62(21) 2553-9313, Fax: 62(21) 2553-9314
Type of Business:	Coal Production and Distribution
Registered Capital:	1,000 ordinary shares at USD 107.64262 per share totaling USD 107,642.62
Paid-up Capital:	1,000 ordinary shares at USD 107.64262 per share totaling USD 107,642.62
Company's Shareholding:	550 ordinary shares at USD 107.64262 per share totaling USD 59,203.44, a direct shareholding of 55 percent of the paid-up capital

UNITED BULK SHIPPING PTE. LTD. (REGISTERED IN SINGAPORE)

Location:	50 Raffles Place # 32-01, Singapore Land Tower, Singapore 049623, Tel.: (65) 6536-5355, Fax: (65) 6536-2402
Type of Business:	Ocean Freight Shipping
Registered Capital:	1,000,000 ordinary shares at USD 0.71429 per share totaling USD 714,290
Paid-up Capital:	100,000 ordinary shares at USD 0.71429 per share totaling USD 71,429
Company's Shareholding:	49,000 ordinary shares at USD 0.71429 per share totaling USD 35,000, a direct shareholding of 49 percent of the paid-up capital

FINANCIAL INFORMATION OF THE SUBSIDIARY AND ASSOCIATED COMPANIES FOR YEAR 2010

DESCRIPTION	THAI AGRO ENERGY PUBLIC CO., LTD.	UNITED BULK SHIPPING PTE. LTD.	LANNA (SINGAPORE) PTE. LTD.	PT. LANNA HARITA INDONESIA	PT. CITRA HARITA MINERAL	PT. SINGLURUS PRATAMA	PT. LANNA MINING SERVICES
	Thai Baht	US Dollar	Singaporean Dollar	US Dollar	US Dollar	US Dollar	US Dollar
Investment							
Registered Capital	800,000,000.00	714,290.00	9,000,000.00	10,500,000.00	107,642.62	1,172,879.67	2,100,000.00
Issued and Paid-up Capital	600,000,000.00	71,429.00	9,000,000.00	8,000,000.00	107,642.62	1,172,879.67	2,100,000.00
Par Value per Share	1.00	0.71	1.00	1,000.00	107.64	147.53	100.00
Direct and Indirect Shareholding (%)	75.75	49	100	55	55	65	99.9975
Operating Results Year 2010							
Total Revenue	760,438,654.62	5,956,057.59	50,949.90	114,971,798.99	4,030,851.40	82,631,168.79	31,691,310.95
Net Earnings (Loss)	(94,518,294.62)	332,133.28	(109,160.95)	22,774,983.58	876,756.68	16,504,851.85	1,611,432.03
Retained Earnings (Loss)	90,122,837.88	913,096.96	279,669.86	8,361,962.09	3,242,856.35	16,375,989.39	2,180,310.81
Net Earnings (Loss) per Share	(0.16)	3.32	(0.01)	2,846.87	876.76	2,076.08	76.73
Financial Status as at December 31, 2010							
Total Assets	2,363,492,893.49	1,507,640.82	9,293,245.86	37,987,695.66	3,672,734.69	39,141,467.05	12,294,800.14
Total Liabilities	1,616,570,055.61	523,114.86	13,576.00	20,025,733.57	659,854.72	21,592,597.99	8,042,057.21
Total Shareholders' Equity	746,922,837.88	984,525.96	9,279,669.86	17,961,962.09	3,012,879.97	17,548,869.06	4,252,742.93
Book Value per Share	1.24	9.85	1.03	2,245.25	3,012.88	2,207.40	202.51
Dividend Payment in Year 2010							
Dividend per Share	-	5.00	0.06	2,750.00	1,000.00	-	-
Dividend Payment Amount	-	500,000.00	500,000.00	22,000,000.00	1,000,000.00	-	-
Dividend Payment Ratio (%)	-	150.54	(458.04)	96.60	114.06	-	-

BUSINESS ACTIVITIES

The Company's business operation consists of 2 major categories as follows:

(1) Solid Fuel: Company's core business is in the coal production and distribution domestically and overseas, having coal mine projects located in Indonesia as its base for coal production and distribution activities. In addition, the Company has ocean freight transport service business in Singapore to effectively support and manage coal transport for distribution in the Country or delivery to other countries.

(2) Liquid Bio-Fuel: Company's secondary core business is the ethanol production and distribution used for bio-fuel purpose in the Country.

The Company continues to focus on investments that will foster long-term excellent and sustainable growth and development.

Domestic Coal Business

The Company imports coal from the joint venture coal mining projects in Indonesia and from other sources for distribution in the domestic market by either direct delivery or for inventory and processing before delivery to the customers. Coal inventory and processing are operated at Ayutthaya Coal Center, located in Nakornluang District, Ayutthaya Province on an area of 31 rai and 29 square wah, which can support over 200,000 tons of coal inventory. The Company's domestic coal market share in 2010 was approximately 4.23 percent.

The majority of domestic coal consumption in 2010 was mainly by the cement industry at around 49.28 percent with remaining 50.72 percent by electricity production and other industries. It is expected that the consumption of coal, with lower cost per heat unit than other types of fuel, will continue to increase in the future. Especially with the rising price of oil, more industrial operators will turn to utilize coal as the source of energy for their production activities.

Overseas Coal Business

For more than ten years, the Company has invested in joint venture coal mining projects in Indonesia, of which coal is imported for distribution to the domestic customers and exported to other countries especially in the Asia region market, such as India, Japan, South Korea, Taiwan and Hong Kong, etc. Coal produced by the Company has good quality with reputable brand and trusted by both domestic and overseas customers. The Company is one highly regarded and reliable coal company in the Asia region.

Lanna (Singapore) Pte. Ltd., a subsidiary company registered in Singapore with Lanna Resources Public Co., Ltd. holding 99.9975 percent of direct and indirect shares of the paid-up capital, is a holding company for investment purpose in the coal and infrastructure businesses, having invested in three joint venture coal mining projects in Indonesia. The Company has been under business and investment re-structure for tax benefit purposes, having transferred each of its 55 percent shareholding in PT. Lanna Harita Indonesia and PT. Citra Harita Mineral, which have investment in Coal Mine Project No. 1 and No. 2 in Indonesia, respectively, to Lanna Resources Public Co., Ltd. Consequently, Lanna Resources Public Co., Ltd. has become the direct shareholder in both subsidiary companies since 2007. Lanna (Singapore) Pte. Ltd. has also sold and transferred its 65 percent shares of the paid-up capital in PT. Singlurus Pratama, which has investment in Coal Mine Project No. 3 in Indonesia, to Lanna Resources Public Co., Ltd., which has become a direct shareholder of this subsidiary company since 2009.

PT. Lanna Harita Indonesia, a subsidiary company registered in Indonesia with Lanna Resource Public Co., Ltd. holding shares at 55 percent of the paid-up capital, conducts coal mining business operation in Samarinda district, Kutai Regency, in East Kalimantan, having received the coal mining concession (Coal Contract of Work) from the Indonesian Government for coal production and

distribution for a period of 30 years (from 2001 to 2031), having remaining mineable reserves estimated at 15 to 20 million tons, with a production capacity of 2 million tons per year.

PT. Citra Harita Mineral, a subsidiary company registered in Indonesia with Lanna Resources Public Co., Ltd. holding shares at 55 percent of the paid-up capital, had conducted its business in coal mining in Samarinda district in East Kalimantan, by entering into the cooperation agreement within the KP License concession areas of PT. Cahaya Tiara (formerly CV. Cahaya Tiara). However, mining operation at this coal mine has been stopped since the middle of year 2008 due to a revocation of KP License by the order of the Supreme Court of Indonesia resulting from a dispute between the government sector and previous owner of the KP License. Currently, PT. Citra Harita Mineral has changed its business to become a service provider of coal transport route and coal loading port and jetty facilities.

PT. Singlurus Pratama, a subsidiary company registered in Indonesia, with Lanna Resources Public Co., Ltd. holding shares at 65 percent of the paid-up capital, conducts coal mining business operation in Kutai Regency, East Kalimantan, having received the coal mining concession (Coal Contract of Work) from the Indonesian Government for coal production and distribution for a period of 30 years (from 2009 to 2039). The mineable coal reserves have been estimated at 20 to 25 million tons with coal production and sales commencing from the middle of year 2009. Coal production capacity is approximately 2 million tons per year, which will be increased to 5 million tons per year by 2013.

PT Lanna Mining Services, a subsidiary company registered in Indonesia with Lanna Resources Public Co., Ltd. holding shares directly and indirectly at 100 percent of the paid-up capital, has been assigned to develop the above-mentioned Coal Mine Project No. 3. After the development of this coal mine project has been completed in the middle of 2009, PT. Lanna Mining Services has turned into coal trading business, sourcing coal from other coal resources in Indonesia.

Ocean Freight Transport Service

United Bulk Shipping Pte. Ltd., an associated company registered in Singapore, with Lanna Resources Public Co., Ltd. holding 49 percent of the paid-up capital, has been established to undertake business in ocean freight transport and ship chartering services, which has effectively managed coal transport services for imported coal into Thailand and coal distribution to other countries at reasonable costs.

Ethanol Business for Bio-Fuel Purpose

Thai Agro Energy Public Company Limited, a subsidiary company registered in Thailand, is 75.75 percent owned by Lanna Resources Public Company Limited, conducts business in the production and distribution of ethanol (99.5 percent anhydrous alcohol) for bio-fuel purpose. Thai Agro Energy Public Co., Ltd. has been operating the ethanol production plant with a production capacity of 150,000 liters per day (Production Line No. 1), using molasses as the raw material. Furthermore, another ethanol production plant has been constructed, with production capacity of 200,000 liters per day (Production Line No. 2), utilizing a multi-feed system that can take several types of raw materials such as cassava and sugarcane, etc. In 2009, the construction of this new production line began in the same vicinity of Production Line No. 1, in Dan Chang District, Suphanburi Province. This new production line will commercially start producing ethanol from the beginning of 2011, bringing the total production capacity to 350,000 liters per day. Both ethanol plants have received investment privileges under the Investment Promotion Act B.E. 2520. Ethanol is a clean fuel used for blending with gasoline at 10, 20 and 85 percent to become gasohol that can be used by automobiles in general. Besides helping to reduce the pollution with adverse impact to health and environment, the ethanol as bio-fuel can also help to reduce import of gasoline and octane-booster additive, MTBE or Methyl Tertiary Butyl Ether, saving the Country's foreign currency and reducing Country's trade deficit as a whole.

REVENUE STRUCTURE

Company's Revenue Structure	Year 2008		Year 2009		Year 2010	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from Coal Sales	6,443.19	86.20	4,482.61	83.49	8,017.21	89.74
Revenues from Ethanol Sales	962.37	12.87	676.28	12.60	760.23	8.51
Other Revenues	69.17	0.93	209.98	3.91	156.79	1.75
Total Revenue	7,474.73	100.00	5,368.87	100.00	8,934.23	100.00

Revenue Structure of Subsidiary and Associated Companies	Share-holding	Year 2008		Year 2009		Year 2010	
		%	Million Baht	%	Million Baht	%	Million Baht
Thai Agro Energy Co., Ltd.	75.75						
Ethanol Sales Revenue			962.37	99.74	676.28	99.74	760.23
Other Revenues			2.53	0.26	1.79	0.26	0.21
Total Revenue			964.90	100.00	678.07	100.00	760.44
PT. Singlurus Pratama	65						
(Recently became shareholder in 2008)							
Coal Sales Revenue			-	-	989.39	92.09	2,491.13
Other Revenues			0.21	100.00	84.95	7.91	0.31
Total Revenue			0.21	100.00	1,074.34	100.00	2,491.44
PT. Lanna Harita Indonesia	55						
Coal Sales Revenue			3,214.92	99.51	2,279.88	98.78	3,438.82
Other Revenues			15.78	0.49	28.24	1.22	27.73
Total Revenue			3,230.70	100.00	2,308.12	100.00	3,466.55
PT. Citra Harita Mineral	55						
Coal Sales Revenue			983.94	96.26	-	-	-
Other Revenues			38.27	3.74	71.55	100.00	121.54
Total Revenue			1,022.21	100.00	71.55	100.00	121.54
United Bulk Shipping Pte. Ltd.	49						
Ocean Freight Shipping Revenue			725.81	99.89	15.30	96.84	179.58
Other Revenues			0.77	0.11	0.50	3.16	-
Total Revenue			726.58	100.00	15.80	100.00	179.58
PT. Lanna Mining Services	99.9975						
Coal Sales Revenue			-	-	297.98	89.11	939.05
Other Revenues			51.96	100.00	36.41	10.89	16.49
Total Revenue			51.96	100.00	334.39	100.00	955.54
Lanna (Singapore) Pte. Ltd.	100						
Miscellaneous Revenues			9.41	100.00	5.44	100.00	1.19

Coal Characteristics

Coal is a fossil fuel, consisting of volatile matter, inherent moisture and important combustible mixture of carbon. After combustion with the volatile matter and inherent moisture driven out, small portion of coal ash remains.

Coal is found in various forms or grades based on the contents of heating or calorific value, volatile matter and fixed carbon, representing in descending order of quality in 4 groups from (1) anthracite, (2) bituminous, (3) sub-bituminous, and (4) lignite. The indigenous coal deposits in that have been explored and extensively developed for local industries in Thailand are generally of lignite grade. Imported coal is mostly of bituminous grade which contains higher calorific value than lignite coal produced in Thailand.

The price of coal is usually determined based on the quality of coal, consisting of calorific value, moisture, volatile matter, fixed carbon, ash, sulfur and size.

Coal Production

Coal is formed in several stages from plant remains that have been compacted, hardened, chemically altered and metamorphosed by heat and pressure over millions of years. Therefore, in order to develop a coalmine, coal exploration works are required for the collection and interpretation of geological data in order to learn about the thickness of coal seams, boundary areas of the coal resource, chemical content and quality, and economic reserve estimation. The development of coal deposit is generally based on the information and data obtained from these exploration programs. Accordingly, the production of coal consists of following 3 major steps:

(1) Coal Exploration: The exploration program begins with the preliminary collection and analysis of the land surface and geological data at the target areas. Subsequently, fieldwork includes scout drilling to study the formation and type of soil and rock, and geological structure of the target areas to ascertain that there exists the coal deposit. After coal deposits have been identified, survey and drilling activities are performed to assess coal quality and reserve estimation for economic analysis to facilitate a decision for further development of the coalmine.

(2) Coal Mining: Before proceeding with coal mining operation, more detail drilling activities are required to collect and interpret necessary information and data of the mining areas; such as, coal reserves and quality for each of the coal seam formations including soil layers. The collected data and information will be used to determine the mine master plan which includes the analysis of mining costs and mining methods, as well as the quantity and areas for overburden removal and coal winning logistics, and also selection of suitable mining equipment and machinery.

(3) Coal Dressing: In order to attain the quality as required by the users or customers, coal extracted from the coalmining operation need to go through coal dressing process which includes crushing, sizing, sorting or washing to remove any contaminations, etc.

Coal Pricing Policy

Coal pricing is mainly determined by its heating value, similar to other type of fuels. Coal sale price for each customer varies depending on certain factors such as order volume, coal specifications such as calorific value, credit term and other conditions specified by the customer. These factors shall be used to determine the coal price fairly and similarly with all the customers. The price for imported coal is based on the agreement with each customer which can either be priced on FOB or CIF basis, or priced as delivered to the customer's factory, etc.

Coal Distribution

For coal distribution in the domestic market, the Company directly sells coal directly to customers without going through agent. As for the overseas market, coal are sold directly to the customers or through coal trading agents, mostly on the credit term basis, of which the Company carefully provides credit terms only for the long time customers with stable financial status. For new customers, the Company protects the risk by having a letter of credit (L/C) opened by the customer. Since the start of operation in 1985, the Company has encountered very few bad debts from the sales of coal.

Competitive Strategy

The Company focuses mainly on the service and quality control of the coal products as its marketing strategy rather than relying on pricing strategy. In addition, the Company has continually developed ways to produce high quality coal by bringing in modern technology for continuing improvement of coal production and operation.

Competition

The domestic coal distribution business has been recognized as an oligopoly market with only a few numbers of operators, having group of large industrial customers. Major competitor for the group of large industrial customers is Banpu Public Co., Ltd. As for the medium and small industrial customers, Unique Mining Services Public Co., Ltd. and a few three to four other small operators are the main competitors. Since the Company has its own coal deposits with high quality coal and sizeable mineable reserves, the Company therefore possesses sufficient competitive advantage and potential.

Industrial Trend

Platts Coal Price Index	Unit: USD per Ton		
	At December 28, 2009	At December 30, 2010	At January 17, 2554
FOB Newcastle (6,300 Kcal/Kg)	86.00	130.00	133.00
FOB Kalimantan (5,900 Kcal/Kg)	68.25	96.80	116.60
FOB Kalimantan (5,000 Kcal/Kg)	55.00	78.70	90.40

Coal can be used as a substituted fuel for almost every kind of fuel, depending mainly on the convenience of utilization and demand on heating energy. It is anticipated that the consumption and prices of coal in the following year will remain high as the price of oil and other sources of fuel are still significantly more costly than coal. The price of coal started to increase continuously since the end of 2009. It is anticipated that the price of coal in 2011 will gradually increase in the same direction as the oil price due to increasing demand of coal and fuel in accordance with the continuing recovery of global economic condition.

Ethanol Characteristics

Ethanol or ethyl alcohol is derived from digestion of starch to sugar (in case of starch raw material), and fermentation by microorganism to convert sugar to alcohol; and then followed by distillation and dehydration to produce alcohol at the desired purity. The raw materials of this process are agricultural products of starch and sugar crops, such as sugar cane, molasses, cassava and corn.

The molecular formula of ethanol is C_2H_5OH with a boiling point at around $78^{\circ}C$. In general, its properties are transparent liquid, colorless, flammable, and high octane fuel. Since ethanol contains up to 35 percent of oxygen, it can be blended with gasoline at an appropriate amount to produce a clean and complete combustible fuel and reduce air pollution with less formation of hydrocarbon compound, carbon monoxide (CO) and carbon dioxide (CO_2), which is the main cause of green house effect, including reduction of black smoke, aromatics and benzene compound, which should be beneficial to the environment.

Ethanol is used to replace MTBE (Methyl Tertiary Butyl Ether), a fuel additive to increase the octane value of gasoline. Nonetheless, MTBE is also harmful for causing carbon monoxide in the earth atmosphere and contamination to the underground water supply, of which has been banned by several countries since it has an impact on air pollution and importantly, Thailand has to spend several billion Baht for the import of MTBE.

Production of Ethanol for Fuel

The ethanol production process varies depending on the type of raw materials and required specifications of ethanol. Three different types of raw materials can be categorized as follows:

Starch-based feedstock: derived from agricultural products of grain type such as rice, wheat, corn, sorghum, and root or tuber plant type like cassava, and potato, etc.

(1) Sugar-based feedstock: derived from sugar cane, molasses, and beet roots, etc.

(2) Fiber-based feedstock: mostly derived from agricultural products such as rice husk, bagasse, corn husk, including effluents from industrial plants such as pulp and paper factories, etc.

Thai Agro Energy Co., Ltd. produces ethanol for fuel by using molasses and cassava as its raw material. The ethanol production process consists of four main stages, namely, mash preparation, fermentation, distillation and dehydration. The two types of raw material mentioned above require different mash preparation processes; when using cassava as raw material, an additional process, converting starch to sugar, is required before proceeding to fermentation.

(1) Mash Preparation: each type of raw material requires different processes as follows:

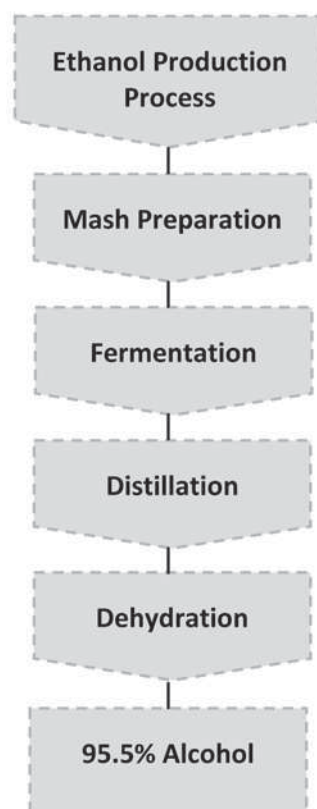
(a) Molasses: Preparation of molasses before fermentation by dilution with water for suitable concentration and added with acidic additive, causing organic substance or salt to settle from the molasses solvent.

(b) Cassavas: Prior fermentation, cassavas are cleaned to eliminate contaminants including metal and dirt. Subsequently, clean cassavas are mashed and mixed with water to make starch paste, then to be digested with enzyme, converting starch to sugar, before proceeding to fermentation.

(2) Fermentation: Solvent from the first stage is fed to fermentation tanks with yeast being added to convert sugar into alcohol.

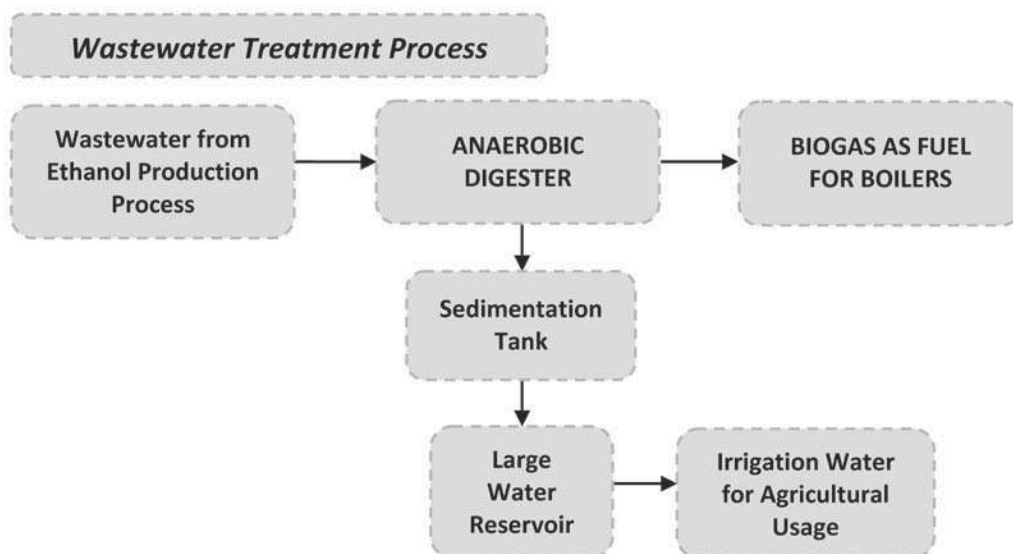
(3) Distillation: Fermentation mash from the second stage is fed to the distillation column to separate contaminants and water producing about 96 percent pure alcohol which is the maximum concentration that can be achieved through this normal fermentation process. The remaining 4 percent of water shall be removed by the final stage.

(4) Dehydration: The water removal process for producing the dehydrated alcohol from the distillation process into 99.5 percent pure alcohol. Water content is absorbed by zeolites molecular sieves in two dehydration units. The dehydrated alcohol will then be distilled and cooled down before being stored for further distribution.



Treatment of Effluents from Ethanol Production

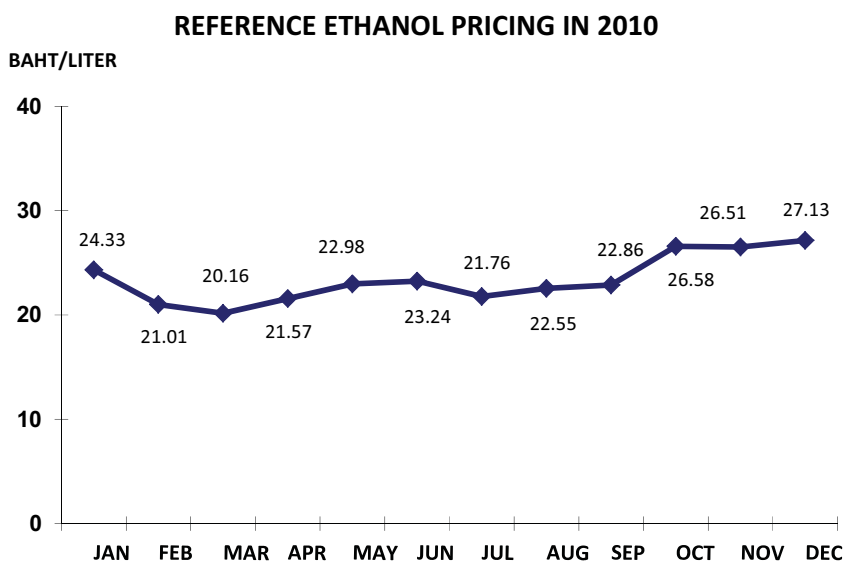
Wastewater from the production process will be treated by anaerobic digester system; which does not only serve as the wastewater treatment system but also a biogas production system. The biogas shall be used as a fuel substitution for the bunker fuel oil used in the boilers, a significant fuel cost saving and also friendly to the environment. Subsequently, treated wastewater will be passing through a sedimentation tank to reduce suspended solid in the treated wastewater. The treated wastewater from this process will be then contained in a large water reservoir and can eventually be used as irrigation water for agricultural purpose, especially for the sugar cane and cassava plantations of the company.



Ethanol Pricing Policy

In general, ethanol prices in the Country are the price based at the factory, in which the transportation cost shall be borne by the buyer. Ethanol pricing is negotiated and agreed between the buyer and the seller, with the Government sector setting a reference pricing to be used in the price negotiation between the parties; however, there is no pricing control on ethanol. Currently, the reference ethanol pricing structure is based on a cost-plus of domestic raw materials, namely cassava and molasses.

The reference pricing of ethanol during the past year 2010 had tendency to increase according to rising price of raw materials, particularly the price of cassava which rose above the historical record due to the low yield caused by natural disasters and severe insect pest outbreak in some areas. Due to the scarcity of the raw materials, it is anticipated that the price of raw materials, including both cassava and molasses, will remain high in 2011, which should maintain the reference ethanol pricing at the high level in 2011.



Ethanol Distribution

Ethanol product is distributed directly to the oil companies for blending with the base oil or gasoline at 10, 20 or 85 percent to become the Gasohol, with customers responsible for the transportation of ethanol. Most of the sales are on credit term basis. These are large oil company customers with stable financial status and therefore, the risk of incurring bad debt in the future is considered small.

Competitive Strategy

Priorities are to given to service and quality control of the products which have earned customers' trust, making it possible to retain majority of the market share in long term.

Competition

In 2010, the demand of ethanol for blending with gasoline for the production of gasohol remained quite constant comparing to 2009. The demand for ethanol was averaged at 1.2 to 1.3 million liters per day; however, the daily production capacity of all 18 ethanol producers in Thailand totaled around 2.9 million liters. For this reason, the ethanol inventory of the producers constantly remained high. Some ethanol operators sought to resolve the problem by exporting ethanol overseas. However, with unclear regulations and unattractive export price, in 2010 only 45.23 million liters of ethanol were exported. Moreover, the prices of raw materials, which are molasses and cassavas, have been continuously increasing, especially around the end of 2010. Despite the higher cost, the sale price of ethanol could not be increased further due to the oversupply of ethanol. By the end of 2010, some ethanol producers had to shut down their production plants. For this reason, in 2010 the utilization of ethanol production capacity of the whole industry was averaged at only 40 percent.

Month	Gasohol Sales Volume				Ethanol Export Volume	
	Year 2009		Year 2010		Year 2009	Year 2010
	Mil. Liters/Month	Mil. Liters/Day	Mil. Liters/Month	Mil. Liters/Day	Mil. Liters/Month	Mil. Liters/Month
January	391.19	12.62	362.02	11.68	5.24	5.03
February	347.29	12.40	343.00	12.25	1.83	9.63
March	388.79	12.54	358.05	11.55	-	4.31
April	373.77	12.46	358.50	11.95	-	8.40
May	386.98	12.48	354.02	11.42	0.31	2.10
June	360.54	12.02	365.40	12.18	0.09	0.09
July	373.57	12.05	379.13	12.23	0.19	0.38
August	371.39	11.98	370.45	11.95	-	7.50
September	358.58	11.95	359.10	11.97	-	0.14
October	373.89	12.06	353.10	11.77	-	-
November	352.58	11.75	371.10	12.37	2.62	7.65
December	384.33	12.40	387.50	12.50	-	-
Total	4,462.89	12.40	4,361.37	12.11	10.28	45.23

Industrial Trend

Ethanol Demand: The demand of ethanol for gasohol production has tendency to rise in 2011 due to the high price of petroleum oil, which is predicted to continually increase from the end of 2010. The other factor is the promotion measures from the government sector, including:

(1) Promoting the usage of cars that are able to use gasohol with high ethanol blending proportion, such as E85 and E20, etc.;

(2) Encouraging car manufacturers to produce Flex-fuel Vehicles (FFV), which are able to use E85 gasohol, by waiving the excise taxes of FFV and exempting the import taxes of FFV parts. Also, oil companies are encouraged to increase gas stations selling E20 and E85 gasohol;

(3) Encouraging the use gasohol in motorcycles;

(4) Expediting the study on the ban of 91 octane gasoline sales and distribution; previously, the ban was aimed to initiate within 2012; and

(5) Resolving the issues regarding ethanol export, promoting the usage of domestically produced ethanol in other industries, and also revising the Ethanol Law and related excise regulations to be clearer and more flexible.

Department of Alternative Energy Development and Efficiency, Ministry of Energy, has predicted the demand of ethanol in 2011, factored by the government promotions, as follows:

Energy Type	Demand in December 2010	Target in 2010	Difference Increase (+) Decrease (-)	Predicted Target in 2011
Ethanol	1.23 million liters per day	2.11 million liters per day	- 0.88 million liters per day	<ul style="list-style-type: none"> • Without an implementation of new regulations, and with the rate of new E20 stations similar to the rate in 2010 (approx. 11 stations per month): <i>Ethanol daily consumption of 1.28 million liters</i> • With an increase of new E20 stations to 15-60 stations per month, but without the ban of 91 octane gasoline: <i>Ethanol daily consumption of 1.29 million to 1.35 million liters</i> • With an increase of new E20 stations to 15-60 stations per month, and the implementation the ban of 91 octane gasoline: <i>Ethanol daily consumption of 1.42 million to 1.92 million liters</i>

Ethanol Supply: It is projected that there will be four additional ethanol producers coming into operation in 2011. Combined with the Company's Ethanol Production Line No. 2, which has completed its construction at the start of 2011, the total ethanol production capacity of these new plants will be 1.82 million liters per day, bringing the total ethanol production capacity of the whole industry to 4.72 million liters per day. Meanwhile, the peak ethanol demand for gasohol production in 2011 should be around 2 million liters per day; the ethanol production capacity will be overabundant. Nonetheless, the actual ethanol production volume should not be much higher than the domestic demand due to limitations regarding the cost and supply of raw materials. Without the ability to find raw materials at competitive prices, some ethanol producers may need to reduce, if not shut down, their production capacities. However, there should be increasing export of ethanol product to overseas market if the related regulations are relaxed to facilitate the export and the ethanol price in overseas market is satisfactory. This may help alleviate the fierce competitiveness of domestic ethanol market.

Ethanol Production Capacity	Liters/Day
Ethanol Producers in 2010	
(1) Thai Agro Energy Public Co., Ltd.	150,000
(2) Thai Alcohol Public Co., Ltd.	200,000
(3) Thaiguan Ethanol Co., Ltd.	130,000
(4) Khon Kaen Alcohol Co., Ltd.	150,000
(5) Petrogreen Co., Ltd. (Chaiyaphum Province)	200,000
(6) Thai Sugar Ethanol Co., Ltd.	100,000
(7) K.I. Ethanol Co., Ltd.	100,000
(8) Petrogreen Co., Ltd. (Kalasin Province)	200,000
(9) Ekarat Pattana Co., Ltd.	200,000
(10) Thai Rungrueng Energy Co., Ltd.	120,000
(11) Rajburi Ethanol Co., Ltd.	150,000
(12) E.S. Power Co., Ltd.	150,000
(13) Maesod Clean Energy Co., Ltd.	200,000
(14) Sapthip Co., Ltd.	200,000
(15) P.S.C. Starch Products Public Co., Ltd.	150,000
(16) Taiping Ethanol Co., Ltd.	150,000
(17) Petrogreen Co., Ltd. (Suphanburi Province)	200,000
(18) Khon Kaen Alcohol Co., Ltd. (Kanchanaburi Province)	150,000
Total Ethanol Production Capacity at end of 2010	2,900,000
Additional Ethanol Producers in 2011	
(1) Thai Agro Energy Public Co., Ltd.	200,000
(2) T.P.K. Ethanol Co., Ltd. (Phase 1)	340,000
(3) T.P.K. Ethanol Co., Ltd. (Phase 2 and 3)	680,000
(4) Sima Inter Product Co., Ltd.	150,000
(5) Impress Technology Co., Ltd.	200,000
(6) Double A Ethanol Co., Ltd.	250,000
Total Increase in Ethanol Production Capacity in 2011	1,820,000
Total Ethanol Production Capacity at end of 2011	4,720,000

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Even though the main business objective is to maintain standards of the products in every step of the production process, Lanna Resources Public Co., Ltd. and its affiliated companies have never neglected the principles and responsibilities to the society, communities and environment. Accordingly, following policies have been established and undertaken.

(1) For coal mining business, the Company must carry out works according to the mine plan and conduct environmental impact analysis and study that has been approved by relevant authorities whom also control and oversee the operation. The mine site rehabilitation and improvement are also carried out after mining operations have been completed in order to improve environmental surroundings and ecosystem and return to its useful state. The Company has undertaken mine site rehabilitation and improvement by carrying out plantation of trees with conservation value, and land utilization and improvement for several activities including agriculture, water reservoirs, residence, etc.

- PT. Lanna Harita Indonesia, a subsidiary company registered in Indonesia which conducts coal mining business operation in Samarinda District, Kutai Regency, in East Kalimantan, has been awarded Green Certificate for excellent environmental management in 2009-2010 from the Governor of East Kalimantan, Indonesia, in July, 2010.



- PT. Lanna Harita Indonesia, a subsidiary company, has been awarded the Largest Tax Payer, from the Finance Ministry-Directorate General of Tax of Samarinda City, on October 28, 2010.



- PT. Lanna Harita Indonesia, a subsidiary company, has been awarded Silver Category for HIV & AIDS Prevention Program in Workplace from the Ministry of Labour of Indonesia on November 20, 2010.



- PT. Lanna Harita Indonesia, a subsidiary company, has been awarded Blue Certificate for environmental management in 2009-2010 from the Ministry of Environment of Indonesia in December, 2010.

(2) For ethanol as bio-fuel business of Thai Agro Energy Public Co., Ltd., a subsidiary company, the plan has been established for solving problem with wastewater from the ethanol production process which may have impact on the environment by using wastewater from the ethanol production process, which still consists of nutrients beneficial to crops and plants. The wastewater will be used for agricultural purpose after it has been passed the treatment process and biogas production system. In addition, under the concept of “zero discharge”, wastewater from the ethanol production process will not be released into the environment outside.

- The wastewater treatment process and biogas production system of the Ethanol Production Line No. 2 of Thai Agro Energy Public Co., Ltd., a subsidiary company, has been chosen by the Energy Policy and Planning Office, Ministry of Energy, to receive supporting fund from Energy Conservation Promotion Fund, under the Biogas Technology Promotion Project, in an amount of Baht 20 million in 2010.



(3) In order to support and promote the quality of living for the communities and society, the Company and its affiliated companies have funded on several activities in 2010 which can be summarized as follows:

Religious and Traditional Activities

- PT. Lanna Harita Indonesia has funded the restoration of Al Muhajirin Mosque, which is considered a fundamental infrastructure and the center of faith of its society. It is situated at Sidomulyo Village, Anggana Subdistrict. The fund has been granted to the mosque committee in the amount of Indonesian Rupiah 25 million.



- PT. Lanna Harita Indonesia has donated fund of Indonesian Rupiah 350 million for the construction of a library for benefits of the community, at Mahavihara Buddhamanggala Balikpapan, a Buddhist temple at Balikpapan District, East Kalimantan.

- Thai Agro Energy Public Co., Ltd. has participated in Kathina Ceremonies at Wat Mai Chai Hirun, Wat Wang Num Jone, Wat Dong Cheurk Punchareon, Wat Sra Bua Kum, Wat Dong U-Thong and Wat Rathsattathum in Dan Chang District and Nong Ya Sai District, Suphanburi Province.



- Ayutthaya Coal Center has funded support for Songkran festival activities, including water blessing for adults to carry on the Thai tradition, at Moo 1, Klong Sakae Subdistrict, Nakornluang District, Ayutthaya Province.



- Ayutthaya Coal Center has funded support for Buddhist Lent Candles presentation at Wat Thong Song Tham, Wat Ban Dap, and Wat Bandai, Nakornluang District, Ayutthaya Province.
- Ayutthaya Coal Center has supported and participated in the Ordination of Samaneras and Upasika Kaews at Wat Lamut, Pak Chan Subdistrict, Nakornluang District, Ayutthaya Province, as an activity for the youth of the community to practice the dharma during summer break.

Education Supporting Activities

- PT. Lanna Harita Indonesia has presented 24 scholarships for students lacking financial means, from both Elementary school and High school level, for education at North Samarinda, Anggana and Muara Badak Sub-district, in an amount of Indonesian Rupiah 93.74 million, on December 10, 2010.
- Ayutthaya Coal Center has presented 40 scholarships for students lacking financial means for education at Wat Thong Songtham School, Klong Sakae Subdistrict, Nakornluang District, Ayutthaya Province, to commemorate the 78th anniversary of the foundation of the school.
- Ayutthaya Coal Center has donated Sepak Takraw sport equipment for students at Wat Thong Songtham School, Klong Sakae Subdistrict, Nakornluang District, Ayutthaya Province.
- Ayutthaya Coal Center has donated sport equipments for Wat Sadet Community School, Klong Sakae Subdistrict, Nakornluang District, Ayutthaya Province.



Public Health Activities

- PT. Lanna Harita Indonesia has funded support for public health and check up services for Tanah Mera and Datar communities on November 9-12, 2010, in an amount of Indonesian Rupiah 73.80 million. These services shall be provided every three months.
- Ayutthaya Coal Center has donated fund for Klong Sakae Medical Center, to be used for purchasing medical equipment.



Community Development Activities

- PT. Lanna Harita Indonesia has donated electric generator for the community at Kutai Lama and Anggana Subdistricts, for 40 households for Indonesian Rupiah 9.20 million. The equipment was presented to the community leader on March 17, 2010.
- Thai Agro Energy Public Co., Ltd. has funded support to hold Children Day activity at Ban Dong Chueak School and Nongpho Subdistrict Administrative Organization, Nong Yasai District, Suphanburi Province.
- Thai Agro Energy Public Co., Ltd. has funded supply of provisions for flood victims at Chaeng Ngam Subdistrict, Nong Yasai District, Suphanburi Province.
- Ayutthaya Coal Center has funded support and participated in the “White Factories” Project to prevent, to fight and to reduce the spreading of illegal drugs, a project run by Department of Labour Protection and Welfare of Ayutthaya. Ayutthaya Coal Center has been also received certificate from the Governor of Ayutthaya Province for this



- occasion.
- Ayutthaya Coal Center has provided machinery and equipment, including manpower support for the “Big Cleaning Day” event around roads of Ayutthaya Province.
- Ayutthaya Coal Center has provided machinery and equipment for canal cleaning and drainage pipe laying for irrigation purposes and flood prevention for the local residents of Moo 1, Klong Sakae Subdistrict, Nakornluang District, Ayutthaya Province.
- Ayutthaya Coal Center, with Nakornluang District Jetty and Warehouse Entrepreneurs Association, have jointly donated bottled water and dry ration to Subdistrict Administrative Organizations of Bo Phong Subdistrict, Klong Sakae Subdistrict, Pak Chan Subdistrict, and Mae La Subdistrict, and also Nakornluang Municipality, for victims of the flood, in October, 2010.
- Ayutthaya Coal Center has donated 110 bags of rice to Klong Sakae Subdistrict Administrative Organization for victims of the flood, in November, 2010.
- Ayutthaya Coal Center has presented bicycles to Nakornluang Municipality as prizes for the Red Cross Fair of Ayutthaya Province.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES TO THE FINANCIAL REPORT

The consolidated financial statements year 2010 of Lanna Resources Public Company Limited and its subsidiary companies have been prepared in accordance with the Notification of the Department of Business Development, regarding to the condensed transactions of the financial statements, effective under the Accounting Act B.E. 2543 and in compliance with the accounting standard established in the Accounting Profession Act B.E. 2547.

The Board of Directors is responsible for the preparation of the financial report of Lanna Resources Public Company Limited and its subsidiaries, assuring that the report of the consolidated financial status, operating results, and cash flows are presented in truth and fairness by having established a correct and complete keeping of the financial records. These financial statements have been prepared in accordance to the generally accepted accounting standard by using accounting policies that are appropriate and corresponding to the business operation, which are undertaken on a regular basis. The Company also considers and maintains adequate provisions for uncertainty items or items that may have significant effect on future operation, by disclosing important information in the Notes to Financial Statements with certified accountant's opinions in the Report of Independent Auditor.

Accordingly, the Board of Directors has appointed the Audit Committee, comprising of independent and non-executive directors with complete qualifications as established by the Securities and Exchange Commission (SEC), to review the financial statements for compliance with the accounting standard; to review the internal control and internal audit system for appropriateness and efficiency; to review that the business operation has been conducted in accordance with the Company's regulations and relevant laws and regulations; and to oversee that there are no conflict of interest; as well as to consider and propose for the appointment of the Company's auditors. The opinions of the Audit Committee are expressed in the Report of the Audit Committee which has been included within the Annual Report 2010.

2 March 2011

On behalf of the Board of Directors of Lanna Resources Public Company Limited



(Mr. Somkiart Limsong)
Chairman of the Board



(Mr. Kraisi Sirirungsi)
Chief Executive Officer

REPORT OF THE AUDIT COMMITTEE

The Company's Board of Directors appointed the Audit Committee consisting of the four independent non-executive directors and assigned them with duties and responsibilities according to the Audit Committee Charter in accordance with the announcement of the Stock Exchange of Thailand.

During the year 2010 the Audit Committee had 11 meetings. The detail of the meeting attendance of each committee is as follows:

Name	Position	Attendance/Meetings
Mr. Padoong Techasarintr	Chairman of the Audit Committee	11/11
Mr. Adul Tantharatana	Audit Committee Member	10/11
Mrs. Duangkamol Suchato	Audit Committee Member	11/11
Ms. Nopporn Tirawattanagool*	Audit Committee Member	9/9

* Ms. Nopporn Tirawattanagool was appointed as the Audit Committee member on April 19, 2010.

The Audit Committee regularly reported the operating results to the Company's Management every quarter of which the key topics are summarized as follows:

1. Reviewing the Financial Statements: The Audit Committee in cooperation with the Management of Accounting and External Auditors reviewed the quarterly and annually financial statements for the year 2010 of the Company and its subsidiaries to ensure that the above mentioned statements were prepared in conformity with the generally accepted accounting standards with sufficient disclosure of information and complete therefore the financial statements were essentially accurate and reliable.

2. Internal Control System: The Audit Committee monitored the reviewing and revising system of the internal control system in order to maintain the appropriateness and efficiency of the auditing mechanism. It was found that the Company had sufficient internal control system which properly corresponding for the situation. There was no significant weakness. The Audit Committee approved the auditing scope and plan for the year 2010 and also provided observations and suggestions for the Internal Audit Office to closely follow up and to take remedial actions for issues as stated in the Internal Audit reports of the Company and its subsidiaries abroad in order to assist them to have sufficient and appropriate internal control system. This was a key factor to support the business efficiency and effectiveness

3. The Related Transactions: The Audit Committee reviewed business transactions among the Company, its subsidiaries and/or the related parties including all the transactions which might cause conflict of interests during the year 2010. This was to ensure that they were conducted according to their normal business adhering to the best interest of the company. No benefits were siphoned off. The related information was sufficiently disclosed. Moreover the operations were monitored to ascertain that it worked in accordance with the regulations of the Securities and Exchange Commission

4. Overseeing the Risk Management: The Company's Board of Directors and the Management have been giving emphasis to the appropriateness of the risk management and the work in compliance with the risk management policy. There were assessments of risk factors and key preventive measures of all the departments on a monthly basis in order to mitigate the possible business impacts of the company. The Audit Committee reviewed the reports and the results of the work performed by the Risk Management Committee every quarter which was assigned by the Company's Board of Directors. These reports contained financial risks, production risks and selling risks as well as the external risks factors which were beyond the Company's control or its capability to mitigate them to the acceptable level. The Audit Committee realized the importance of risks affected to the society and the communities therefore they encouraged to establish the Public

Relation department in the year 2010 in order to take care of the society and the environment to prevent any impacts to the neighboring communities. Nevertheless the Company has already included the detail of the risk management in the annual report.

5. Work according to the Laws and the Government's Regulations: The Audit Committee oversaw the Company's operations to ensure that they were in compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, all the Accounting Standards and other laws which are relevant to the Company's business. There was no significant error found during the year 2010.

6. Good Corporate Governance: The Company puts emphasis on continuously and rigorously managing the works according to the good corporate governance principles. There was Customer Complaints Handling System. All employees were encouraged to work in compliance with the procedures, regulations and business ethic to ensure transparency. As a result the Company was accepted as having good corporate governance, therefore enhancing the confidence of the shareholders, the business partners, the customers and the relevant parties.

7. Appointment of the External Auditor and Deciding of the Fee: The Audit Committee reviewed the qualifications of the current external auditors, their working standard, their expertise and their independence. It was found that they have been delivering good quality works. On the basis of comparing the work load and the fees it was proposed to the Company's Board of Directors for further approval at the General Meeting of Shareholders the appointment of Ms. Kamontip Lertwitworatep, certified public accountant 4377, or Mrs. Saifon Inkaew, certified public accountant 4434, or Mr. Wichart Lokatekrawee, certified public accountant 4451, of Ernst & Young Co., Ltd. who were qualified as the auditors for public companies according to the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand as the Company's external auditors for the year 2011. The agreed auditing fee for the year 2011 was 1,000,000 baht which was the same as last year and still considered reasonable. The Audit Committee had entire freedom in conducting their assignments and received good cooperation from all the relevant departments. The Company's external auditors were specifically invited for meetings to discuss about the Company's accounting and finance internal control systems. There was no significant error found. Therefore the Audit Committee believed that the Company essentially had good corporate governance policies as a result their internal control system was sufficiently efficient and there was no significant error found. The risk management was in accordance with the policies and the Company's situations. The related transactions actually occurred in their normal business and reasonable adhering to the best interest of the Company and complying with the Company's policy. There was no major irregularity found. The works were accurately carried out according to the relevant laws and regulations. The Company's financial statements ended December 31, 2010 were correctly prepared in conformity with the generally accepted accounting principles with sufficient disclosure of information. No errors or transactions which might significantly affect these financial statements were found.

February 25, 2011

On behalf of the Audit Committee



(Padoong Techasarintr)

Chairman of the Audit Committee

Report of Independent Auditor

To the Shareholders of Lanna Resources Public Company Limited

I have audited the accompanying consolidated balance sheets of Lanna Resources Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Lanna Resources Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I did not audit the financial statements as at and for the year ended 31 December 2010 of three overseas subsidiary companies (2009: three overseas subsidiaries), as included in the consolidated financial statements. These subsidiary companies have total assets as at 31 December 2010 of approximately Baht 321 million, representing 5 percent of the consolidated total and total revenues for the year then ended of approximately Baht 1,099 million, representing 12 percent of the consolidated total (2009: total assets of approximately Baht 247 million, representing approximately 6 percent of the consolidated total and total revenues for the year then ended of approximately Baht 385 million, representing 7 percent of the consolidated total). The financial statements of the subsidiary companies have been audited by other auditors and I have obtained their audit reports. Therefore, my report related to any amounts and particulars of these overseas subsidiary companies as included in the consolidated financial statements are based solely upon the audit reports of their auditors.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Lanna Resources Public Company Limited and its subsidiaries and of Lanna Resources Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Kamontip Lertwitworatep'.

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited

Bangkok: 24 February 2011

Lanna Resources Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	7	829,222,524	489,587,463	26,343,062	32,463,960
Trade accounts receivable	8				
Related parties	6	89,054,128	-	107,480,866	10,369,865
Unrelated parties		769,350,280	400,134,428	94,804,227	71,469,468
Total trade accounts receivable		858,404,408	400,134,428	202,285,093	81,839,333
Amounts due from related parties	6	-	-	6,990,915	2,908,843
Inventories - net	9	253,398,597	434,724,821	130,804,404	103,533,058
Cassava plantation costs		15,206,181	-	-	-
Other current assets					
Input tax refundable		376,554,880	196,657,031	-	-
Prepaid corporate income tax		159,439,040	270,513,883	30,403,085	30,248,576
Advance payments - net	26.2	129,252,091	349,889,031	17,335,898	19,192,992
Others		69,494,958	22,201,951	5,727,174	10,447,031
Total other current assets		734,740,969	839,261,896	53,466,157	59,888,599
Total current assets		2,690,972,679	2,163,708,608	419,889,631	280,633,793
Non-current assets					
Investments					
Investments in subsidiary companies	10	-	-	917,080,043	917,080,043
Investment in associated company	11	17,811,031	20,476,118	890,679	890,679
Investment in debenture		-	1,000,000	-	1,000,000
Total investments		17,811,031	21,476,118	917,970,722	918,970,722
Advance payment for purchase of investment in subsidiary company	6	-	-	151,509,433	-
Long-term loans to related party	6	-	-	204,000,000	262,262,276
Property, plant and equipment - net	12	2,434,236,556	1,413,329,256	226,830,851	234,112,019
Non-operating assets - net	13	37,552,650	37,675,451	37,552,650	37,675,451
Intangible assets - net	14	3,913,832	4,175,077	1,703,948	1,562,993
Other non-current assets	15	698,129,169	710,187,612	107,706,835	118,140,763
Total non-current assets		3,191,643,238	2,186,843,514	1,647,274,439	1,572,724,224
Total assets		5,882,615,917	4,350,552,122	2,067,164,070	1,853,358,017

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

Lanna Resources Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	509,000,000	422,000,000	-	28,000,000
Trade accounts payable					
Related party	6	6,287,396	842,261	71,784,930	842,261
Unrelated parties		335,979,228	213,617,711	30,616,833	14,511,479
Total trade accounts payable		342,266,624	214,459,972	102,401,763	15,353,740
Amounts due to related parties	6	-	15,186,270	201,745,285	87,911,804
Advance received from sales					
Related party	6	-	133,369,080	-	-
Unrelated parties		18,609,984	1,065,405	157,389	1,065,405
Total advance received from sales		18,609,984	134,434,485	157,389	1,065,405
Other current liabilities					
Dividend payable		4,093,232	3,758,599	4,093,232	3,758,599
Accrued expenses		421,001,413	442,419,454	22,254,914	14,276,838
Corporate income tax payable		321,028,150	34,217,642	-	-
Others		253,293,580	93,015,368	24,229,878	21,104,304
Total other current liabilities		999,416,375	573,411,063	50,578,024	39,139,741
Total current liabilities		1,869,292,983	1,359,491,790	354,882,461	171,470,690
Non-current liabilities					
Long-term loans from financial institution	17	744,737,682	76,000,000	-	-
Provision for employee benefit	18	84,701,109	55,894,470	18,217,234	11,970,539
Total non-current liabilities		829,438,791	131,894,470	18,217,234	11,970,539
Total liabilities		2,698,731,774	1,491,386,260	373,099,695	183,441,229

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

Lanna Resources Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

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(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
350,000,000 ordinary shares of Baht 1 each		350,000,000	350,000,000	350,000,000	350,000,000
Share premium		680,400,000	680,400,000	680,400,000	680,400,000
Translation adjustments		(197,713,444)	(89,300,811)	-	-
Retained earnings					
Appropriated - Statutory reserve	20	35,000,000	35,000,000	35,000,000	35,000,000
Appropriated - General reserve		429,000,000	414,000,000	429,000,000	414,000,000
Unappropriated		1,327,680,656	1,018,023,532	199,664,375	190,516,788
Equity attributable to the Company's shareholders		2,624,367,212	2,408,122,721	1,694,064,375	1,669,916,788
Minority interests - equity attributable					
to minority shareholders of subsidiaries		559,516,931	451,043,141	-	-
Total shareholders' equity		3,183,884,143	2,859,165,862	1,694,064,375	1,669,916,788
Total liabilities and shareholders' equity		5,882,615,917	4,350,552,122	2,067,164,070	1,853,358,017

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

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Revenues					
Sales	6	8,777,438,599	4,795,696,409	1,492,287,687	673,873,255
Service income	6	-	363,180,344	-	363,180,344
Commission and marketing income	6	-	-	100,452,025	49,910,029
Other income					
Dividend income	10, 11	-	-	415,227,768	335,602,505
Rights of coal income	6	-	-	28,797,774	10,778,332
Gain on exchange		-	88,709,995	-	-
Interest income	6	3,713,616	10,168,910	7,800,587	12,903,077
Others		153,078,609	111,104,528	13,521,157	26,383,408
Total other income		156,792,225	209,983,433	465,347,286	385,667,322
Total revenues		8,934,230,824	5,368,860,186	2,058,086,998	1,472,630,950
Expenses					
Cost of sales	6	5,210,784,769	2,574,650,656	1,346,618,343	605,508,534
Cost of services	6	-	264,574,664	-	264,574,664
Selling, service and distribution expenses	6	1,392,034,850	764,883,893	125,815,509	82,687,504
Administrative expenses	6	368,863,329	294,785,100	73,833,172	67,952,119
Management benefit expenses	6	129,285,814	143,067,136	55,207,155	47,525,996
Loss on exchange		27,729,863	-	34,631,414	11,448,339
Total expenses		7,128,698,625	4,041,961,449	1,636,105,593	1,079,697,156
Income before share of income from investment,					
finance cost and corporate income tax		1,805,532,199	1,326,898,737	421,981,405	392,933,794
Share of income from investment in					
associated company	11	5,169,033	1,207,983	-	-
Income before finance cost and corporate income tax		1,810,701,232	1,328,106,720	421,981,405	392,933,794
Finance cost	6	(22,648,245)	(24,309,248)	(1,386,899)	(6,447,008)
Income before corporate income tax		1,788,052,987	1,303,797,472	420,594,506	386,486,786
Withholding tax deducted at source		(46,446,919)	(21,307,446)	(46,446,919)	(21,307,446)
Corporate income tax		(577,953,736)	(250,447,211)	-	-
Net income for the year		1,163,652,332	1,032,042,815	374,147,587	365,179,340
Net income attributable to					
Equity holders of the parent		674,657,124	654,610,572	374,147,587	365,179,340
Minority interests of the subsidiaries		488,995,208	377,432,243		
		1,163,652,332	1,032,042,815		
Basic earnings per share					
Net income attributable to equity holders of the parent	24	1.93	1.87	1.07	1.04

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

Consolidated financial statements										(Unit: Baht)
Equity attributable to the Company's shareholders								Total equity attributable to the Company's shareholders	Minority interests - equity attributable to minority shareholders of subsidiaries	
Note	Issued and paid-up share capital	Share premium	Translation adjustments	Retained earnings			Unappropriated			
				Appropriated		General reserve				
				Statutory reserve						
	350,000,000	680,400,000	(41,478,679)	35,000,000	303,000,000		789,412,960	2,116,334,281	301,956,985	2,418,291,266
	-	-	(47,822,132)	-	-	-	-	(47,822,132)	(10,365,992)	(58,188,124)
	-	-	(47,822,132)	-	-	-	-	(47,822,132)	(10,365,992)	(58,188,124)
	-	-	-	-	-	-	654,610,572	654,610,572	377,432,243	1,032,042,815
	-	-	(47,822,132)	-	-	-	654,610,572	606,788,440	367,066,251	973,854,691
23	-	-	-	-	-	-	(315,000,000)	(315,000,000)	(217,980,095)	(532,980,095)
	-	-	-	-	-	-	(111,000,000)	-	-	-
23	350,000,000	680,400,000	(89,300,811)	35,000,000	414,000,000		1,018,023,532	2,408,122,721	451,043,141	2,859,165,862
Balance as at 31 December 2009										

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

Lanna Resources Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the years ended 31 December 2010 and 2009

	Consolidated financial statements								(Unit: Baht)
	Equity attributable to the Company's shareholders					Minority interests -			
	Retained earnings					Total equity			
	Appropriated					attributable to			
	General reserve					the Company's			
	Statutory reserve					shareholders			
	Unappropriated					of subsidiaries			
	Total					Total			
Note	Issued and paid-up share capital	Share premium	Translation adjustments	Statutory reserve	General reserve	Unappropriated	the Company's shareholders	shareholders of subsidiaries	Total
	350,000,000	680,400,000	(89,300,811)	35,000,000	414,000,000	1,018,023,532	2,408,122,721	451,043,141	2,859,165,862
	-	-	(108,412,633)	-	-	-	(108,412,633)	(56,680,246)	(165,092,879)
	-	-	(108,412,633)	-	-	-	(108,412,633)	(56,680,246)	(165,092,879)
	-	-	-	-	-	674,657,124	674,657,124	488,995,208	1,163,652,332
	-	-	(108,412,633)	-	-	674,657,124	566,244,491	432,314,962	998,559,453
23	-	-	-	-	-	(350,000,000)	(350,000,000)	(323,845,695)	(673,845,695)
	Unappropriated retained earnings								
23	-	-	-	-	15,000,000	(15,000,000)	-	-	-
	-	-	-	-	-	-	-	4,523	4,523
	Increase in minority interests								
	350,000,000	680,400,000	(197,713,444)	35,000,000	429,000,000	1,327,680,656	2,624,367,212	559,516,931	3,183,884,143
	Balance as at 31 December 2010								

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

Lanna Resources Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the years ended 31 December 2010 and 2009

Separate financial statements								(Unit: Baht)
Note	Issued and paid-up share capital	Share premium	Retained earnings					
			Appropriated		Unappropriated	Total		
			Statutory reserve	General reserve				
Balance as at 31 December 2008								
	Net income for the year	350,000,000	680,400,000	35,000,000	303,000,000	251,337,448	1,619,737,448	
23	Dividend payment	-	-	-	-	365,179,340	365,179,340	
	Unappropriated retained earnings transferred to general reserve	-	-	-	-	(315,000,000)	(315,000,000)	
23	Balance as at 31 December 2009	350,000,000	680,400,000	35,000,000	414,000,000	190,516,788	1,669,916,788	
Balance as at 31 December 2009								
	Net income for the year	350,000,000	680,400,000	35,000,000	414,000,000	190,516,788	1,669,916,788	
	Dividend payment	-	-	-	-	374,147,587	374,147,587	
23		-	-	-	-	(350,000,000)	(350,000,000)	
	Unappropriated retained earnings transferred to general reserve	-	-	-	15,000,000	(15,000,000)	-	
23	Balance as at 31 December 2010	350,000,000	680,400,000	35,000,000	429,000,000	199,664,375	1,694,064,375	

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

Lanna Resources Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Net income before tax	1,788,052,987	1,303,797,472	420,594,506	386,486,786
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	196,766,040	128,688,682	28,391,504	23,043,376
Allowance for doubtful accounts	2,964,933	-	2,964,933	-
Allowance for diminution in inventory value (reversal)	3,498,840	(52,929,126)	(5,975,600)	(56,758,655)
Share of income from investment in associated company	(5,169,033)	(1,207,983)	-	-
Reversal of impairment of non-operating assets	(145,633)	(240,059)	(145,633)	(240,059)
Gain on disposal of fixed assets and non-operating assets	(1,387,321)	(11,310,172)	(499,775)	(11,891,687)
Loss on write-off of fixed assets and intangible assets	25,156	-	23,323	-
Dividend income	-	-	(415,227,768)	(335,602,505)
Provision for employee benefit	30,800,967	9,809,592	6,246,695	647,377
Unrealised loss on exchange	1,586,094	9,204,177	149,341	7,159,528
Interest income	(3,713,616)	(10,168,910)	(7,800,587)	(12,903,077)
Interest expenses	22,648,245	24,309,248	1,386,899	6,447,008
Income from operating activities before changes in operating assets and liabilities	2,035,927,659	1,399,952,921	30,107,838	6,388,092
Operating assets (increase) decrease				
Trade accounts receivable	(458,269,980)	(773,877)	(120,445,760)	21,875,027
Amounts due from related party	-	-	(4,082,072)	(2,908,843)
Inventories	177,827,384	(39,666,076)	(21,295,746)	271,491,702
Cassava plantation costs	(15,206,181)	-	-	-
Other current assets	73,857,953	(339,520,651)	2,034,538	10,338,103
Operating liabilities increase (decrease)				
Trade accounts payable	127,806,652	(20,345,511)	87,048,023	(81,424,801)
Other accounts payable - related parties	(15,186,270)	15,186,270	115,270,234	744,086
Other current liabilities	(103,174,644)	142,744,727	10,545,366	15,018,666
Cash from operating activities	1,823,582,573	1,157,577,803	99,182,421	241,522,032
Interest income	3,669,656	12,212,452	7,807,856	12,902,739
Cash paid for interest expenses	(22,590,842)	(25,134,983)	(1,401,998)	(7,470,073)
Cash paid for withholding tax	(46,446,919)	(21,307,446)	(46,446,919)	(21,307,446)
Cash paid for corporate income tax	(265,050,267)	(582,936,340)	(154,509)	(12,173,757)
Net cash from operating activities	1,493,164,201	540,411,486	58,986,851	213,473,495

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Cash received from repayment of loans to related party	-	-	178,262,276	52,207,650
Increase in loans to related party	-	-	(120,000,000)	(84,000,000)
Advance payment for purchase of investment in subsidiary company	-	-	(151,509,433)	-
Dividend received from subsidiaries and associated company	7,834,120	-	415,227,768	335,602,505
Cash received from debenture redemption	1,000,000	-	1,000,000	-
Proceeds from disposal of fixed assets and non-operating fixed assets	4,677,561	1,313,874	662,024	1,132,682
Acquisitions of fixed assets	(1,023,115,596)	(277,490,014)	(10,950,634)	(5,484,294)
Acquisitions of computer software	(826,030)	(1,555,164)	(615,730)	(281,833)
Decrease (increase) in other non-current assets	(157,940,207)	(180,614,291)	831,863	1,030,909
Net cash from (used in) investing activities	<u>(1,168,370,152)</u>	<u>(458,345,595)</u>	<u>312,908,134</u>	<u>300,207,619</u>
Cash flows from financing activities				
Cash received from short-term loans from financial institutions	115,000,000	1,269,000,000	-	875,000,000
Repayment of short-term loans from financial institutions	(28,000,000)	(1,028,000,000)	(28,000,000)	(928,000,000)
Cash received from long-term loan from financial institutions	668,737,682	76,000,000	-	-
Repayment of long-term loan from financial institution	-	(135,000,000)	-	(135,000,000)
Dividend payment	(673,845,695)	(532,980,095)	(350,000,000)	(315,000,000)
Decrease in minority interests	(56,675,723)	(10,365,992)	-	-
Net cash from (used in) financing activities	<u>25,216,264</u>	<u>(361,346,087)</u>	<u>(378,000,000)</u>	<u>(503,000,000)</u>
Decrease in translation adjustments	(10,359,369)	(46,588,525)	-	-
Net increase (decrease) in cash and cash equivalents	<u>339,650,944</u>	<u>(325,868,721)</u>	<u>(6,105,015)</u>	<u>10,681,114</u>
Cash and cash equivalents at beginning of year	489,587,463	815,456,184	32,463,960	21,782,846
Effect of change in foreign exchange rate on cash at bank balance	(15,883)	-	(15,883)	-
Cash and cash equivalents at end of year (Note 7)	<u>829,222,524</u>	<u>489,587,463</u>	<u>26,343,062</u>	<u>32,463,960</u>
Supplemental cash flows information:				
Non-cash transactions				
Increase in accounts payable for purchases of plant, equipment and intangible assets	126,566,373	1,661,094	-	-
Transferred other non-current assets to property, plant and equipment	18,313,888	-	-	-
Transferred fixed assets to intangible assets	86,925	-	-	-
Advance received from sale of land	-	19,477,837	-	19,477,837
Payable for purchase of investment in subsidiary company	-	-	-	18,626,118
Transferred right over land to be transferred	-	8,627,875	-	8,627,875

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

Lanna Resources Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2010 and 2009

1. General information

Lanna Resources Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Siam City Cement Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of lignite. The registered office of the Company is at 888/99 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

2. Basis of preparation

- 2.1** The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Percent	Percent	Percent	Percent	Percent	Percent
<u>Held by the Company</u>								
Lanna (Singapore) Pte. Ltd.	Investment in foreign projects	Singapore	100.00	100.00	0.26	0.37	-	-
PT. Lanna Mining Services	Coal distribution	Indonesia	99.995	99.995	3	2	11	6
Thai Agro Energy Public Co., Ltd	Ethanol production and distribution	Thailand	75.75	75.75	40	32	9	13
PT. Singlurus Pratama	Coal production and distribution	Indonesia	65.00	65.00	20	20	27	20
PT. Lanna Harita Indonesia	Coal production and distribution	Indonesia	55.00	55.00	18	23	35	40
PT. Citra Harita Mineral	Service in coal production and port and jetty service	Indonesia	55.00	55.00	2	3	1	1
<u>Held by subsidiary/ associated company</u>								
PT. Lanna Mining Services	Coal distribution	Indonesia	0.005	0.005	-	-	-	-

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Translation adjustments” in the shareholders’ equity.

- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- g) The excess of the cost of investment in a subsidiary company over the Company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired as at the investment date has been shown as "Goodwill" and included in other non-current assets in the consolidated balance sheets and is measured at cost less any accumulated impairment losses.

2.3 The separate financial statements, which present investments in subsidiaries and associated company under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases

TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC Interpretation 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The management of the Company has assessed the effect of these standards and believes that TAS 11 (revised 2009), TAS 26, TAS 29, TAS 31 (revised 2009), TAS 40 (revised 2009), TFRS 2, TFRS 3 (revised 2009), TFRS 5 (revised 2009) and TFRIC Interpretation 15 are not relevant to the business of the Company, while Framework for the Preparation and Presentation of Financial Statements (revised 2009) and the remaining accounting standards described above will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company and its subsidiary companies evaluate and make a provision for post employment benefits using the estimate made by the management in accordance with the labour law.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Income from coal sales are recorded according to the weight as recorded at the Company's site or the customer's site. Adjustments of the sales price due to quality and weight considerations are recognised in the month in which notification is received from customers.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Right of coal income

Right of coal income is recognised when a subsidiary company sells coal which is produced from its concession area to the buyer.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost (weighted average method) and net realisable value. Cost of finished goods and work in process include cost of material, labour and overheads. Net realisable value is selling price in normal course of business less other costs incurred to sell the goods.

Supplies are value at the lower of average cost and net realisable and are charged to production costs whenever consumed.

Allowance for diminution in inventory value is provided for the excess of cost over the net realisable value of inventories and for slow moving or deteriorated inventories.

4.5 Cassava plantation costs

Cassava plantation costs consist of costs and expenses which are directly related to cassava plant and plantation activities and are incurred before the production period. Cassava plantation costs are stated at cost and are amortised when cassava plants are ready for harvest over the harvest period between 8 and 10 months.

4.6 Investments

- a) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 - 10 years
Buildings and amenities	16 - 30 years
Crushing plants	15 years
Machinery and equipment	4 - 30 years
Furniture and office equipment	4 - 10 years
Vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on assets under construction, land improvement of a local subsidiary company and land, except for mining land which is depleted in accordance with the difference between its purchase cost and fair value and on the basis of units produced in proportion to the total coal reserves.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

Intangible asset with finite useful lives, which is computer software, has useful lives of 3 - 5 years.

Deferred overburden removal costs and other deferred expenses are charged as expenses in accordance with the proportion of units produced to total coal reserves.

Amortisation of the development expenses of the various projects commences upon the start of production. In case when the future benefit of these assets is in doubt, they are written off to period expenses immediately.

4.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.12 Long-term lease

Leases of assets that all the significant risk and rewards of ownership are retained with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense in the income statements on a straight-line basis over the lease period.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.15 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

Provision for employee benefit

The Company and its subsidiaries have begun recording provision for post-retirement benefits since 1 January 2008. This provision is estimated by the Company and subsidiaries' management in accordance with the labour laws of the relevant country taking into account various factors, including the employee's age, the number of years of services, the probability of working until retirement, increase in salary rates in the future and other factors. The estimates of benefits payable upon termination or retirement benefits are discounted to their present value, with the discount rate approximating the bond yield. Increase in benefits relating to service by employees in the current year and actual payments in the current year is recognised in the income statement immediately.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

4.18 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, loans, accounts receivable and investments. Financial liabilities carried on the balance sheet include short-term loans, accounts payable and long-term loans. The accounting policy for each item is separately disclosed in the related notes.

The Company and its subsidiaries have no policy to hold any derivative financial instruments for speculative or trading purpose.

4.19 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgment in estimating loss from slow moving and deteriorated inventories including the effect from declining in net realisable value of inventories.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-retirement benefits

In determining reserve for post-retirement benefit costs, the management needs to make judgment and estimates based upon assumptions as to future salary increases, probability of working until retirement and discount rate, among others.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation and believes that losses of result of litigation which may be incurred will not exceed the amount which was recorded in the financial statements.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Purchase of coal	-	-	677,246,987	162,298,947
Dividend income	-	-	407,393,648	335,602,505
Commission income and marketing income	-	-	100,452,025	49,910,029
Rights of coal income	-	-	28,797,774	10,778,332
Interest income	-	-	7,499,779	11,216,497
<u>Transactions with major shareholder</u>				
Sales of coal	902,694,530	768,339,715	902,694,530	174,072,236
Interest expenses and other expenses	22,440,102	-	-	-
Sales of the lignite prospecting project	5,000,000	-	5,000,000	-
Service income	-	363,180,344	-	363,180,344
<u>Transactions with associated company</u>				
Purchase of coal	126,637,747	-	126,637,747	-
Freight charge	59,853,667	209,305	59,853,667	209,305
Dividend income	-	-	7,834,120	-
Consulting fee expense	-	739,298	-	739,298

	Pricing policy
Sales of coal	Market price at which equivalent quality coal is sold to the same industry
Purchase of coal	Market price for equivalent quality coal
Commission and marketing service income	At the price agreed between the parties which is general price for the same business
Service income	At the price agreed between the parties which is general price for the same business
Rights of coal income	At the agreed price as stipulated in the agreement
Sales of the lignite prospecting project	Bidding by selling to the best bidder with the best condition
Interest income	LIBOR + 3% per annum
Dividend income	At the declared rate
Freight charge	Price comparable to freight charges paid to third parties
Consulting fee expense	At the agreed price
Interest expenses	SIBOR per annum
Other expenses	At the agreed price as stipulated in the agreement

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Baht)					
Relationship		Consolidated		Separate	
		financial statements		financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable - related parties</u>					
Major shareholder					
Siam City Cement Public Co., Ltd.	Major shareholder and common directors	89,054,128	-	89,054,128	-
Subsidiaries					
PT. Lanna Harita Indonesia	Direct holding and common directors	-	-	4,444,908	4,552,179
PT. Singlurus Pratama	Direct holding and common directors	-	-	13,981,830	5,817,686
Total trade accounts receivable - related parties		<u>89,054,128</u>	<u>-</u>	<u>107,480,866</u>	<u>10,369,865</u>
<u>Amounts due from related party</u>					
Subsidiary					
PT. Singlurus Pratama	Direct holding and common directors	-	-	6,990,915	2,908,843
Total amounts due from related party		<u>-</u>	<u>-</u>	<u>6,990,915</u>	<u>2,908,843</u>
<u>Advance payment for purchase of investment in subsidiary company</u>					
Thai Agro Energy Public Co., Ltd.	Direct holding and common directors	-	-	151,509,433	-
Total advance payment for purchase of investment in subsidiary company		-	-	151,509,433	-

		(Unit: Baht)			
	Relationship	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<u>Long-term loans to related party</u>					
Subsidiary					
PT. Lanna Mining Services	Direct holding and common directors	-	-	204,000,000	262,262,276
Total long-term loans to related party		-	-	204,000,000	262,262,276
<u>Trade accounts payable - related parties</u>					
Subsidiaries					
PT. Lanna Harita Indonesia	Direct holding and common directors	-	-	48,573,961	-
PT. Singlurus Pratama	Direct holding and common directors	-	-	16,923,573	-
Associated company					
United Bulk Shipping Pte. Ltd.	Direct holding and common directors	6,287,396	842,261	6,287,396	842,261
Total trade accounts receivable - related party		6,287,396	842,261	71,784,930	842,261
<u>Amounts due to related parties</u>					
Major shareholder					
Siam City Cement Public Co., Ltd.	Major shareholder and common directors	-	14,442,184	-	-
Subsidiary					
Lanna (Singapore) Pte. Ltd.	Direct holding and common directors	-	-	201,745,285	87,167,718
Associated company					
United Bulk Shipping Pte. Ltd.	Direct holding and common directors	-	744,086	-	744,086
Total amounts due to related parties		-	15,186,270	201,745,285	87,911,804
<u>Advance received from sales - related party</u>					
Major shareholder					
Siam City Cement Public Co., Ltd.	Major shareholder and common directors	-	133,369,080	-	-
Total advance received from sales - related party		-	133,369,080	-	-

During 2010, movements of long-term loans to related party were as follows:

				(Unit: Baht)
	Balance as at	During the year		Balance as at
	1 January 2010	Increase	Decrease	31 December 2010
<u>Long-term loans to subsidiary</u>				
<u>company</u>				
PT. Lanna Mining Services	262,262,276	120,000,000	(178,262,276)	204,000,000

On 17 January 2008, the Company granted loan of USD 6.866 million or approximately Baht 219.26 million under the second unsecured loan agreement to PT. Lanna Mining Services for a term not exceeding 3 years with an interest rate at LIBOR+3% per annum. The Company received the loan settlement of USD 1.5 million or approximately Baht 52.2 million in December 2009, and a total of USD 5.366 million or approximately Baht 163.58 million in January and December 2010.

On 12 March 2009, the Company granted an additional loan of Baht 84 million under the third unsecured loan agreement to PT. Lanna Mining Services for a term not exceeding 3 years with an interest rate at LIBOR+3% per annum.

On 21 December 2010, the Company granted an additional loan of Baht 120 million under the fourth unsecured loan agreement to PT. Lanna Mining Services for a term not exceeding 3 years with an interest rate at LIBOR+3% per annum.

Directors and management's remuneration

In 2010, the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 129.29 million and for the Company only totaling Baht 55.21 million (2009: Baht 143.07 million, the Company only: Baht 47.53 million).

7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	232,964	190,393	40,000	40,000
Bank deposits	828,989,560	489,397,070	26,303,062	32,423,960
Total	<u>829,222,524</u>	<u>489,587,463</u>	<u>26,343,062</u>	<u>32,463,960</u>

As at 31 December 2010, bank deposits in saving accounts and fixed deposits carried interests between 0.12 and 3 percent per annum (2009: between 0.05 and 1.5 percent per annum).

8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Age of receivables					
<u>Related parties</u>					
Not yet due		89,054,128	-	101,730,735	10,369,865
Overdue					
1 - 3 months		-	-	5,750,131	-
Total		<u>89,054,128</u>	<u>-</u>	<u>107,480,866</u>	<u>10,369,865</u>
<u>Unrelated parties</u>					
Not yet due		769,350,280	393,439,589	94,804,227	64,774,629
Overdue					
6 - 12 months		-	6,694,839	-	6,694,839
Total		<u>769,350,280</u>	<u>400,134,428</u>	<u>94,804,227</u>	<u>71,469,468</u>
Total trade accounts receivable		<u>858,404,408</u>	<u>400,134,428</u>	<u>202,285,093</u>	<u>81,839,333</u>

9. Inventories

		(Unit: Baht)					
		Consolidated financial statements					
		Cost		Allowance for diminution in inventory value		Inventory - net	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Coal and work in process (ROM)		206,098,211	384,527,116	-	(5,975,600)	206,098,211	378,551,516
Finished goods - Ethanol, organic fertilizer		37,392,063	16,635,382	(11,957,462)	(3,829,529)	25,434,601	12,805,853
Work in process - Ethanol		-	7,771,309	-	-	-	7,771,309
Raw materials - Molasses		15,624,455	30,214,956	(1,346,507)	-	14,277,948	30,214,956
Supplies		5,737,156	1,717,881	-	-	5,737,156	1,717,881
Spare parts		1,850,681	3,663,306	-	-	1,850,681	3,663,306
Total		<u>266,702,566</u>	<u>444,529,950</u>	<u>(13,303,969)</u>	<u>(9,805,129)</u>	<u>253,398,597</u>	<u>434,724,821</u>

		(Unit: Baht)					
		Separated financial statements					
		Cost		Allowance for diminution in inventory value		Inventory - net	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Coal and work in process (ROM)		130,804,404	109,508,658	-	(5,975,600)	130,804,404	103,533,058
Total		<u>130,804,404</u>	<u>109,508,658</u>	<u>-</u>	<u>(5,975,600)</u>	<u>130,804,404</u>	<u>103,533,058</u>

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Nature of business	Paid-up capital		Percentage of shareholding		Cost		Dividend received during the year	
		2010	2009	2010	2009	2010	2009	2010	2009
				(%)	(%)				(Unit: Baht)
Lanna (Singapore) Pte. Ltd. (Incorporated in Singapore)	Investment in foreign projects	SGD 9 million	SGD 9 million	100.00	100.00	215,795,869	215,795,869	11,582,243	-
PT. Lanna Mining Services (Incorporated in Indonesia)	Coal distribution	USD 2.1 million	USD 2.1 million	99.995	99.995	70,918,908	70,918,908	-	-
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Baht 600 million	Baht 600 million	75.75	75.75	454,528,300	454,528,300	-	113,632,075
PT. Singlurus Pratama (Incorporated in Indonesia)	Coal production and distribution	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626,118	18,626,118	-	-
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	Coal production and distribution	USD 8 million	USD 8 million	55.00	55.00	155,023,565	155,023,565	378,078,030	221,970,430
PT. Citra Harita Mineral (Incorporated in Indonesia)	Service in coal production and port and jetty service	Rp 1,000 million	Rp 1,000 million	55.00	55.00	2,187,283	2,187,283	17,733,375	-
Total						917,080,043	917,080,043	407,393,648	335,602,505

Local subsidiary

Thai Agro Energy Public Co., Ltd.

On 28 October 2010, the Extraordinary General Meeting of shareholders of Thai Agro Energy Public Company Limited No. 1/2010 passed the following resolutions.

1. To decrease Thai Agro Energy Public Company Limited's registered share capital from Baht 800,000,000 (800,000,000 ordinary shares of Baht 1 each) to Baht 600,000,000 (600,000,000 ordinary shares of Baht 1 each) by decreasing the un-issued capital by 200,000,000 shares at the par value of Baht 1 each, in order to cancel the shares to be issued for the initial public offering.
2. To increase Thai Agro Energy Public Company Limited's registered share capital from Baht 600,000,000 (600,000,000 ordinary shares of Baht 1 each) to Baht 800,000,000 (800,000,000 ordinary shares of Baht 1 each) by issuing and offering 200,000,000 new ordinary shares at the par value of Baht 1 per share to the existing shareholders. The capital increase will be reserved for the construction of the second ethanol production plant.

As at 31 December 2010, the subsidiary received advance payments for the 196,401,907 shares of Baht 1 each, or a total of Baht 196,401,907. This included advance of the Company for purchase of 151,509,433 ordinary shares of Baht 1 per share of the subsidiary, or a total of Baht 151,509,433, to maintain its ownership interest in the subsidiary company.

In January 2011, the subsidiary had received additional advance payments for the 3,598,093 shares of Baht 1 each, or a total of Baht 3,598,093. The subsidiary subsequently registered the capital increase to be registered, issued and paid-up share capital of Baht 800,000,000 with the Ministry of Commerce on 4 February 2011.

Overseas subsidiaries

Change in investment structure of oversea subsidiary

On 28 April 2008, the meeting of the Company's Board of Directors passed a resolution approving the change in the investment structure in an oversea subsidiary. The detail of the transaction was that Lanna (Singapore) Pte. Ltd. would sell and transfer all of its ordinary shares in PT. Singlurus Pratama, which accounted for 65 percent of PT. Singlurus Pratama's paid-up capital, to the Company at SGD 150 per share, totaling approximately SGD 0.78 million or equivalent to Baht 18.6 million. Lanna (Singapore) Pte. Ltd. already sold the ordinary shares in PT. Singlurus Pratama to the Company on 15 December 2009.

Lanna (Singapore) Pte. Ltd.

On 21 June 2010, the meeting of the Board of Directors of the Company passed a resolution to approve the change in investment structure of overseas subsidiaries by dissolution and liquidation of Lanna (Singapore) Pte. Ltd. after such subsidiary company sells an ordinary share in PT. Lanna Mining Services to United Bulk Shipping Pte. Ltd.

On 25 June 2010, Lanna (Singapore) Pte. Ltd. already sold an ordinary share in PT. Lanna Mining Services to United Bulk Shipping Pte. Ltd. Currently, Lanna (Singapore) Pte. Ltd. is in the process of dissolution and liquidation.

PT. Citra Harita Mineral

On 18 June 2009, a meeting of PT. Citra Harita Mineral's Board of Directors passed a resolution to change the nature of PT. Citra Harita Mineral's business to the provision of services. PT. Citra Harita Mineral will use the roads used to transport coal, its crusher plant, and its port and jetty to provide services to other coal operators.

11. Investment in associated company

11.1 Detail of associated company

Company's name	Nature of business	Paid-up capital		Shareholding percentage		Consolidated financial statements		(Unit: Baht)	
						Carrying amounts based on equity method		Separate financial statements	
		2010	2009	2010	2009	2010	2009	2010	2009
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	SGD 0.1 million	SGD 0.1 million	49	49	17,811,031	20,476,118	890,679	890,679
Total				(%)	(%)	17,811,031	20,476,118	890,679	890,679

11.2 Share of income and dividend received

During the year, the Company recognised its share of net income from investment in associated company in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	Consolidated financial statements		(Unit: Baht)	
	Share of income from investment in associate		Dividend received	
	for the years ended 31 December		for the years ended 31 December	
	2010	2009	2010	2009
United Bulk Shipping Pte. Ltd.	5,169,033	1,207,983	7,834,120	-

12. Property, plant and equipment

Consolidated financial statements

	Land	Ore	Land improvement	Buildings and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction	Total
Cost									
31 December 2009	333,638,970	71,951,986	57,754,009	84,103,642	1,109,628,076	74,667,387	50,344,466	150,995,416	1,933,083,952
Additions	6,870,162	-	-	1,201,076	19,699,230	10,666,874	15,797,282	1,080,757,311	1,134,991,935
Disposals/write-off	-	(268,913)	-	(182,214)	(2,980,061)	(4,537,505)	(8,675,440)	-	(16,644,133)
Transfer in (transfer out)	-	-	22,269,670	9,473,212	32,396,768	(6,888,687)	7,652,483	(46,676,483)	18,226,963
Capitalised interest	-	-	-	-	-	-	-	14,690,034	14,690,034
Translation adjustments	(525,728)	-	(1,697,087)	(850,957)	(52,543,330)	(5,372,849)	-	(9,513,208)	(70,503,159)
31 December 2010	339,983,404	71,683,073	78,326,592	93,744,759	1,106,200,683	68,535,220	65,118,791	1,190,253,070	3,013,845,592
Accumulated depreciation/amortisation									
31 December 2009	-	71,951,986	19,079,314	13,285,210	324,182,007	52,405,471	38,850,708	-	519,754,696
Depreciation for the year	-	-	2,047,062	4,584,950	66,651,415	8,881,638	5,692,087	-	87,857,152
Accumulated depreciation of the disposed assets/write-off	-	(268,913)	-	(147,287)	(2,733,969)	(4,286,507)	(6,016,771)	-	(13,453,447)
Transfer in (transfer out)	-	-	-	2,360,149	(442,114)	(6,692,574)	4,774,539	-	-
Translation adjustments	-	-	(1,650,659)	50,199	(10,175,027)	(2,773,878)	-	-	(14,549,365)
31 December 2010	-	71,683,073	19,475,717	20,133,221	377,482,312	47,534,150	43,300,563	-	579,609,036
Net book value									
31 December 2009	333,638,970	-	38,674,695	70,818,432	785,446,069	22,261,916	11,493,758	150,995,416	1,413,329,256
31 December 2010	339,983,404	-	58,850,875	73,611,538	728,718,371	21,001,070	21,818,228	1,190,253,070	2,434,236,556

Depreciation for the year

2009 (Baht 60 million included in manufacturing cost, and the balance in selling and administrative expenses)

2010 (Baht 42 million included in manufacturing cost, and the balance in selling and administrative expenses)

82,811,498

87,857,152

Depreciation for the year

A subsidiary has mortgaged part of its land and construction as collateral for short-term loans, long-term loans and credit facilities granted by commercial banks as discussed in Note 16 and 17.

A subsidiary had capitalised interest expenses as part of costs of machinery and equipment under installation with the capitalisation rate as follows:

	2010	2009
Interest expenses capitalised as costs of machinery and equipment (Baht)	14,690,034	609,249
Capitalisation rate (percent per annum)	3.8	3.8

As at 31 December 2010, the Company has certain plant and equipment which have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 54.39 million (2009: Baht 46.07 million).

13. Non-operating assets

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	2010	2009
Non-operating assets - cost	40,322,795	40,445,596
Less: Accumulated depreciation	(1,200,293)	(1,054,660)
	39,122,502	39,390,936
Less: Allowance for loss on impairment of assets	(1,569,852)	(1,715,485)
Non-operating assets - net	37,552,650	37,675,451
Depreciation for the year	145,633	240,059

As at 31 December 2010, the Company had non-operating assets, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 38 million (2009: Baht 38 million). The Company is considering making use and/or selling such assets to other parties. However, for some plots of land and land improvement which the Company had considered their net realisable value to be less than the net book value, the Company had set up allowance for loss on impairment of such assets of Baht 1.57 million (2009: Baht 1.72 million).

14. Intangible assets

Details of intangible assets which are computer software are as follows:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
31 December 2009	8,797,636	3,566,405
Additions	826,030	615,730
Disposals/write-off	(711,804)	(697,004)
Transfer in	86,925	-
Translation adjustments	(136,047)	-
31 December 2010	8,862,740	3,485,131
Accumulated amortisation		
31 December 2009	4,622,559	2,003,412
Amortisation for the year	1,156,986	474,699
Accumulated amortisation of the disposed/write-off intangible assets	(709,895)	(696,928)
Translation adjustments	(120,742)	-
31 December 2010	4,948,908	1,781,183
Net book value		
31 December 2009	4,175,077	1,562,993
31 December 2010	3,913,832	1,703,948
Amortisation for the year		
2009	912,357	420,052
2010	1,156,986	474,699

As at 31 December 2010, certain computer software items have been fully amortised but are still in use. The gross carrying amount, before deducting accumulated amortisation, of those assets amounted to approximately Baht 0.8 million (2009: Baht 1.5 million).

15. Other non-current assets

Other non-current assets as at 31 December 2010 and 2009 consist of the following and have been shown net of related accumulated amortisation:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deferred overburden removal expenses	27,275,320	44,748,239	-	-
Deferred expenses - Indonesia coal mine project	336,345,775	331,196,080	-	-
Deferred right to receive the fee according to contract	105,281,839	114,883,904	105,281,839	114,883,904
Goodwill	185,999,788	185,999,788	-	-
Others	43,226,447	33,359,601	2,424,996	3,256,859
Total other non-current assets	<u>698,129,169</u>	<u>710,187,612</u>	<u>107,706,835</u>	<u>118,140,763</u>
Amortisation expenses included in the income statements for the year	<u>107,606,269</u>	<u>44,724,768</u>	<u>9,602,065</u>	<u>3,391,096</u>

Acquisition of rights in coal produced and distributed from the concession area of PT. Singlurus Pratama

On 6 March 2008, the Company acquired the rights to the first 15 million tons of coal produced and distributed from the concession area of PT. Singlurus Pratama (SGP) at a price of USD 0.75 per ton, in accordance with the Marketing and Technical Service Agreement and Service Agreement, which stipulate that PT. Indocoal Pratama Jaya (IPJ) is to receive a fee of USD 0.75 per ton of coal produced and distributed from SGP.

IPJ has an agreement with a creditor who provided it with financial support, whereby IPJ agreed to pay the creditor the fees it receives at a rate of USD 0.75 per ton for the first 15 million tons of coal produced and distributed from the SGP concession.

That creditor agreed to sell its right to the Company at a negotiated price of USD 3.75 million, or equivalent to Baht 118.28 million, with the Company making a lump sum payment. Such fees will be amortised according to the quantity of coal sold from SGP and the Company had already started to amortising the fee since July 2009.

16. Short-term loans from financial institutions

As at 31 December 2010, a subsidiary had short-term loans from bank in the form of promissory notes which are repayable within 3 months. The loans bear interest at the rate of 2.2 - 3 percent per annum. The loan amounting to Baht 150 million is secured by the mortgage of part of the subsidiary's land and construction thereon as discussed in Note 12.

17. Long-term loans from financial institution

On 16 June 2009, a subsidiary entered into a loan agreement with a local bank, obtaining loan facilities of Baht 900 million for the construction of ethanol production plant and the purchase of machinery for this plant. The loans initially carry interest at a fixed rate of 3.80 percent per annum for the first 2 years, and THBFIX reference rate plus 2.10 percent per annum during the third to seventh year. The loans are repayable within 7 years with grace period of 30 months and then to be repaid in 10 semi-annually installments of Baht 90 million each from March 2012 to October 2016. As at 31 December 2010, the loans withdrew by the subsidiary were Baht 744.7 million (2009: Baht 76 million). The loans are secured by the mortgage of part of the subsidiary's land and construction thereon as discussed in Note 12.

The loan agreement contains covenants that, among other things, requires the subsidiary to maintain certain financial ratios according to the agreement such as debt to-equity and debt-service-coverage ratios.

As at 31 December 2010, the subsidiary was unable to maintain the debt-to-equity ratio as specified in the loan agreement. The subsidiary had negotiated with the bank and had already obtained a waiver letter for the condition to maintain certain financial ratios for the year ended 31 December 2010 from that bank.

18. Provision for employee benefit

Movements in the provision for employee benefit is shown as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Provision for employee benefit at the beginning of year	55,894,470	72,413,056	11,970,539	11,323,162
Current service cost during the year	30,800,967	9,809,592	6,246,695	647,377
Benefits paid during the year	-	(23,705,586)	-	-
Translation adjustments	(1,994,328)	(2,622,592)	-	-
Provision for employee benefit at end of year	<u>84,701,109</u>	<u>55,894,470</u>	<u>18,217,234</u>	<u>11,970,539</u>

19. Provident fund

The Company and a subsidiary and their employees jointly established a provident fund as approved by the Ministry of Finance, in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by employees at a rate of 5% of their basic salaries and the Company and the subsidiary also contribute a certain amount. The fund is managed by the Bank of Ayudhaya Public Co., Ltd.. Total contributions of the Company and the subsidiary for the year ended 31 December 2010 amounted to Baht 4.9 million, the Company only Baht 3.4 million (2009: Baht 4.3 million, the Company only Baht 3.1 million).

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

21. Expenses by nature

Significant expenses by nature are as follows:

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Raw materials and consumables used	715,399,345	327,787,603	-	-
Purchase of finished goods	-	-	1,373,889,689	390,775,487
Changes in inventories of finished goods and work in process (increase) decrease	165,443,533	(19,114,381)	(21,295,746)	271,491,702
Overburden removal expenses	1,710,845,530	1,364,400,415	-	-
Freight and transportation of goods expenses	522,626,385	558,775,196	79,280,481	303,098,282
Depreciation and amortisation expenses	196,766,040	128,688,682	28,391,504	23,043,376
Salary, wages and other employee benefits	141,434,195	123,042,894	27,749,292	19,599,213
Management benefit expenses	129,285,814	143,067,136	55,207,155	47,525,996
Electricity and fuel expenses	77,961,175	57,119,669	6,653,742	5,345,203
Repair and maintenance expenses	55,029,128	53,422,478	6,311,244	6,495,935
Loss on exchange	27,729,863	-	34,631,414	11,448,339
Allowance for diminution in inventory value (reversal)	3,498,840	(52,929,126)	(5,975,600)	(56,758,655)

22. Promotional privileges

Thai Agro Energy Public Company Limited, a subsidiary, has been granted the promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment as follows:

Certificate No.	1760(2)/2546	2078(9)/2551	1774(2)/2552
Date	26 December 2003	19 November 2008	8 October 2009
1. Promotional privileges for	Manufacture of alcohol	Manufacture of ethanol (99.5%)	Manufacture of organic fertilizer
2. Significant privileges			
2.1 Exemption from corporate income tax on net income from promoted operations (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the promoted operations throughout the period in which the corporate income tax is exempted	8 years (will expire on 30 January 2013)	8 years	8 years (will expire on 15 November 2017)
2.2 Allowance to carry-forward the annual loss from promoted operations incurred during the corporate income tax exemption period to offset with net income incurred thereafter (after exemption period in 2.1)	5 years	5 years	5 years
2.3 Exemption from import duty on raw and essential materials or products used for manufacture for export commencing from the first import date.	1 year	1 year	1 year
3. Date of first earning operating income	31 January 2005	Not yet commenced	16 November 2009

As a promoted company, the subsidiary has to comply with certain conditions and restrictions provided for in the promotional certificate.

23. Dividends

Dividends paid by the Company and its subsidiaries during the years ended 31 December 2010 and 2009 are as follows:

The Company

(Unit: Baht)				
Dividends	Approved by	Total dividends	Dividend per share	Paid on
<u>2010</u>				
Final dividends for 2009	Annual General Meeting of the shareholders on 19 April 2010	175,000,000	0.50	18 May 2010
Interim dividends for 2010	Board of Directors' meeting on 18 October 2010	175,000,000	0.50	17 November 2010
Total for 2010		<u>350,000,000</u>	<u>1.00</u>	
<u>2009</u>				
Final dividends for 2008	Annual General Meeting of the shareholders on 27 April 2009	140,000,000	0.40	29 May 2009
Interim dividends for 2009	Board of Directors' meeting on 16 November 2009	175,000,000	0.50	15 December 2009
Total for 2009		<u>315,000,000</u>	<u>0.90</u>	

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 15 million (2009: Baht 111 million).

Local subsidiary

Thai Agro Energy Public Co., Ltd.

(Unit: Baht)				
Dividends	Approved by	Total dividends	Dividend per share	Paid on
<u>2009</u>				
Interim dividends for 2009	Board of Directors' meeting on 24 September 2009	150,000,000	0.25	16 October 2009
Total for 2009		<u>150,000,000</u>	<u>0.25</u>	

Overseas subsidiaries

Lanna Singapore Pte. Ltd.

(Unit: SG dollar)

Dividends	Approved by	Total dividends	Dividend per share	Paid on
<u>2010</u>				
Interim dividends for 2010	Board of Directors' meeting on 9 July 2010	500,000	0.06	12 July 2010
Total for 2010		<u>500,000</u>	<u>0.06</u>	

PT. Lanna Harita Indonesia

(Unit: US dollar)

Dividends	Approved by	Total dividends	Dividend per share	Paid on
<u>2010</u>				
The third interim dividends for 2009	Board of Directors' meeting on 18 February 2010	2,000,000	250	2 March 2010
The fourth interim dividends for 2009	Board of Directors' meeting on 11 May 2010	4,000,000	500	21 May 2010
The first interim dividends for 2010	Board of Directors' meeting on 12 July 2010	4,000,000	500	27 July 2010
The second interim dividends for 2010	Board of Directors' meeting on 10 September 2010	10,000,000	1,250	24 September 2010
The third interim dividends for 2010	Board of Directors' meeting on 6 December 2010	2,000,000	250	28 December 2010
Total for 2010		<u>22,000,000</u>	<u>2,750</u>	
<u>2009</u>				
Final dividends for 2008	Annual General Meeting of the shareholders on 18 June 2009	4,000,000	500	29 June 2009
The first interim dividends for 2009	Board of Directors' meeting on 24 July 2009	4,000,000	500	30 July 2009 and 25 August 2009
The second interim dividends for 2009	Board of Directors' meeting on 16 November 2009	4,000,000	500	25 November 2009
Total for 2009		<u>12,000,000</u>	<u>1,500</u>	

PT. Citra Harita Mineral

(Unit: US dollar)

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>	<u>Paid on</u>
<u>2010</u>				
Interim dividends for 2010	Board of Directors' meeting on 11 May 2010	1,000,000	1,000	24 May 2010
Total for 2010		<u>1,000,000</u>	<u>1,000</u>	

24. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

25. Segment information

The Company and its subsidiaries' current main operations involve coal mining and manufacture of ethanol, which are carried on in Thailand and Indonesia. Information of the Company and its subsidiaries by business and geographical segment is as follows:

(Unit: Baht)

Consolidated income statements for the years ended 31 December

	Domestic coal business			Oversea coal business			Ethanol business			Elimination of inter-segment revenues			Total	
	2010			2010			2010			2010			2010	
	2009			2009			2009			2009			2009	
Revenues from external customers	1,492,287,687	1,037,053,599	6,524,925,144	3,445,542,954	760,225,768	676,280,200	-	-	-	8,777,438,599	5,158,876,753	-	-	-
Intersegment revenues	129,249,799	60,688,361	677,246,987	162,298,947	-	-	-	(806,496,786)	(222,987,308)	-	-	-	-	-
Total revenues	1,621,537,486	1,097,741,960	7,202,172,131	3,607,841,901	760,225,768	676,280,200	-	(806,496,786)	(222,987,308)	8,777,438,599	5,158,876,753	-	-	-
Operating income (loss)	274,919,143	227,658,762	3,465,593,386	1,881,782,816	(45,140,352)	272,172,623	-	(128,718,347)	(61,962,768)	3,566,653,830	2,319,651,433	-	-	-
Unallocated income (expenses)														
Other income										156,792,225	121,273,438			
Share of income from associated company										5,169,033	1,207,983			
Gain (loss) on exchange										(27,729,863)	88,709,995			
Selling, service and distribution expenses										(1,392,034,850)	(764,883,893)			
Administrative expenses										(368,863,329)	(294,785,100)			
Management benefit expenses										(129,285,814)	(143,067,136)			
Finance cost										(22,648,245)	(24,309,248)			
Withholding tax deducted at source										(46,446,919)	(21,307,446)			
Corporate income tax										(577,953,736)	(250,447,211)			
Minority interest of the subsidiaries										(488,995,208)	(377,432,243)			
Net income										674,657,124	654,610,572			

Consolidated balance sheets as at 31 December

	Domestic coal business			Oversea coal business			Ethanol business			Others			Total	
	2010			2010			2010			2010			2010	
	2009			2009			2009			2009			2009	
Assets employed	384,788,006	362,545,245	678,460,932	901,281,897	2,113,140,934	1,309,753,982	-	-	-	4,818,849	4,818,849	-	3,181,208,721	2,578,399,973
General corporate assets													2,701,407,196	1,772,152,149
Total assets													5,882,615,917	4,350,552,122

Transfer prices between business segments are as set out in Note 6 to the financial statements.

26. Significant contracts and agreements

26.1 In 1998, PT. Lanna Harita Indonesia had been granted the right under a Coal Contract of Work (“CCOW”) from the Indonesian government to explore for and exploit coal for a period of thirty years in a total survey area of 30,018 hectares in Tanah Merah in Samarinda and Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract.

26.2 On 25 April 2008, the Company and Saraburi Resources Pte. Ltd., which was incorporated in Singapore (which received the right to sell coal from PT. Saraburi Batu Hitum in Indonesia) entered into the Agreement for Sale and Purchase of Steam Coal of 2 million metric tons, whereby the Company is to take delivery of coal for a term of about 2 years, and is to make advance payment amounting to USD 4 million to Saraburi Resources Pte. Ltd. On 6 May 2008, the Company made advance payment amounting to USD 2 million, or equivalent to Baht 63.46 million. Saraburi Resources Pte. Ltd. will refund the advance payment in the form of a deduction from the price of coal delivered to the Company, at a rate of USD 2 per ton, until the advance has been covered. Other conditions are specified in the agreements. PT. Saraburi Batu Hitum and two directors of Saraburi Resources Pte. Ltd. are guarantors for performance in accordance with the agreement, and a shareholder of PT. Saraburi Batu Hitum has pledged 3,000 shares of PT. Saraburi Batu Hitum and the shareholders of Saraburi Resources Pte. Ltd. have pledged 10,000 shares as share charge to guarantee performance bonds as required under the agreement.

Saraburi Resources Pte. Ltd. was obliged to start delivering coal within January 2009 but it was unable to comply with the agreement. The Company and this company have continuously negotiated to find a resolution for this issue, but no conclusion has been reached yet. For a prudent reason, the Company has set full allowance for doubtful account for this advance payment.

26.3 In 1997, PT. Singlurus Pratama was granted the right under a Coal Contract of Work (“CCOW”) from the Indonesian government to explore for and exploit coal for a period of thirty years beginning at the commencement of the first mining operation in a total survey area of 24,760 hectares in Kutai, East Kalimantan, Indonesia. The subsidiary has a continuing obligation to pay a fee and compensation under the contract.

In March 2009, the subsidiary received the consent from Indonesian government to start the production activities.

26.4 On 16 February 2009, PT. Citra Harita Mineral signed the Agreement on Coal Processing Service, Coal Loading Service and the Use of Jetty Facilities with a coal operator in Indonesia, for a period of 2 years commencing April 2009. Service fees are charged at the rate as stipulated in the agreement.

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2010, a subsidiary had capital commitments of approximately Baht 74.97 million and Euro 1.18 million, totaling approximately Baht 122.26 million, relating to the construction of the second ethanol production plant and acquisition of machinery and equipment.

27.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, vehicles and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2010, future minimum payment under these lease and service agreements are as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within		
Less than 1 year	21.48	5.18
1 to 5 years	14.93	10.73

27.3 Long-term service and purchase commitments

- a) A subsidiary had commitments under the purchase of molasses agreement with 15-year duration and price being determined every 5 years commencing 2005 for the first year. The price for the first three years is stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase and sales of molasses are stipulated in the agreement.
- b) A subsidiary had commitments under service agreement with regard to the consulting for the construction of the second ethanol production plant of Baht 0.2 million.

27.4 Guarantees

As at 31 December 2010, the Company and its subsidiary had bank guarantees of approximately Baht 12.09 million and the Company only Baht 0.4 million (2009: Baht 2.53 million and the Company only Baht 2.33 million) issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds required in the ordinary course of business of the Company and its subsidiary.

28. Litigation

28.1 In 2008, a company claimed that the Company did not comply with the sea coal transportation agreement dated 2 September 2008 for coal transportation from a harbor in Indonesia to Thailand. This company claimed a damage of USD 1.14 million or equivalent to Baht 34.50 million. There have been extensive negotiations with respect to the services but there is no written agreement. However, this company sued the Company in the US court and the Court froze cash of the Company which was to be paid to and received from the related companies for services, totaling USD 0.52 million or equivalent to Baht 17.40 million. However, in the second quarter of 2009, the US court cancelled the freezing of the cash of the Company and ordered it to be placed with the court instead. The Company recorded cash which was placed with court as assets awaiting for return from the court. The Company received such money from the court in January 2010. However, for a prudent reason, the Company has still recorded provision for litigation loss which approximates the amount placed with the court in the books of account until the case is finalised.

28.2 As at 31 December 2010, a subsidiary company in Indonesia had contingent liabilities in respect of lawsuits, which were brought by an outside party, claiming for damages of Rupiah 62,000 million or equivalent to approximately Baht 221 million, in relation to rights over the land used by the subsidiary company for mining. On 8 April 2009, the Court of Samarinda rendered a judgment that the plaintiff has rights over the subsidiary's mined land. However, the court ordered the subsidiary company to pay only the trial fee amounting to Rupiah 0.66 million or equivalent to Baht 2,500. The plaintiff is in the course of filing a petition for the case. However, the subsidiary company's management believes that the case will be settled in its favour, and it will not suffer any significant losses as a result of the above litigation. Therefore, the subsidiary company has not made any loss provision for the lawsuit in its accounts.

29. Financial instruments

29.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheets.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans, interest bearing short-term and long-term loans. However, since most of financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements				
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year				
	(Million Baht)				(% p.a.)
Financial assets					
Cash and cash equivalents	151	678	-	829	0.12 - 3
Trade accounts receivable	-	-	858	858	-
Investment in associated company	-	-	18	18	-
	151	678	876	1,705	
Financial liabilities					
Short-term loans form financial institution	509	-	-	509	2.2 - 3
Trade accounts payable	-	-	342	342	-
	509	-	342	851	

Long-term loans from financial institution carry interest at a fixed rate of 3.8 percent per annum for the first 2 years, and THBFIX reference rate plus 2.1 percent per annum during the third to seventh year.

	Separate financial statements			
	Floating interest rate	Non-interest bearing	Total	Interest rate
	(Million Baht)			(% p.a.)
Financial assets				
Cash and cash equivalents	26	-	26	0.05 - 0.5
Trade accounts receivable	-	202	202	-
Amounts due from related parties	-	159	159	-
Investments in subsidiary and associated companies accounted for under cost method	-	918	918	-
Long-term loans to related party	204	-	204	LIBOR+3
	230	1,279	1,509	
Financial liabilities				
Trade accounts payable	-	102	102	-
Amounts due to related parties	-	202	202	-
	-	304	304	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2010, the Company and local subsidiary had balances of financial assets and liabilities denominated in foreign currencies as follows:

Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2010	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	4.07	2.43	30.0063	30.2963
SG dollar	-	3.75	23.0950	23.5577
Euro	-	1.14	39.6323	40.2464

As at 31 December 2010, the Company and its subsidiaries had no outstanding forward exchange contract.

29.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial assets and liabilities are short-term in nature or bear floating interest rates or fixed interest rates which are close to the market rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

30. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserve the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2010, the Company and its subsidiaries's debt-to-equity ratio was 0.85:1 (2009: 0.52:1) and the Company's was 0.22:1 (2009: 0.11:1).

31. Subsequent events

On 31 January 2011, Thai Agro Energy Public Co., Ltd., a subsidiary company, received the first subsidy of Baht 6 million, representing 30 percent of total subsidy, from the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project". The subsidiary company is required to comply with the terms under the agreement.

32. Reclassification

Certain amounts in the income statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Reversal of allowance for				
diminution in inventory value	-	52,929,126	-	56,758,655
Cost of sales	2,574,650,656	2,627,579,782	605,508,534	662,267,189

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 24 February 2011.

AUDIT FEES OF THE COMPANY AND SUBSIDIARIES

FOR THE ACCOUNTING YEAR ENDED DECEMBER 31, 2010

AUDIT FEE		
Company Paying the Fees	Auditor	Audit Fee
LANNA RESOURCES PUBLIC CO., LTD.	MS. KAMONTIP LERTWITWORATEP ERNST & YOUNG OFFICE LIMITED	Baht 1,000,000.00
THAI AGRO ENERGY PUBLIC CO., LTD.	MS. KAMONTIP LERTWITWORATEP ERNST & YOUNG OFFICE LIMITED	Baht 800,000.00
LANNA (SINGAPORE) PTE. LTD.	MR. CHIN CHEE CHOON FROM NEXIA TS PUBLIC ACCOUNTING CORPORATION	Baht 163,284.45 (Equivalent SGD 7,000)
PT. LANNA HARITA INDONESIA	MRS. HARI PURWANTONO FROM ERNST & YOUNG PURWANTONO SARWOKO & SANDJAJA	Baht 895,493.61 (Equivalent USD 29,700)
PT. CITRA HARITA MINERAL	MR. IGNATIUS ARRI SETIAWAN FROM KANTOR AKUNTAN JOHAN MALONDA ASTIKA & REKAN	Baht 79,530.00 (Equivalent Rp. 22,000,000)
PT. LANNA MINING SERVICES	MR. IGNATIUS ARRI SETIAWAN FROM KANTOR AKUNTAN JOHAN MALONDA ASTIKA & REKAN	Baht 177,135.00 (Equivalent Rp. 49,000,000)
PT. SINGLURUS PRATAMA	MR. HARI PURWANTONO FROM ERNST & YOUNG PURWANTONO SARWOKO & SANDJAJA	Baht 596,995.74 (Equivalent USD 19,800)
Remarks: Above audit fees do not include reimbursements from actual incurred expenses such as transportation charges, photocopies and facsimile charges.		

NON-AUDIT FEE				
Company Paying Fees	Type of Service	Service Provider	Non-Audit Fee	
			Paid during Accounting Year	To be Paid in the Future
LANNA (SINGAPORE) PTE. LTD.	TAX AGENT	NEXIA TS PUBLIC ACCOUNTING CORPORATION	Baht 64,067.49 (Equivalent SGD 2,700)	Baht 122,276.73 (Equivalent SGD 5,242)
Remarks: Using exchange rate of Singapore Dollar (SGD) 1 = Baht 23.32635, US Dollar (USD) 1 = Baht 30.15130 and Indonesian Rupiah (Rp) 1 = Baht 0.0036150				

FINANCIAL ANALYSIS AND OPERATING RESULTS

(According to the Consolidated Financial Statements of Year 2010)

REVENUES	Year 2010		Year 2009		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales Revenue from coal	8,017.21	89.74	4,482.60	83.49	3,534.61	78.85
Sales Revenue from Ethanol	760.23	8.51	676.28	12.60	83.95	12.41
Other Revenue	156.79	1.75	209.98	3.91	(53.19)	(25.33)
Total Revenues	8,934.23	100.00	5,368.86	100.00	3,565.37	66.41

REVENUES: The Company's total revenues in 2010 were Baht 8,934.23 million, increased from the previous year by Baht 3,565.37 million or an increase 66.41 percent, due to the following reasons.

(1) Revenue from coal business in 2010 was Baht 8,017.21 million or 89.74 percent of the total revenues, which increased from the previous year by Baht 3,534.61 million or an increase of 78.85 percent. This was due to the increase of coal sales volume from the previous year by 108.54 percent, although the average coal sales price decreased from the previous year by 6.67 percent.

(2) Revenue from ethanol business in 2010 was Baht 760.23 million or 8.51 percent of the total revenues, which increased from the previous year by Baht 83.95 million or an increase of 12.41 percent. This was due to the increase in ethanol sales volume and price from the previous year by 1.94 percent and 10.27 percent respectively.

(3) Other revenue in 2010 was Baht 156.79 million or 1.75 percent of the total revenues, which decreased from the previous year by Baht 53.19 million or a decrease of 25.33 percent, due to a decrease in foreign exchange gain from the strengthening of Thai Baht currency as compared with previous year.

EXPENSES	Year 2010		Year 2009		Increase (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	% of Sales
Coal Business						
Cost of sales	4,505.42	54.95	2,435.11	54.32	1,970.31	80.91
Selling and administrative expenses	1,879.69	23.45	1,137.62	25.38	742.07	65.23
Financial cost	11.27	0.14	23.35	0.52	(12.08)	(51.73)
Corporate income tax	624.40	7.79	271.76	6.06	352.64	129.76
Ethanol Business						
Cost of sales	805.36	105.94	404.11	59.75	401.25	99.29
Selling and administrative expenses	38.22	5.03	65.12	9.63	(26.90)	(41.31)
Financial cost	11.38	1.50	0.96	0.14	10.42	1,085.42

EXPENSES FROM COAL BUSINESS

(1) Cost of coal sales in 2010 increased from the previous year by Baht 1,970.31 million or an increase of 80.91 percent. This was due to the increase of coal sales volume from the previous year by 108.54 percent, although the average sales cost of coal decreased slightly from previous year by 2.67 percent.

(2) Selling and administrative expenses in 2010 increased from the previous year by Baht 742.07 million or an increase of 65.23 percent, in accordance with the increase in coal sales volume and revenue.

(3) Financial expenses in 2010 decreased from the previous year by Baht 12.08 million or a decrease of 51.73 percent due to the decrease in interest expense.

(4) Corporate income tax in 2010 increased from the previous year by Baht 352.64 million or an increase of 129.76 percent, in accordance with the increase in coal sales volume and profit from coal sales.

EXPENSES FROM ETHANOL BUSINESS

(1) Cost of ethanol sales in 2010 increased from the previous year by Baht 401.25 million or an increase of 99.29 percent due to the increase in ethanol sales volume of 1.94 percent and increase of average sales cost of ethanol per liter by 95.49 percent as compared with the previous year, due to increase of raw material molasses price by 107.35 percent, which is a major cost, as compared to last year.

(2) Selling and administrative expenses in 2010 decreased from previous year by Baht 26.90 million or a decrease of 41.31 percent.

(3) Financial expenses in 2010 increased from the previous year by Baht 10.42 million due to the increase in loan.

(4) There was no corporate income tax on the earnings from the ethanol business, having received the Board of Investment Promotion.

GROSS PROFIT	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
Year 2010						
Revenues from Sales	8,017.21	100.00	760.23	100.00	8,777.44	100.00
<u>Less</u> Cost of Sales	4,405.42	54.95	805.36	105.94	5,210.78	59.37
Gross Profit	3,611.79	45.05	(45.13)	(5.94)	3,566.66	40.63
Year 2009						
Revenues from Sales	4,482.60	100.00	676.28	100.00	5,158.88	100.00
<u>Less</u> Cost of Sales	2,435.11	54.32	404.11	59.75	2,839.22	55.04
Gross Profit	2,047.49	45.68	272.17	40.25	2,319.66	44.96

GROSS PROFIT: The Company's overall gross profit in 2010 was Baht 3,566.66 million, or a gross profit margin of 40.63 percent of the sales revenue. When compared with the gross profit from the previous year of Baht 2,319.66 million or gross profit margin of 44.96 percent of sales revenue, the gross profit margin decreased due to the following reasons.

(1) Gross profit margin from the coal business in 2010 was 45.05 percent of the sales revenue, decreased slightly from the previous year with the gross profit margin of 45.68 percent of the sales revenue. This was due to a decrease in average coal sales price per ton by 6.67 percent while the average cost of coal sales per ton decreased slightly by 2.67 percent.

(2) There was a gross loss from the ethanol business in 2010 due to the significant increase in the price of raw material, molasses, as described above.

NET PROFIT	Year 2010		Year 2009		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Profit from Coal Business	630.35	93.43	287.74	43.96	342.61	119.07
Profit (Loss) from Ethanol Business	(117.65)	(17.44)	155.68	23.78	(273.33)	(175.57)
Share of income from investment in the associated company and other revenues	161.96	24.01	211.19	32.26	(49.23)	(23.31)
Net Profit	674.66	100.00	654.61	100.00	20.05	3.06
Net Earnings per Share-Baht per Share (Registered par value of Baht 1 per share)	1.93		1.87		0.06	3.06

NET PROFIT: The Company's net profit in 2010 was Baht 674.66 million (net earnings of Baht 1.93 per share). When compared with the previous year with the net profit of Baht 654.61 million (net earnings of Baht 1.87 per share), the net profit increased by Baht 20.05 million (increase of net earnings per share increase by Baht 0.06 per share) or an increase of 3.06 percent due to the following reasons.

(1) Net profit from the coal business in 2010 was Baht 630.35 million or 93.43 percent of the total net profit, which increased from the previous year by Baht 342.61 million or an increase of 119.07 percent, due to the increase in coal sales volume and the decrease in average cost of coal sales per ton, as described above.

(2) Net loss from the ethanol business in 2010 was Baht 117.65 million, which decreased from the previous year by Baht 273.33 million or a decrease of 175.57 percent, due to the increase in ethanol sales cost as described above.

(3) Net share of income from investment in the associated company and other revenue in 2010 were Baht 161.96 million or 24.01 percent of the total net profit, which decreased from the previous year by Baht 49.23 million or a decrease of 23.31 percent, due to the decrease in foreign exchange gain as compared with previous year, as described above.

EBITDA: The Company's EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) in 2010 was Baht 2,007.62 million. When compared with the previous year with EBITDA of Baht 1,456.80 million, the EBITDA increased by Baht 550.82 million, due to the increase in revenue and profit from the coal business as described above.

EARNINGS EFFICIENCY

(1) The Company's net profit margin in 2010 was 13.02 percent of the total revenues. When compared with from the previous year with the net profit margin of 19.22 percent of the total revenues, the net profit margin decreased by 32.24 percent due to the loss from ethanol business as the price of raw material, molasses, which is the major cost, increased more than double.

(2) The Company's EBITDA margin in 2010 was 22.47 percent of the total revenues. When compared with the previous year with the EBITDA margin of 27.13 percent of the total revenues, the EBITDA margin decreased by 17.18 percent due to the loss from ethanol business as described above.

(3) The Company's average return on equity in 2010 was 26.81 percent. When compared with the previous year with the average return on equity of 28.94 percent, it decreased by 7.36 percent.

(4) The Company's return on total assets and return on fixed assets in 2010 were at 22.74 percent and 63.69 percent. When compared with the previous year with the return on total assets and return on fixed assets of 25.34 percent and 81.91 percent, which decreased by 10.25 percent and 22.24 percent, respectively. The asset turnover ratio was at 1.75 times, which was higher than that of the previous year with the asset turnover ratio of 1.32 times.

FINANCIAL STATUS	Unit : Million Baht		Increase (Decrease)	
	As at December 31, 2010	As at December 31, 2009	Amount	%
Total Assets	5,882.62	4,350.55	1,532.07	35.22
Total Liabilities	2,698.73	1,491.39	1,207.34	80.95
Total Shareholders' Equity	3,183.89	2,859.16	324.73	11.36
Book Value-Baht per Share (Registered par value of Baht 1 per share)	7.50	6.88	0.62	8.98

ASSETS: The Company's total assets as at December 31, 2010 increased from the end of 2009 by Baht 1,532.07 million or an increase of 35.22 percent, consisting of:

(1) Current assets increased from the end of 2009 by Baht 527.27 million or an increase of 24.37 percent, due to the following reasons.

(1.1) Cash and cash equivalent increased from the end of 2009 by Baht 339.63 million or an increase of 69.37 percent.

(1.2) Accounts receivable increased from the end of 2009 by Baht 458.27 million or an increase of 114.53 percent in accordance with the increase in sales volume and revenue.

(1.3) Inventories decreased from the end of 2009 by Baht 166.11 million or a decrease of 38.21 percent.

(1.4) Other current assets decreased from the end of 2009 by Baht 104.52 million or a decrease of 12.45 percent due to the decrease in cash deposit for payment of raw material, molasses, of the subsidiary company.

(2) Non-current assets increased from the end of 2009 by Baht 1,004.80 million or an increase of 45.95 percent, due to an increase in investment of the subsidiary company for the ethanol plant construction production line no. 2.

LIABILITIES: The Company's total liabilities as at December 31, 2010 increased from the end of 2009 by Baht 1,207.34 million or an increase of 80.95 percent, consisting of:

(1) Current liabilities increased from the end of 2009 by Baht 509.80 million or an increase of 37.50 percent, due to the following reasons.

(1.1) Trade accounts payable increased from the end of 2009 by Baht 112.63 million or an increase of 49.05 percent in accordance with the increase in sales volume and revenue.

(1.2) Short term and long term loans with payment due within one year increased from the end of 2009 by Baht 87 million.

(1.3) Advance payment received from sales decreased from the end of 2009 by Baht 115.82 million or a decrease of 86.16 percent due to the subsidiary company in Indonesia returned the advance payment for coal to the customer.

(1.4) Other current liabilities increased from the end of 2009 by Baht 425.99 million or an increase of 74.29 percent due to the increase of corporate income tax payable of the subsidiary companies, in line with the increase in profit.

(2) Non-current liabilities increased from the end of 2009 by Baht 697.54 million or an increase of 528.84 percent due to the increase in long term loan of the subsidiary company.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company as at the end 2010 increased from the end of 2009 by Baht 324.73 million or an increase of 11.36 percent, resulting in the increase of share's book value from Baht 6.88 per share to Baht 7.50 per share. This was due to the increase of net profit of Baht 674.66 million, dividend payment of Baht 350 million, increase of translation adjustments in the financial statements of Baht 108.41 million and increase of minority shareholders' equity of the subsidiary companies by Baht 108.48 million.

CASH FLOWS	Unit : Million Baht	
	Year 2010	Year 2009
Cash Flows from (used in) Operating Activities	1,493.16	540.41
Cash Flows from (used in) Investing Activities	(1,168.37)	(458.35)
Cash Flows from (used in) Financing Activities	25.22	(361.34)
Increase (decrease) of Translation Adjustments in Financial Statements	(10.38)	(46.59)
Net Increase (Decrease) in Cash	339.63	(325.87)
Cash at the beginning of the period	489.59	815.46
Cash at the end of the period	829.22	489.59
Net cash flow return on equity	52.22	22.35

- The Company's net cash from operating activities in 2010 was at Baht 1,493.16 million, consisting of:

- (1) Net income before corporate income tax and interest payment of Baht 1,788.05 million.

- (2) Transactions that did not affect the cash such as the depreciation and amortization of assets of Baht 247.88 million, of which mainly were the depreciation and amortization of overburden removal of coal mines in Indonesia.

- (3) Operating assets increased by Baht 221.79 million due to the increase in accounts receivable.

- (4) Operating liabilities increased by Baht 9.44 million due to the increase in accounts payable.

- (5) Interest income increased by Baht 3.67 million but there were increases in interest expenses and taxes of Baht 334.09 million.

- The Company's net cash used in investment activities in 2010 was Baht 1,168.37 million due to the increase in property, plant and equipment of Baht 1,019.26 million, mostly from the new ethanol plant construction of the subsidiary company, dividend received of Baht 7.83 million and other assets such as expenses of coal mine projects in Indonesia increased by Baht 156.94 million.

- The Company's net cash from financing activities in 2010 was Baht 25.22 million. This was due to the net increase in loan of Baht 755.74 million, dividend payment of Baht 673.85 million, and the decrease of minority shareholders' equity of Baht 56.67 million.

- In summary, the Company's main sources of cash were from the sales of coal and ethanol with ability to collect the bills on time. The net cash flow return on equity in 2010 was at 52.22 percent.

LIQUIDITY

- (1) The Company's overall liquidity in 2010 was considered in good standing having a current ratio as at end 2010 at 1.44 times but a quick ratio was as at end 2010 at 0.90 times, due to the fact that the subsidiary company had an increased amount of short term loans used as its working capital for the purchase of the raw material, molasses, for ethanol production in 2010. However, the Company and its subsidiary companies still have adequate credit line for working capital in the future.

- (2) The Company's cash cycle in 2010 was at 31 days, a decrease from the previous year by 17 days. The average debt collection period was at 26 days, a decrease from the previous year by 2 days. The average inventory turnover was at 25 days, a decrease from the previous year by 25 days but the average debt payment period was at 20 days, or a decrease from the previous year by 10 days.

BORROWING AND DEBT PAYMENT CAPABILITY

The Company's total debt to equity ratio as at end 2010 was as low as 0.85 to 1. Therefore, the Company's borrowing capacity remains high should additional funding be required for project investment in the future, having the interest coverage ratio in 2010 at 88.64 times, which was considered quite high ratio and therefore should have no problem concerning with default of interest payment.

INVESTMENT POLICY AND DIRECTION

Coal Business:

PT. Singlurus Pratama, a subsidiary company registered in Indonesia, with Lanna Resources Public Co., Ltd. holding 65 percent of the paid-up capital, conducts business in coal mining, having been granted the coal concession license for a total area of approximately 21,466 hectares or around 134,162.50 rai in Kutai Regency, East Kalimantan, Indonesia, for a concession period of 30 years (2009 to 2039). The coal concession area has been divided into 4 different main coal deposits or blocks as follows:

(1) Sungai Merdeka Block: This coal deposit area has approximately 10 million tons of mineable coal reserve. The coal from this block has been produced and distributed since 2009. Coal production capacity for this block is currently at approximately 2 million tons per year.

(2) Argosari Block: The mineable coal reserve for this coal deposit area has also been estimated at 10 million tons. Currently, the development of this Argosari Block has already been started in order to meet the production and distribution target in 2012. The coal production capacity from this block will be at 2 million tons per year, initially. Construction of port and jetty to conveniently transport coal out into the sea has been planned, trying to achieve relatively low cost of production as this coal deposit area is situated right next to the ocean shoreline.

(3) Margomulyo Block: Exploration activities for this coal deposit block have been planned to commence at end of 2013 and coal production and distribution from this coal deposit is expected to begin in 2014.

(4) Mutiara Block: Exploration activities for this coal deposit block are expected to start in 2013 and if it is later found that coal production and distribution from this coal deposit area is technically and economically feasible, this Mutiara Block shall be put under development plan in due course.

The budget for the exploration and development activities for the above coal deposit blocks within the coal concession area of PT. Singlurus Pratama for the next 5 years has been estimated at over Baht 500 million, according to the plan and targets as described above.

Ethanol-for-Fuel Business:

Thai Agro Energy Public Co., Ltd., a subsidiary company with Lanna Resources Public Co., Ltd. holding 75.75 percent of the paid-up capital, has planned for the following projects to increase its potential and advantage in the ethanol production and distribution for bio-fuel purposes.

(1) Construction of Ethanol Production Line No. 2 (TAE-2 Ethanol Plant)

Thai Agro Energy Public Co., Ltd. has been granted the permit for the expansion of ethanol production capacity for additional 200,000 liters per day with the construction of Ethanol Production Line No. 2 (TAE-2 Ethanol Plant) in an area adjacent to the existing ethanol production plant, Ethanol Production Line No. 1, in Dan Chang District, Suphanburi Province. The new ethanol production line will be able to accept and utilize various types of raw materials such as cassava, sugarcane, high test molasses, etc. Synergy with the existing Ethanol Production Line No. 1 may be benefited from joint utilization of the ethanol storage and delivery systems as well as the effective use and cooperation of existing manpower and

management system. This project has received investment promotion privileges according to the Investment Promotion Act B.E. 2520. This project shall incorporate the “zero discharge” concept for its wastewater treatment system by not discharging any effluents into the environment and utilizing the biogas produced from the wastewater treatment process as fuel to produce over 90 percent of steam for the boilers in the ethanol production process. The utilization of the biogas reduces the use of fossil fuel and amount of greenhouse gas into the atmosphere conforms to the Clean Development Mechanism (CDM) program. The estimated budget for this project is Baht 1.3 billion, which has already been commenced in the beginning of 2009 with its completion and ethanol production expected at the beginning of 2011. This project should provide additional revenue and profit for the Company in the future.

(2) Research and Development of Cassava as Raw Material for Ethanol Production

In order to obtain supply of raw material that is steady in quantity, quality and price, which will be used as the raw material for ethanol production process in the future, Thai Agro Energy Public Co., Ltd. has, therefore, started the cassava research and development project with objectives to select and develop specific types of cassava that can achieve high production yield and possess special characteristics especially suitable for ethanol production process. In addition, the objectives also include the development of low-cost cassava harvest system and implementation of contract farming system with the farmers for the procurement of cassava within the target areas of four provinces including Suphanburi, Uthaitani, Kanchanaburi and Chainart, including establishment of cassava drying space and facilities to support the process of cassava within the contract farming network. Accordingly, the production and yield of cassava from the abovementioned schemes is targeted to cover no less than 90 percent of the requirement for the ethanol production process within 2014. The estimated budget for this project is Baht 300 million for five years from 2010 to 2014.

(3) Production Line Expansion for Downstream Products which are Ethanol Derivatives

In order to minimize the risk from ethanol oversupply due to unbalanced domestic demand and supply, and to create new business opportunities, obviating adverse impact from fierce competition, Thai Agro Energy Public Co., Ltd. has been investigating on the feasibility of business diversification to related and downstream industries which are derivatives of ethanol. The current ethanol production process has been also explored to improve the process, enabling it to produce other biochemical products with higher added value and better market potential. The study is expected to be completed in 2011 and the resulting project should be able to commence from 2012 onwards.

REPORT OF THE RISK MANAGEMENT COMMITTEE

The Board of Directors has established the Risk Management Committee comprising of 10 executives from all the departments whom are authorized to consider problems or risk factors that may possibly impact the Company's operation and find ways to mitigate or minimize the risks and periodically report the results to the Board of Directors at least once every quarter.

During year 2010, the Risk Management Committee held 11 meetings altogether in order to carry out tasks as assigned by the Board of Directors, to consider and assess possible risks that may occur and establish risk protection and risk mitigation measures by focusing on effective risk management suitable with the economic, social and environmental situations which may affect current and future business operation of the Company. The report can be summarized as follows:

- (1) Consideration of the process and risk management plan in order to ensure that the risk management is efficient and sufficient for the risk level that is acceptable and in line with the Company's operation.
- (2) Consideration of the risk factors, including monitoring and supervision of the risk management in all aspects of the Company by convening the Risk Management Committee's Meeting once every month, to encourage efficiency of the risk management process, as well as providing suggestions which are beneficial to the risk management presently and for the future.
- (3) Preparation of a summary report of the Risk Management Committee for presentation to the Board of Directors for its acknowledgement once every quarter.
- (4) Significant risk factors of the Company have been disclosed in details within the Annual Report 2010.

The establishment of ongoing risk management system in the entire organization ensures that the Company can mitigate risks and overall impact to the acceptable level.

February 24, 2011

On behalf of the Risk Management Committee



(Mr. Pilas Puntakosol)

Chairman of the Risk Management Committee

RISK FACTORS

Risks in Coal Mining Business

Lanna Resources Public Co., Ltd. and its affiliated companies conducting coal mining business which possesses following risk factors that must be taken into consideration.

(1) Coal Mining Operation and Coal Procurement Risk: The Company conducts proper exploration and assessment activities of the coal deposits, as well as pit design and mine master plan in accordance with the international principles and standards prior to investment and commencement of coal mining activities. Therefore, risks associated with coal mining operation are mainly from natural occurrences, particularly for the coal deposits in Indonesia which experience heavy rain each year, hampering and delaying coal production and delivery. Accordingly, in order to mitigate such risks, the Company has established policy for the coal operation departments to adequately keep inventory of the finished coals for distribution at the quantity of no less than one month of the average annual sales volume projection.

For the procurement of coal for sales that may require partial advance payment, in order to protect risk from such case where the seller fails to deliver coal as contracted, the Company has established that it will only select and procure coal from the sellers who have sound financial status and operating results. In case of consecutive coal procurements, performance guarantee shall be required from each seller for each case, as well as establishment of allowance for doubtful account to avoid any impact to the financial statements in the future in the event of bad debt from advance payment to the seller that could not perform according to the contract.

(2) Coal Price Fluctuation Risk: Coal prices tend to fluctuate similarly to oil prices and other types of fuel, depending on market demand and supply, with several factors affecting the coal price. Therefore, the Company has established policy to sell coal in advance, entering into coal sales contracts for certain portion of the coal volume produced each year. Coal sales are normally offered during the time when coal price is on the rise by comparing with the past coal pricing trend and movement. The Company closely monitors coal pricing trend, including consideration of the risk protection or guarantee instruments or other methods, depending on the appropriateness and anticipated future coal market situation.

(3) Risk from being Dependent on Coal Sales to the Major Customers: The Company sells coal to Siam City Cement Public Co., Ltd. (SCCC), the 2nd largest cement producer in Thailand, with coal sale revenue representing approximately 11.26 percent of the total coal sale revenue in 2010. SCCC is also the largest shareholder of the Company holding 44.99 percent of the paid-up capital. SCCC was a co-founding shareholder of Lanna Resources Public Co., Ltd. since 1985 with an aim to secure coal supply for SCCC which requires coal as the main source of energy for cement production. Coal purchase and sale have continued for over 26 years; therefore, risk from SCCC not buying coal from the Company appears to be insignificant and should SCCC stop purchasing coal from the Company, coal could still be sold to other industrial operators, as the price of coal is still significantly cheaper than the other sources of fuel and more industrial operators have already switched to coal as their source of energy every year, creating more demand for the coal.

(4) Accounts Receivable Risk: For the majority of the Company's coal sales, credit terms are normally extended to quality customers. Nonetheless, the Company has established a Credit Committee for consideration of credit terms for the customers to carefully screen any credit sales. Furthermore, the Company has also set aside a provision for loss from bad debt in its accounts by considering the period of outstanding debt in order to avoid any impact to the financial statements in the future for the case of bad debt.

(5) Fuel Product Substitutes Risk: Although coal prices during 2010 fluctuated quite considerably; however, when comparing the price per heat unit with other substituted fuels, such as fuel oil, diesel oil and natural gas, the price per unit heat of coal is still significantly lower. Therefore, the risk from fuel product substitutes is still considered low.

(6) Coal Reserves Depletion Risk: The Company has established a policy for the acquisition of additional coal deposits continually and also has allocated budget for further exploration activities within the existing concession areas in order to ensure that the Company will have adequate amount of coal reserves to meet the demand of customers in long term.

(7) Risk from Mining Contractors' Operation: The Company has hired the mining contractor for coal winning and therefore, if the mining contractor could not perform its operation as agreed with the Company according to the plan due to problems such as delay in procurement of machinery and equipment, sub-standard maintenance works, etc., which would certainly have adverse impact to the Company's coal production and distribution. Therefore, in order to manage such risk, the Company would only hire the mining contractors that are reliable, experienced and have good work performance history, by entering into the mining contract for at least three years term in order to guarantee sufficient work for the financing purpose of each mining contractor.

Risks in Ethanol Business

Thai Agro Energy Public Co., Ltd, a subsidiary company, conducts its business in the production and distribution of ethanol-for-fuel (99.5 percent anhydrous alcohol) for blending with the benzene or gasoline at different proportions to become the Gasohol for use in automobiles. The risk factors associated with this business are as follows:

(1) Risk from uncertainty of the Government policy which has demonstrated lack of continuity and tendency to change with any new government, which may affect the operators not being able to promptly adjust to the changing situation. Even though there is the 15-year (Year 2008-2023) Renewable Energy Development Plan, which has been established as the National Agenda with goal to continuously increase ethanol consumption under supporting measures from the government sector; however, for year 2010, the target for ethanol consumption which had been set at 2,110,000 liters per day but by the end of 2010, the demand for ethanol was only 1,250,000 liters per day, or about 40 percent lower than the target. Accordingly, the Ministry of Energy is preparing to revise the 15-year (Year 2008-2023) Renewable Energy Development Plan for short term plan to be in line with the actual situation by lowering its ethanol promotion and consumption target from previous 2,960,000 liters per day to only 2,000,000 liters per day, which certainly reflects its doubt in the success of existing measures with no clear direction for any additional supporting measures. Accordingly, the ethanol operators have joined together to form the Thai Ethanol Manufacturing Association to push forward various measures issued by the government to encourage the use of Gasohol and to resolve any foreseeable problems in policy comprehensively and effectively in long term.

(2) Risk in the ethanol pricing: The Government, by the Ministry of Energy, has established a formula for ethanol pricing structure using a "cost-plus" basis by referring to the molasses price and cassava price, which are the main raw materials for ethanol production. Nonetheless, in the past, the prices of these raw materials have fluctuated significantly, being the agricultural products by which its demand and supply are highly uncertain, which causes fluctuation in the production cost of ethanol. Accordingly, Thai Agro Energy Public Co., Ltd. has taken this risk factor into its consideration and decided to invest in the construction of Ethanol Production Line No. 2 with 200,000 liters per day of ethanol production capacity, using a multi-feed system by which various raw materials may be used such as cassava and sugarcane. In addition, feasibility studies are being conducted for improvement of the Production Line No. 1 with ethanol production capacity of 150,000 liters per day, to be able to utilize various types of raw materials as well as using the ethanol as raw material for other related industries for added values and to create stability and flexibility in the management of agricultural raw materials corresponding to the fluctuating demand and supply. Should the price of any type of raw material become expensive, the plant may switch to a less costly raw material to achieve the lowest cost of production and increase competitive advantage in marketing in long term.

(3) Marketing Risk: The domestic demand for ethanol consumption has tendency to stabilize since year 2009 up until 2010, whilst the production of ethanol in this industry continues to expand. It is anticipated that by end of 2011, the total ethanol production capacity from all the ethanol producers will be approximately 4,720,000 liters per day but the ethanol demand will be only 2,000,000 liters per day at the highest, resulting in a high risk of excess supply of ethanol. For this reason, Thai Agro Energy Public Co., Ltd. has prepared to mitigate this risk from fierce competition and oversupply of ethanol in the domestic market by conducting feasibility studies on the related products which are by-products of ethanol as well as improvement of production process for other bio-chemical products with high added value and further expand the business into other related industries in the future.

Financial Risk

(1) Loan-Related Risk: The Company and its affiliated companies have managed loan-related risks as follows.

(A) Lanna Resources Public Co., Ltd. had no long term loan in year 2010, having only short term loan for its working capital not exceeding one month with current market interest rate. Therefore, there is no risk in the change of interest rate. Nonetheless, such loan has no restriction or burden on the Company's dividend payment.

(B) Thai Agro Energy Public Co., Ltd, a subsidiary company, has the following loan-related risk factors:

(1) Thai Agro Energy Public Co., Ltd. had short-term credit with several commercial banks, having outstanding short term loan of Baht 509 million as at end of 2010, which were mostly borrowed for working capital in procurement of raw materials. The loans were promissory notes, each not exceeding one to three months term with 2.20 – 3.00 percent p.a. Therefore, there is no significant risk due to the change of interest rate as the loan is short term with interest at the market rate.

(2) Thai Agro Energy Public Co., Ltd. has entered into a long term loan agreement with certain local commercial bank for Baht 900 million with 7-year term, 30-month grace period, 5-year loan repayment of the principal loan at two installments per year, 6-month per period. The loan was intended for investment in the construction of the ethanol plant, Production Line No. 2, with 200,000 liters per day production capacity. As at December 31, 2010, a total of Baht 744.74 million had been drawn down already. Risk factors that must be taken into consideration are as follows.

(2.1) The interest rate is fixed for the first two years at 3.80 percent p.a. and will be at a floating rate from the 3rd to 7th year at THBFIX 3-month plus 2.10 percent p.a. Therefore, the change in interest rate in the future may have an impact by which the interest rate trend must be closely monitored, including the use of financial instruments might be taken in order to mitigate risk from such floating of interest rate in the future

(2.2) The debt to equity ratio (D/E) must be maintained not to exceed 1.5 to 1. The debt service coverage ratio (DSCR) must be maintained at not lower than 1.5 to 1. Should Thai Agro Energy Public Co., Ltd. not able to maintain the level of the D/E Ratio and DSCR as required by the lender above, its registered capital must be increased to reserve for payment of loan principal and interest. Otherwise, there would be a breach of loan agreement, which might have an impact on the liquidity and financial status of the Company and the subsidiary company above. However, year 2010 was an exception as the lender waived these requirements of maintaining the financial ratios above.

(2.3) Lanna Resources Public Co., Ltd. must maintain its shareholding proportion in Thai Agro Energy Public Co., Ltd. at no lower than 75 percent of total shares prior to the listing of ordinary shares in the Stock Exchange of Thailand and at no lower than 50 percent of total shares after listing the ordinary shares with the Stock Exchange of Thailand. If these terms and criteria above could not be fulfilled, it would be deemed that all the debt and liabilities of Thai Agro Energy Public Co., Ltd. are due for payment immediately, which would have impact to the liquidity and financial status of such subsidiary company.

(2) Overseas Investment Risk: Lanna Resources Public Co., Ltd. has investments in the subsidiary and associated companies overseas in several currencies including Singapore Dollars, US Dollars and Indonesian Rupiahs, of which are long term investments without definite term period and therefore, there is no risk mitigation in place. If the time of project termination was known, the risk could be managed promptly and appropriately.

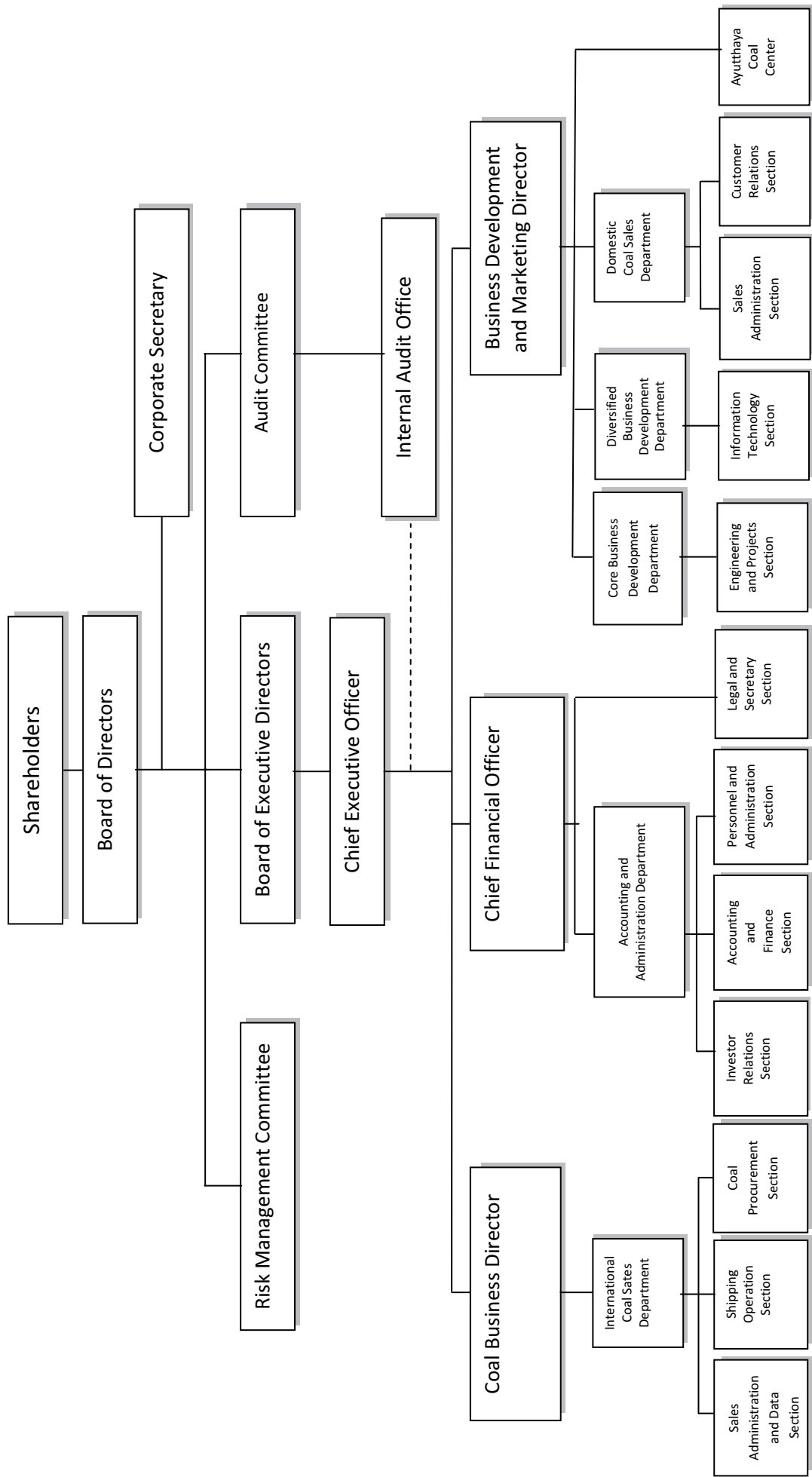
(3) Foreign Exchange Risk: Lanna Resources Public Co., Ltd. has revenues from coal sales in Thai Baht currency and coal procurements for sales are done in US Dollar currency. While the revenues for coal sales of the subsidiary companies in Indonesia are in US Dollar but their operating expenses are paid in US Dollar and Indonesian Rupiah. As for the subsidiary and associated companies in Singapore, the revenues are in US Dollar; however, the operating expenses are paid in US Dollar and Singapore Dollar. As a result, the Company and its affiliates possess foreign exchange related risk from changes of the aforementioned currency values. Accordingly, the Company mitigates the risk related to foreign exchange by entering into forward exchange contracts and deposit of foreign currencies received from coal sales to the Company's various bank accounts as cash reserves for payments of coals or future investments, protecting from possible future foreign exchange risk. The result of this risk management during 2010, it appears that the Company incurred foreign exchange loss of Baht 27.73 million, as shown in the consolidated financial statements of year 2010.

Other Factors Having Impact on Investment

Apart from the aforementioned transactions, the Company and its affiliated companies have no commitments or obligations regarding issued shares, warrants, convertible securities, debenture or other types of derivatives currently or in the future, as well as there are no unusual or serious event or important incident that will significantly affect financial status and operating results of the Company and its subsidiary companies.

SHAREHOLDING STRUCTURE AND MANAGEMENT

ORGANIZATION STRUCTURE



Major Shareholders and Shareholding Proportion

Major shareholders and their respective shareholding percentages as at November 2, 2010, which was the date for listing the names of shareholders having right to receive the interim dividend, are as follows:

	List of Shareholders	Number of Shares	Proportion (%)
(1)	Siam City Cement Public Co., Ltd. Group	158,022,720	45.14
(2)	Sirirungsi Group	28,100,000	8.03
(3)	Tantisunthorn Group	22,510,760	6.43
(4)	Limsong Group	22,159,640	6.33
(5)	Thai NVDR Co., Ltd.	6,661,700	1.90
(6)	Mr. Suwat Niyomsatien	4,020,500	1.15
(7)	Mrs. Wallaya Niyomsatien	3,920,000	1.12
(8)	Chase Nominee Limited 1	3,847,069	1.10
(9)	Mrs. Praphai Lertpanichayakul	3,250,000	0.93
(10)	Banpu Public Co., Ltd.	2,311,000	0.66
(11)	Other Shareholders	95,216,611	27.20
	Total	350,000,000	100.00

- The group of “Siam City Cement Public Co., Ltd.” and its executives is the largest shareholder, comprising of Siam City Cement Public Co., Ltd., Mr. Paul Heinz Hugentobler and Mr. Vanchai Tosomboon, holding a total of 158,022,720 shares or 45.14 percent of the paid-up capital and all shares with voting right, having three representing directors; namely, Mr. Paul Heinz Hugentobler, Mr. Philippe Paul Alexandre Arto, and Mr. Vanchai Tosomboon, whom are non-executives and non-authorized Directors.

- The “Sirirungsi” group is the second largest shareholder, comprising of Mr. Kraisi Sirirungsi and Mrs. Vassana Sirirungsi holding a total of 28,100,000 shares or 8.03 percent of the paid-up capital and all shares with voting right, having one representing director; namely, Mr. Kraisi Sirirungsi, whom is the Executive Chairman and Company’s authorized Director.

- The “Tantisunthorn” group is the third largest shareholder, comprising of Mr. Rak Tantisunthorn, Mr. Tawee Tantisunthorn, Mr. Visit Tantisunthorn, Mr. Tanat Tantisunthorn, Mrs. Puangpen Tissayakorn, Mr. Boonlieng Tantisunthorn, Mrs. Mullika Intusuth, Mrs. Nalineer Rattanavadi, Mrs. Malee Tantisunthorn, Ms. Wanida Tantisunthorn, Mrs. Sumruay Tantisunthorn, Ms. Siriphan Tissayakorn, Mr. Visuth Tantisunthorn and Mr. Pongthai Tantisunthorn, holding a total of 22,510,760 shares or 6.43 percent of the paid-up capital and all shares with voting right, having two representing two directors; namely, Mr. Visit Tantisunthorn, whom is the Executive Director but non-authorized director, and Mr. Tanon Tantisunthorn, whom is a non-executive and non-authorized Director.

- The “Limsong” group is the fourth largest shareholder, comprising of Mr. Somkiart Limsong, Gypsum Industry Co., Ltd., Ms. Somsri Limsong and Mr. Jaroophon Limsong, holding a total of 22,159,640 shares or 6.33 percent of the paid-up capital and all shares with voting right, having one representing director; namely Mr. Somkiart Limsong, whom is the Chairman of the Board and has no relationship with the management.

The investors may look at the current information on the major shareholders and shareholding proportion (which is the list of shareholders having right to attend the Annual General Meeting of Shareholders Year 2011) from the Company’s website, www.lannar.com, prior to the Annual General Meeting of Shareholders Year 2011.

Management Structure

- The Management structure of the Company comprises of the Board of Directors, Committees, Executives and Corporate Secretary.
- The Company has three committees comprising of the Board of Executive Directors, Audit Committee and Risk Management Committee.

The Board of Directors

- The Board of Directors consists of 15 Directors, including five Executive Directors, five Non-Executive Directors and five Independent Directors and Audit Committee Members, accounting for one third of the total number of the Board of Directors. The name, position and photograph of each Director are shown on Page 4-6 of this Annual Report.

- The Company has established the qualifications of the Independent Directors the same as the minimum requirements of the Securities and Exchange Commission (SEC) regarding the shareholding in the Company such that the Independent Director must not hold more than 1 percent of total voting shares of the Company. Accordingly, the Independent Director must possess the following qualifications.

(1) Holding shares not more than one percent of all shares with voting rights of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by related persons of the particular Audit Committee Member.

(2) Not being or used to be the director who takes part in the management of the Company, employee, staff member, advisor who receives a regular salary, or a controlling person of the Company, holding company, subsidiary company, associated company, subsidiary company of the same level, major shareholder, or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment. Nevertheless, such prohibited characteristic does not include the case where the independent director who used to be a civil servant or an advisor to the Government which is the major shareholder or controlling person of the Company.

(3) Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the company or subsidiary company.

(4) Not having or used to have business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, in a way which may prevent independent judgment, as well as not being or used to be the significant shareholder or controlling person of the entity having business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment.

(5) Not being or used to be the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, and not being significant shareholder, controlling person or managing partner of the audit firm with staff being the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company in the firm, except having been out of the above position for at least two years prior to the appointment.

(6) Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht two million per year from the Company, holding company, subsidiary company, associated company, major shareholder, or controlling person of the Company, and not being significant shareholder, controlling person or partner of the such professional service provider, except having been out of the above position for at least two years prior to the appointment.

(7) Not being the director who has been appointed as the representative of the Company, major shareholder or shareholder whom is related to the major shareholder of the company.

(8) Not being an entrepreneur in any business similar to or material competing with the Company or its subsidiary company or not being the material partner in partnership, executive director, employee, staff, advisor who receives salary or holds no more than 1 percent of total number of shares with voting right of the company similar to or material competing with the Company or its subsidiary company.

(9) Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the Company.

After having been appointed as the Independent Director with qualifications in paragraph (1) to (9), the Independent Director may be assigned by the Board of Directors to make decision in the business operation of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, major shareholder or controlling person of the Company, based on the collective decision.

In the event that the person appointed by the Company as the independent director is the person whom has or used to have business relationship or is a provider of professional service with service fee exceeding the amount under the first paragraph of (4) or (6), the Board of Directors may consider for the allowance if it is deemed that the appointment of such person has no impact on the performance of duties and independence of opinions, and the Company has disclosed the following information within the invitation to the shareholders' meeting in the agenda concerning the consideration of the appointment of independent director.

(A) Characteristics of the business relationship or professional service, which have made such person to have the qualification not conforming to the established criteria.

(B) Reason and necessity for maintaining or appointing such person as the independent director.

(C) Opinions of the board of directors for proposing for the appointment of such person as the independent director.

- Name list and number of Directors who have been authorized to sign on behalf of the Company are Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, two out of four Directors sign affixed with the Company's seal.

- The term for the directorship position is in accordance with the Public Limited Companies Act B.E. 2535 and the Company does not establish the maximum number of consecutive terms of directorship position.

- Normally, the Board of Directors holds meeting at least once for every two months (one meeting every other month) and will occasionally hold extraordinary meeting in case of important or urgent matter. In 2010, there were six meetings altogether.

Director's Name	Position	Meeting Attendance in 2010
(1) Mr. Somkiart Limsong	Chairman of the Board	6 out of 6
(2) Mr. Paul Heinz Hugentobler	Director	3 out of 6
(3) Mr. Philippe Paul Alexandre Arto	Director	2 out of 4
(4) Mr. Vanchai Tosomboon	Director	6 out of 6
(5) Mr. Anan Siripong	Director	4 out of 6
(6) Mr. Tanon Tantisunthorn	Director	6 out of 6
(7) Mr. Padoong Techasarintr	Independent Director/Audit Committee Chairman	6 out of 6
(8) Mrs. Duangkamol Suchato	Independent Director/Audit Committee Member	6 out of 6
(9) Mr. Adul Tantharatana	Independent Director/Audit Committee Member	6 out of 6
(10) Ms. Nopporn Tirawattanagool	Independent Director/Audit Committee Member	4 out of 4
(11) Mr. Kraisi Sirirungsi	Director/Executive Chairman	5 out of 6
(12) Mr. Suroj Subhasavasdikul	Director/Executive Director	6 out of 6
(13) Mr. Visit Tantisunthorn	Director/Executive Director	5 out of 6
(14) Mr. Pilas Puntakosol	Director/Executive Director	6 out of 6
(15) Mr. Anun Louharanoo	Director/Executive Director/Secretary	6 out of 6

- The Board of Directors has the authority, duties and responsibilities in the management of the Company by conducting its duties honestly, in compliance with all laws, the objects and the articles of association of the Company, and the resolutions of any shareholder meetings in good faith, and with care to preserve the interests of the Company. In summary, the authorization and responsibilities are as follows:

(1) The Board of Directors has adopted the Company's direction, objectives, business plan and budget, as well as monitor and supervises over the management to operate efficiently and effectively in accordance with the established business plan and budget, in order to maximize economic value of the business and shareholders' wealth and stability, having important details summarized as follows:

(1.1) Establishment of Company's organization structure to have the management and operation system that are highly effective and efficient.

(1.2) Approval of annual business plan and budget within 30 days prior to the end of the year for the management to be approved by the Board of Directors and managed accordingly each and every year.

(1.3) Approval of investment projects or joint-venture projects, as well as business expansion and/or reduction of business operation, which are deemed most beneficial for the Company's operation in both long-term and short-term, not including transactions that need approval from the Shareholders according to the regulations established by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.

(1.4) Approval of financial plans of the Company, as well as the plan for securing loan and credit facilities sufficiently and appropriately for the operation of the Company occasionally.

(1.5) Arrangement for preparation of balance sheets and statement of income at end of the Company's accounting period in order for a review and verification by the auditor appointed by the shareholders before presenting the matter for approval by the shareholders' meeting.

(1.6) Consideration of various matters proposed for approval by the shareholders' meeting, including dividend payment, capital increase, capital reduction, issuance of debenture, sale or transfer of business, purchase, acquisition, or merger of business, etc.

(1.7) Consideration for the establishment of Company's policies, direction, objectives, vision, mission and values and other important matters that may impact Company's financial status and operating results presently or in the future.

(2) The Board of Directors has duties to clearly establish and separate roles and responsibilities between the Board of Directors, committees, and the management, as well as having routine communications to the Board of Directors, committees, management and employees of the Company, which are summarized below.

(2.1) The Board of Directors has appointed and assigned the Board of Executive Directors to manage daily operations of the Company in accordance with the policy, business plan and budget, established by the board of directors. The Board of Executive Directors in turn assigns duties to the Chief Executive Officer within authorities assigned by the Board of Directors.

(2.2) The Chief Executive Officer shall assign and establish duties to each department and employee level in descending order within the authorities assigned by the Board of Executive Directors, by establishing audit and control system in order to have effective work coordination and achieve both short term and long term objectives.

(2.3) The management shall arrange individual meetings or specific purpose meetings among employees and managers in order to be informed on the operating results and work progress, as well as considering problems and obstacles encountered in the operation (if any) from time to time.

(2.4) The management has issued announcement, establishing procedures for carrying out important tasks, for employees to understand and utilize as work guidelines in order to achieve systematic and well-coordinated operation.

(2.5) The management has organized for all the business units to participate in the preparation of the annual business plan and budget by having management level staff from each of the departments jointly prepares the annual business plan and budget for effective operation and efficient control of expenses, as well as achieving the policy and objectives established by the Board of Directors. The Chief Executive Officer also attends the meeting, participating in the consideration of the annual business plan and budget before proposing to the Board of Executive Directors for its consideration, and then to the Board of Directors for its consideration and approval. The business plan and budget will then be implemented and monthly evaluated to see whether it meets the established policies and objectives. The business plan and budget may be appropriately adjusted according to changing circumstances.

(2.6) The Board of Directors has established internal audit division to oversee and review the operations of the Company to be in accordance with the established internal control system, and also to coordinate and support the Audit Committee for good corporate governance.

(2.7) The Board of Directors has established the Audit Committee in accordance with the rules and regulations established by the Stock Exchange of Thailand with duties and responsibilities to oversee that the operations are trustworthy and beneficial to all related parties.

(2.8) The Board of Directors has established the Risk Management Committee with duties and responsibilities to consider any problems and risk factors which may impact Company's operation and seek measures to mitigate or minimize the risks.

(2.9) The Board of Directors may occasionally seek consultants or experts in particular fields such as legal or financial advisors to give opinions concerning certain matters in consideration as appropriately and necessary.

(2.10) The Board of Directors has appointed a Company secretary including working team with responsibilities to oversee activities of the directors and shareholders in accordance with the relevant laws and related regulations.

(3) The Board of Directors has established an effective internal control system, internal audit and risk management system for the Company, as well as having regular monitoring and review of above matters by the Board of Directors periodically, which can be summarized as follows:

(3.1) The Chief Executive Officer must report the operating results and financial status monthly with comparison to the budget plan approved by the Board of Directors, to the Board of Executive Directors and report to the Board of Directors at least once every quarter.

(3.2) The Chief Executive Officer must report on the progress of investment projects, as well as problems and obstacles encountered, if any, to the Board of Executive Directors and the Board of Directors at every meeting.

(3.3) The Chief Executive Officer must periodically report on the litigation cases concerning with the Company, including its compliance with relevant laws and contractual terms to the Board of Directors and Board of Executive Directors.

(4) Arrangement of the Annual General Meeting of Shareholders within 4 months after the end of accounting period of the Company and convene extraordinary shareholders' meeting as necessary for the operation.

(5) Become aware of the importance of good corporate governance by adhering to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment, as well as gaining faith from all the stakeholders, focusing on building value to the business and persons sharing the benefit in long term in order for sustainable growth and development of the Company.

In addition, the Board of Directors also has scope of authorities and duties to oversee that the Company operates in compliance with the Securities and Exchange laws, including announcements and/or regulations of the Stock Exchange of Thailand such as connected transactions, acquisition or disposition of important assets, etc., as well as complying with all relevant laws concerning the business of the Company.

(6) The Board of Directors of the Company may assign duties and responsibilities to the Committees, individual or several Directors or other persons to perform certain matter on behalf of the Board of Directors under supervision of the Board of Directors according to terms and time period deemed appropriate and necessary for Company's business operation. The Board of Directors may cancel, revoke or change the authorized person or such authority when deemed appropriate.

Such assignment of authority in above paragraph must not be in the way of granting authority which will enable the Committee or authorized person to approve transaction that may have any conflict, stake, or conflict of interest with the Company or affiliated companies, except for the approval of transactions which are in accordance with the policy and criteria that the Board of Directors has already approved.

(7) The meeting of the Board of Directors must be held at least once every three months and there must be an annual assessment on the performance of the Board of Directors.

(8) In addition, each director must adhere to and perform as follows:

(A) must not operate the business that is of the same nature and in competition with the business of the Company or become a partner in ordinary partnership limited or unlimited partner in the partnership limited or be a director of a private company or other juristic company operating in the same nature and in competition with the Company, regardless of doing it for the benefit of oneself or for the others in the way of having stake or receiving financial or management benefit.

(B) must inform the Company without delay if there is any conflict of interest, whether direct or indirect, in the contract that the Company or affiliated company engage in, or holding more or less shares or other securities in the Company or affiliated company.

The Board of Executive Directors

- The Board of Executive Directors consists of five persons whom have been appointed by the Board of Directors, having list of names and position as follows:

Executive Director's Name	Position	Meeting Attendance in 2010
1) Mr. Kraisi Sirirungsi	Executive Chairman	12 out of 12
2) Mr. Suroj Subhasavasdikul	Executive Director	11 out of 12
3) Mr. Visit Tantisunthorn	Executive Director	8 out of 12
4) Mr. Pilas Puntakosol	Executive Director	8 out of 12
5) Mr. Anun Louharanoo	Executive Director and Secretary	12 out of 12

- Normally, the Board of Executive Directors holds at least one meeting every month and occasionally holds extraordinary meeting in the case of important or urgent matters. In 2010, there were 12 meetings altogether.

- The board of directors has assigned the duties and responsibilities of the board of executive directors, as described below.

(1) Duties and Responsibilities

(1.1) To effectively control, monitor and supervise the day-to-day management of the Company, in accordance with the resolutions of the shareholders' meeting/Board of Directors and the Company's objectives and articles of association so as to maximize Company's benefits for short and long-term period.

(1.2) To prepare the annual corporate plan and budget including earnings and expenses, manpower, employees' expenses, and investment budget to be proposed annually to the Board of Directors for approval within 30 days before the end of the year.

(1.3) To manage the Company according to the policy and corporate plan established by the board of directors, and according to the earnings and expenses and investment budget approved by the board of directors.

(1.4) To report operating results to the Board of Directors once every quarter.

(1.5) To function under the relevant laws concerning with the Company, as well as follow the Company's contractual commitments with the government authorities, creditors and the third parties.

(1.6) To manage Company's finance in accordance with the financial plan approved by the board of directors, as well as Company's contractual commitments to every creditor.

(1.7) To undertake or carry out certain individual tasks as assigned by the board of directors.

(2) Financial Authorities

(2.1) Having authority to approve daily and normal expenses according to the expenses and manpower budget plan as approved by the Board of Directors, including expenses obligated by the contracts between the Company and authorities and external parties and/or expenses as stipulated by the laws.

(2.2) Having authority to purchase/hire for fixed assets and/or transactions which are not considered normal business operation according to the budget plant as approved by the Board of Directors within Baht 5 million each time per one transaction.

(2.3) Having authority to obtain a loan for the business of the Company within the credit amount and under conditions and terms which have been approved by the Board of Directors. In the case that the assets of the Company must be used for loan guarantee, the matter must be approved by the Board of Directors every time, except for the following matters that are considered normal transaction, having authority in every case.

(2.3.1) Opening of Letter of Credit (L/C) including Trust Receipt and Shipping Guarantee for the purchase/hire of item from overseas.

(2.3.2) Obtaining bank guarantee of commercial bank and/or financial institution as guarantee for contractual obligation of the Company with the authorities and external parties.

(2.3.3) Execution of risk protection contracts on foreign currencies such as forward exchange contracts, etc. but only in the case that the Company has contractual obligation that must make payment in foreign currencies.

(2.4) Approving of advance payment for the employee for use in the Company's business as follows:

(2.4.1) For expenses according to contractual obligation or by laws and/or as already approved by the Board of Directors for the advance to actual payment such as land cost, electricity tariff and other utilities' expenses, royalties and taxes, etc.

(2.4.2) For items other than in (2.4.1) must be approved for not more than Baht 1,000,000 (one million Baht) each time or per item.

(2.5) Having authority to set provision and/or write off bad debt of the Company at not more than Baht 100,000 (one hundred thousand Baht) each time or per item during each financial year, not exceeding Baht 1,000,000 (one million Baht) overall in the financial year, and report the matter to the Board of Directors once every quarter.

(2.6) Having authority to write off inventory and/or damaged or lost assets, including sale and/or make compensation at not more than Baht 100,000 (one hundred thousand Baht) each time and not more than Baht 1,000,000 (one million Baht) overall in a financial year, and report the matter to the Board of Directors once every quarter.

(3) Production Authorities

(3.1) To establish production target and plan for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(3.2) To plan and perform production in accordance with the plan and target as approved by the Board of Directors at the lowest cost. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(3.3) To establish target and strategy for additional exploration or acquisition of coal deposits or other minerals that have commercial benefits in order to increase production and distribution potential of the Company in the future and for Company's business expansion and long term and sustainable growth.

(4) Marketing Authorities

(4.1) To establish target, plan and strategy for the marketing the products for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(4.2) To plan and distribute products in accordance with the plan and target as approved by the Board of Directors in order for the Company to maintain or increase its market share, as well as to increase and maximize the revenue and profit. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(4.3) Having authority to establish pricing and conditions for the sales and service of the Company.

(4.4) Having authority to purchase/hire for production and/or to import products for selling in order for the Company to maintain or increase its market share, as well as increase and maximize the revenue and profit.

(4.5) Having authority to sell products and service both domestically and overseas by entering into contractual obligation of not more than five years, including appointment of sales representative of not more than two years each time.

(5) Employment Authorities

(5.1) Having authority to establish suitable number of manpower or employees in line with the Company's business operation, as well as, to set salaries and wages, compensations and bonuses for every employee at every level according to the manpower and budget as approved by the Board of Directors.

(5.2) Having authority to employ, appoint, transfer, remove and terminate every employee and every level, except for the position of Chief Executive Officer, who may be appointed and removed by the Board of Directors.

(5.3) Having authority to establish job regulations and benefits for the employees of the Company following the criteria, conditions and budget as approved by the Board of Directors.

(6) Authorities concerning Legal Case and Contract

(6.1) Having authority to execute only the contract that is considered normal daily business operation according to the budget approved by the Board of Directors, not more than 3 years each time.

(6.2) Having authority to file a legal case and put up a defense for the benefit of the Company by reporting to the Board of Directors for acknowledgement at every meeting and when the legal case occurs.

(7) Authorities concerning Projects

(7.1) To consider and perform preliminary feasibility study of the project that is deemed beneficial to the Company's business operation in the future and/or providing satisfactory return in long term.

(7.2) To consider hiring consultants for the projects within the budget approved by the Board of Directors.

(7.3) If the project is found to be feasible after the project's feasibility study, detailed information of the project is to be presented to the Board of Directors for consideration and approval before execution.

(7.4) For the approved project, the scope of authorities are as follows:

(7.4.1) To establish operation plan, budget and target in order to achieve objectives or internal rate of return as expected.

(7.4.2) Having authority to contact, negotiate and execute a memorandum of understanding concerning with the joint venture, with term period of not more than one year.

(7.4.3) Shareholders' Agreement and establishment of a joint venture company must be approved by the Board of Directors before execution.

(7.5) To report on the progress of the approved projects to the Board of Directors for acknowledgement at every meeting.

(8) Other Matters

(8.1) Meeting quorum and discussions including voting in the Board of Executive Directors are to be adapted from the procedures of the Board of Directors.

(8.2) Matters that exceed the scope of duties and authorities of the Board of Executive Directors above are to be proposed to the Board of Directors for consideration and approval.

(8.3) The Board of Executive Directors has authority to appoint representative or assign the Executive Director and any employee of the Company, any position or anyone to act on behalf of the Board of Executive Directors, within the scope of duties and responsibilities which deemed appropriate on a case by case basis.

The Audit Committee

The board of directors has appointed the Audit Committee to have duties and responsibilities in compliance with regulations established by the board of directors, which can be summarized as follows:

(1) Qualifications

(A) Must be Independent Director of the Company

(B) Must not be the Director assigned by the Board to make business operation decision of the Company, holding company, subsidiary company, associated company, subsidiary of the same level, or corporate with possible conflict, except that the decision is made based on the collective decision.

(C) Must not be the Director of the holding company, subsidiary company or subsidiary of the same level for only the listed company.

(D) Possesses sufficient knowledge and expertise to perform duties as the Audit Committee Member. Nonetheless, at least one member of the Audit Committee must have sufficient knowledge and expertise to perform and review a reliability of the financial statements.

(2) Composition

The Audit Committee, approved by the Board of Directors, consists of at least three members, comprising of one Audit Committee Chairman, and at least two Audit Committee members, having the qualifications as stated in (1) above. The Audit Committee shall appoint appropriate person for Secretary to the Audit Committee. The Audit Committee consists of the following members:

Audit Committee	Position	Meeting Attendance in 2010
(1) Mr. Padoong Techasarintr	Audit Committee Chairman	11 out of 11
(2) Mr. Adul Tantharatana	Audit Committee Member	10 out of 11
(3) Mrs. Duangkamol Suchato	Audit Committee Member	11 out of 11
(4) Ms. Nopporn Tirawattanagool	Audit Committee Member	9 out of 9
(5) Mrs. Wanna Chomkhokkruad	Secretary	11 out of 11
Remarks:	Audit Committee Member No. (1), (3) and (4) above possess knowledge and expertise to perform and review the reliability of the financial statements.	

Normally, the Audit Committee holds at least one meeting every month and occasionally holds extraordinary meeting when there are important or urgent matters. In 2010, there were 11 meetings altogether.

(3) Office Term

The member of the Audit Committee (including the Audit Committee Chairman) has a 3-year term each. The member of the Audit Committee who is retired by rotation may be re-appointed.

(4) Duties and Responsibilities of the Audit Committee

(A) To review that the disclosure of information in the Company's financial reports are correct and adequate.

(B) To review that the Company has established appropriate and effective internal control system and internal audit system and observe the independence of the internal audit unit, as

well as to approve the appointment, transfer and dismissal of the head of the internal audit unit or any other units responsible for the internal audit.

(C) To review that the Company abides by the law and regulations of the Securities and Exchange and the regulations of the Stock Exchange of Thailand, or any relevant laws governing the Company's business.

(D) To select and propose for appointment of the Company's auditor and the audit fee based on the trustworthiness, adequacy of the resources and audit work amount by the audit firm, as well as work experience of the personnel assigned to perform the financial audit of the Company; and to attend a meeting with the auditor without the presence of the management for at least once a year.

(E) To consider the connected transactions or transactions that may involve conflict of interest in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that such transactions are appropriate and most beneficial to the Company.

(F) To prepare the Report of the Audit Committee and disclose the report in the Company's Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2). The Report of the Audit Committee must be signed by the Chairman of the Audit Committee and must at least contain the following information.

(1) Opinions concerning with the correctness, completeness and trustworthiness of the financial reports of the Company.

(2) Opinions concerning with the adequacy of the Company's internal control system.

(3) Opinions concerning with the Company's compliance with the law and regulations of the Securities and Exchange and regulations of the Stock Exchange of Thailand, or any law governing the Company's business.

(4) Opinions concerning with the appropriateness of the auditor.

(5) Opinions concerning with the transactions that may involve conflict of interest.

(6) The number of the Audit Committee's Meetings and attendance record for each of the Audit Committee Members.

(7) Opinions or overall observation that the Audit Committee has received by performing according to the Charter of the Audit Committee.

(8) Other reports which should be acknowledged by the shareholders and general investors under the duties and responsibilities assigned from the Board of Directors of the Company.

(G) To periodically present the Report of the Audit Committee to the Company's Board of Directors for at least once every quarter.

(H) To perform other activities as delegated by the Company's Board of Directors with consent from the Audit Committee.

(5) Within the duties performed by the Audit Committee, should any of the following transactions or actions be found or suspected to have significant impact to the Company's financial status and operating results, the Audit Committee shall report to the Company's Board of Directors so that the matter may be resolved within the time period that the Audit Committee deem appropriate.

(A) Transaction having conflict of interest

(B) Illegal conduct or irregularity or significant deficiency in the internal control system.

(C) Violation of laws relating to the Securities and Exchange, regulations of the Stock Exchange of Thailand or laws relating to Company's business.

Should the Company's Board of Directors or executives did not resolve the matter within the established time period, any one of the Audit Committee may report of the said transaction or action to the Securities and Exchange Commission or the Stock Exchange of Thailand.

(6) The Audit Committee may audit the concerning persons and matters within the authorities of the Audit Committee and may seek independent professional counsel when it is deemed necessary and appropriate.

The Risk Management Committee

The Risk Management Committee consists of executives from all departments of the Company, and appointed by the Board of Directors, as follows:

Risk Management Committee	Position	Meeting Attendance in 2010
(1) Mr. Pilas Puntakosol	Chairman	11 out of 11
(2) Mr. Anun Louharanoo	Member	11 out of 11
(3) Mr. Srihasak Arirachakaran	Member	7 out of 11
(4) Mr. Vacharachai Nachailert	Member	9 out of 11
(5) Mr. Prasert Promdech	Member	8 out of 11
(6) Mrs. Petcharat Chayanon	Member	11 out of 11
(7) Mr. Saharat Vatanatumrak	Member	10 out of 11
(8) Mr. Sudusit Ounsangchan	Member	11 out of 11
(9) Mrs. Wanna Chomkhokkruad	Member and Secretary	10 out of 11

- Normally, the Risk Management Committee holds at least one meeting every month and occasionally holds extraordinary meeting. In 2010, there were 11 meetings altogether.

- The Risk Management Committee has the following duties:

(1) To consider possible risk factors which may impact the operation of the Company and find ways to reduce or minimize the risks.

(2) To periodically report on the risk management for each issue to the Board of Executive Directors and the Board of Directors at least once every quarter.

The Executives of the Company

• The Executives of the Company includes Chief Executive Officer and first four persons in management positions below Chief Executive Officer and also include all those persons who are in the equivalent positions as management level four and persons who are in the management level involving accounting and finance from manager level up or equivalent. The Company's executives consist of 10 persons with names and position as follows.

Executive	Position
(1) Mr. Kraisi Sirirungsi	Chief Executive Officer
(2) Mr. Pilas Puntakosol	Coal Business Director
(3) Mr. Anun Louharanoo	Chief Financial Officer
(4) Mr. Srihasak Arirachakaran	Business Development and Marketing Director
(5) Mrs. Petcharat Chayanon	Senior Manager-Accounting and Administration
(6) Mr. Prasert Promdech	Senior Manager-International Coal Sales
(7) Mr. Vacharachai Nachailert	Senior Manager-Domestic Coal Sales
(8) Mr. Tanat Tantisunthorn	Senior Manager-Marketing Development
(9) Mr. Sudusit Ounsangchan	Senior Manager-Core Business Development
(10) Mr. Saharat Vatanatumrak	Senior Manager-Diversified Business Development

- The Chief Executive Officer has the following scope of duties and responsibilities:

(1) Duties and Responsibilities

(1.1) To effectively control, monitor and supervise the day-to-day management of the Company, in accordance with the resolutions of the Shareholders' Meeting/Board of Directors/Board of Executive Directors and Company's objectives and articles of association so as to maximize Company's benefits for short and long-term period.

(1.2) To prepare the annual corporate plan and budget including earnings and expenses, manpower, employees' expenses, and investment budget to be proposed annually to the Board of Directors for approval within 30 days before the end of the year.

(1.3) To manage the Company according to the policy and corporate plan established by the Board of Directors, and according to the earnings and expenses and investment budget approved by the Board of Directors.

(1.4) To report operating results to the Board of Executive Directors once every month and prepare summary report for the Board of Directors once every quarter.

(1.5) To function under the relevant laws concerning with the Company, as well as follow the Company's contractual commitments with the government authorities, creditors and the third parties.

(1.6) To manage Company's finance in accordance with the financial plan approved by the Board of Directors, as well as Company's contractual commitments to every creditor.

(1.7) To undertake or carry out certain individual tasks as assigned by the Board of Directors/Board of Executive Directors on a case by case basis.

(2) Financial Authorities

(2.1) Having authority to approve daily and normal expenses according to the expenses and manpower budget plan as approved by the Board of Directors, including expenses obligated by the contracts between the Company and authorities and external parties and/or expenses as stipulated by the laws.

(2.2) Having authority to purchase/hire for fixed assets and/or transactions which are not considered normal business operation according to the budget plan as approved by the Board of Directors within Baht 2 million each time per one transaction.

(2.3) Having authority to obtain a loan for the business of the Company within the credit amount and under conditions and terms which have been approved by the Board of Directors. In the case that the assets of the Company must be used for loan guarantee, the matter must be approved by the Board of Directors every time, **except** for the following matters that are considered normal transaction, having authority in every case.

(2.3.1) Opening of Letter of Credit (L/C) including Trust Receipt and Shipping Guarantee for the purchase/hire of item from overseas.

(2.3.2) Obtaining bank guarantee of commercial bank and/or financial institution as guarantee for contractual obligation of the Company with the authorities and external parties.

(2.3.3) Execution of risk protection contracts on foreign currencies such as forward exchange contracts, etc., but only in the case that the Company has contractual obligation that must make payment in foreign currencies.

(2.4) Approving of advance for the employee for use in the Company's business as follows:

(2.4.1) For expenses according to contractual obligation or by laws and/or as already approved by the Board of Directors for the advance to actual payment such as land cost, electricity tariff and other utilities' expenses, royalties and taxes, etc.

(2.4.2) For other items besides (2.4.1) must be approved for not more than Baht 500,000 (five hundred thousand Baht) each time or per item.

(2.5) Having authority to set provision and/or write off bad debt of the Company at not more than Baht 50,000 (fifty thousand Baht) each time or per item during each financial year, and not exceeding Baht 1,000,000 (one million Baht) overall in the financial year, and report the matter to the Board of Executive Directors once every month.

(2.6) Having authority to write off inventory and/or damaged or lost assets, including sale and/or make compensation at not more than Baht 50,000 (fifty thousand Baht) each time and not more than Baht 1,000,000 (one million Baht) overall in a financial year, and report the matter to the Board of Executive Directors once every month.

(3) Production Authorities

(3.1) To establish production target and plan for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(3.2) To plan and perform production in accordance with the plan and target as approved by the Board of Directors at the lowest cost. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(3.3) To establish target and strategy for additional exploration or acquisition of coal deposits or other minerals that have commercial benefits in order to increase production and distribution potential of the Company in the future and for Company's business expansion and long term and sustainable growth, as established by the Board of Executive Directors.

(4) Marketing Authorities

(4.1) To establish target, plan and strategy for the marketing the products for each year according to market requirement and as obligated by the contract with every customer, in order to present the matter for consideration and approval by the Board of Directors every year within 30 days before the end of year.

(4.2) To plan and distribute products in accordance with the plan and target as approved by the Board of Directors in order for the Company to maintain or increase its market share, as well as to increase and maximize the revenue and profit. In the case that it is different than the approved plan and target, the matter is to be proposed to the Board of Directors for approval before execution or at the first opportunity.

(4.3) Having authority to establish pricing and conditions for the sales and service of the Company as established by the Board of Executive Directors and/or according to the contractual obligation with every customer.

(4.4) Having authority to purchase/hire for production and/or to import products for selling in order for the Company to maintain or increase its market share, as well as increase and maximize the revenue and profit, after the approval by the Board of Executive Directors.

(4.5) Having authority to sell products and service both domestically and overseas by entering into contractual obligation of not more than three years, including appointment of sales representative of not more than one year each time.

(5) Employment Authorities

(5.1) Having authority to establish suitable number of manpower or employees in line with the Company's business operation, as well as, to set salaries and wages, compensations and bonuses for every employee at every level according to the manpower and budget as approved by the Board of Directors, **except** for employee of director level and above which must be approved by the Board of Executive Directors first.

(5.2) Having authority to employ, appoint, transfer, remove and terminate every employee and every level, except for employee of director level and above which must be approved by the Board of Executive Directors first.

(5.3) Having authority to establish job regulations and benefits for the employees of the Company following the criteria, conditions and budget as approved by the Board of Directors.

(6) Authorities concerning Legal Case and Contract

(6.1) Having authority to execute only the contract that is considered normal daily business operation according to the budget approved by the Board of Directors, not more than one year each time.

(6.2) Having authority to file a legal case and put up a defense for the benefit of the Company by reporting to the Board of Directors for acknowledgement at every meeting and when the legal case occurs.

(7) Authorities concerning Projects

(7.1) To consider and perform preliminary feasibility study of the project that is deemed beneficial to the Company's business operation in the future and/or providing satisfactory return in long term.

(7.2) To consider hiring consultants for the projects within the budget approved by the Board of Directors.

(7.3) If the project is found to be feasible after the project's feasibility study, detailed information of the project is to be presented to the Board of Directors for consideration and approval before execution.

(7.4) For the approved project, the scope of authorities are as follows:

(7.4.1) To establish operation plan, budget and target in order to achieve objectives or internal rate of return as expected.

(7.4.2) Having authority to contact, negotiate and execute a memorandum of understanding concerning with the joint venture, with term period of not more than one year.

(7.4.3) Shareholders' Agreement and establishment of a joint venture company must be approved by the Board of Directors before execution.

(7.5) To report on the progress of the approved projects to the Board of Directors for acknowledgement at every meeting.

(8) Other Matters

(8.1) Any matters that must be proposed for approval and/or to obtain approval from the Board of Directors, Chief Executive Officer will propose to the Board of Executive Directors for consideration before proposing to the Board of Directors.

(8.2) Matters that exceed the scope of duties and authorities of the Chief Executive Officer above are to be proposed to the Board of Executive Directors for consideration and approval.

(8.3) The Chief Executive Officer may give authorities any employee of the Company, any position or anyone to act on behalf within the scope of duties and responsibilities which deemed appropriate on a case by case basis.

Company Secretary

The Board of Directors has appointed Mr. Anun Louharanoo as the Company Secretary having the scope of duties and responsibilities of the Company Secretary as follows:

(1) Provide initial suggestions to the Directors concerning with rules, regulations and regulations of the Company and monitor the operation for compliance including report of any significant changes.

(2) Arrange the Shareholder's Meeting and Board of Directors' Meeting according to laws and regulations as well as relevant laws of the authorities.

(3) Prepare the minutes of the Shareholders' Meeting and Board of Directors' Meeting, including monitor that the resolutions from the Shareholders' Meeting and Board of Directors' Meeting are followed.

(4) Supervise on the disclosure of information and report within scope of responsibilities according rules and regulations established by the Stock Exchange of Thailand and Securities and Exchange Commission.

(5) Prepare and Safekeeping of the following documents:

(5.1) Directors' Registry

(5.2) Board of Directors' Meeting Invitations and Minutes

(5.3) Shareholders' Meeting Invitations and Minutes

(5.4) Company's Annual Reports

(6) Safekeeping of the reports of stake/interest which are reported by the Directors and Executives.

(7) Supervise on the activities of the Board of Directors and perform other matters according to laws or assigned by the Board of Directors.

Information on Employees

In 2010, the Company and its affiliated companies have the following number of employees and employees-related expenses.

Description	Year 2010		
	Company Only	Affiliated Companies	Total
Number of Employees as at End of Year (Persons)	73	592	665
Employees-Related Expenses per Year (Million Baht)	69.65	159.15	228.80

Remunerations paid to the employees in 2010 comprises of monthly salaries, wages, bonuses or annual remunerations, provident fund contributions and other welfares, which may be both paid on a monthly fixed basis and vary according to the operating results and performance.

The Company and the affiliated companies give priorities to the development and improvement of personnel, modern technology system for the operation corresponding to the changing conditions to sustain long term growth with quality and stability.

The Board of Directors of Lanna Resources Public Co., Ltd. has established regulations concerning training and development of employees and has enrolled the executives in the Master of Business Administration Program and other courses at reputable universities.

INFORMATION ON DIRECTORS AND EXECUTIVES

Mr. Somkiart Limsong



Positions: Chairman of the Board

Age: 70 years

Nationality: Thai

Education:

- MBA., Harvard Business School
- Certificate: Thai Institute of Directors Association
Director Accreditation Program (DAP) Class 5/2003

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 19,041,640 shares in Lanna Resources Plc. or 5.44 percent of all shares with voting right
- No shareholding in Subsidiary and Associated Companies

Family Relationship with Executives: None

Past 5-Year Experiences:

1997-Present: Chairman, Limsong Co., Ltd.

1994-2001 : Chairman, Gulf Electric Plc.

1968-1999 : Last Position: Vice-Chairman of the Board, President, Executive Chairman and
Managing Director of Siam City Cement Public Co., Ltd.

Mr. Paul Heinz Hugentobler



Positions: Director

Age: 62 years

Nationality: Swiss

Education:

- Harvard Business School International Senior Management Program
- Graduate School of Economics and Business of St. Gallen, Switzerland Lic. Oec. HSG
(Master Degree)
- Swiss Federal Institute of Technology, Zurich B.Sc. in Civil Engineering

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 151,400 shares in Lanna Resources Plc. or 0.04 percent of all shares with voting right
- No shareholding in Subsidiary and Associated Companies

Family Relationship with Executives: None

Past 5-Year Experiences:

2004-Present: Director, Holcim Participations Ltd.

2001-Present: Member of the Executive Committee, Holcim Ltd.

1999-Present: Director, Siam City Cement Public Co., Ltd.

1998-Present: Director, Holcim Capital (Thailand) Ltd.

1998-Present: Director, Thai Roc-Cem Ltd.

Mr. Philippe Paul Alexandre Arto



Positions: Director

Age: 53 years

Nationality: French

Education:

- Master of Public Administration, Harvard Kennedy School, Harvard University, Boston, USA
- Master of Civil Engineering, Ecole Nationale des Ponts et Chaussees, Paris, France
- Bachelors' Degree Science and Engineering, Ecole Polytechnique, Paris, France

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

- 2009-Present: Managing Director, Chairman of the Executive Committee Siam City Cement Public Company Limited / Cement Producer
- 2009-Present: Chairman Siam City Concrete Company Limited (Subsidiary) / Ready-mixed concrete and aggregates
- 2009-Present: Chairman Conwood Company Limited (Subsidiary) / Construction Material
- 2009-Present: Director Eagle Cement Holding Company Limited (Subsidiary)/Holding
- 2003-2008: President and Chief of Executive Officer ST.Lawrence Cement, Holcim Group, Canada/ Cement Producer
- 2002-2003: Managing Director Queensland Cement Limited, Holcim Group, Australia/Cement Producer
- 1999-2001: General Manager French Market Obourg-Origny, Holcim Group, French-Benelux/Cement Producer
-

Mr. Kraisi Sirirungsri



Positions: Director, Executive Chairman, Chief Executive Officer, Authorized Director

Age: 61 years

Nationality: Thai

Education:

- Bachelor of Engineering (Mining Engineering and Mining Geology) Chulalongkorn University
- Certificate: Thai Institute of Directors Association Director Accreditation Program (DAP) Class 39/2005
- The National Defence Course for the Joint State-Private Sectors. Thailand National Defence College Year 1999, Class 4212

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 6,100,000 shares under his name and 22,000,000 shares under spouse's name, totaling 28,100,000 shares in Lanna Resources Pcl. or 8.03 percent of all shares with voting right
- Holding 31,100,950 shares or 5.18 percent of all shares with voting right in Thai Agro Energy Pcl., (subsidiary)

Family Relationship with Executives: None

Past 5-Year Experiences:

- 2008-Present: Commissioner, PT. Singlurus Pratama, (Subsidiary)
- 2007-Present: Vice Chairman, Thai Agro Energy Pcl. (Subsidiary)
- 2006-Present: President Commissioner, PT. Lanna Mining Services, (Subsidiary)
- 2004-Present: Commissioner, PT. Citra Harita Mineral, (Subsidiary)
- 2003-Present: Commissioner, PT. Lanna Harita Indonesia, (Subsidiary)
- 1997-Present: Chairman, Lanna (Singapore) Pte.Ltd. (Subsidiary)
- 1996-Present: Director, United Bulk Shipping Pte.Ltd. (Associated Company)
-

Mr. Suroj Subhasavasdikul



Positions: Director, Executive Director, Authorized Director

Age: 68 years

Nationality: Thai

Education:

- Ph.D. in Chemical Engineering Institute Du Genie Chimique, France
- Certificate: Thai Institute of Directors Association
Director Accreditation Program (DAP) Class 39/2005

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

2006-Present: Vice Chairman, Thai Agro Energy Public Co., Ltd.

2004-January, 27 2011: Independent Director, Royal Porcelain Public Co., Ltd.

1997-Present: Director, Lanna (Singapore) Pte. Ltd. (Subsidiary)

1996-Present: Director, United Bulk Shipping Pte. Ltd. (Associated Company)

Mr. Anan Siripong



Positions: Independent Director

Age: 68 years

Nationality: Thai

Education:

- M.Ch.E. Louisiana State University, Baton Rouge, Louisiana, USA
- M.E.S. Lamar State College of Technology, Beaumont Texas, USA
- B.Sc Technical Technology in Chemical Engineering Chulalongkorn University, Thailand
- Certificate: Thai Institute of Directors Association
Director Certification Program (DP) Class 23/2003
- Advance Training on Industrial Management Delf University-Netherlands 1977

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

1990-2008: Advisor, Banpu Public Co., Ltd.

2005-2008: Director, BLCP Power Limited

1997-2006: Director, Aromatics (Thailand) Public Co., Ltd.

Mr. Visit Tantisunthorn



Positions: Director, Executive Director

Age: 52 years

Nationality: Thai

Education:

- B.A. (Statistics), Chulalongkorn University
- MBA, University of Wisconsin-Madison
- Certificate: Thai Institute of Directors Association
Director Certification Program (DCP) Class 17/2001
- The National Defence Course for the Joint State-Private Sectors.
Thailand National Defence College Year 2004
- Capital Market Academy Course Class 3
- King Prajadhipok's Institute Course Class 5

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 4,287,000 shares in Lanna Resources Plc. or 1.22 percent of all shares with voting right
- No shareholding in Subsidiary and Associated Companies

Family Relationship with Executives:

- Cousin of Mr. Tanon Tantisunthorn, Company's Director
- Cousin of Mr. Tanat Tantisunthorn, Company's Senior Manager-Market Development

Past 5-Year Experiences:

2006-2009: Director, IRPC Plc.

2005-2009: Chairman, Royal Porcelain Public Co., Ltd.

2001-2009: Director, Tippaya Insurance Public Co., Ltd.

2001-2009: Secretary General, Government Pension Fund

Mr. Padoong Techasarint



Positions: Audit Committee Chairman, Independent Director

Age: 71 years

Nationality: Thai

Education:

- Bachelor Degree : Science in Accounting and Commerce, Thammasat University
- Certificate: Thai Institute of Directors Association
 - The Role of Chairman Program (RCM) Class 6/2002
 - Director Accreditation Program (DAP) Class 3/2003
 - Director Certification Program (DCP) Class 55/2005

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

- 2006-Present: Director, Panel Décor Company Limited
- 2004-Present: Director, Panel Plus Company Limited
- 2003-Present: Director, Singburi Sugar Company Limited
- 2000-Present: Independent Director/Audit Committee Member, Kulthorn Kirby Public Co., Ltd.
- 1999-Present: Independent Director/Audit Committee Member, C.P. All Pcl.
- 1999-Present: Independent Director/Audit Committee Chairman, Textile Prestige Public Co., Ltd.
- 1997-Present: Director, Furnish Board Company Limited
- 1994-Present: Independent Director/Audit Committee Chairman, Thanulux Public Co., Ltd.
- 1991-Present: Independent Director/Audit Committee Member, Thai Nam Plastic Public Co., Ltd.
- 1991-Present: Director, MP Particle Board Company Limited
- 1991-Present: Director, Mitr Phol Sugar Corporation Limited
- 1988-Present: Director, Than Tao Mahaprom Foundation Erawan Hotel
- 1984-Present: Chairman, T K Wax Company Limited
- 1977-Present: Director, Thai Castor Oil Company Limited
-

Mr. Adul Tantharatana



Positions: Independent Director, Audit Committee Member

Age: 71 years

Nationality: Thai

Education:

- Bachelor of Engineering (Mechanical), Chulalongkorn University
- Certificate: Thai Institute of Directors Association
Director Accreditation Program (DAP) Class 3/2003
Director Certification Program (DCP) Class 38/2003
Audit Committee Program (ACP) Class 4/2005
Finance for Non-Finance Director (FN) Class 7/2003
DCP Refresher Course (RE DCP) Class 1/2008

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

2003-2005: Director, Siam Gypsum Industry Co., Ltd.
1997-2004: Director, Lafarge Prestia Co., Ltd.
1989-1999: Director, Sakdi Chaiyasit Co., Ltd.
1988-1996: President, Siam Industrial Corporation Ltd.

Mrs. Duangkamol Suchato



Positions: Independent Director, Audit Committee Member

Age: 65 years

Nationality: Thai

Education:

- B.A. (Accounting), Thammasat University
- Certificate: Thai Institute of Directors Association
Director Certification Program (DCP) Class 91/2007
Director Accreditation Program (DAP) Class 64/2007
Audit Committee Program (ACP) Class 71/2007

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 120,000 shares in Lanna Resources Plc. or 0.03 percent of all shares with voting right
- No shareholding in Subsidiary and Associated Companies

Family Relationship with Executives: None

Past 5-Year Experiences:

2007-January 27, 2011: Independent Director, Royal Porcelain Public Co., Ltd.
2007-2009: Audit Committee Member, Royal Porcelain Public Co., Ltd.
1999-2002: Independent Director and Audit Committee Member, Karat Sanitaryware Public Co., Ltd.

Ms. Nopporn Tirawattanagool



Positions: Independent Director, Audit Committee Member

Age: 56 years

Nationality: Thai

Education:

- Master of Science (in Accounting), Thammasat University
- Bachelor of Business Administration (in Accounting), Thammasat University
- Certificate: Thai Institute of Directors Association
 - Director Accreditation Program (DAP) Class 5/2003
 - Director Certification Program (DCP) Class 135/2010
 - Role of the Compensation Committee (RCC) Class 8/2009
 - Audit Committee Program (ACP) Class 31/2010
- Certificate: The Institute of Certified Accountants and Auditors of Thailand
 - CFO Certification Program, Class 1/2004
 - COSO for CFO, Class 2/2008
- Working Effectiveness with Audit Committee, Thailand Management Association, 2003
- Financial Executive Development Program (FINNEX), The Thai Institute of Banking and Finance Association, 12/2003

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

April, 2010-Present:	Director, Nomination and Remuneration Committee Member, Bang of Ayudhya Public Co., Ltd.
September, 2010-Present:	Director (Authorized Director), BBTV International Holding Co., Ltd.
September, 2010-Present:	Director (Authorized Director), Sunrise Equity Co., Ltd.
September, 2010-Present:	Director (Authorized Director), BBTV Equity Co., Ltd.
May, 2010-Present:	Chairman of the Board (Authorized Director), Professional Call Center Co., Ltd.
2004-January 18, 2011:	Director, Dherakupt International Law Office Co., Ltd.
March, 2009-February, 2010:	Executive Committee Member, Bank of Ayudhya Public Co., Ltd.
September, 2008-April, 2010:	Head of Human Resources and Secretary to the Nomination and Remuneration Committee, Bank of Ayudhya Public Co., Ltd.
December, 2004-April, 2010:	First Executive Vice President, Bank of Ayudhya Public Co., Ltd.
November 2009-April 2010:	Director, Total Services Solutions Public Co., Ltd.
April, 2009-April, 2010:	Director, Ayudhya Total Solutions Public Co., Ltd.
April, 2008-April, 2010:	Director, Ayudhya Capital Auto Lease Public Co., Ltd.
2003-April, 2010:	Director, Ayudhya Auto Lease Public Co., Ltd.
April, 2008-March, 2010:	Director, Ayudhya Securities Public Co., Ltd.
April, 2008-December, 2008:	Director, Ayudhya Hire Purchase Co., Ltd.
June, 2007-March, 2009:	Board of Executive Directors Secretary, Bank of Ayudhya Public Co., Ltd.
June, 2007-September, 2008:	Vice Chief Financial Officer, Bank of Ayudhya Public Co., Ltd.
2000-April, 2008:	Director, Ayudhya Asset Management, Co., Ltd.
April, 2006-June, 2007:	Director, Board of Directors Secretary, Bank of Ayudhya Public Co., Ltd.
2002-June, 2007:	Risk Management Committee, Bank of Ayudhya Public Co., Ltd.
1999-December, 2007:	Director, K.S. Law Office Co., Ltd.

Mr. Vanchai Tosomboon



Positions: Director

Age: 62 years

Nationality: Thai

Education:

- Master in Business Management, Asian Institute of Management
- Bachelor of Law, Thammasat University
- Certificate "Senior Management Program, Institute of Management Development (IMD), Switzerland Year 2006
- Certificate "Breakthrough Program for Senior Executives", Institute of Management Development (IMD), Switzerland Year 2002
- Certificate: Thai Institute of Directors Association
Director Accreditation Program (DAP) Class 7/2004
Director Certification Program (DCP) Class 7/2001

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 402,000 shares in Lanna Resources Plc. or 0.11 percent of all shares with voting right
- No shareholding in Subsidiary and Associated Companies

Family Relationship with Executives: None

Past 5-Year Experiences:

- 2005-Present: Director, Royal Porcelain Public Co., Ltd.
- 2004-Present: Director and Executive Vice President, Siam City Cement Public Co., Ltd.
- 2002-Present: Director, Conwood Co., Ltd.
- 2004-Present: Director, Eagle Cement Holding Co., Ltd.
- 2004-2005: Chairman of Executive Board, Royal Porcelain Public Co., Ltd.
- 1999-2005: Chairman of the Board, Karat Faucet Co., Ltd.
- 1999-2004: Executive Vice President (Subsidiaries), Siam City Cement Public Co., Ltd.
- 1999-2004: Managing Director and Chief Executive Officer, Royal Porcelain Public Co., Ltd.
- 1999-2004: Managing Director, Diamond Roofing Tiles Public Co., Ltd.
-

Mr. Pilas Puntakosol



Positions: Director, Executive Director, Coal Business Director, Authorized Director

Age: 59 years

Nationality: Thai

Education:

- M.S. Finance, West Coast University U.S.A
- B.S.I.E., New Mexico State University U.S.A
- Certificate: Thai Institute of Directors Association
Director Accreditation Program (DAP) Class 39/2005

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 150,000 shares in Lanna Resources Plc. or 0.04 percent of all shares with voting right
- No shareholding in Subsidiary and Associated Companies

Family Relationship with Executives: None

Past 5-Year Experiences:

2008-Present: President Director, PT. Singlurus Pratama (Subsidiary)
2006-Present: President Director, PT. Lanna Mining Services (Subsidiary)
2004-Present: President Director, PT. Citra Harita Mineral (Subsidiary)
2003-Present: President Director, PT. Lanna Harita Indonesia (Subsidiary)
1997-Present: Director, Lanna (Singapore) Pte. Ltd. (Subsidiary)
1996-Present: Director, United Bulk Shipping Pte. Ltd. (Associated Company)

Mr. Tanon Tantisunthorn



Positions: Director

Age: 39 years

Nationality: Thai

Education:

- Master of Science (Management), New York University
- MBA Finance, American University
- Bachelor of Engineering (Sanitary), Chulalongkorn University
- Certificate: Thai Institute of Directors Association
Director Certification Program (DCP) Class 56/2005

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives:

- Cousin of Mr. Visit Tantisunthorn, Company's Director and Executive Director
- Younger Brother of Mr. Tanat Tantisunthorn, Company's Senior Manager-Market Development

Past 5-Year Experiences:

2007-Present: Business Development Director, G.J.P. Holding Co., Ltd.
2006-2007: Assistant secretary to Finance Minister, Ministry of Finance
2005-2006: Business Development Manager, Gulf Electric Public Co., Ltd.
2001-2005: Member of Parliament

Mr. Anun Louharanoo



Positions: Director, Executive Director, Chief Financial Officer, Authorized Director

Age: 58 years

Nationality: Thai

Education:

- B.A. (Accounting), Thammasat University
- B.A. (Law), Thammasat University

- Certificate: Thai Institute of Directors Association
Director Accreditation Program (DAP) Class 1/2003
Director Certification Program (DCP) Class 29/2003
Audit Committee Program (ACP) Class 2/2004
DCP Refresh Course (RE DCP) 2/2006
Improving the Quality of Financial Reporting (QFR) Class 2/2006
Monitoring the Internal Audit Function (MIA) Class 1/2007
Monitoring the System of Internal Control and Risk Management (MIR) Class 1/2007
Role of Compensation Committee Program (RCC) Class 7/2008
Corporate Governance Workshop Board Performance Evaluation Year 2007

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 590,550 shares in Lanna Resources Public Co., Ltd. or 0.17 percent of all shares with voting right
- Holding 3,396,230 shares or 0.57 percent of all shares with voting right in Thai Agro Energy Pcl., a Subsidiary.

Family Relationship with Executives: None

Past 5-Year Experiences:

- 2008-Present: Director, PT. Singlurus Pratama (Subsidiary)
- 2006-Present: Commissioner, PT. Lanna Mining Services (Subsidiary)
- 2005-Present: Independent Director and Audit Committee Member, Diamond Roofing Tiles Public Co., Ltd.
- 2004-February 28, 2011: Independent Director, Royal Porcelain Public Co., Ltd.
- 2004-Present: Commissioner, PT. Citra Harita Mineral
- 2003-Present: Director, Thai Agro Energy Public Co., Ltd. (Subsidiary)
- 1998-Present: Director, PT. Lanna Harita Indonesia (Subsidiary)
- 1997-Present: Director, Lanna (Singapore) Pte. Ltd. (Subsidiary)
-

Mr. Srihasak Arirachakaran



Positions: Business Development and Marketing Director

Age: 51 years

Nationality: Thai

Education:

- Ph.D., Petroleum Engineering, University of Tulsa, Oklahoma, U.S.A
- M.Sc., Petroleum Engineering, University of Tulsa, Oklahoma, U.S.A
- B.Sc., Petroleum Engineering (with honor) University of Tulsa, Oklahoma, U.S.A

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

2008-Present: Director, PT. Singlurus Pratama (Subsidiary)
2006-Present: Director, PT. Lanna Mining Services (Subsidiary)
2004-Present: Commissioner, PT. Citra Harita Mineral (Subsidiary)
2003-Present: Director, Thai Agro Energy Public Co., Ltd. (Subsidiary)
2002-Present: Commissioner, PT. Lanna Harita Indonesia (Subsidiary)

Mr. Tanat Tantisunthorn



Positions: Senior Manager - Market Development

Age: 42 years

Nationality: Thai

Education:

- MBA, Mount Vernon College, Washington DC, USA
- BA, Marymount University, Virginia, USA

Shareholding in Company and Affiliates as at December 31, 2010:

- Holding 9,420,710 shares in Lanna Resources Plc. or 2.69 percent of all shares with voting right
- No shareholding in Subsidiary and Associated Companies

Family Relationship with Executives:

- Cousin of Mr. Visit Tantisunthorn, Company's Director and Executive Director
- Older brother of Mr. Tanon Tantisunthorn, Company's Director

Past 5-Year Experiences:

2001-Present: Senior Manager-Market Development, Lanna Resources Public Co., Ltd.
1997-2001: Business Development, Gulf Electric Public Co., Ltd.
1996-1997: Equity Sales Officer, SCB Securities Public Co., Ltd.

Mr. Saharat Vatanatumrak



Positions: Senior Manager - Diversified Business Development

Age: 47 years

Nationality: Thai

Education:

- Bachelor of Engineering (Electrical Engineering), University of California, Los Angeles (UCLA), USA
- Corporate Secretary Development Program 2004, Chulalongkorn University
- Biomass and Waste Conversion Technologies Course 2008, King Mongkut's Institute of Technology North Bangkok

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

June, 2010-Present: Commissioner, PT. Lanna Mining Services (Subsidiary)
2008-Present: Commissioner, PT. Singlurus Pratama (Subsidiary)
2004-Present: Commissioner, PT. Lanna Harita Indonesia (Subsidiary)
2004-Present: Commissioner, PT. Citra Harita Mineral (Subsidiary)

Mrs. Petcharat Chayanon



Positions: Senior Manager - Accounting and Administration

Age: 43 years

Nationality: Thai

Education: B.A. (Accounting), Thammasat University

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

October 2010-Present: Director, PT. Lanna Mining Services (Subsidiary)
2009-Present: Commissioner, PT. Singlurus Pratama (Subsidiary)
2004-Present: Director, PT. Citra Harita Mineral (Subsidiary)

Mr. Prasert Promdech



Positions: Senior Manager - International Coal Sales

Age: 43 years

Nationality: Thai

Education:

- Bachelor of Engineering (Mining Engineering), Chulalongkorn University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

June 2010-Present: Director, PT. Lanna Mining Services (Subsidiary)
2008-Present: Commissioner, PT. Singlurus Pratama (Subsidiary)
2000-2004: Chief Coal Transshipment, PT. Lanna Harita Indonesia (Subsidiary)

Mr. Vacharachai Nachailert



Positions: Senior Manager - Domestic Coal Sales

Age: 48 years

Nationality: Thai

Education: B.A. (Political Science), Ramkhamhaeng University

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

1996-2007: Manager-Domestic Coal Sales, Lanna Resources Public Co., Ltd.
1992-1996: Section Head-Coal Sales, Lanna Resources Public Co., Ltd.

Mr. Sudusit Ounsangchan



Positions: Senior Manager – Core Business Development

Age: 47 years

Nationality: Thai

Education: Major-Mining, Faculty of Engineering, Chulalongkorn University

Shareholding in Company and Affiliates as at December 31, 2010: None

Family Relationship with Executives: None

Past 5-Year Experiences:

2003-2008: Senior Manager - Core Business Development, Lanna Resources Public Co., Ltd.
1997-2002: Manager-Planning, Lanna Resources Public Co., Ltd.
1987-1996: Mining Engineer, Sahakol Engineering Co., Ltd.

Positions of the Company's Executives in the Subsidiary, Associated and Related Companies

Executive Name	Lanna Resources Public Co., Ltd.	Subsidiary Companies						Associated Company	Other Related Companies
		1	2	3	4	5	6		
1. Mr. Somkiart Limsong	X	-	-	-	-	-	-	-	-
2. Mr. Paul Heinz Hugentobler	/	-	-	-	/	-	-	-	/
3. Mr. Philippe Paul Alexandre Arto	/	-	-	-	-	-	-	-	/
4. Mr. Vanchai Tosomboon	/	-	-	-	-	-	-	-	/
5. Mr. Tanon Tantisunthorn	/	-	-	-	-	-	-	-	-
6. Mr. Padoong Techasarintr	/, XXX	-	-	-	-	-	-	-	-
7. Mrs. Duangkamol Suchato	/, ///	-	-	-	-	-	-	-	-
8. Mr. Adul Tantharatana	/, ///	-	-	-	-	-	-	-	-
9. Ms. Nopporn Tirawattanagool	/, ///	-	-	-	-	-	-	-	-
10. Mr. Anan Siripong	/	-	-	-	-	-	-	-	-
11. Mr. Kraisi Sirirungsi	/, XX	X	/	/	X	/	/X	/	-
12. Mr. Suroj Subhasavasdikul	/, //	/	-	-	-	-	/X, XXXX	/	-
13. Mr. Visit Tantisunthorn	/, //	-	-	-	-	-	-	-	-
14. Mr. Pilas Puntakosol	/, //	/	XX	XX	XX	XX	-	/	-
15. Mr. Anun Louharanoo	/, //	/	//	/	/	//	/	-	-
16. Mr. Srihasak Arirachakaran	-	-	/	/	/	//	/	-	-
17. Mrs. Petcharat Chayanon	-	-	-	//	//	/	-	-	-
18. Mr. Tanat Tantisunthorn	-	-	-	-	-	-	-	-	-
19. Mr. Prasert Promdech	-	-	-	-	//	/	-	-	-
20. Mr. Sudusit Ounsangchan	-	-	-	-	-	-	-	-	-
21. Mr. Vacharachai Nachailert	-	-	-	-	-	-	-	-	-
22. Mr. Saharat Vatanatumrak	-	-	/	/	/	/	-	-	-
Subsidiary Companies	1 = Lanna (Singapore) Pte. Ltd.	3 = PT. Citra Harita Mineral			5. = PT. Singlurus Pratama				
	2 = PT. Lanna Harita Indonesia	4 = PT. Lanna Mining Services			6 = Thai Agro Energy Public Co., Ltd.				
Associated Company	United Bulk Shipping Pte. Ltd.								
Related Company	Siam City Cement Public Company Limited, holding 44.99% of paid-up capital in Lanna Resources Public Company Limited.								
Remarks :	X=Chairman of the Board, /X = Vice Chairman, /=Director (Commissioner for Indonesian companies) XX = Executive Chairman, /XX=Vice Executive Chairman, //=Executive Director (Director for Indonesian companies) XXX = Audit Committee Chairman, ///=Audit Committee Member XXXX = Nomination and Remuneration Committee Chairman. //// = Nomination and Remuneration Committee Member								

Information on Directors of the Subsidiary and Associated Companies

Director's Name	Subsidiary Companies						Associated Company
	1	2	3	4	5	6	
1. Mr. Visith Noiphan	-	-	-	-	-	X	-
2. Mr. Somchit Limwathanagura	-	-	-	-	-	/	-
3. Mr. Chareinsuk Rojanaridpiched	-	-	-	-	-	/	-
4. Mr. Padetpai Meekun-iam	-	-	-	-	-	/, XXX, ///	-
5. Mr. Virach Aphimeteetamrong	-	-	-	-	-	/, ///	-
6. Mr. Chokechai Tanpoonsinthana	-	-	-	-	-	/, ///, ////	-
7. Mr. Metee Auapinyakul	-	-	-	-	-	/	-
8. Mr. Satit Chanjavanakul	-	-	-	-	-	/	-
9. Mr. Kraisi Sirirungsi	X	/	/	X	/	/X	/
10. Mr. Paul Heinz Hugentobler	-	-	-	/	-	-	-
11. Mr. Suroj Subhasavasdikul	/	-	-	-	-	/X, XXXX	/
12. Mr. Somchai Lovisuth	-	-	-	-	-	/	-
13. Mr. Pilas Puntakosol	/	XX	XX	XX	XX	-	/
14. Mr. Anun Louharanoo	/	//	/	/	//	/	-
15. Mr. Srihasak Arirachakaran	-	/	/	//	//	/	-
16. Mr. Winyoo Boonkamol	-	//	-	-	-	-	-
17. Mr. Arkom Laoharanoo	-	/	-	//	-	-	-
18. Mrs. Petcharat Chayanon	-	-	//	//	/	-	-
19. Mr. Saharat Vatanatumrak	-	/	/	/	/	-	-
20. Mr. Panot Charoensuk	-	-	//	/	//	-	-
21. Mr. Thamrong Angsakul	-	//	-	-	-	-	-
22. Mr. Nattapon Ngamphol	-	-	//	-	-	-	-
23. Mr. Prasert Promdech	-	-	-	//	/	-	-
24. Mr. Ludi Prasetyo Hartono	-	-	-	-	//	-	-
25. Mrs. Yocke Kaseger	-	-	-	-	X	-	-
26. Mr. Sonny Susanto	-	-	-	-	//	-	-
27. Mr. Toto Iman Dewanto	-	-	-	-	/	-	-
28. Mr. Lim Hariyanto Wijaya Sarwono	-	X	X	-	-	-	-
29. Mr. Lim Gunawan Hariyanto	-	//	//	-	-	-	-
30. Mr. Lim Gunardi Hariyanto	-	//	//	-	-	-	-
31. Mrs. Rita Indriawati	-	-	/	-	-	-	-
32. Mr. Parasian Simanungkalit, SH	-	/	-	-	-	-	-
33. Mr. Ng Han Whatt Henry	-	/	/	-	-	-	X
34. Mr. Lee Boon Wah	/	//	//	-	-	-	/
35. Mr. Patrick Ng Bee Soon	-	-	-	-	-	-	/
36. Mr. Ng Bee Bee	-	-	-	-	-	-	/
Subsidiary Companies					Associated Company		
1 = Lanna (Singapore) Pte. Ltd.					4 = PT. Lanna Mining Services		
2 = PT. Lanna Harita Indonesia					5 = PT. Singlurus Pratama		
3 = PT. Citra Harita Mineral					6 = Thai Agro Energy Public Co., Ltd.		
					United Bulk Shipping Pte. Ltd.		

Remarks : X = Chairman of the Board, /X=Vice Chairman, /=Director (Commissioner for Indonesian companies)
 XX=Executive Chairman, /XX=Vice Executive Chairman, //=Executive Director (Director for Indonesian companies)
 XXX = Audit Committee Chairman, /// = Audit Committee Member
 XXXX = Nomination and Remuneration Committee Chairman, //// = Nomination and Remuneration Committee Member

Remuneration for the Directors and Executives

Explicit Remuneration

- In 2010, the Company had paid remunerations for the Directors in the form of monthly salary and annual remuneration (bonus) as follows:

Director's Name	Position in Company	Remuneration from Company			Remuneration from Subsidiary & Affiliated Companies				
		Salary	Bonus	Total	Thai Agro Energy Public Co., Ltd.	PT. Lanna Harita Indonesia	PT. Citra Harita Mineral	United Bulk Shipping Pte. Ltd.	
(1) Mr. Somkiat Limsong	Chairman	720,000.00	600,000.00	1,320,000.00	-	-	-	-	-
(2) Mr. Kraisi Sirirungsri	Director	360,000.00	450,000.00	810,000.00	660,000.00	505,034.28	391,966.90	66,410.65	
(3) Mr. Paul Heinz Hugentobler	Director	360,000.00	300,000.00	660,000.00	-	-	-	-	
(4) Mr. Philippe Paul Alexandre Arto	Director	252,000.00	-	252,000.00	-	-	-	-	
(5) Mr. Suroj Subhasavasdikul	Director	360,000.00	300,000.00	660,000.00	705,000.00	-	-	66,410.65	
(6) Mr. Anan Siripong	Director	360,000.00	300,000.00	660,000.00	-	-	-	-	
(7) Mr. Vanchai Tosomboon	Director	360,000.00	300,000.00	660,000.00	-	-	-	-	
(8) Mr. Visit Tantisunthorn	Director	360,000.00	300,000.00	660,000.00	-	-	-	-	
(9) Mr. Pilas Puntakosol	Director	360,000.00	300,000.00	660,000.00	-	2,020,137.10	1,567,867.60	66,410.65	
(10) Mr. Tanon Tantisunthorn	Director	360,000.00	300,000.00	660,000.00	-	-	-	-	
(11) Mr. Anun Louharanoo	Director	360,000.00	300,000.00	660,000.00	660,000.00	1,010,068.55	783,933.80	-	
(12) Mr. Padoong Techasarintr	Director	360,000.00	300,000.00	840,000.00	-	-	-	-	
	Audit Committee Chairman	180,000.00							
(13) Mr. Abdul Tantharatana	Director	360,000.00			-	-	-	-	
	Audit Committee Member	120,000.00	300,000.00	780,000.00					
(14) Mrs. Duangkamol Suchato	Director	360,000.00			-	-	-	-	
	Audit Committee Member	120,000.00	300,000.00	780,000.00					
(15) Ms. Nopporn Tirawattanagool	Director	252,000.00			-	-	-	-	
	Audit Committee Member	84,000.00	-	336,000.00					
Remark: Exchange rate of USD 1 = Baht 30.1513									

- The Company paid remunerations to the executives in the form of monthly salary and bonus which varies according to operating results of the Company as follows.

Executives' Remuneration	Year 2010		Year 2009	
	Number of Persons	Baht per Year	Number of Persons	Baht per Year
Monthly Salary	12	25,799,520	12	23,536,520
Annual Remuneration (Bonus)	10	12,449,760	10	8,803,360
Total Remuneration	12	38,349,280	12	32,339,880

Other Remunerations

- In 2010, the Company contributed a total of Baht 2,303,234.90 into the Provident Fund for 10 executives as employees of the Company (Baht 2,166,848.80 for 11 executives in 2009), and provided Company's vehicles for 4 executives.
- In 2010, the Company did not issue any shares, debentures, and convertible securities or offer any other privileges to the directors and executives.

Shareholding by the Directors and Executives

Directors and/or Executives	Shareholding in Lanna Resources Public Co., Ltd.				Shares Increase (+)/Decrease(-) in 2010
	By Directors and/or Executives	By Spouse or Child under Legal Age	Total	Proportion (%)	
(1) Mr. Somkiart Limsong	19,041,640	-	19,041,640	5.39	-
(2) Mr. Paul Heinz Hugentobler	151,400	-	151,400	0.04	-
(3) Mr. Kraisi Sirirungsi	6,100,000	22,000,000	28,100,000	8.03	-
(4) Mr. Visit Tantisunthorn	4,287,000	-	4,287,000	1.22	-
(5) Mr. Anun Louharano	590,550	-	590,550	0.17	-
(6) Mr. Pilas Puntakosol	150,000	-	150,000	0.04	-
(7) Mr. Vanchai Tosomboon	402,000	-	402,000	0.11	+135,000
(8) Mrs. Duangkamol Suchato	120,000	-	100,000	0.03	-
(9) Mr. Tanat Tantisunthorn	9,420,710	-	9,420,710	2.69	-

Directors and/or Executives	Shareholding in Thai Agro Energy Public Co., Ltd. (Subsidiary)				Shares Increase (+)/Decrease(-) in 2010
	By Directors and/or Executives	By Spouse or Child under Legal Age	Total	Proportion (%)	
(1) Mr. Kraisi Sirirungsi	31,100,950	-	31,100,950	5.18	-
(2) Mr. Anun Louharano	3,396,230	-	3,396,230	0.57	-

- Remarks:**
- (1) Disclosed information only on the Directors and Executives with shareholding in Lanna Resources Public Co., Ltd. and its affiliated companies
 - (2) Other Directors and Executives besides those above have no shareholding in Lanna Resources Public Co., Ltd. and its affiliated companies

Right of Shareholders and Equitable Treatment of Shareholders

- The Board of Directors recognizes the importance of the right of shareholders as owners of the Company by adhering to the criteria established by the laws and encourages the shareholders to exercise basic rights of the laws. In 2010, the Company convened the Annual General Meeting of Shareholders on April 19, 2010 between 15.30 hrs. to 17.55 hrs. at the Plaza Athenee Room 1, 2nd Floor, Plaza Athenee Bangkok, a Royal Meridien Hotel, 61 Wireless Road, Lumpini, Pathumwan, Bangkok, which was at a convenient location for access and transportation. The meeting was attended by 11 Directors out of 13 Directors. The meeting was conducted according to guidelines within the AGM Checklist, prepared by the Securities and Exchange Commission (SEC) in corporation with the Thai Investors Association and Listed Companies Association. The Company has received 97.50 points out of 100 points total for the assessment result on the Annual General Meeting of Shareholders Year 2010.

- The Company assigns Thailand Securities Depository Co., Ltd., Company's Share Registrar, to forward the invitation to the shareholders' meeting including relevant documents and information on each of the meeting agendas to the shareholders in advance by 21 days prior to the meeting date which exceeds the time period specified by the law, in order to provide opportunity for the shareholders to study the information in details. The same information has also been disseminated on the Company's website, both in Thai and English, 30 days prior to the meeting date, so that the shareholders may have access to the information quickly and conveniently.

- The Company does not infringe upon the right of shareholders in the studies of Company's information and shareholders' meeting attendance. For instance, the Company does not suddenly hand out additional important documents in the shareholder's meeting; does not add or revise important information on the meeting agenda without informing the shareholders in advance; does not limit the right to attend the meeting by shareholders who are late, etc.

- The Company provides opportunity for the minority shareholders to propose items for the agenda of the shareholders' meeting in advance and to nominate names of persons qualified to become the directors of the Company, in compliance with the criteria established by the Stock Exchange of Thailand by informing the shareholders of the established criteria through the channels of information distribution system of the Stock Exchange of Thailand and the Company's website.

- In summoning of the shareholders' meeting, the Board of Directors will comply with the criteria established in the Company's Articles of Association and the AGM Checklist of SEC by notifying the rules and practices of attendance, grant of proxies for presence and votes at the meeting, as well as forward all 3 proxy forms as established by laws to the shareholders in advance including the meeting invitation by providing option for the shareholder to appoint the proxy from 3 Audit Committee Members and encouraging the shareholder to use the proxy form which comments may be specified for the voting.

- The Company has provided adequate information for each meeting agenda within the shareholders' meeting invitation, including the opinions from the Board of Directors, for decision making. The shareholders have also been provided with the opportunity to post questions in advance of the meeting date by sending the questions through Company's website or via facsimile.

- In every shareholder's meeting, voting ballots are provided for voting during important agenda and appointment of directors shall be voted individually.

- In the shareholders' meeting, the Board of Directors and Executives, comprising of the Chairman, Chief Executive Officer, Chairman of each Committees, etc. shall attend the meeting to clarify and answer questions to the shareholders' meeting with the Chairman of the Meeting provides equal right and full opportunity for the shareholders to audit Company's operation by posting inquiries, making opinions, and/or offering recommendations, which important inquiries and recommendations shall be recorded in the meeting minutes.

- The Company's Secretary and the assigned working team has prepared the shareholders' meeting minutes to include all important matters and has forwarded the shareholders' meeting minutes to the Stock Exchange of Thailand and disseminated on the Company's website within 14 days after the meeting has been completed. The shareholder has the right to examine the meeting minutes, supporting documents and other important documents at all time.

- The Board of Directors has established protection measures for the Directors, executives and employees from using inside information of the Company for their own or others' benefits by notifying the above guidelines and policies to everyone in the organization for compliance and also disseminating the information within the Annual Report and Company's website. The operation and conduct are also routinely monitored.

- The Board of Directors has established guidelines for disclosure of information of stakeholders and protection measures to prohibit the stakeholders from involving in the decision process concerning connected transactions which are published within the Annual Report and Company's website.

Roles of Stakeholders

- The Board of Directors has established the fundamental policy on corporate governance for practices toward each group of stakeholders by recognizing the rights of stakeholders above in accordance with the laws or agreements with the Company without doing anything that would violate the rights of those stakeholders, by notifying the above policies to everyone in the organization for compliance and also disseminating the information within the Annual Report and Company's website.

- The Board of Directors has established measures or channels for involvement by the stakeholders by disclosing relevant information for acknowledgement by the stakeholders and providing opportunity for whistleblowing or complaints by the stakeholders via the Audit Committee without passing through the Company's executives, of which can be sent by mail or E-mail directly without having to disclose the name of the whistleblower or person who makes complaints, in order for the Audit Committee to study the information or find facts based on the information from the whistleblower and to directly present the matter to the Board of Directors for consideration of finding protection measures and appropriate compensation to the damaged person according to cause and impact on a case by case basis.

- The Company has established policies to care for the environmental and nearby communities that may be directly affected by business operation of the Company in order to gain trust from the relevant persons in the Company's operation.

Disclosure and Transparency

- The Company has disclosed important information including financial information and other information accurately, completely, timely, transparently, and in accordance with the criteria established by SEC and the Stock Exchange of Thailand. During the past year, the Company has not been punished or acted upon concerning incorrect disclosure of information. The Company believes in the importance of information disclosures that affect the decision of investors and stakeholders equally and periodically performs assessment on the information disclosure process.

- The Company has disclosed information within the Annual Registration Statements (Form 56-1) and Annual Report (Form 56-2) according to the regulations of SEC and Stock Exchange of Thailand.
- The Board of Directors is accountable for the financial statements and financial information, which is endorsed by the Chairman of the Board and Chief Executive Officer, as appeared in the Annual Registration Statements (Form 56-1) and Annual Report (Form 56-2), prepared in accordance with the generally accepted accounting standards by using accounting policies that are appropriate and corresponding to the business operation, taken on the regular basis with careful consideration. Important information are also adequately disclosed within the Notes to Financial Statements, which are supervised and responsible by the independent auditor and the Audit Committee on the quality of the said financial information.
- The Company has disclosed the financial information and other important information in both Thai and English on the Company's website and periodically updated the information so that they are up-to-date.
- The Company has established the Investor Relations Unit to be responsible for communications with the investors, shareholders, as well as analysts and relevant government sectors, of which can be contacted by telephone at 02-253-8080 or at Company's website, www.lannar.com or e-mail address: lanna@lannar.com.

Responsibilities of the Board

(1) Board of Directors

- During 2010, the Board of Directors consisted of 15 directors, including 5 executive directors and 5 non-executive directors and 5 independent and Audit Committee members, having list of names, positions and photographs of each director appeared in the Annual Report (Form 56-2)
- The Nomination process for the Company's directorship positions did not go through the Nomination Committee as it has not yet been established. Nevertheless, the Board of Directors has provided opportunity for the minority shareholders to propose names of qualified persons for the directorship positions according to criteria or guidelines recommended by the Stock Exchange of Thailand, having notified the shareholders via the information dissemination of the Stock Exchange of Thailand and Company's website.
- The Board of Directors consists of persons possessing knowledge, capability, experience and expertise in various professions, which are deemed beneficial to the Company's operation, and with suitable qualifications to become the directors of the listed company according to the Company's regulations and established laws.
- The Chairman is independent having no relationship whatsoever with the Management and is not a chairman or member in any other boards or committees.
- The Chairman of the Board is not same person as the Chief Executive Officer or Managing Director in order to clearly separate the corporate governance policy making roles and the daily management role.
- During 2010, the Company had 5 independent directors, accounting for one-third of the total members of the Board of Directors. The Company has established description of the independent director of the Company up to the minimum qualifications established by the SEC and Stock Exchange of Thailand for the matter of shareholding in the Company; namely the independent director of the Company must not hold more than 1 per cent of all the number of shares with voting right.

- The Company has published within the Annual Report the information on the representing directors for each group, having directors on the Board, excluding independent director, not yet proportional to the shareholding for each group. Details can be found under the topic “Major Shareholders and Shareholding Proportion” in the Annual Report.

- The number of years for the directorship position for each office term is in accordance with the regulation in the Public Limited Company Act B.E. 2535 but there is no specification on the number of terms that the director can continuously be in the position.

- The number of years in each term for the Audit Committee Member is stated in the Charter of Audit Committee but there is no specification on the number of years that the Audit Committee Member can continuously be in the position.

- In order for the directors to dedicate time and effort for their duties, the Board of Directors has established the number of companies that each director may take up positions as follows:

(A) The Company’s director should not hold directorship in the listed companies not exceeding the following number.

- The executive director or full time director may not take up directorship position at more than four companies.

- The non-executive director or professional director may not take up directorship position at more than six companies; and

- The Chairman of the Board may take up the Chairman of the Board position in only one listed company.

(B) In the case where a Company’s director needs to hold directorship of more than five listed companies, reasons and impact to the directorship position must be explained to the shareholders and relevant parties within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).

(C) For the proposal of a person for the directorship position of the Company, sufficient information on directorship positions in other companies must be provided to the shareholders for consideration before the voting for the appointment.

- Top executives taking directorship position in the subsidiary company and affiliated company have been approved by the Board of Directors but the Board of Directors has not clearly established policy and procedures in writing on directorship positions of top executives in other companies.

- The Company has appointed a person, a permanent employee, to be responsible for the work of the Company’s Secretary and has clearly established scope of authorities and duties of the executives for each level of work organization by separating authorities, duties and responsibilities in each of the level in descending order.

(2) Committees

- The Board of Directors appoints special committees to alleviate burden of the Board of Directors in order to closely and timely assist in the corporate governance of the Company. Currently, there are three committees; namely, the Board of Executive Directors, Audit Committee and Risk Management Committee (Details are shown under the topic “Management Structure” of this Annual Report)

- The Company has no Nomination Committee and Remuneration Committee due to non-complicated structure of the Company having only a few executives. The Company has established appropriate process for consideration of the remuneration, which is also based on the size of the business and operating results of the Company.

- The Company has policy to occasionally appoint special committee as necessary for future business operation in order to consider important issues that the Board of Directors deems important and may have significant impact on the business operation.

(3) Roles of the Board

- The Board of Directors has adopted Company's direction, objectives, business plan and budget, including monitoring and supervision on the approval and/or operation of the Board of Executive Directors and the Management in accordance with the established business plan and budget with efficiency and effectiveness.
- The Board of Directors has duties to clearly establish and separate roles and responsibilities between the Board of Directors, Committees, and the Management, as well as having routine communications of such roles and responsibilities to the Board of Directors, Committees, Management and employees of the Company.
- The Board of Directors has established an effective internal control system, internal audit and risk management system for the Company, as well as having regular monitoring and review of above matters by the Board of Directors.

(4) Corporate Governance Policy and Business Ethics

- The Board of Directors has approved of the Corporate Governance Policy in writing by notifying everyone in the organization for practices and periodically monitors and reviews its compliance with the said policy.
- The Board of Directors has approved of the Code of Conduct in writing by notifying everyone in the organization for practices and periodically monitors and performs assessment on the effectiveness of the Code of Conduct.

(5) Transactions with Possible Conflict of Interest

- The Board of Directors has established measures or procedures for transactions that have conflict of interest by having these transactions examined by the Audit Committee first without having the stakeholders with conflict of interest involved in the approval or decision of such transactions, of which the related or connected transactions have been disclosed within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).

(6) Internal Control and Risk Management

- The Company has placed emphasis on the effective internal controlling system on both the management level and operation level; therefore, duties and authorities of the staffs and executives are clearly specified in writing. There exists supervision and control on the use of Company's assets for benefit. Also, Separate units have been set up to handle different activities in order to balance the authorities and have appropriate audit between each other. The Company has the Internal Audit Division to conduct internal audit to ensure that the main operation and important financial operations of the Company are conducted according to the established directions with effectiveness, as well as review of compliance with the relevant laws and regulations.
- The Board of Directors has placed emphasis on the risk management by appointing the Risk Management Committee comprising of executives from all the departments joining as members by conducting risk assessment of the business to cover the whole organization, having established the risk protection and mitigation measures, including risks that affect the operation of the Company, which have been specified within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2). Compliance with relevant laws and regulations are constantly being monitored and supervised.

- The Board of Directors reviews the Company's internal control system and performs assessment on the risk management at least once every year. The Board of Directors' Meeting No. 1/2011 dated March 2, 2011, having three Audit Committee Member in attendance, has reviewed all five compositions of the internal control system of the Company and its subsidiaries, including (1) Control Environment, (2) Risk Management, (3) Control Activities, (4) Information and Communication, and (5) Monitoring and Evaluation. The Board of Directors concluded that in 2010, the internal control system of the Company and its subsidiaries were sufficient and appropriate, by which the Audit Committee also shares the same opinion.

(7) Board of Directors' Meeting

- Every director can express opinions independently. In the event that the number of votes are equal during voting by the Board of Directors, the Chairman, a non-executive member, has the right to cast the deciding vote.

- The Chairman and the Chief Executive Officer or the Managing Director together shall consider and choose the Board of Directors' meeting agenda and give opportunity for each of the directors to be able to propose matter for the meeting agenda.

- The Company's Secretary prepares and forwards the meeting invitation seven to ten days in advance. Included with the meeting invitation are the meeting agenda and documents, so as to provide sufficient time for the Board of Directors to study and review the information for decision making and the Board of Directors may also request for additional information from the Company's Secretary, having the Management and top executives attend the meeting to clarify any issues in order for the directors to have full understanding to properly consider and make decision on the matter.

- The minutes of the meetings have been recorded in writing and the approved minutes from the Board of Directors have been kept completely and in order, readily available for review by the Board of Directors and related parties. The meeting minutes cannot be revised without passing through the Board of Directors' Meeting.

- The Board of Directors' meeting is regularly scheduled at least once every two months (one meeting every other month). The meeting schedule, including date, time and venue, is proposed in advance for each year in order for the director to prepare his/her own schedule to attend the meeting. The extraordinary meeting is scheduled as necessary and appropriate with the business. (Details of the board meeting attendance for the past year are shown under the topic "Management Structure" of this Annual Report). The meeting agenda are clearly established in advance, having regular agenda for consideration of the operating results. Each meeting normally takes approximately 1 to 3 hours, depending on the extent of the meeting agenda considered during the meeting.

- Non-executive directors shall occasionally hold meeting among themselves as deemed appropriate and necessary. The Company's Board of Directors has established the policy to hold the Non-Executive Directors' Meeting at least once a year, without the Management attending the meeting. The outcome of the meeting shall be forwarded to the Chief Executive Officer or Managing Director for acknowledgement, so that the opinions, remarks and suggestions may be considered and implemented accordingly.

(8) Assessment of the Board's Performance

- The Board of Directors has established criteria and arranged for the self-assessment on the performance of the Board of Directors as a whole at least once every year (no assessment on the performance of individual director). The aforementioned Self-Assessment Form requests that the assessor specify the strong points, weak points and matters that require improvements.
- The Board of Directors has jointly considered the results of the assessment and established guidelines for improvement of the Board's performance for the following years.

(9) Remuneration for Directors and Executives

- The Company has established clear and transparent remunerations for the directors, at the level comparable to the general practice in the industry. Furthermore, the remunerations have been approved by the shareholders' meeting; with appropriate remuneration increase for the Audit Committee members, having additional duties and responsibilities.
- During 2010, the Company had paid the remunerations to the directors and executives, having disclosed the information in the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).
- Since the Company has not established the Remuneration Committee, the Board therefore has assigned the Chairman of the Board and Audit Committee Chairman to establish criteria and jointly assess the work performance of the Chief Executive Officer or Managing Director for each year and notify the assessment results to the Chief Executive Officer or Managing Director for acknowledgement.


(10) Development of Directors and Executives

- The Company has policy to continuously provide knowledge for the Directors by enrolling them in the training courses of the Thai Institute of Directors Association (IOD) and other training programs for understanding of the roles of Directors and knowledge in the Company's business.
- The Company encourages and provides knowledge and education for the executives and relevant people, such as the Company's Secretary, Internal Audit personnel, etc. by regularly enrolling them in several training programs related to the operation in order to constantly increase the knowledge and new techniques.

(11) Succession Plans

- The Company has not established clear succession plans in writing; however, the Company has senior executives below from the Chief Executive Officer or Managing Director who can take up the role should the Chief Executive Officer or Managing Director could no longer perform their duties.
- The Board of Directors has established regulations concerning the employees training and development and has enrolled the executive in the master of business administration program and other courses at a reputable university.

Corporate Governance Assessment

The Thai Institute of Directors Association (IOD) has prepared the Corporate Governance Report of Thai Listed Companies Year 2010, of which Lanna Resources Public Co., Ltd. was placed with excellent assessment () with the average score of 85 percent.

FUNDAMENTAL POLICY ON CORPORATE GOVERNANCE

Lanna Resources Public Company Limited is fully aware of the importance of good corporate governance and adheres to the principles of fairness and integrity, accountability, responsibility and transparency, and promoting equitable treatment and gaining faith from all the stakeholders. The Company focuses on building values to the business and persons with associated interest in long term for sustainable growth and development of the Company in the future.

Accordingly, the Board of Directors has established its policy or basic principles of the corporate governance for use as guidelines for the business operation. The Company shall adhere to the following basic principles.

(1) Establish the management structure of the Company so that there are clear scope of authorities, duties and responsibilities for the Board, Committees and the Management for confidence and effective work performance.

(2) Operate in such manner to assure that various courses of action of the Company are effectively and efficiently performed under effective internal control system with appropriate balance of authorities as well as having transparent operation which can be audited and effective information disclosure procedures.

(3) Operate in such manner to assure that the financial reports reflect actual operating results and status, including having assessment and establish appropriate level of risk protection and mitigation measures.

(4) Proceed with the matters concerning conflict of interest cautiously and reasonably, taking the interest of the Company into consideration.

(5) Encourage moral principle and conscience among the executives and employees for good behaviors, honesty and discipline, and also be conscious of duties and responsibilities of own individual and to the working team, ready for better things and always be responsive to the changes.

(6) Aim to attain operational excellence by adhering to creating customers satisfaction by listening to comments, as well as performing self-assessment and review in order to continuously develop and create better things.

(7) Recognize and respect the ownership right of the shareholders, including the right stakeholders and treat them with justice and fairness, without being partial and provide opportunity for the stakeholders to express opinions and also provide channels for whistleblowing and filing complaints concerning any violation of law or deficiencies, as well as establishing measures for compensation in the case of stakeholders being damaged from such violation of the law.

(8) Conduct its business by considering its responsibility to the shareholders, stakeholders and overall community and society including conservation of environment by taking part in the creation and/or support of developments which are sustainable and beneficial to the overall society, at the level of the Company's status.

(9) Conduct its business with protection measures against anyone for using inside information of the Company dishonestly for their own benefit.

(10) Establish measures and procedures in reporting of fraudulent or suspecting a fraudulent and illegal conduct or other unusual activities which may cause significant damage to the Company's reputation and financial status, of which the incident must be reported immediately in order to correct the deficiencies or impacts without delay, including seeking protection measures to prevent such incident from happening again.

REGULATION CONCERNING PRINCIPLES OF GOOD CORPORATE GOVERNANCE

In order to achieve the objectives of good corporate governance, demonstrating that the Company has employed the management system that is effective, transparent and can be reviewed, to help foster confidence and trust for the stakeholders, the Board of Directors has established the regulations concerning with the principles of good corporate governance as follows.

REGULATION OF THE BOARD OF DIRECTORS

In order to demonstrate Company's intention and professionalism in the business management with transparency, morality, and accountability to all stakeholders, regulation for good practices of the Board of Directors has been established as the code of conduct as follows.

- (1) Perform duties in accordance with the relevant laws and regulations, Company's regulation and resolutions of the Board of Directors' and shareholders' meetings.
- (2) Strictly manage the business with honesty and unbiased position as well as be independent in the decision making and in other conducts.
- (3) Authorize the executives for full control of management and daily operation without imposing inappropriate or unreasonable guidance.
- (4) Have no direct or indirect interest in the business related with the Company and its affiliated companies or in the business that is in competition with the Company or its affiliated companies.
- (5) Avoid having conflict of interest of oneself with the interest of the Company to achieve full efficiency and effectiveness in the business operation.
- (6) Manage the business prudently without creating any obligations or commitments which might later be in conflict with the duties.
- (7) Do not directly or indirectly seek unlawful benefit from work.
- (8) Perform duties to the fullest capacity for the highest benefit of the organization.
- (9) Do not execute anything that will destroy Company's interest or subserve interest to other individuals or juristic persons.
- (10) Focus on the prevention and elimination of wrongful activities and consider that these matters must be dealt with promptly and decisively in order to create good values and image of the organization.

REGULATION OF THE EXECUTIVES AND STAFF

The Company is the producer and distribution of coal and other types of fuel, which can reasonably add values to the stakeholders. The Company is also aware of the overall balance of environment and interest of the society. Thus, in order for the Company to achieve such qualities with strength and sustainability in long term, the regulation for good practices of the executives and staff has been established as the code of conduct as follows.

- (1) Perform duties with accountability, honesty, determination, dedication and in compliance with the law, regulation, policy and corporate culture with consideration on the best interest of the Company.
- (2) Strictly maintain confidentiality of the customers, trading partners and the Company, overseeing and guardedly ensuring that no confidential documents or information leak or fall into the hands of unrelated individuals.
- (3) Respect the individual right of the staff, avoid taking information or story of the staff, including work-related and personal matters for disclosure or comments in such manner that would cause damage to the staff or Company's image overall.
- (4) Do not abuse or do anything that would lead to disharmony or damage within the Company or individuals relating to the Company.
- (5) Maintain and jointly create harmony and unity among all staffs, be helpful and supportive of one another for the overall and utmost benefit to the Company.
- (6) Conduct oneself toward colleagues with respect, generosity, good human relations, not concealing necessary information for the work from colleagues and adjust oneself to work well with the others, as well as be respectful to others by not taking credit for the work of the others.
- (7) Be determined on becoming a good person and intellect by continuously developing oneself in the direction that is beneficial to oneself and the Company.

- (8) Study and seek for knowledge and experience to reinforce the knowledge and skills for the work and constantly update oneself with modern technology.
- (9) Adhere to virtue, morality and refrain from all vices by not conducting oneself in such manner that would ruin the reputation of oneself and the Company.
- (10) Inform superiors in order of ranking or the Audit Committee, if witness any activities that might indicate any fraud or wrongdoing within the organization.
- (11) Perform any tasks that protect the environment and work conditions as well as help the Company to develop and achieve its excellence.
- (12) Avoid giving or receiving goods, reception or any other benefits from trading partners or individuals related to the Company's business unless it is in accordance with the regulation and mandate of the Company.

REGULATION CONCERNING HUMAN RESOURCE MANAGEMENT

The Company's human resource management is aimed to nominate, select, develop, promote and maintain the staffs that possess knowledge, capability and quality, as they are considered as the most important asset of the Company. Moreover, the Company promotes good appearance within the unit, in order to achieve its targets effectively and efficiently in long term. Accordingly, regulation concerning the human resource management has been established as follows.

- (1) Every staff shall be treated fairly and worthy of one's dignity being part of the organization.
- (2) The selection of individual for employment in any position shall be conducted with fairness by considering the qualifications, education, experience, health and other necessary specifications for such position.
- (3) The Company shall consider fair compensation for the staff which is suitable for the condition and job characteristics and results of the work performance according to the knowledge and capability of each individual.
- (4) The Company shall conduct assessment on the work performance for each staff every year having the superior in the chain of command as the assessor in accordance with the rule and practice as established by the Company.
- (5) The Company shall oversee the welfare of the staff and maintain the workplace in safe and good sanitary conditions.
- (6) The Company provides opportunity and encourages the staffs to express their own opinion with the staffs taking part in the improvement of efficiency in their work and the Company.
- (7) The Company has policy to support training courses and seminars which is deemed important to the development and improvement of the staff for the knowledge, capability and quality.

The Company has established this policy in order for the staff to follow and practice to achieve order, unity, relations and good understanding among one another, as well as to promote safety and development of the staff. The Company believes that the superior in each chain of command is very important part, who shall be responsible for the business and personnel management, as well as promoting good relationship among the staffs of the Company. Accordingly, every staff also has a role in maintaining such good relationship.

REGULATION CONCERNING ACCOUNTING AND FINANCIAL TRANSACTIONS

The Company has established regulation concerning with the accounting and financial transactions by specifying that the transactions be recorded accurately and completely which can be reviewed, according to the regulation of the Company and related laws. Moreover, every staff must adhere to the principles of honesty and ethics in their work and duties as follows.

- (1) Accuracy of the Records
- (A) All business transactions of the Company must be recorded accurately and completely which can be reviewed without any limitation or exception.

(B) Recording of the accounting transaction and business record must be based on facts without distortion or making any false transaction record regardless of any objectives.

(C) The staff at every level must carry out business tasks in conformation and in accordance with the rules and regulations of the Company, including accurate and complete supporting evidence and documents of the business transaction records. Accordingly, the information must be adequately and promptly provided so that the responsible staff in charge of the record taking and preparation of all types of accounting and financial transactions of the Company can record such transactions with accurate and complete details.

(2) Accounting and Financial Transactions

(A) Every staff must not distort any information or make false transaction record regardless of whether they are accounting and financial information or any other business information of the Company.

(B) Every staff must realize that the accuracy and completeness of the accounting and financial transaction are joint accountability of the directors, executives and staffs.

(C) Every staff has duty and responsibility to prepare and/or provide detailed information supporting the accounting and financial transaction accurately and completely in accordance with the facts.

(3) Legal Compliance

(A) Every staff at every level must comply with the rules and regulations in accordance with the relevant laws in the preparation and record of the accounting and financial transactions of the Company with accuracy and completeness.

(B) Every staff at every level must adhere to the principles of honesty without prejudice and with trustworthiness in recording and filing of the information, as well as not involving in any illegal and unethical activities.

REGULATION CONCERNING INTERNAL CONTROL

The Company has established corporate governance policy for every unit to carry out their work effectively and efficiently in accordance with the objectives and goals of the Company, having supervision over the maintenance and utilization of the assets economically and appropriately. Risk assessment and management are continuously undertaken with effectiveness and security. Moreover, each unit must establish the work system with standard and adequate internal control in order to control risks to within the appropriate level so not to have any significant impact to the Company's operation. Communications and development of staffs within the unit should be established so that the staffs have shared feeling to carry out work in accordance with the principle of good and appropriate practices, including relevant laws and regulations, and is readily available for evaluation and review. These guidelines have been established as follows.

(1) To establish adequate control environment by assigning duty and responsibility for the executive at every level to supervise and review the work system within the executive's own unit to achieve efficiency and effectiveness and in accordance with the working regulation of the Company, having internal control system that is secure, adequate and can be reviewed and every unit must prepare its own standard work manual.

(2) To establish adequate risk assessment and management process by having each unit perform its own risk assessment on their work and find ways to mitigate the risks or reduce opportunity for the occurrence of such risks. The Company expects that every staff at every level take part in the assessment and control management of the risk in order to prevent from damage that may occur.

(3) To establish adequate control activities in every duty and level according to acceptable level of risk by requiring each unit to have a standard work system with adequate internal control to control the risk to within the acceptable level that does not significantly affect the operation of the Company.

(4) To establish adequate information and communication system that are reliable and in time by improving and developing the information technology system to be effective and secure with adequate safety and protection of the information. This is to increase efficiency and effectiveness in the operation and management, to become dependable and that such information be used to communicate throughout the organization internally and to the outside. Moreover, there should be communication and development of staffs within the unit to foster shared feeling to carry out work in accordance with appropriate practices, including compliance with the relevant laws and regulations.

(5) To establish adequate monitoring and evaluation system by assigning duty and responsibility to the executive at every level to supervise and review the work system within the executive's own unit to achieve efficiency and effectiveness and in accordance with the working regulation. The Internal Audit Office shall support the executive of every unit in establishing the internal control system and conduct a review from time to time as deemed appropriate in order to ensure that every unit possesses efficient and effective internal control system and carry out matters according to the established procedure at all times, which will bring about overall improvement of various work systems of the organization to be more efficient and more effective overall.

(6) Guidelines for the review and evaluation shall be emphasized on creativity and work system improvement. The report that the Internal Audit Office has prepared and agreed by the unit employing such work system shall be considered and approved by the Audit Committee before implementation. Should there be any work system in any unit that needs improvement for better efficiency or more security, it is regarded as the duty of every related unit that to improve or revise the system immediately. The Company regards that such duty is part of the work of such unit which must be accountable and is also part of the annual assessment of the relevant staffs.

REGULATION CONCERNING THE USE OF INFORMATION TECHNOLOGY AND COMMUNICATION

Information technology and communication system is regarded as an important factor in promoting business operation and increase efficiency and effectiveness of the work. Accordingly, the Company has established a joint responsibility for every staff that must use the information technology and communication system in compliance with the laws, regulations, orders and standard as established by the Company, which are as follows.

(1) The Company has established safety management of the information system by having issued Company's regulation and order for the Company's staff to comply with the law regarding the use of such computer.

(2) Every staff of the Company has duty and must adhere to the following practices.

(A) Staff must comply with the copyright law, law on the use of computer, regulations and orders of the Company concerning with the use of the information system.

(B) Staff must not violate software copyright or intellectual property of the others.

(C) Staff must not take software program belonging to the Company for own personal use or give it to other individual whom is not a Company's staff for commercial use, copy, disseminate, or make revision of any kind without permission.

(D) Staff must not use the Company's email system on the account of oneself or the others to send or forward information or messages which are deemed harmful to the security of the Country, religion, and royal institution, personal messages, messages with falsehood content, uncreative, chain letters, threatening, computer virus content, to the outside or within the Company, and no falsification of any statement in the email messages of the Company without any exception.

(E) Staff must not use the Company's email system to disseminate news or information of the Company to the outsiders except for those authorized and having duty concerning with the public relations.

(F) Staff must not download any types of file without permission and must not use internal network for any entertainment so not to deteriorate the efficiency of others' email receiving and sending capacity.

(G) Staff must not use the computer network with intention to perform any illegal activities, go against peace, moral standard, and commerce, disclose confidential information or express personal comments.

(H) The use of computer or personal communication device which requires connection with the network of the Company must be approved by the Chief Executive Officer first.

(I) The use of computer in the Company or taking the notebook computer for use outside the Company is required that a password be installed and entered every time of use for security of the work. The password must be kept confidential and should be changed from time to time or at least every three months.

(J) Staff must not install a software program that can check or capture information from the network unless having been authorized from the Chief Executive Officer on a special case in order to comply with the relevant laws or regulations.

(K) Staff must maintain the computer and devices under responsibility in good care and use them properly.

(3) In order to safeguard the information system of the Company, the Company shall inspect, search, monitor, investigate and control the use of information system of the staff if it has been found that the staff has used the system inappropriately or might cause damage to the Company.

(4) If the Company finds that a staff has violated or has not complied with the regulations and orders of the Company, such staff may be subject to disciplinary action and/or punishment by law, depending on the severity of the case.

REGULATION CONCERNING THE PROCUREMENT

The Company has established a procurement unit to carry out any procurement matters in order to fulfill the purpose of every unit and in accordance with the established standard of quality. The related procedure and regulations are as follows.

(1) Every procurement transaction must emphasize on the benefit and quality for the Company by receiving package and product correctly as ordered on the quality, price, quantity, service period and promptness. The policy on quality, safety, health and environment of the Company must also be taken into consideration.

(2) Staff who is in charge of the procurement must plan ahead well to avoid unreasonable rush of procurement.

(3) The Company shall not take advantage of the trading partners by considering the benefit and damage that may occur in terms of reputation, image and perception of the Company with the outsiders.

(4) Staff who is in charge of the procurement must provide information that are correct, clear and complete to the trading partner, using disclosure method and providing equitable opportunity to the trading partners.

(5) Staff who is in charge should listen to comments and any suggestions that the trading partners complain or comment in order to improve and resolve problems that have occurred for better efficiency and effectiveness.

(6) Staff who is in charge must maintain the information received from each proposal or bidder as confidential and must not disclose the information to other parties.

(7) Invitation for the bidding process must be conducted in a competitive manner with fairness and impartiality to every trading partner.

(8) Negotiation should be based on business relations to both parties which are open and fair, having evidence that can be referred to.

(9) Maintain equitable business relationship with the trading partners without making demand, receiving goods or any other benefits directly or indirectly from the trading partner without any exception.

(10) The executive and/or authorized person in the procurement must employ impartial and fair discretion in providing advice, recommendations and listening to comments from the staff.

(11) The executive and/or authorized person on the procurement must control, check and supervise so that the task has been strictly undertaken in accordance with the code of conduct and if it is found that the code of conduct has been violated, investigation and disciplinary action or punishment must be strictly undertaken according to the established procedure.

(12) It is encouraged that the procurement is provided to the Thai operator and/or affiliated companies of the Company with important consideration on the receiving quality and benefit.

(13) The procurement should be conducted in a systematic manner and correct in principle having strict control which can always be improved in consistent with changing business situation.

REGULATION CONCERNING SAFETY, HEALTH AND ENVIRONMENT

The Company is concentrated in accident prevention and environmental protection by complying with relevant laws and regulations in order to ensure safety for the staff and to have good working environment, including continuing improvement on safety, health and environment.

5 Sor Policy

5 Sor activity is part of the duty involving every staff at all levels. The superior has duty to supervise, promote and recommend for the efficiency and effectiveness with continuing improvement of the program. The activity is aimed to promote good working environment and safety as well as to instill basic consciousness of increasing effectiveness in the operation.

The Company has established guidelines on the safety, health and environment as follows.

(1) Every executive and staff must operate with quality management system, safety, health and environment in order to reinforce the highest efficiency, effectiveness and values of the work for the Company.

(2) The executive and staff must strictly follow and operate in accordance with the laws, policy, regulations and standard in terms of quality, safety, health and environment.

(3) The Company shall employ every means to control and prevent all types of loss from accident, fire, injury or illness from the workplace, loss or damage to the assets, safety system violation, improper method of operation and all the errors, including protection of environment in the workplace and safety to all the staff. Accordingly, the report on any accident is the responsibility of the executive and staff by strictly follow the established procedure, regulation and order.

(4) The Company shall set up s prevention and control plan for emergency in every area of operation, including emergency and crisis management plan for the organization to be prepared for any emergency events that may occur and be ready for other crisis events which may halt the business operation, damage reputation and image of the organization.

(5) The Company shall arrange for the public relations and communication to build knowledge, understanding and dissemination of information to the staffs including all stakeholders to acknowledge and understand the policy, regulations, procedure and any cautions in terms of quality, safety, health and environment, to strictly follow for correct implementation without creating any hazard to the health, assets and environment.

(6) The Company shall promote and instill consciousness in the quality, safety, health and environment as part of daily routine of the staff.

(7) The Company shall train the staffs and increase role and duty of the supervisor in the control of operation so that it employs good safety system which is consistently followed.

(8) The Company shall improve on the safety and environmental standard to achieve international standard for good living quality and environment of the staffs.

(9) The Company shall seriously and continuously take part in social responsibilities in terms of quality, safety, health and environment, and in the best use of natural resources by realizing the importance of environment and safety of related stakeholders, as well as promoting social activities in the environmental protection and improvement of living quality in the communities according to sustainable development principle.

REGULATION CONCERNING THE REPORTING OF FRAUD OR ILLEGAL CONDUCT

The Company has established measures and procedure for the Company's executives to promptly report to the Company's Board of Directors and the Audit Committee in the event of frauds or suspecting of a fraudulent or illegal conduct or other unusual activities which may cause significant damage to the Company's reputation and financial status, which includes:

- (1) Transaction involving conflict of interest
- (2) Fraudulent or unusual activities or deficiency in the internal control system
- (3) Violation of the laws and regulations regarding the Securities and Exchange, regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand or other laws concerning with Company's business operation.

Accordingly, the Board of Directors shall promptly correct the deficiency or its impact, including seeking protection measures to prevent such incident from happening again.

REGULATION CONCERNING THE WHISTLEBLOWING OR COMPLAINTS BY THE STAKEHOLDERS

The Company has established measures or channel for whistleblowing or complaints by the stakeholders as follows.

- (1) Provide opportunity for the stakeholder for whistleblowing or making complaints

Any stakeholder who wishes to contact the Board of Directors directly without going through the executive of the Company in order to offer any opinions concerning with the business operation including whistleblowing or complaints such as inappropriate action, fault, wrongdoing or mistake, illegal action or unethical behavior etc., it can be directly forwarded to the Audit Committee of the Company as follows:

- *By Mail*
Chairman of the Audit Committee
41/9 Rim Klong Bangsaka Road
Bangkor, Chomthong, Bangkok 10150
- *By E-Mail Address: wanna@lannar.com*

- (2) Protection for the Whistleblower

The stakeholder who makes whistleblowing or complaints according to (1) above does not need to disclose his/her name.

- (3) Procedure after Whistleblowing or Complaints

The Audit Committee is assigned to investigate the information or facts informed by the whistleblower according (1) above and directly presents the matter to the Board of Directors for acknowledgment and consideration.

- (4) Correction Measures and Compensation

In case the stakeholder has been damaged from the violation of right according to the laws, the Company is willing to listen to opinion or complaint and will urgently correct the fault and impact without delay including finding measures to prevent recurrence of the event and will consider making appropriate compensation to the damaged person based on cause and effect on a case-by-case basis.

REGULATION CONCERNING THE USE OF COMPANY'S INSIDE INFORMATION

The Company has established measures and regulation concerning the protection against the use of Company's inside information, which has not been disclosed to the public, for the benefit of oneself or other persons as follows:

- (1) The Company has notified the Directors and executives for acknowledgment of their duty to report the securities holding in the Company of oneself, spouse, minor child and nominee, including the report of changes in securities holding to the Securities and Exchange Commission (SEC) and acknowledgment of penalties according to the law on Securities and Exchange.

The word “Executive” is defined as manager or executive of the first four levels of high ranking executive position downward from the manager, any person who is in the position equivalent to the forth level of the said high ranking executive position, as well as the executive position in the line of accounting and finance or equivalent level.

(2) The director, executive, manager and employee who are aware of inside information of the Company are prohibited to disclose any inside information to any outside person or any person who has no relevant duties and are prohibited to trade the Company’s securities during the 1-month period before the financial statements are disclosed to the public.

(3) The director, executive, manager and employee are prohibited to use the Company’s inside information that have not been disclosed to the public which are significant to the change in the price of the Company’s securities to seek benefit for oneself and/or for the trading of the Company’s securities. Should anyone violate the above stipulation, the Company will proceed according to the relevant laws and severely punish such person based on facts and findings of the incident on a case-by-case basis.

(4) In case of director, executive, manager and employee being convicted in a criminal case according to the Securities and Exchange Law, the Company will severely punish such person according to one or several of the followings.

(A) Reduce the salary or compensation

(B) Terminate, fire or remove from the position of director, executive, manager or employee, alleging that the person has intentionally caused damage to the Company. Should the convicted person hold the directorship position in the Company, the matter will be proposed to the shareholders’ meeting for its consideration of the punishment.

(C) Notify the incident to the Stock Exchange of Thailand and/or the SEC.

(D) Report the case for a legal prosecution.

(E) Carry out other matters according to the resolutions by the Board of Directors or shareholder’s meeting of the Company.

(5) The Company expects that every director, executive, manager and employee at every level of the Company report in good faith to the superior of any misconduct or doubtful conduct in violation of the principles concerning the use of Company’s inside information for the benefit of oneself. The superior is deemed to have duty in monitoring and supervising the subordinates on the use of Company’s inside information for compliance with the established regulation.

REGULATION CONCERNING CONFIDENTIALITY

The Company has established measures and procedure concerning the protection of trade secrets which are deemed important to the Company’s business operation and cannot be disclosed to the public as follows.

(1) Protection of Company’s Confidential Information

(A) The Company’s Board of Directors, executives and employees must protect the confidential information and documents that cannot be disclosed and/or trade secrets including formulas, inventions, and researches which the Company has the sole right.

(B) The persons holding position of Company’s directors, executives, staffs and employees must not disclose confidential information and documents or trade secrets for another two years after leaving such position.

(C) The executives and staffs of the Company must acknowledge the procedure and measures in the safety protection of information, which must be strictly adhered to, in order to prevent from unintentional disclosure of confidential information.

(2) Level of Confidential Information

(A) The Company’s trade secrets must be concealed and not leaked out, depending on the significance of the information such as information that can be disclosed, concealed information, secret information, top secret, etc.

(B) Using of internal information must only be in the assigned scope of duty and responsibility.

(3) Provision of Information to the Outsiders

(A) Director or executive assigned by the Company shall only be the person approving for the public disclosure of the information.

(B) Disclosure of information of other investors must be approved by such investors.

(C) In order to comply with the regulation of SET and/or other relevant laws regarding information disclosure of the listed companies, the Company has established that the person inquiring for news and information of the Company must contact the Investor Relations Office.

(4) Comments to the Outsiders

(A) Normally, the executive and/or staff of the Company must not disclose or express opinion to the outsider.

(B) The executive and/or staff must ask oneself first whether or not he/she has duty to answer such inquiries from the outsider. If not, he/she should politely refuse and recommend that the outsider directly make inquiry to the unit described above.

REGULATION CONCERNING APPROVAL OF TRANSACTIONS WITH CONFLICT OF INTEREST

The Company has established measures and procedure concerning the approval of transaction with conflict of interest; namely, connected transaction or transaction concerning acquisition or disposition of assets of the Company or its subsidiaries in order to comply with the regulation of SEC and SET as well as related laws, as follows.

(1) Directors, executives and employees of the Company are prohibited from conducting business which is similar in nature to or in competition with the business of the Company and shall avoid engaging in the connected transaction which may create conflict of interest with the Company.

(2) The stakeholder or person who may have conflict of interest may not approve the transaction that is connected to oneself.

(3) The establishment of price or compensation must be based on normal business and general commercial terms with consideration on the best interest of the Company.

(4) The Audit Committee has to consider and provide comments on the said transaction. Should the Audit Committee possesses no expertise in any matter, the Company must provide independent expert to advise the Audit Committee for consideration before proposing to the Board of Directors of the Company and/or the shareholders' meeting for consideration and approval.

(5) In such case that the transaction is a commercial agreement that reasonable person ought to do with any contract party in general under the same situation, having commercial bargaining power without influence from the position of director, executive or related person on a case-by-case basis, or a normal business transaction or supporting normal business transaction with general commercial terms, the Company must present such agreement to the Board of Directors of the Company for consideration and approval or approval in principle, before the execution of the agreement, in compliance with the law of the Securities and Exchange.

(6) The Company must disclose the information on such transaction in accordance with the regulation and procedure as established by SEC and SET, including information disclosure within the Company's Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).

REGULATION CONCERNING REPORT ON INTEREST

The Company has established rules, procedures and details on the reporting on interest of the directors, executives and related persons, in accordance with the Securities and Exchange Law as follows:

(1) Objectives

(1.1) To comply with the Securities and Exchange Law which stipulates that the directors and executives must report to the Company on the interest or the related persons' interest in relation to management of the Company or the subsidiaries, in order for the Company to have such information to perform according to the regulations concerning with the connected transaction, which may result in a conflict of interest that may lead to the transfer of benefit of the Company and its subsidiaries.

(1.2) To comply with the Securities and Exchange Law which stipulates that in conducting the business of the company, the directors and an executives must perform their duty with responsibility, due care and loyalty (fiduciary duties), by making decision without interest whether directly or indirectly. Therefore, the aforementioned report on interest is beneficial to the monitoring and supervision of duties conducted by the directors and executives following the above principles.

(1.3) To comply with the Public Limited Company Law which stipulates that the director must notify the Company without delay for the following events:

- Having a direct or indirect interest in any contract which is made by the Company during an accounting year, by specifying the nature of the contract, names of the contracting party and interest of the director in the contract (if any);
- Holding shares or debentures of the Company and affiliated company, by specifying the total number of increasing or decreasing shares during the accounting year (if any).

(2) Procedures for Reporting on Interest

(2.1) The directors and executives are required to file a report with the Company on the interest or the related persons' interest in relation to management of the Company or the subsidiaries by notifying the company secretary using the form established by the Company.

(2.1.1) First time report must be filed within 7 (seven) days after the effective date of the announcement or from the date of appointment as the director or executive for the case of appointment after this announcement has become effective.

(2.1.2) Reporting of change in information on the conflict of interest after the first time reporting in (A) must be filed without delay within 3 (three) working days starting from the date of the change in such information on interest.

(2.2) The Company Secretary shall forward a copy of the submitted report on interest of the directors and executives under (2.1) to the chairman of the board of directors and audit committee chairman for their acknowledgement within 7 (seven) working days after the company has received such report and the company secretary shall keep record and maintain the submitted reports on interest of the directors and executives under (2.1) to be used by the Company for the above objectives.

(2.3) The Company shall disclose information on the submitted interest of the directors and executives under (2.1) above within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2) of the Company. However, only those items that are required by the established laws shall be disclosed.

REGULATION CONCERNING THE RIGHTS OF THE SHAREHOLDERS TO PROPOSE SHAREHOLDERS' MEETING AGENDA AND PROPOSAL FOR NOMINATION OF NEW DIRECTOR IN ADVANCE

The Company provides opportunity for an individual shareholder or combined number of shareholders with shareholding of no less than 1 percent of the total number of voting rights of the Company to have the right to propose matters for inclusion as the meeting agenda for the shareholders' meeting and to propose a nomination of new director in advance. The Company conducts this matter by receiving the proposal prior to the shareholders' meeting from October 1st through December 31st of every year with the shareholder having to propose such matter in writing and sending it by mail or by facsimile to the Company Secretary or sending it through the website to for initial notification before sending document to the Company Secretary.

- *By Mail to:*
Company Secretary of Lanna Resources Public Co., Ltd.
888/99 9th Floor, Mahathun Plaza Building, Pleonchit Road
Lumpini, Pathumwan, Bangkok 10330
- *By E-mail Address: anun@lannar.com*
Telephone: 02-2538080 Facsimile: 02-2856822

Accordingly, the consideration for inclusion of meeting agenda for the shareholders' meeting and proposal for nomination of the new director must follow the rule and procedure as established by the Company as earlier informed in advance.

BUSINESS ETHICS

The business ethics or code of conduct of the Company is the code of practices which the Company considers as appropriate guidelines for business ethics and practices, of which the Company believes that these practices have been traditionally followed for a long period of time and became faithful and acceptable in every circle to distinguish between what is "should" or "should not".

The Board of Directors therefore has established the business ethics or the code of conduct for the Company and fully wishes that all the executives and employees at every level will use as guidelines and strictly follow them for routine practice at all time.

Every executive and employee at every level recognizes the fiduciary duties towards the stakeholders and adheres to the following practices:

(1) Toward Company and Shareholders

(1.1) Perform duties with honesty and in accordance with the laws, as well as making any decision in good faith and fairness to the major and minority shareholders for the maximum benefits of the Company and shareholders overall.

(1.2) Manage the business with skills and knowledge with aim to attain strong and sustainable progress and growth of the Company with appropriate return to the shareholders.

(1.3) Protect Company's interest and look after the Company's assets as if a person responsible for his/her own assets; do not seek to gain personal interest fraudulently, either directly or indirectly.

(1.4) Report the Company's status and operating results accurately and completely based on truth at all times.

(1.5) Do not reveal Company's secret and do not use Company's information or secret to gain personal benefits or others or seek for other benefits dishonestly from work duties.

(1.6) Get rid of problems concerning conflict of interest cautiously and reasonably and disclose the information completely.

(1.7) Respect the ownership right and treat the shareholders equally.

(2) Toward Customers

(2.1) Treat the customers with honesty and fairness, as well as disclose and provide information on the products and services accurately and completely without distorting the information.

(2.2) Strictly comply with the terms and conditions provided to the customers, as well as offer services and treat the customers with kindness.

(2.3) Be attentive to the complaints from the customers and promptly and fairly take care of the matter to meet the demand of the customers.

(2.4) Maintain trade secret of the customers and do not use the information to dishonestly gain personal benefit and/or for other related parties.

(2.5) Constantly provide products and services with quality and standard in order to meet requirements of the customers and/or seek means for maximum benefit for the customers.

(2.6) Do not gain too much profit when compared with the product quality and services and avoid setting trading conditions that are unfair to the customers.

(3) Toward Employees

(3.1) Treat employees fairly and courteously while paying due respect to individuality and human dignity.

(3.2) Maintain work environment that is safe to employees' life and occupational health.

(3.3) Support, promote, practice, train and develop the skill and knowledge of the employees on equitable basis in order to build job security and provide opportunity for advancement according to capability of each employee.

(3.4) Encourage employees to take part in the establishment of direction, development and solution to problems of the Company as teamwork and professionally

(3.5) Provide fair remunerations, appropriate to the responsibilities, knowledge and capabilities and work performance of each employee.

(3.6) Carry out professional appointments, transfer, including rewards and disciplinary actions in good faith and based on competence, capability and suitability of such employee.

(3.7) Comply with all employee-related laws, rules and regulations.

(3.8) Avoid any unfair action to the employees and provide opportunity for employees to file grievances for unfair treatment or unjust processes in order to resolve such employees' grievances in a correct way.

(4) Toward Trading Partners and/or Creditors

(4.1) Do not demand, receive or pay any improper benefits to the trading partners and/or creditors and should it become known that corrupt demand, receipt or payment of any improper benefits occurs, full information will be disclosed to the trading partners and/or creditors and jointly resolve the problem on a fair and timely basis.

(4.2) Strictly comply with the all the terms and conditions agreed with the trading partners and/or creditors. In the case that any particular condition cannot be met, the Company will promptly inform the trading partners and/or creditors in advance in order to jointly seek for acceptable solution and to prevent from further damages.

(4.3) Report accurate and timely financial information to the trading partners and/or creditors on a regular basis.

(4.4) Build good relationship and understanding in a correct and transparent means.

(5) Toward Competitors

(5.1) Treat competitors within legal framework and promote fair competition.

(5.2) Will not fraudulently or inappropriately seek confidential information of the competitors such as paying bribery to the employee of the competitor.

(5.3) Will not damage competitors' reputation by abusive accusation without truth.

(6) Toward Communities, Society and Environment

(6.1) Will not do anything that will damage the reputation of the Country, natural resources and environmental condition and the overall society.

(6.2) Support activities that are beneficial to communities and society overall.

(6.3) Encourage moral principles or conscience and responsibilities to the overall communities among the employees at every level seriously and on a regular basis.

(6.4) Strictly comply with or supervise on compliance with all relevant laws.

(6.5) Do not cooperate or support any person involving in illegal business or dangerous to the society and security of the Country.

EMPLOYEE CODE OF CONDUCT

The employees constantly follow and abide by the following Code of Conduct on a regular basis.

(1) Perform duties with honesty, discipline, accountability and awareness of assigned duties and with aim to attain advancement and security for themselves and the Company.

(2) Jointly create unity and harmony among the groups of employees; perform duties and resolve problems together and professionally with maximum effectiveness and efficiency; ready for better changes; able to respond to changes and use work skills to achieve maximum benefit.

(3) Be serious and attentive and perform duties diligently and patiently; aim to build and develop the Company to achieve its excellence.

(4) Use the Company's assets in the most efficient manner and protect the assets from improper depreciation or loss, and not to use the Company's assets for personal benefit and others or use the assets fraudulently or illegally.

(5) Must maintain confidential information of the customers, trading partners and the Company and must not disclose confidential information related to the business of the Company or use the inside information to dishonestly gain personal benefit and/or for other parties.

(6) Do not use work position to gain any personal benefit and/or others fraudulently, including the following:

(6.1) Employees are strictly prohibited from receiving cash or any other compensation from customers, trading partners or persons having connected business with the Company.

(6.2) Employees should avoid receiving gifts from the customers, trading partners or persons having connected business with the Company due to possible conflict of interest, except for accepting gifts during special or traditional occasions of which gifts must be of small and appropriate values, not excessive or unreasonable. Every employee can use own judgment whether it is appropriate to accept such gift. The employee should seek advice or recommendation from the supervisor if he/she feels uncertain about accepting the gift.

(7) Cooperate and assist in the work with every coworker for the interest of the Company and be respectful of other employees in the same organization.

(8) Be attentive and helpful in any activities for maintaining clean and safe working environment.

(9) Transfer knowledge and work experience to coworkers by considering best interest of the Company.

(10) Employees are prohibited from making accusation or abusive remarks to the Company, executives and coworkers without truth.

(11) Employees must strictly and regularly comply with the Company's regulations, Articles of Association and relevant laws, as well as support and cooperate in the practice of Company's business ethics or code of conduct for actual results.

(12) Notify the supervisor or relevant department of any wrongdoing or illegal activities.

(13) Avoid or do not do anything that may damage the overall image or reputation of oneself and the Company.

CODE OF CONDUCT WHEN PROBLEM OCCURS

The established Business Ethics and Code of Conduct for the employees may not cover all the possible cases that may occur; therefore, when problem arises in practice, the employee should consult and discuss with the supervisor according to level of authority for appropriate and suitable guidelines on a case by case basis.

RELATED TRANSACTIONS

- During 2010, there were no interests or related transactions between the Company, subsidiaries and associated companies with the directors and/or the executives.
- During 2010, the Company had significant business transactions with its related companies, related by way of shareholding, common shareholders and/or common directors. These transactions, with terms and basis concluded under the normal course of business, are summarized as follows:

(A) Coal Sale and Purchase

1	<p>Type of Transaction Coal Sale and Purchase</p> <p>Related Parties Seller: Lanna Resources Public Co., Ltd. Buyer: Siam City Cement Public Co., Ltd.</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> • Siam City Cement Public Co., Ltd. holds 44.99% of paid-up capital in Lanna Resources Public Co., Ltd., having three joint representatives being directors of Lanna Resources Public Co., Ltd., namely, Mr. Paul Heinz Hugentobler, Mr. Philippe Paul Alexandre Arto, and Mr. Vanchai Tosomboon. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> • The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Siam City Cement Public Co., Ltd. uses coal as its primary source of fuel; therefore, future sales and purchase transactions should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> • Total Coal Volume of 476,597.63 tons with Total Value of Baht 902,694,530.35 • Balance Amount as of December 31, 2010: Baht 89,054,127.49 <p>Pricing Policy</p> <ul style="list-style-type: none"> • Market price for same industrial sector and at similar coal quality
2	<p>Type of Transaction Coal Sale and Purchase</p> <p>Related Parties Seller: PT. Singlurus Pratama Buyer: Siam City Cement Public Co., Ltd.</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> • Lanna Resources Public Co., Ltd. directly holds 65 percent of paid-up capital in PT. Singlurus Pratama and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak and Mrs. Petcharat Chayanon. (B) Board of Directors, having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk. • Siam City Cement Public Co., Ltd. holds 44.99% of paid-up capital in Lanna Resources Public Co., Ltd., having three joint representatives being directors of Lanna Resources Public Co., Ltd., namely Mr. Paul Heinz Hugentobler, Mr. Philippe Paul Alexandre Arto, and Mr. Vanchai Tosomboon. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> • The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Siam City Cement Public Co., Ltd. uses coal as its primary source of fuel; therefore, future sales and purchase transactions should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> • Return the advance coal payment paid by the buyer of USD 4,710,426.08, approx. Baht 142,025,469.87 • Balance Amount as of December 31, 2010: None <p>Pricing Policy</p> <ul style="list-style-type: none"> • Market price for same industrial sector and at similar coal quality.
3	<p>Type of Transaction Coal Sale and Purchase</p> <p>Related Parties Seller: PT. Singlurus Pratama Buyer: Lanna Resources Public Co., Ltd.</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> • Lanna Resources Public Co., Ltd. directly holds 65 percent of paid-up capital in PT. Singlurus Pratama and is represented by the following commissioners/directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak and Mrs. Petcharat Chayanon. (B) Board of Directors, having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> • The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is the Company's core business; therefore, future sales and purchase transactions should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> • Total Coal Volume of 139,554.217 tons with Total Value of USD 6,457,679.72 or approximately Baht 206,110,723.40 • Balance Amount as of December 31, 2010: USD 558,602, or approximately Baht 16,842,576.48 • Exchange Rate: USD 1 = Baht 30.1513 <p>Pricing Policy Market price for same industrial sector and at similar coal quality.</p>

4	<p>Type of Transaction Coal Sale and Purchase</p> <p>Related Parties Seller: PT. Lanna Harita Indonesia Buyer: Lanna Resources Public Co., Ltd.</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 55 percent of paid-up capital in PT. Lanna Harita Indonesia and is represented by the following commissioners and directors: <p>(A) Board of Commissioners, having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Srihasak Arirachakaran, Mr. Arkom Laoharanoo, and Mr. Saharat Vatanatumrak</p> <p>(B) Board of Directors, having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Winyoo Boonkamol, and Mr. Thamrong Angsakul</p> <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is the Company's core business; therefore, the tendency for future transactions between the parties should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Total Coal Volume of 388,822 tons with Total Value of USD 14,550,370.56 or approximately Baht 458,789,042.56 Balance Amount as of December 31, 2010: USD 1,603,296.80, or approximately Baht 48,341,482.81 Exchange Rate: USD 1 = Baht 30.1513 <p>Pricing Policy</p> <ul style="list-style-type: none"> Market price for the same industrial group and at similar quality of coal
5	<p>Type of Transaction Coal Sale and Purchase</p> <p>Related Parties Seller: PT. Lanna Mining Services Buyer: Lanna Resources Public Co., Ltd.</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly and indirectly holds 99.9975 percent of paid-up capital in PT. Lanna Mining Services and is represented by the following commissioners and directors: <p>(A) Board of Commissioners, having five representatives; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak.</p> <p>(B) Board of Directors, having five representatives; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo.</p> <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is the Company's core business; therefore, the tendency for future transactions between the parties should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Total Coal Volume of 7,901.515 tons with Total Value of USD 411,327,.24 or approximately Baht 12,347,221.09 Balance Amount as of December 31, 2010: None <p>Pricing Policy</p> <ul style="list-style-type: none"> Market price for similar quality of coal
6	<p>Type of Transaction Coal Sale and Purchase</p> <p>Related Parties Seller: United Bulk Shipping Pte. Ltd. Buyer: Lanna Resources Public Co., Ltd.</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 49 percent of paid-up capital in United Bulk Shipping Pte. Ltd., having three joint representatives being directors of United Bulk Shipping Pte. Ltd., namely, Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul and Mr. Pilas Puntakosol. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is the Company's core business; therefore, the tendency for future transactions between the parties should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Total Coal Volume of 86,280.565 tons with Total Value of USD 3,890,328.17 or approximately Baht 126,637,749.91 Balance Amount as of December 31, 2010: None <p>Pricing Policy</p> <ul style="list-style-type: none"> Market price for similar coal quality

(B) Coal Marketing and Distribution Services

<p>1 Type of Transaction Broker for Coal with Commission Fee</p> <p>Related Parties Broker: Lanna Resources Public Co., Ltd. Service Receiver: PT. Lanna Harita Indonesia</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 55 percent of paid-up capital in PT. Lanna Harita Indonesia and is represented by the following commissioners and directors: <p>(A) Board of Commissioners: having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Srihasak Arirachakaran, Mr. Arkom Laoharanoo, and Mr. Saharat Vatanatumrak</p> <p>(B) Board of Directors: having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Winyoo Boonkamol and Mr. Thamrong Angsakul</p> <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is the Company's core business; therefore, the tendency for future coal sales service transactions between the parties should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Coal Volume: 1,809,057.171 tons with Total Service Value: USD 1,356,792.88 or approximately Baht 42,856,476.15 Balance Amount as of December 31, 2010: USD 148,132.50 or approximately Baht 4,466,387.45 Exchange Rate: USD 1 = Baht 30.1513 <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable market service rates in general
<p>2 Type of Transaction Coal Marketing and Distribution Services</p> <p>Related Parties Service Provider: Lanna Resources Public Co., Ltd. Service Receiver: PT. Singlurus Pratama</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 65 percent of paid-up capital in PT. Singlurus Pratama, represented by following commissioners/ directors: <p>(A) Board of Commissioners: having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon</p> <p>(B) Board of Directors: having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk.</p> <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since coal business is the Company's core business; therefore, the tendency for future coal sales service transactions between the parties should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Coal Volume: 1,217,763.464 tons with Total Service Value: USD 1,826,645.22 or approximately Baht 57,595,548.68 Balance Amount as of December 31, 2010: USD 465,963.16, or approximately Baht 14,049,395.03 Exchange Rate: USD 1 = Baht 30.1513 <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable market service rates in general
<p>3 Type of Transaction Right to Coal Production and Distribution Fee</p> <p>Related Parties Fee Receiver: Lanna Resources Public Co., Ltd. Fee Payer: PT. Singlurus Pratama</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 65 percent of paid-up capital in PT. Singlurus Pratama and is represented by the following commissioners and directors: <p>(A) Board of Commissioners: having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, and Mrs. Petcharat Chayanon</p> <p>(B) Board of Directors: having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk.</p> <p>Reasons and Necessities</p> <ul style="list-style-type: none"> Purchase of right to the coal production and distribution fee of PT. Singlurus Pratama from other joint investors in such company 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Coal Volume: 1,217,763.464 tons with Total Right to Fee Value: USD 913,322.60 or approximately Baht 28,797,773.99 Balance Amount as of December 31, 2010: USD 232,981.58 or approximately Baht 7,024,697.51 Exchange Rate: USD 1 = Baht 30.1513 <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable market service rates in general

(C) Coal Freight Transport Services

<p>1 Type of Transaction Coal Freight Transport Services</p> <p>Related Parties Employer: Lanna Resources Public Co., Ltd. Contractor: United Bulk Shipping Pte. Ltd.</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 49% of paid-up capital in United Bulk Shipping Pte. Ltd., having three representing directors, namely, Mr. Kraisi Sirirungsi, Mr. Suroj Subhasavasdikul and Mr. Pilas Puntakosol <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. Since the Company has the policy to continue importing coals from overseas for sales; therefore, the tendency for future coal freight transport transactions between the parties should continue into the future. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Coal Transport Volume: 104,803.217 tons with Total Service Value: USD 1,874,060.90 or Baht 59,853,667.17 Balance Amount as of December 31, 2010: USD 207,530.17 or approximately Baht 6,257,304.41 Exchange Rate: USD 1 = Baht 30.1513 <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable to general market freight rates paid to external vendors.
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(D) Management Service

<p>1 Type of Transaction Management Service</p> <p>Related Parties Service Provider: PT. Lanna Mining Services Service Receiver: PT. Lanna Harita Indonesia</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly and indirectly holds 99.9975 percent of paid-up capital in PT. Lanna Mining Services and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having five representatives; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak. (B) Board of Directors, having five representatives; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo. Lanna Resources Public Co., Ltd. directly holds 55 percent of paid-up capital in PT. Lanna Harita Indonesia and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners: having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Srihasak Arirachakaran, Mr. Arkom Laoharanoo, and Mr. Saharat Vatanatumrak (B) Board of Directors: having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Winyoo Boonkamol and Mr. Thamrong Angsakul <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Total Service Value: USD 60,000 or approximately Baht 1,809,078 Balance Amount as of December 31, 2010: None <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable service rates paid to external vendors
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<p>2 Type of Transaction Management Service</p> <p>Related Parties Service Provider: PT. Lanna Mining Services Service Receiver: PT. Singlurus Pratama</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly and indirectly holds 99.9975 percent of paid-up capital in PT. Lanna Mining Services and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having five representatives; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak. (B) Board of Directors, having five representatives; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo. Lanna Resources Public Co., Ltd. directly holds 65 percent of paid-up capital in PT. Singlurus Pratama and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, Mrs. Petcharat Chayanon. (B) Board of Directors, having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Total Service Value: USD 60,000 or approximately Baht 1,809,078 Balance Amount as of December 31, 2010: None <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable service rates paid to external vendors
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3	<p>Type of Transaction Management Service</p> <p>Related Parties Service Provider: PT. Lanna Mining Services Service Receiver: PT. Citra Harita Mineral</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly and indirectly holds 99.9975 percent of paid-up capital in PT. Lanna Mining Services and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having five representatives; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak. (B) Board of Directors, having five representatives; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo. Lanna Resources Public Co., Ltd. directly holds 55 percent of paid-up capital in PT. Citra Harita Mineral and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners: having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Saharat Vatanatumrak. (B) Board of Directors: having four representatives; namely, Mr. Pilas Puntakosol, Mr. Panot Charoensuk, Mr. Nattapon Ngamphol, and Mrs. Petcharat Chayanon. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Total Service Value: USD 30,000 or approximately Baht 904,539 Balance Amount as of December 31, 2010: None <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable service rates paid to external vendors.
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(E) Port and Coal Transport Route Service

1	<p>Type of Transaction Port and Transport Route Service for Exported Coal</p> <p>Related Parties Service Provider: PT. Lanna Harita Indonesia Service Receiver: PT. Citra Harita Mineral</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 55 percent of paid-up capital in PT. Lanna Harita Indonesia and is represented by the following directors: <ul style="list-style-type: none"> (A) Board of Commissioners: having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Srihasak Arirachakaran, Mr. Arkom Laoharanoo, and Mr. Saharat Vatanatumrak. (B) Board of Directors: having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Winyoo Boonkamol and Mr. Thamrong Angsakul Lanna Resources Public Co., Ltd. directly holds 55 percent of paid-up capital in PT. Citra Harita Mineral and is represented by the following directors: <ul style="list-style-type: none"> (A) Board of Commissioners: having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Saharat Vatanatumrak. (B) Board of Directors: having four representatives; namely, Mr. Pilas Puntakosol, Mr. Panot Charoensuk, Mr. Nattapon Ngamphol, and Mrs. Petcharat Chayanon. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Coal Volume: 865,565.71 tons with Total Service Value: USD 236,063.38 or approximately Baht 7,484,419.47 Balance Amount as of December 31, 2010: USD 49,564.26 or approximately Baht 1,494,426.87 Exchange Rate: USD 1 = Baht 30.1513 <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable service rates paid to external vendors
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(F) Asset Rental Service

<p>1 Type of Transaction Asset Rental Service</p> <p>Related Parties Service Provider: PT. Lanna Mining Services Service Receiver: PT. Singlurus Pratama</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly and indirectly holds 99.9975 percent of paid-up capital in PT. Lanna Mining Services and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having five representatives; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak. (B) Board of Directors, having five representatives; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo. Lanna Resources Public Co., Ltd. directly holds 65 percent of paid-up capital in PT. Singlurus Pratama and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners, having four representatives; namely, Mr. Kraisi Sirirungsi, Mr. Prasert Promdech, Mr. Saharat Vatanatumrak, Mrs. Petcharat Chayanon. (B) Board of Directors, having four representatives; namely, Mr. Pilas Puntakosol, Mr. Anun Louharanoo, Mr. Srihasak Arirachakaran, and Mr. Panot Charoensuk. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> The transactions were considered under normal course of business with general commercial terms and basis, having each authorized party independent of the other party. The service rendering transactions between the parties should continue into the future as required in the business operation. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Total Service Value: USD 141,000 or approximately Baht 4,331,738.57 Balance Amount as of December 31, 2010: USD 23,500 or approximately Baht 708,555.55 <p>Pricing Policy</p> <ul style="list-style-type: none"> Comparable service rates paid to external vendors
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(G) Financial Assistance

<p>1 Type of Transaction Loan Transaction</p> <p>Related Parties Lender: Lanna (Singapore) Pte. Ltd. (LS) Borrower: PT. Lanna Mining Services (LMS)</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly holds 100% of paid-up capital in Lanna (Singapore) Pte. Ltd., having three representing directors, namely, Mr. Kraisi Sirirungsi, Mr. Pilas Puntakosol and Mr. Anun Louharanoo. Lanna Resources Public Co., Ltd. directly and indirectly holds 99.9975 percent of paid-up capital in PT. Lanna Mining Services and is represented by the following commissioners and directors. <ul style="list-style-type: none"> (A) Board of Commissioners: having five representatives; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Saharat Vatanatumrak. (B) Board of Directors: having five representatives; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> Loan transactions without guarantee, given by LS to LMS, with 2 loan agreements for investment and development in the coal mine project no. 3 in Indonesia, with the following details: Agreement No. 1: Executed on June 18, 2007 for USD 2 million or approximately Baht 60.30 million for 3-year term period at interest of LIBOR+3% per annum. Agreement No. 2: Executed on August 1, 2007 for USD 2 million or approximately Baht 60.30 million for 3-year term period at interest of LIBOR+3% per annum. This transaction is qualified as the connected transaction but is exempted according to the announcement of the Stock Exchange of Thailand regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003, Clause 7 (2). 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> LMS paid back entire loan to LS according to 2 loan agreements for USD 4,000,000 or Baht 120,605,200 LMS paid interest according to 2 loan agreements for USD 30,870.09 or Baht 930,773.34 Balance Amount as of December 31, 2010: None <p>Interest Rate Policy</p> <ul style="list-style-type: none"> Comparable interest rates of financial institution
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2	<p>Type of Transaction Loan Transaction</p> <p>Related Parties Lender: Lanna Resources Public Co., Ltd. (Lanna) Borrower: PT. Lanna Mining Services (LMS)</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Lanna Resources Public Co., Ltd. directly and indirectly holds 99.9975 percent of paid-up capital in LMS and is represented by the following commissioners and directors: <ul style="list-style-type: none"> (A) Board of Commissioners: having five representatives; namely, Mr. Kraisi Sirirungsi, Mr. Paul Heinz Hugentobler, Mr. Anun Louharanoo, Mr. Panot Charoensuk, and Mr. Srihasak Arirachakaran. (B) Board of Directors: having five representatives; namely, Mr. Pilas Puntakosol, Mr. Srihasak Arirachakaran, Mrs. Petcharat Chayanon, Mr. Prasert Promdech and Mr. Arkom Laoharanoo. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> Loan transactions without guarantee, given by Lanna to LMS, with 4 loan agreements for investment and development in the coal mine project no. 3 in Indonesia and also as working capital, with the following details: <ul style="list-style-type: none"> Agreement No. 1: Executed on October 5, 2007 for USD 2.30 million for 3-year term period at interest of LIBOR+3% per annum. The loan was fully repaid in 2008 Agreement No. 2: Executed on January 17, 2008 for USD 6.866 million for 3-year term period at interest of LIBOR+3% per annum. The loan was fully repaid in 2010 Agreement No. 3: Executed on March 12, 2009 for Baht 84 million for 3-year term period at interest of LIBOR+3% per annum. Agreement No. 4: Executed on December 21, 2010 for Baht 120 million for 3-year term period at interest of LIBOR+3% per annum. This transaction is qualified as the connected transaction but is exempted according to the announcement of the Stock Exchange of Thailand regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003, Clause 7 (1). 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Loan transaction without guarantee, given by Lanna to LMS, according to Agreement No. 4 valued at Baht 120,000,000 LMS paid back the remaining loan in full for Agreement No. 2 of USD 5,366,000 or approximately Baht 163,583,951.80 LMS paid interest according to Agreements No. 2, 3 and 4 of USD 240,368.35 or around Baht 749,778.63 As at December 31, 2010: Outstanding loan principal according to Agreement No. 3 of Baht 84,000,000 and Agreement No. 4 of Baht 120,000,000 <p>Interest Rate Policy</p> <ul style="list-style-type: none"> Comparable interest rates of financial institution
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(H) Purchase and Sales of Lignite Exploration Project in Petchaboon Province

1	<p>Type of Transaction Purchase and Sales of Lignite Exploration Project in Petchaboon Province</p> <p>Related Parties Seller: Lanna Resources Public Co., Ltd. (Lanna) Buyer: Siam City Cement Public Co., Ltd. (SCC)</p> <p>Connected Relationship</p> <ul style="list-style-type: none"> Siam City Cement Public Co., Ltd. holds 44.99% of paid-up capital in Lanna Resources Public Co., Ltd., having three joint representatives being directors of Lanna Resources Public Co., Ltd., namely, Mr. Paul Heinz Hugentobler, Mr. Philippe Paul Alexandre Arto, and Mr. Vanchai Tosomboon. <p>Pricing Policy</p> <ul style="list-style-type: none"> Bidding process: Lanna sold the project to SCC at the price of Baht 40 million in 2007 due to its proposal with best price and conditions. Lanna has received the payment of Baht 35 million in 2007-2008. <p>Reasons and Necessities</p> <ul style="list-style-type: none"> According to preliminary survey and exploration data and information, this coal deposit was found to be small with relatively low lignite reserves and quality and the Company also needed its working teams to develop a number of large coal mining projects in Indonesia of which 2 coal mining projects were already in operation. The sales price and conditions were the best offer as compared with offers from other parties. 	<p>Transactions in 2010</p> <ul style="list-style-type: none"> Lanna received the remaining payment from sales of the project from SCC of Baht 5 million and the reimbursement for expenses of Baht 10,761.80. Outstanding balance as of December 31, 2010: None Purchase and sale agreement executed in 2007 with the Parties still obligated to the terms and conditions.
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OPINION OF THE AUDIT COMMITTEE ON THE RELATED TRANSACTIONS

February 25, 2011

Attention: Chairman of the Board of Directors
Lanna Resources Public Company Limited

The Audit Committee had examined and reviewed the related transactions occurred during year 2010 among Lanna Resources Public Company Limited, its subsidiaries, associated companies, persons with associated interest or related persons, in order to express their opinions, including disclosure of information on the operation in accordance with the regulations established by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand, which can be summarized as follows.

(1) The Company sold imported coal to Siam City Cement Public Co., Ltd., which was both a Company's customer and a major shareholder, with agreed trading price based on comparable quality of coal offered to other customers in the same industry and in accordance with general commercial terms.

(2) PT. Singlurus Pratama, a subsidiary company registered in Indonesia, paid back the advance for coal purchase at the amount of Baht 142.03 million to Siam City Cement Public Co., Ltd., which was both a customer and a major shareholder of Lanna Resources Public Co., Ltd., due to undelivered coal according to the contract executed in 2008, which was in accordance with general commercial terms.

(3) The Company purchased imported coal for further selling from PT. Singlurus Pratama, a subsidiary company registered in Indonesia, with agreed trading price based on a market price for comparable quality of coal and in accordance with general commercial terms.

(4) The Company purchased imported coal for further selling from PT. Lanna Harita Indonesia, a subsidiary company registered in Indonesia, with agreed trading price based on a market price for comparable quality of coal and in accordance with general commercial terms.

(5) The Company purchased imported coal for further selling from PT. Lanna Mining Services, a subsidiary company registered in Indonesia, with agreed trading price based on a market price for comparable quality of coal and in accordance with general commercial terms.

(6) The Company purchased imported coal for further selling from United Bulk Shipping Pte. Ltd., an associated company registered in Singapore, with agreed trading price based on a market price for comparable quality of coal and in accordance with general commercial terms.

(7) The Company rendered coal marketing and distribution services to PT. Lanna Harita Indonesia and PT. Singlurus Pratama, by which both were subsidiary companies registered in Indonesia, with agreed commission fees based on comparable service rates in general and in accordance with general commercial terms.

(8) The Company received fees from the coal produced and distributed from PT. Singlurus Pratama, a subsidiary company registered in Indonesia, due to the Company's purchase of right in the coal produced and distributed from PT. Singlurus Pratama from the other investor in 2008, which was in accordance with general commercial terms.

(9) United Bulk Shipping Pte. Ltd., an associated company registered in Singapore, has rendered service for sea transport of coal to the Company, with agreed freight rate based on comparable freight rates offered to external parties and in accordance with general commercial terms.

(10) PT. Lanna Mining Services has rendered management services to PT. Lanna Harita Indonesia, PT. Singlurus Pratama and PT. Citra Harita Mineral, by which all four were subsidiary companies registered in Indonesia, with agreed service rates based on comparable service rates offered to external parties and in accordance with general commercial terms.

(11) PT. Lanna Harita Indonesia has rendered port and coal transport route services to PT. Citra Harita Mineral, by which both were subsidiary companies registered in Indonesia, with agreed service rates based on comparable service rates offered to external parties and in accordance with general commercial terms.

(12) PT. Lanna Mining Services has rendered assets rental service to PT. Singlurus Pratama, by which both were subsidiary companies registered in Indonesia, with agreed service rates based on comparable service rates offered to external parties and in accordance with general commercial terms.

(13) PT. Lanna Mining Services, a subsidiary company registered in Indonesia, has repaid loan to Lanna (Singapore) Pte. Ltd., a subsidiary company registered in Singapore, which was the loan for investment and development of the coal mine project no. 3 in Indonesia at amount of USD 4,030,870.09 or approximately Baht 121.54 million with interest rate of LIBOR + 3 percent per annum, which was comparable with interest rates of the financial institutions.

(14) The Company received loan payment from PT. Lanna Mining Services (LMS), a subsidiary company registered in Indonesia, for the entire loan including interest at SIBOR + 3 percent per annum according to the Loan Agreement No. 2, which was borrowed for the investment and development of the coal mine project no. 3 in Indonesia in 2008 for USD 5,606,368.35 or approximately Baht 164.33 million and the Company provided loan to LMS in 2010 according to the Loan Agreement No. 4 for Baht 120 million for the working capital. As at December 31, 2010, LMS still had outstanding loan balance according the Loan Agreement No. 3 at Baht 84 million and according to the Loan Agreement No. 4 at Baht 120 million, with interest rate of SIBOR + 3 percent per annum, which was comparable with interest rates of the financial institutions.

(15) The Company has sold its Lignite Coal Exploration Project in Petchaboon to Siam City Cement Public Co., Ltd., a major shareholder of the Company, in 2007 for Baht 40 million by receiving payments from the Project sale of Baht 15 million in 2007 and Baht 20 million in 2008. In 2010, the Company received the remaining payment of Baht 5 million, which completed the agreement. The Company also received reimbursement for expenses related to such Project for Baht 10,761.80, which was in accordance with the terms of the agreement.

(Mr. Padoong Techasarintr)
Chairman of the Audit Committee

(Mr. Adul Tantharatana)
Audit Committee Member

(Mrs. Duangkamol Suchato)
Audit Committee Member

(Ms. Nopporn Tirawattanagool)
Audit Committee Member



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