

Lanna Resources Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2011 and 2010

Report of Independent Auditor

To the Shareholders of Lanna Resources Public Company Limited

I have audited the accompanying consolidated statements of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of income, comprehensive income changes in shareholders' equity and cash flows for the years then ended, and have also audited 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 2011 of two overseas subsidiary companies (2010: three overseas subsidiaries), as included in the consolidated financial statements. These subsidiary companies have total assets as at 31 December 2011 of approximately Baht 379 million, representing 5 percent of the consolidated total and total revenues for the year then ended of approximately Baht 1,927 million, representing 15 percent of the consolidated total (2010: total assets 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). 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 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 23 February 2012

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	8	1,212,390,580	829,222,524	381,840,160	26,343,062
Trade and other receivables	7, 9	1,197,934,596	866,335,154	199,828,808	213,217,242
Inventories	10	266,030,527	253,398,597	27,321,366	130,804,404
Cassava and sugar cane plantation costs		5,723,506	15,206,181	-	-
Input tax refundable		699,612,441	376,554,880	-	-
Prepaid income tax		103,558,079	159,439,040	18,265,829	30,403,085
Advance payments for goods	7, 28.2	170,906,117	129,252,091	109,613,269	17,335,898
Other current assets		68,908,721	61,564,212	1,336,501	1,785,940
Total current assets		3,725,064,567	2,690,972,679	738,205,933	419,889,631
Non-current assets					
Restricted bank deposits	8	51,541,193	30,517,482	-	-
Investments in subsidiary companies	11	-	-	1,068,589,476	917,080,043
Investment in associated company	12	23,714,804	17,811,031	890,679	890,679
Advance payment for purchase of investment in subsidiary company	7	-	-	-	151,509,433
Long-term loans to related party	7	-	-	45,000,998	204,000,000
Investment properties	13	36,529,742	37,552,650	36,529,742	37,552,650
Property, plant and equipment	14	2,716,090,829	2,434,236,556	214,934,536	226,830,851
Goodwill		185,999,788	185,999,788	-	-
Other intangible assets	15	3,503,932	3,913,832	1,765,261	1,703,948
Other non-current assets	16	475,122,264	481,611,899	95,158,831	107,706,835
Total non-current assets		3,492,502,552	3,191,643,238	1,462,869,523	1,647,274,439
Total assets		7,217,567,119	5,882,615,917	2,201,075,456	2,067,164,070

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	17	563,000,000	509,000,000	-	-
Trade and other payables	7, 18	377,585,721	540,591,094	230,400,190	308,733,043
Current portion of long-term loan from financial institution	19	900,000,000	-	-	-
Accrued expenses		598,376,870	421,001,413	26,515,787	22,254,914
Income tax payable		408,515,697	321,028,150	-	-
Other current liabilities		168,838,188	77,672,326	10,653,881	23,894,504
Total current liabilities		3,016,316,476	1,869,292,983	267,569,858	354,882,461
Non-current liabilities					
Long-term loan from financial institution - net					
of current portion	19	-	744,737,682	-	-
Provision for long-term employee benefits	20	122,556,463	84,701,109	22,165,420	18,217,234
Total non-current liabilities		122,556,463	829,438,791	22,165,420	18,217,234
Total liabilities		3,138,872,939	2,698,731,774	289,735,278	373,099,695
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
Retained earnings					
Appropriated - Statutory reserve	22	35,000,000	35,000,000	35,000,000	35,000,000
Appropriated - General reserve		436,000,000	429,000,000	436,000,000	429,000,000
Unappropriated		1,891,579,408	1,327,680,656	409,940,178	199,664,375
Other components of shareholders' equity		(122,135,142)	(197,713,444)	-	-
Equity attributable to owners of the Company		3,270,844,266	2,624,367,212	1,911,340,178	1,694,064,375
Non-controlling interests of the subsidiaries		807,849,914	559,516,931	-	-
Total shareholders' equity		4,078,694,180	3,183,884,143	1,911,340,178	1,694,064,375
Total liabilities and shareholders' equity		7,217,567,119	5,882,615,917	2,201,075,456	2,067,164,070
		-	-	-	-

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

Directors

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Revenues					
Sales	7	12,997,353,851	8,777,438,599	1,777,049,611	1,492,287,687
Commission and marketing service income	7	-	-	120,698,429	100,452,025
Other income					
Dividend income	7,11,12	-	-	771,465,580	415,227,768
Service income	7	-	-	39,077,376	28,797,774
Gain on exchange		-	-	9,512,894	-
Interest income	7	9,716,793	3,713,616	7,543,106	7,800,587
Others		149,678,318	153,078,609	6,250,175	13,521,157
Total other income		159,395,111	156,792,225	833,849,131	465,347,286
Total revenues		13,156,748,962	8,934,230,824	2,731,597,171	2,058,086,998
Expenses					
Cost of sales	7	7,845,545,225	5,210,784,769	1,607,865,838	1,346,618,343
Selling and distribution expenses		1,967,471,146	1,398,594,623	164,195,049	132,375,282
Administrative expenses	7	609,787,053	491,589,370	145,803,170	122,480,554
Loss on exchange		7,361,472	27,729,863	-	34,631,414
Total expenses	23	10,430,164,896	7,128,698,625	1,917,864,057	1,636,105,593
Profit before share of profit from investment,					
finance cost and corporate income tax		2,726,584,066	1,805,532,199	813,733,114	421,981,405
Share of profit from investment in associated company	12	5,903,773	5,169,033	-	-
Profit before finance cost and corporate income tax		2,732,487,839	1,810,701,232	813,733,114	421,981,405
Finance cost	7	(29,603,580)	(22,648,245)	(403,540)	(1,386,899)
Profit before corporate income tax		2,702,884,259	1,788,052,987	813,329,574	420,594,506
Withholding tax deducted at source		(123,553,771)	(46,446,919)	(123,553,771)	(46,446,919)
Corporate income tax		(824,601,310)	(577,953,736)	-	-
Profit for the year		1,754,729,178	1,163,652,332	689,775,803	374,147,587
Profit attributable to:					
Equity holders of the Company		1,043,398,752	674,657,124	689,775,803	374,147,587
Non-controlling interests of the subsidiaries		711,330,426	488,995,208	-	-
		<u>1,754,729,178</u>	<u>1,163,652,332</u>		
Basic earnings per share					
	25				
Profit attributable to equity holders of the Company		2.98	1.93	1.97	1.07

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

Lanna Resources Public Company Limited and its subsidiaries
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit for the year	<u>1,754,729,178</u>	<u>1,163,652,332</u>	<u>689,775,803</u>	<u>374,147,587</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>106,117,487</u>	<u>(165,092,879)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year	<u>106,117,487</u>	<u>(165,092,879)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>1,860,846,665</u></u>	<u><u>998,559,453</u></u>	<u><u>689,775,803</u></u>	<u><u>374,147,587</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>1,118,977,054</u>	<u>566,244,491</u>	<u><u>689,775,803</u></u>	<u><u>374,147,587</u></u>
Non-controlling interests of the subsidiaries	<u>741,869,611</u>	<u>432,314,962</u>		
	<u><u>1,860,846,665</u></u>	<u><u>998,559,453</u></u>		

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 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities				
Profit before tax	2,702,884,259	1,788,052,987	813,329,574	420,594,506
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	258,957,638	196,766,040	32,540,849	28,391,504
Allowance for doubtful accounts	-	2,964,933	-	2,964,933
Decrease of inventory to net realisable value (reversal)	(7,168,235)	3,498,840	-	(5,975,600)
Write-off of prepaid corporate income tax	17,822,450	-	-	-
Share of profit from investment in associated company	(5,903,773)	(5,169,033)	-	-
Reversal of impairment of investment properties	-	(145,633)	-	(145,633)
Gain on disposal of fixed assets and investment properties	(4,209,782)	(1,387,321)	(4,320,422)	(499,775)
Loss on write-off of inventories, fixed assets and intangible assets	29,716,264	25,156	29,669,937	23,323
Dividend income	-	-	(771,465,580)	(415,227,768)
Reversal of provision for liabilities from lawsuit	(17,402,198)	-	(17,402,198)	-
Provision for long-term employee benefits	34,202,739	43,576,193	4,006,686	6,246,695
Unrealised loss (gain) on exchange	(1,541,186)	1,586,094	2,303,255	149,341
Interest income	(9,716,793)	(3,713,616)	(7,543,106)	(7,800,587)
Interest expenses	29,603,580	22,648,245	403,540	1,386,899
Profit from operating activities before changes in operating assets and liabilities	3,027,244,963	2,048,702,885	81,522,535	30,107,838
Operating assets (increase) decrease				
Trade and other receivables	(331,090,355)	(466,200,726)	13,634,750	(121,711,745)
Inventories	(35,017,158)	177,827,384	73,929,575	(21,295,746)
Cassava and sugar cane plantation costs	9,482,675	(15,206,181)	-	-
Input tax refundable	(323,057,561)	(179,897,849)	-	-
Prepaid income tax	38,987,361	84,903,053	12,173,757	-
Advance payments for goods	(40,940,974)	218,779,846	(91,564,319)	-
Other current assets	(7,344,509)	(41,996,351)	449,439	(781,549)
Operating liabilities increase (decrease)				
Trade and other payables	(666,274)	137,167,175	(82,766,939)	206,904,252
Accrued expenses	177,155,352	(21,475,444)	4,260,873	7,993,175
Income tax payable	-	78,829	-	-
Other current liabilities	108,568,060	(106,324,822)	4,161,575	(2,033,804)
Provision for long-term employee benefits	(394,363)	(12,775,226)	(58,500)	-
Cash from operating activities	2,622,927,217	1,823,582,573	15,742,746	99,182,421
Interest income	9,207,706	3,669,656	7,296,790	7,807,856
Cash paid for interest expenses	(29,383,475)	(22,590,842)	(403,540)	(1,401,998)
Cash paid for withholding tax deducted at source	(123,553,771)	(46,446,919)	(123,553,771)	(46,446,919)
Cash paid for corporate income tax	(738,042,613)	(265,050,267)	(36,501)	(154,509)
Net cash from (used in) operating activities	1,741,155,064	1,493,164,201	(100,954,276)	58,986,851

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 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from investing activities				
Cash received from repayment of long-term loans to related party	-	-	158,999,002	178,262,276
Increase in long-term loans to related party	-	-	-	(120,000,000)
Advance payment for purchase of investment in subsidiary company	-	-	-	(151,509,433)
Dividend received from subsidiaries and associated company	-	7,834,120	771,465,580	415,227,768
Cash received from debenture redemption	-	1,000,000	-	1,000,000
Proceeds from disposals of fixed assets and investment properties	6,424,093	4,677,561	5,366,437	662,024
Cash received from government grants	15,000,000	-	-	-
Acquisitions of property, plant and equipment	(502,400,659)	(1,023,115,596)	(6,126,185)	(10,950,634)
Acquisitions of computer software	(791,656)	(826,030)	(622,756)	(615,730)
Decrease (increase) in other non-current assets	(133,679,227)	(127,422,725)	(958,838)	831,863
Net cash from (used in) investing activities	(615,447,449)	(1,137,852,670)	928,123,240	312,908,134
Cash flows from financing activities				
Increase in restricted bank deposits	(21,023,711)	(30,517,482)	-	-
Cash receipt from short-term loans from financial institutions	563,000,000	115,000,000	-	-
Repayment of short-term loans from financial institutions	(509,000,000)	(28,000,000)	-	(28,000,000)
Cash receipt from long-term loan from financial institution	155,262,318	668,737,682	-	-
Dividend paid	(1,014,527,195)	(673,845,695)	(472,500,000)	(350,000,000)
Increase (decrease) in non-controlling interests of the subsidiaries	34,137,278	(56,675,723)	-	-
Net cash from (used in) financing activities	(792,151,310)	(5,301,218)	(472,500,000)	(378,000,000)
Increase (decrease) in translation adjustments	48,783,617	(10,359,369)	-	-
Net increase (decrease) in cash and cash equivalents	382,339,922	339,650,944	354,668,964	(6,105,015)
Cash and cash equivalents at beginning of year	829,222,524	489,587,463	26,343,062	32,463,960
Effect of change in foreign exchange rate on cash at bank balance	828,134	(15,883)	828,134	(15,883)
Cash and cash equivalents at end of year (Note 8)	1,212,390,580	829,222,524	381,840,160	26,343,062

Supplemental cash flows information:

Non-cash transactions

Increase (decrease) in accounts payable from purchases of plant,

equipment and intangible assets

(117,446,625) 126,566,373 589,645 -

Transferred advance payment for purchase of

investment to investment in subsidiary company

- - 151,509,433 -

Transferred share subscriptions received in advance of

subsidiary to non-controlling interests of the subsidiaries

44,892,474 - - -

Transferred other non-current assets to property,

plant and equipment

- 18,313,888 - -

Transferred fixed assets to intangible assets

- 86,925 - -

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 2011 and 2010

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Unappropriated	translation of financial statements in foreign currency	Total other component of shareholders' equity			
				Statutory reserve	General reserve						
Balance as at 31 December 2009		350,000,000	680,400,000	35,000,000	414,000,000	1,018,023,532	(89,300,811)	(89,300,811)	2,408,122,721	451,043,141	2,859,165,862
Dividend paid	26	-	-	-	-	(350,000,000)	-	-	(350,000,000)	(323,845,695)	(673,845,695)
Unappropriated retained earnings transferred to general reserve	26	-	-	-	15,000,000	(15,000,000)	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	674,657,124	(108,412,633)	(108,412,633)	566,244,491	432,314,962	998,559,453
Increase in non-controlling interest of the subsidiaries		-	-	-	-	-	-	-	-	4,523	4,523
Balance as at 31 December 2010		<u>350,000,000</u>	<u>680,400,000</u>	<u>35,000,000</u>	<u>429,000,000</u>	<u>1,327,680,656</u>	<u>(197,713,444)</u>	<u>(197,713,444)</u>	<u>2,624,367,212</u>	<u>559,516,931</u>	<u>3,183,884,143</u>

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 2011 and 2010

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Unappropriated	translation of financial statements in foreign currency	Total other component of shareholders' equity			
				Statutory reserve	General reserve						
Balance as at 31 December 2010		350,000,000	680,400,000	35,000,000	429,000,000	1,327,680,656	(197,713,444)	(197,713,444)	2,624,367,212	559,516,931	3,183,884,143
Dividend paid	26	-	-	-	-	(472,500,000)	-	-	(472,500,000)	(542,027,195)	(1,014,527,195)
Unappropriated retained earnings transferred to general reserve	26	-	-	-	7,000,000	(7,000,000)	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	1,043,398,752	75,578,302	75,578,302	1,118,977,054	741,869,611	1,860,846,665
Increase in non-controlling interests from increase in share capital of the subsidiary		-	-	-	-	-	-	-	-	48,490,567	48,490,567
Balance as at 31 December 2011		<u>350,000,000</u>	<u>680,400,000</u>	<u>35,000,000</u>	<u>436,000,000</u>	<u>1,891,579,408</u>	<u>(122,135,142)</u>	<u>(122,135,142)</u>	<u>3,270,844,266</u>	<u>807,849,914</u>	<u>4,078,694,180</u>

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 2011 and 2010

(Unit: Baht)

		Separate financial statements					
		Retained earnings					
		Appropriated					
		Statutory	General				
Note	Issued and paid-up share capital	Share premium	reserve	reserve	Unappropriated	Total	
	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
	Dividend paid	-	-	-	-	(350,000,000)	(350,000,000)
	Unappropriated retained earnings transferred to general reserve	-	-	-	15,000,000	(15,000,000)	-
	Total comprehensive income for the year	-	-	-	-	374,147,587	374,147,587
	Balance as at 31 December 2010	<u>350,000,000</u>	<u>680,400,000</u>	<u>35,000,000</u>	<u>429,000,000</u>	<u>199,664,375</u>	<u>1,694,064,375</u>
	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
	Dividend paid	-	-	-	-	(472,500,000)	(472,500,000)
	Unappropriated retained earnings transferred to general reserve	-	-	-	7,000,000	(7,000,000)	-
	Total comprehensive income for the year	-	-	-	-	689,775,803	689,775,803
	Balance as at 31 December 2011	<u>350,000,000</u>	<u>680,400,000</u>	<u>35,000,000</u>	<u>436,000,000</u>	<u>409,940,178</u>	<u>1,911,340,178</u>

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 2011 and 2010

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 28 September 2011, 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 Lanna Resources Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 Percent	2010 Percent
<u>Held by the Company</u>				
Lanna (Singapore) Pte. Ltd.	Investment in foreign projects	Singapore	100.00	100.00
PT. Lanna Mining Services	Coal distribution	Indonesia	99.995	99.995
Thai Agro Energy Public Co., Ltd	Ethanol production and distribution	Thailand	75.75	75.75
PT. Singlurus Pratama	Coal production and distribution	Indonesia	65.00	65.00
PT. Lanna Harita Indonesia	Coal production and distribution	Indonesia	55.00	55.00
PT. Citra Harita Mineral	Service in coal production and port and jetty service	Indonesia	55.00	55.00
<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 end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” 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) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 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 separately presented as non-current asset in the consolidated statement of financial position and is measured at cost less any accumulated impairment losses (if any).

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 year

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

Accounting standards:

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

Financial reporting standards:

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

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

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 using actuarial techniques. The Company and its subsidiaries previously evaluate and make a provision for post employment benefits using the estimate made by the management in accordance with the labour law.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period immediately as an expense in profit or loss for the year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year ended 31 December 2011 by Baht 0.15 million, or 0.0004 Baht per share (Separate financial statements: increasing profit by Baht 0.09 million, or 0.0003 Baht per share).

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

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 recognize 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 still evaluating the impact on the financial statements in the year when this standard is adopted.

5. Significant accounting policies

5.1 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.

Commission and marketing service income

Commission and marketing service income are recognised on an accrual basis when oversea subsidiary companies sell coal to the buyer who the Company provides to subsidiary companies.

Service income

Service income is recognised on an accrual basis 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 Sugar cane plantation costs

Sugar cane plantation costs consist of costs and expenses which are directly related to sugar cane plant and plantation activities and are incurred before the production period. Sugar cane plantation costs are stated at cost and are amortised when sugar cane plants are ready for harvest over the harvest period of 10 to 13 months.

5.7 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.

5.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.9 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	3 - 10 years
Vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on assets under construction and installation, 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.10 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.

5.11 Intangible assets

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

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 profit or loss.

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.

5.12 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 profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). 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 in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.13 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.

5.14 Long-term leases

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.

5.15 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 end of reporting period.

Gains and losses on exchange are included in determining income.

5.16 Impairment of assets

At the end of each reporting period, 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 also carries 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 profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.17 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company, a subsidiary company and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and the subsidiary company. The fund's assets are held in a separate trust fund and the Company's and the subsidiary's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by professionally qualified independent actuaries based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, immediately as an expense in profit or loss for the year.

5.18 Government grants related to assets

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Government grants related to assets are presented as a deducting to the value of the related assets and are recognised in profit or loss over the useful life of the assets as a reduced depreciation expense.

5.19 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.

5.20 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.

5.21 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealised 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.

6. 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 residual values of the plant and equipment and to review estimate useful lives and residual 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-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The 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 no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

7. 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	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Purchase of coal	-	-	796,767,110	677,246,987
Dividend income	-	-	771,465,580	407,393,648
Commission and marketing service income	-	-	120,698,429	100,452,025
Service income	-	-	39,077,376	28,797,774
Interest income	-	-	3,491,400	7,499,779
<u>Transactions with major shareholder</u>				
Sales of coal	1,054,227,801	902,694,530	1,054,227,801	902,694,530
Interest expenses and other expenses	-	22,440,102	-	-
Sales of the lignite prospecting project	-	5,000,000	-	5,000,000
<u>Transactions with associated company</u>				
Purchase of coal	72,877,565	126,637,747	72,877,565	126,637,747
Freight charge	56,420,545	59,853,667	56,420,545	59,853,667
Dividend income	-	-	-	7,834,120

Transfer 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 agreed price as stipulated in the agreement
Dividend income	At the declared rate
Interest income	LIBOR + 3% per annum and 6% per annum
Freight charge	Price comparable to freight charges paid to third parties
Interest expenses	SIBOR per annum
Other expenses	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

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Major shareholder	66,024,871	89,054,128	66,024,871	89,054,128
Subsidiaries	-	-	19,411,544	25,417,653
Total trade and other receivables - related parties	<u>66,024,871</u>	<u>89,054,128</u>	<u>85,436,415</u>	<u>114,471,781</u>
<u>Advance payments for goods - related party</u>				
Associated company	87,030,477	-	87,030,477	-
Total advance payment for goods - related party	<u>87,030,477</u>	<u>-</u>	<u>87,030,477</u>	<u>-</u>
<u>Advance payment for purchase of investment in subsidiary company</u>				
Subsidiary	-	-	-	151,509,433
Total advance payment for purchase of investment in subsidiary company	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,509,433</u>
<u>Long-term loans to related party</u>				
Subsidiary	-	-	45,000,998	204,000,000
Total long-term loans to related party	<u>-</u>	<u>-</u>	<u>45,000,998</u>	<u>204,000,000</u>
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiaries	-	-	205,589,726	267,242,819
Associated company	799,920	6,287,396	799,920	6,287,396
Total trade and other payables - related parties	<u>799,920</u>	<u>6,287,396</u>	<u>206,389,646</u>	<u>273,530,215</u>

As at 31 December 2011 and 2010, the balances of long-term loans between the Company and those related companies and the movement are as follows:

(Unit: Baht)

	Balance as at 31 December 2010	Decrease during the year	Balance as at 31 December 2011
<u>Long-term loans to subsidiary company</u>			
PT. Lanna Mining Services	204,000,000	(158,999,002)	45,000,998

The long-term loan granted to PT. Lanna Mining Services is unsecured, with a term not exceeding 3 years and interest rate at LIBOR + 3% per annum.

During the year, the Company granted unsecured short-term loan of Baht 45 million to PT. Lanna Mining Services, with a term not exceeding 3 months and interest rate at 6% per annum. The subsidiary had already repaid such loan.

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Short-term employee benefits	171,006,076	127,055,754	58,369,479	55,207,156
Post-employment benefits	10,220,403	7,902,300	2,448,119	1,539,793
Termination benefits	-	10,269,123	-	-
Total	<u>181,226,479</u>	<u>145,227,177</u>	<u>60,817,598</u>	<u>56,746,949</u>

Employee Joint Investment Program

On 17 October 2011, the meeting of the Company's Board of Directors passed a resolution approving the Employee Joint Investment Program of the Company, for a period of 5 years commencing 1 January 2012. The details and conditions in relation to such program depend on the determination of the Company's Board of Directors. Consequently, the Company obtained approval from the Securities and Exchange Commission of Thailand on 16 November 2011.

8. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash	235,470	232,964	40,000	40,000
Bank deposits	984,696,303	859,507,042	102,800,160	26,303,062
Investments in bill of exchange and bond of the Bank of Thailand	279,000,000	-	279,000,000	-
Total	1,263,931,773	859,740,006	381,840,160	26,343,062
Less: Restricted bank deposits	(51,541,193)	(30,517,482)	-	-
Total	<u>1,212,390,580</u>	<u>829,222,524</u>	<u>381,840,160</u>	<u>26,343,062</u>

As at 31 December 2011, bank deposits in saving accounts and fixed deposits and short-term investments carried interests between 0.05 and 6.5 percent per annum (2010: between 0.12 and 3 percent per annum).

As at 31 December 2011, the oversea subsidiary companies have restricted bank deposits of approximately Baht 52 million (2553: Baht 31 million) to secure bank guarantees issued by banks on behalf of the subsidiary companies as discussed in Note 29.4

9. Trade and other receivables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	66,024,871	89,054,128	80,268,618	101,730,735
Past due				
Up to 3 months	-	-	-	5,750,131
Total trade receivables - related parties	<u>66,024,871</u>	<u>89,054,128</u>	<u>80,268,618</u>	<u>107,480,866</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	1,122,974,899	769,350,280	112,528,986	94,804,227
Total trade receivable - unrelated parties	1,122,974,899	769,350,280	112,528,986	94,804,227
Total trade receivables	1,188,999,770	858,404,408	192,797,604	202,285,093
<u>Other receivables</u>				
Other receivable - related parties	-	-	5,167,797	6,990,915
Other receivable - unrelated parties	7,740,922	7,009,673	983,503	3,071,390
Advances	631,885	868,141	631,885	868,141
Interest receivable	562,019	52,932	248,019	1,703
Total other receivables	8,934,826	7,930,746	7,031,204	10,932,149
Total trade and other receivables	1,197,934,596	866,335,154	199,828,808	213,217,242

10. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Coal and work in process	151,408,078	206,098,211	-	-	151,408,078	206,098,211
Finished goods - Ethanol	31,080,344	37,392,063	-	(11,957,462)	31,080,344	25,434,601
Work in process - Ethanol	7,097,086	-	-	-	7,097,086	-
Raw materials - Molasses	29,040,479	15,624,455	-	(1,346,507)	29,040,479	14,277,948
Raw materials - Cassava chips	45,479,802	-	(6,135,734)	-	39,344,068	-
Supplies	7,515,339	5,737,156	-	-	7,515,339	5,737,156
Spare parts	545,133	1,850,681	-	-	545,133	1,850,681
Total	272,166,261	266,702,566	(6,135,734)	(13,303,969)	266,030,527	253,398,597

(Unit: Baht)

	Separated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Coal	27,321,366	130,804,404	-	-	27,321,366	130,804,404
Total	27,321,366	130,804,404	-	-	27,321,366	130,804,404

11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
			(%)	(%)				
Lanna (Singapore) Pte. Ltd. (Incorporated in Singapore)	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)	USD 2.1 million	USD 2.1 million	99.995	99.995	70,918,908	70,918,908	-	-
Thai Agro Energy Public Co., Ltd.	Baht 800 million	Baht 600 million	75.75	75.75	606,037,733	454,528,300	-	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626,118	18,626,118	318,620,055	-
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023,565	155,023,565	443,028,322	378,078,030
PT. Citra Harita Mineral (Incorporated in Indonesia)	Rp 1,000 million	Rp 1,000 million	55.00	55.00	2,187,283	2,187,283	9,817,203	17,733,375
Total					<u>1,068,589,476</u>	<u>917,080,043</u>	<u>771,465,580</u>	<u>407,393,648</u>

(Unit: Baht)

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 2011, 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.

On 18 April 2011, the meeting of the Company's Board of Directors passed a resolution to sell investment in Thai Agro Energy Public Company Limited, a subsidiary company, to The Bangchak Petroleum Public Company Limited. On 9 May 2011, the Company entered into the sale and purchase agreement to sell 246,037,733 ordinary shares of the subsidiary company at Baht 1.37 per share, totaling Baht 337,071,694. As a result, the Company's investment in such subsidiary will be reduced from 75.75 percent to 45 percent. The sale and purchase agreement contains certain conditions to be fulfilled by the Company and its subsidiary.

However, the Company and its subsidiary could not fulfill the condition precedent of the agreement within 15 December 2011. Therefore, the sale and purchase agreement of ordinary shares in such subsidiary between the Company and Bangchak Petroleum Public Company Limited was terminated.

Overseas subsidiaries

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. Lanna Mining Services

On 20 June 2011, the meeting of the Company's Board of Directors passed a resolution to sell 9 ordinary shares of PT. Lanna Mining Services to United Bulk Shipping Pte. Ltd., an associated company, at USD 219.81 per share, totalling USD 1,978 or equivalent to Baht 0.06 million. As a result, the percentage of shareholding of the Company in that subsidiary decreased from 99.995 percent to 99.95 percent. This is to comply with the regulation of the Board of Investment of Indonesia, which stipulates that a shareholder in PT. Lanna Mining Services must hold shares worth a minimum of USD 1,000.

In October 2011, the Board of Investment of Indonesia approved the change in the percentage of shareholding of the Company and the Company has transferred such investments to United Bulk Shipping Pte. Ltd. in January 2012.

12. Investment in associated company

12.1 Detail of associated company

(Unit: Baht)

Company's name	Nature of business	Paid-up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
		Carrying amounts based on equity method		Cost					
		2011	2010	2011	2010	2011	2010	2011	2010
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	SGD 0.1 million	SGD 0.1 million	49	49	23,714,804	17,811,031	890,679	890,679
Total						23,714,804	17,811,031	890,679	890,679

12.2 Share of profit and dividend received

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

(Unit: Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate		Dividend received	
	for the years ended 31 December		for the years ended 31 December	
	2011	2010	2011	2010
United Bulk Shipping Pte. Ltd.	5,903,773	5,169,033	-	7,834,120

Share of profit from United Bulk Shipping Pte. Ltd. for the year ended 31 December 2011 and 2010 had been calculated from the financial statements prepared by the management of the associated company and not being audited by its auditor.

12.3 Summarised financial information of associated company

Financial information of the associated company is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit for the years ended 31 December	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
United Bulk Shipping Pte. Ltd.	SGD 0.1 million	SGD 0.1 million	134	45	90	16	151	189	12	11

13. Investment properties

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	<u>2011</u>	<u>2010</u>
Cost	39,299,887	40,322,795
Less: Accumulated depreciation	(1,200,293)	(1,200,293)
Less: Allowance for diminution in value	(1,569,852)	(1,569,852)
Net book value	<u>36,529,742</u>	<u>37,552,650</u>
Depreciation for the year	<u>-</u>	<u>145,633</u>

A reconciliation of the net book value of investment properties for the years 2011 and 2010 is presented below.

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	<u>2011</u>	<u>2010</u>
Net book value at beginning of year	37,552,650	37,675,451
Disposals - net book value on disposal date	(1,022,908)	(122,801)
Depreciation for the year	-	(145,633)
Decrease in allowance for impairment	-	145,633
Net book value at end of year	<u>36,529,742</u>	<u>37,552,650</u>

As at 31 December 2011, the Company had investment properties, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 36.5 million (2010: Baht 37.6 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 impairment of such assets of Baht 1.6 million (2010: Baht 1.6 million).

The fair value of the investment properties which is land awaiting sales as at 31 December 2011 is Baht 51.3 million (2010: Baht 52.8 million), which is determined based on the price appraised by the Department of Land.

14. Property, plant and equipment

Consolidated financial statements

(Unit: Baht)

	Land	Ore	Land improvement	Buildings and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Cost									
1 January 2010	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
Additions	-	-	188,551	1,458,581	30,253,165	14,311,309	2,992,573	304,402,102	353,606,281
Disposals/write-off	-	(2,843,631)	-	-	(12,701,803)	(4,130,905)	(14,951,368)	(493,709)	(35,121,416)
Transfer in (transfer out)	(5,747,461)	-	5,747,461	171,167,044	13,131,517	3,968,854	-	(188,267,415)	-
Capitalised interest	-	-	-	-	-	-	-	31,347,753	31,347,753
Cash received from government grants	-	-	-	-	-	-	-	(15,000,000)	(15,000,000)
Translation adjustments	251,618	-	812,241	668,216	15,676,228	1,777,296	619,498	1,304,966	21,110,063
31 December 2011	334,487,561	68,839,442	85,074,845	267,038,600	1,152,559,790	84,461,774	53,779,494	1,323,546,767	3,369,788,273

(Unit: Baht)

	Land	Ore	Land improvement	Buildings and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Accumulated depreciation									
1 January 2010	-	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
Depreciation for the year	-	-	2,354,178	10,772,376	68,870,167	10,599,563	5,916,696	-	98,512,980
Accumulated depreciation of the disposed assets/write-off	-	(2,843,631)	-	-	(12,244,963)	(3,917,342)	(14,761,277)	-	(33,767,213)
Transfer in (transfer out)	-	-	-	-	581,713	(581,713)	-	-	-
Translation adjustments	-	-	812,241	188,060	7,157,876	1,099,585	84,879	-	9,342,641
31 December 2011	-	68,839,442	22,642,136	31,093,657	441,847,105	54,734,243	34,540,861	-	653,697,444
Net book value									
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
31 December 2011	334,487,561	-	62,432,709	235,944,943	710,712,685	29,727,531	19,238,633	1,323,546,767	2,716,090,829

Depreciation for the year

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

87,857,152

2011 (Baht 59 million included in manufacturing cost, and the balance in selling and administrative expenses)

98,512,980

Separate financial statements

(Unit: Baht)

	Land	Ore	Land improvement	Buildings and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
Cost									
1 January 2010	180,000,000	71,951,986	7,879,913	4,120,000	87,657,614	21,221,303	29,747,332	985,899	403,564,047
Additions	-	-	-	-	1,315,979	2,085,934	23,005	7,525,716	10,950,634
Disposal/write-off	-	(268,913)	-	-	(83,116)	(1,685,044)	(1,473,938)	-	(3,511,011)
Transfer in (transfer out)	-	-	7,729,780	-	-	-	-	(7,729,780)	-
31 December 2010	180,000,000	71,683,073	15,609,693	4,120,000	88,890,477	21,622,193	28,296,399	781,835	411,003,670
Additions	-	-	188,551	835,716	1,700,085	3,832,751	6,727	152,000	6,715,830
Disposal/write-off	-	(2,843,631)	-	-	(645,141)	(1,548,035)	(14,158,000)	-	(19,194,807)
Transfer in (transfer out)	-	-	-	-	-	781,835	-	(781,835)	-
31 December 2011	180,000,000	68,839,442	15,798,244	4,955,716	89,945,421	24,688,744	14,145,126	152,000	398,524,693
Accumulated depreciation									
31 December 2009	-	71,951,986	1,960,028	400,180	51,479,134	17,345,813	26,314,887	-	169,452,028
Depreciation for the year	-	-	1,611,984	206,000	12,318,858	1,960,547	2,071,718	-	18,169,107
Accumulated depreciation of the disposed assets/write-off	-	(268,913)	-	-	(83,107)	(1,622,364)	(1,473,932)	-	(3,448,316)
31 December 2010	-	71,683,073	3,572,012	606,180	63,714,885	17,683,996	26,912,673	-	184,172,819
Depreciation for the year	-	-	2,354,178	230,499	12,430,535	2,166,523	1,290,830	-	18,472,565
Accumulated depreciation of the disposed assets/write-off	-	(2,843,631)	-	-	(641,510)	(1,412,098)	(14,157,988)	-	(19,055,227)
31 December 2011	-	68,839,442	5,926,190	836,679	75,503,910	18,438,421	14,045,515	-	183,590,157
Net book value									
31 December 2010	180,000,000	-	12,037,681	3,513,820	25,175,592	3,938,197	1,383,726	781,835	226,830,851
31 December 2011	180,000,000	-	9,872,054	4,119,037	14,441,511	6,250,323	99,611	152,000	214,934,536
Depreciation for the year									
2010 (included in selling and administrative expenses)									18,169,107
2011 (included in selling and administrative expenses)									18,472,565

A subsidiary has mortgaged part of its land and construction thereon with net book value as at 31 December 2011 amounting to approximately Baht 9.2 million as collateral for short-term loans, long-term loans and credit facilities granted by a commercial bank as discussed in Note 17 and 19.

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

	<u>2011</u>	<u>2010</u>
Interest expenses capitalised as costs of machinery and equipment (Baht)	31,347,753	14,690,034
Capitalisation rate (percent per annum)	3.53	3.80

During the current year, the subsidiary company received the subsidy of Baht 15 million, representing 75 percent of total subsidy, from the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project". The subsidiary is required to comply with the terms under the agreement.

As at 31 December 2011, the Company and subsidiaries have 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 131 million (2010: Baht 100 million) (The Company only: Baht 56 million, 2010: Baht 54 million).

15. Intangible assets

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

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2010	8,797,636	3,566,405
Additions	826,030	615,730
Write-off	(711,804)	(697,004)
Transfer in	86,925	-
Translation adjustments	(136,047)	-
31 December 2010	8,862,740	3,485,131
Additions	791,656	622,756
Write-off	(9,250)	(9,250)
Translation adjustments	65,114	-
31 December 2011	9,710,260	4,098,637
Accumulated amortisation		
1 January 2010	4,622,559	2,003,412
Amortisation for the year	1,156,986	474,699
Accumulated amortisation of the write-off assets	(709,895)	(696,928)
Translation adjustments	(120,742)	-
31 December 2010	4,948,908	1,781,183
Amortisation for the year	1,201,555	561,442
Accumulated amortisation of the write-off assets	(9,249)	(9,249)
Translation adjustments	65,114	-
31 December 2011	6,206,328	2,333,376
Net book value		
31 December 2010	3,913,832	1,703,948
31 December 2011	3,503,932	1,765,261

16. Other non-current assets

Other non-current assets as at 31 December 2011 and 2010 consist of the following and have been shown net of related accumulated amortisation.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Deferred expenses - Indonesia				
coal mine project	298,394,403	336,345,775	-	-
Deferred overburden removal				
expenses	19,209,561	27,275,320	-	-
Deferred transferred service fees				
according to contract	91,774,997	105,281,839	91,774,997	105,281,839
Advance payment from				
purchases of machineries	59,747,420	-	-	-
Others	<u>5,995,883</u>	<u>12,708,965</u>	<u>3,383,834</u>	<u>2,424,996</u>
Total other non-current assets	<u>475,122,264</u>	<u>481,611,899</u>	<u>95,158,831</u>	<u>107,706,835</u>
Amortisation expenses for the				
year	<u>159,243,103</u>	<u>107,606,269</u>	<u>13,506,842</u>	<u>9,602,065</u>

Agreement of transferring service fees provided by PT. Indocoal Pratama Jaya

On 6 March 2008, the Company and PT. Indocoal Pratama Jaya (“IPJ”) entered into agreement of transferring service fees for service provided to the concession area of PT. Singlurus Pratama (SGP) for the first 15 million tons of coal produced and distributed at a price of USD 0.75 per ton, in accordance with the Service Agreement, which stipulate that 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 transfer such fees 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 amortising the fee since July 2009.

17. Short-term loans from financial institution

As at 31 December 2011, a subsidiary had short-term loans from financial institution in the form of promissory notes which are repayable within 3 months. The loans bear interest at the rate of 3.80 - 6.63 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 14.

18. Trade and other payables

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade payable - related parties	799,920	6,287,396	799,920	71,784,930
Trade payable - unrelated parties	341,398,119	335,979,228	21,053,121	30,616,833
Other payables - related parties	-	-	205,589,726	201,745,285
Other payables - unrelated parties	15,518,577	57,419,528	2,329,332	4,547,549
Payable for purchases of plant and equipment	10,780,842	128,227,467	589,645	-
Retention payable	<u>9,088,263</u>	<u>12,677,475</u>	<u>38,446</u>	<u>38,446</u>
Total trade and other payables	<u>377,585,721</u>	<u>540,591,094</u>	<u>230,400,190</u>	<u>308,733,043</u>

19. Long-term loan from financial institution

	(Unit: Baht)	
	Consolidated	
	financial statements	
	<u>2011</u>	<u>2010</u>
Long-term loan from financial institution	900,000,000	744,737,682
Less: Current portion	<u>(900,000,000)</u>	<u>-</u>
Long-term loan from financial institution - net of current portion	<u>-</u>	<u>744,737,682</u>

On 16 September 2009, a subsidiary entered into a loan agreement with a local bank, obtaining loan facilities of Baht 900 million for the construction of the second ethanol production plant and the purchase of machinery for this plant. The loan initially carries 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. The loan is 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. The loan is secured by the mortgage of part of the subsidiary's land and construction thereon as discussed in Note 14.

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.

On 19 October 2011, the Company, as a major shareholder of the subsidiary, sent a letter to the bank to notify its intention to provide attributable financial support on the subsidiary's debt obligations in case the subsidiary is unable to maintain the financial ratios as stipulated in the loan agreement.

As at 31 December 2011, the subsidiary could not maintain certain financial ratio as specified in the loan agreement, which empowered the bank to immediately call for loan settlement, thus the subsidiary classified this loan as current portion of long-term loan to reflect such condition. The subsidiary had negotiated with the bank, and had obtained a waiver letter for the condition to maintain certain financial ratios for the year ended 31 December 2011 from that bank on 7 February 2012.

On 15 February 2012, the bank has reduced the interest rate during March to December 2012 from THBFIX reference rate plus 2.1 percent per annum to THBFIX reference rate plus 1.85 percent per annum, and has requested the subsidiary to increase the collateral by mortgaging land of approximately Baht 50 million.

20. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011 and 2010, which are compensations on employees' retirement, was as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Balance - beginning of year	84,701,109	55,894,470	18,217,234	11,970,539
Liability (asset) in the transitional period	151,773	-	(85,178)	-
Current service cost	20,270,037	29,449,122	1,609,685	5,518,006
Interest cost	6,313,185	7,815,982	724,265	728,689
Benefits paid during the year	(394,363)	(12,775,226)	(58,500)	-
Actuarial loss	7,467,744	6,311,089	1,757,914	-
Translation adjustments	4,046,978	(1,994,328)	-	-
Balance - end of year	<u>122,556,463</u>	<u>84,701,109</u>	<u>22,165,420</u>	<u>18,217,234</u>

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 34 million, the Company only Baht 4 million (2010: Baht 44 million, the Company only: Baht 6 million).

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.6 - 7	4 - 9	3.6	4
Future salary increase rate	6 - 9	6 - 10	6 - 7	6 - 7
Staff turnover rate	0 - 10	0 - 10	0 - 10	0 - 10

21. 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. will be paid to employee upon termination in accordance with the fund rules of the Company and its subsidiary. Total contributions of the Company and the subsidiary during the year 2011 amounted

to Baht 5.6 million, and of the Company amounted to Baht 4 million (2010: Baht 4.9 million, the Company only: Baht 3.4 million).

22. 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 profit 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.

23. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Raw materials and consumables used	839,859,285	715,399,345	-	-
Purchase of finished goods	2,770,039,993	1,560,666,112	1,504,382,800	1,373,889,689
Changes in inventories of finished goods and work in process (increase) decrease	53,904,766	165,443,533	103,483,038	(21,295,746)
Overburden removal expenses	2,293,293,148	1,710,845,530	-	-
Freight and transportation of goods expenses	756,581,292	522,626,385	103,743,228	79,280,481
Royalty fee	1,133,618,030	715,488,239	-	-
Depreciation and amortisation expenses	258,957,638	196,766,040	32,540,849	28,391,504
Salary, wages and other employee benefits	217,464,260	166,838,965	34,762,483	30,264,104
Management benefit expenses	181,226,479	145,227,177	60,817,598	56,746,949
Electricity and fuel expenses	145,077,179	77,961,175	6,208,890	6,653,742
Repair and maintenance expenses	48,644,431	55,029,128	8,651,274	6,311,244
Loss on write-off of inventories, fixed assets and intangible assets	29,716,264	25,156	29,669,937	23,323
Write-off prepaid corporate income tax	17,822,450	-	-	-
Loss on exchange	7,361,472	27,729,863	-	34,631,414

24. 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.

On 10 November 2011, the Board of Investment had approved the cancellation of the promotional privileges for manufacture of organic fertilizer; certificate no. 1774(2)/2552 on 8 October 2009 since the subsidiary doesn't intend to operation on this project.

The subsidiary's operating revenues for the years were domestic sales, divided according to promoted and non-promoted operations as follows:

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	2011	2010	2011	2010	2011	2010
Revenues from sales	1,017,161,766	756,206,289	81,052,164	4,019,479	1,098,213,930	760,225,768
Total	1,017,161,766	756,206,289	81,052,164	4,019,479	1,098,213,930	760,225,768

25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit attributable to equity holders of the Company (Baht)	1,043,398,752	674,657,124	689,775,803	374,147,587
Weighted average number of ordinary shares (shares)	350,000,000	350,000,000	350,000,000	350,000,000
Earnings per share (Baht)	2.98	1.93	1.97	1.07

26. Dividend paid

Dividends paid by the Company and its subsidiaries for the years ended 31 December 2011 and 2010 are as follows:

The Company

(Unit: Baht)				
<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends</u>	<u>Dividend per share</u>	<u>Paid on</u>
<u>2011</u>				
Final dividends for 2010	Annual General Meeting of the shareholders on 18 April 2011	192,500,000	0.55	4 May 2011
Interim dividends for 2011	Board of Directors' meeting on 14 October 2011	280,000,000	0.80	16 November 2011
Total		<u>472,500,000</u>	<u>1.35</u>	
<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		<u>350,000,000</u>	<u>1.00</u>	

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 7 million (2010: Baht 15 million).

Oversea subsidiaries

Lanna Singapore Pte. Ltd.

(Unit: SG 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 9 July 2010	500,000	0.06	12 July 2010
Total		<u>500,000</u>	<u>0.06</u>	

In 2010, the Company received dividend income at 100 percent for a total of SGD 0.5 million or equivalent to Baht 11.6 million.

PT. Singlurus Pratama

(Unit: US Dollar)

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>	<u>Paid on</u>
<u>2011</u>				
Final dividends for 2010	Annual General Meeting of the shareholders on 16 June 2011	7,950,000	1,000	28 June 2011 and 22 July 2011
Interim dividends for 2011	Board of Directors' meeting on 23 December 2011	7,950,000	1,000	27 December 2011
Total		<u>15,900,000</u>	<u>2,000</u>	

In the current year, the Company received dividend income at 65 percent for a total of USD 10.3 million or equivalent to Baht 318.6 million. The Company had been withheld the withholding tax deducted at source of Baht 63.7 million.

PT. Lanna Harita Indonesia

(Unit: US Dollar)

Dividends	Approved by	Total dividends	Dividend per share	Paid on
<u>2011</u>				
The fourth interim dividend for 2010	Board of Directors' meeting on 19 January 2011	6,400,000	800	24 January 2011
The first interim dividend for 2011	Board of Directors' meeting on 10 March 2011	1,600,000	200	14 March 2011
The second interim dividend for 2011	Board of Directors' meeting on 27 May 2011	6,400,000	800	6 June 2011
The third interim dividend for 2011	Board of Directors' meeting on 16 September 2011	6,000,000	750	21 September 2011
The fourth interim dividend for 2011	Board of Directors' meeting on 13 December 2011	6,000,000	750	14 December 2011
Total		26,400,000	3,300	
<u>2010</u>				
The third interim dividend 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		22,000,000	2,750	

In the current year, the Company received dividend income at 55 percent for a total of USD 14.5 million or equivalent to Baht 443 million. The Company had been withheld the withholding tax deducted at source of Baht 33.2 million (2010: dividend income of USD 12.1 million or equivalent to Baht 378.1 million and withholding tax of Baht 28.4 million).

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>2011</u>				
Final dividends for 2010	Annual General Meeting of the shareholders on 15 June 2011	600,000	600	19 August 2011
Total		<u>600,000</u>	<u>600</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		<u>1,000,000</u>	<u>1,000</u>	

In the current year, the Company received dividend income at 55 percent for a total of USD 0.3 million or equivalent to Baht 9.8 million. The Company had been withheld the withholding tax deducted at source of Baht 2 million (2010: dividend income of USD 0.6 million or equivalent to Baht 17.7 million and withholding tax of Baht 3.5 million).

27. 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 for the years ended 31 December 2011 and 2010 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 transactions		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues from external customers	1,777,049,611	1,492,287,687	10,122,090,310	6,524,925,144	1,098,213,930	760,225,768	-	-	12,997,353,851	8,777,438,599
Intersegment revenues	159,775,805	129,249,799	796,767,110	677,246,987	-	-	(956,542,915)	(806,496,786)	-	-
Total revenues	1,936,825,416	1,621,537,486	10,918,857,420	7,202,172,131	1,098,213,930	760,225,768	(956,542,915)	(806,496,786)	12,997,353,851	8,777,438,599
Operating income (loss)	328,959,578	274,919,143	4,932,600,343	3,465,593,386	36,400,024	(45,140,352)	(146,151,319)	(128,718,347)	5,151,808,626	3,566,653,830
Unallocated income (expenses)										
Other income									159,395,111	156,792,225
Share of profit from investment in associated company									5,903,773	5,169,033
Selling and distribution expenses									(1,967,471,146)	(1,398,594,623)
Administrative expenses									(609,787,053)	(491,589,370)
Loss on exchange									(7,361,472)	(27,729,863)
Finance cost									(29,603,580)	(22,648,245)
Withholding tax deducted at source									(123,553,771)	(46,446,919)
Corporate income tax									(824,601,310)	(577,953,736)
Non-controlling interests of the subsidiaries									(711,330,426)	(488,995,208)
Profit for the year									1,043,398,752	674,657,124

Consolidated statements of financial position as at 31 December												
	Domestic coal business		Oversea coal business		Ethanol business		Others		Elimination of inter-segment transactions		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Assets employed	271,166,789	384,788,006	771,235,408	678,460,932	2,314,188,019	2,113,140,934	4,818,849	4,818,849	-	-	3,361,409,065	3,181,208,721
General corporate assets	1,929,907,667	1,682,376,064	2,739,624,891	2,098,857,709	102,302,348	250,351,960	225,348,137	216,777,506	(1,141,024,989)	(1,546,956,043)	3,856,158,054	2,701,407,196
Total assets	2,201,074,456	2,067,164,070	3,510,860,299	2,777,318,641	2,416,490,367	2,363,492,894	230,166,986	221,596,355	(1,141,024,989)	(1,546,956,043)	7,217,567,119	5,882,615,917

Transfer prices between business segments are as set out in Note 7 to the financial statements.

28. Significant contracts and agreements

28.1 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.

28.2 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 Hitam 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 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 Hitam and two directors of Saraburi Resources Pte. Ltd. are guarantors for performance in accordance with the agreement, and a shareholder of PT. Saraburi Batu Hitam has pledged 3,000 shares of PT. Saraburi Batu Hitam 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 had sued Saraburi Resource Pte. Ltd. and on 23 May 2011, the arbitrator of SIAC ordered Saraburi Resources Pte. Ltd. to pay advance for purchase of coal of USD 2 million, together with interest and other expenses, to the Company. However, for a prudent reason, the Company has set full allowance for doubtful account for this advance payment.

28.3 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 February 2009, the subsidiary received the consent from Indonesian government to start the production activities.

28.4 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 3 years commencing April 2009. Service fees are charged at the rate as stipulated in the agreement.

28.5 On 20 May 2009, PT. Singlurus Pratama entered into the marketing and technical service agreements with the Company and entered into assistance service agreement with a company in Indonesia. The service fees are charged on the basis and at the rates as stipulated in the agreements.

28.6 On 17 August 2011, PT. Lanna Harita Indonesia entered into the sale commission agreement with a company in Indonesia. The agreement stipulates that such overseas company is to receive a commission fee of coal distributed by a subsidiary company to a customer provided by such overseas company. Commission fees are charged at the rate as stipulated in the agreement.

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2011, a subsidiary had capital commitments of approximately Baht 45.5 million and Euro 0.6 million, totaling approximately Baht 70.4 million, relating to the construction of the first and the second ethanol production plant and acquisition of machinery and equipment (2010: Baht 75 million and Euro 1.2 million, totaling approximately Baht 122.3 million).

29.2 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 2011, future minimum payment under these lease and service agreements are as follows:

	(Unit: Million Baht)	
Payable within	Consolidated financial statements	Separate financial statements
Less than 1 year	29	10
1 to 5 years	31	23

29.3 Long-term service and purchase commitments

- a) The Company and its subsidiaries had commitments under several service agreements in respect of the security service, cars maintenance service and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2011, future minimum payments under these agreements are as follows:

Payable within	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Less than 1 year	2	2
1 to 5 years	4	4

- b) The Company and its subsidiaries had commitments under service agreements with regard to the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 1.7 million (the Company only: Baht 0.5 million).
- c) The Company had commitments under the purchase of coals agreement with an oversea company. The Company will purchase coals from such oversea company within 2012 which the price, coal quality and quantity to purchase are stipulated in the agreement.
- d) The local subsidiary entered into a power supply agreement with the Provincial Electricity Authority for a period of one year, commencing 21 December 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.
- e) The local subsidiary had commitments under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that 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 those stipulated in the agreement.
- f) The local subsidiary had commitments under service agreement with regard to the consulting for the construction of the second ethanol production plant of Baht 2.7 million.

- g) The oversea subsidiary entered into an agreement with a company in respect of external relation consultation. The subsidiary is committed to pay a fee on the basis and at the rate as stipulated in the agreement.

29.4 Guarantees

As at 31 December 2011, the Company and its subsidiaries had bank guarantees of approximately Baht 5.5 million, USD 1.2 million and Rupiah 3,693 million and the Company had Baht 0.4 million (2010: Baht 12.1 million, the Company only: Baht 0.4 million) issued by banks on behalf of the Company and its subsidiaries in respect of mine reclamation of the overseas subsidiaries to the government, guarantee for a local subsidiary's contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department, Biogas Technologic promotion project 2011 (Year 4) of the Energy Policy and Planning Office Ministry of Energy, and to guarantee contracted performance under the license for using of electric to Provincial Electricity Authority.

30. Litigation

- 30.1 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 1.1 million or equivalent to Baht 34.5 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 0.5 million or equivalent to Baht 17.4 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, as at 31 December 2010, the Company remained provision for litigation loss which approximates the amount placed with the Court until the case is finalised. Later, on 28 February 2011, the Court ordered dismissal of the case. The Company therefore reversed the provision for litigation loss of Baht 17.4 million to profit or loss for the year ended 31 December 2011.

30.2 In 2009, a subsidiary company in Indonesia was sued by an outside party, claiming for damage of Rupiah 62,000 million or equivalent to approximately Baht 232 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 and ordered the subsidiary company to pay only the trial fee amounting to Rupiah 0.7 million or equivalent to Baht 0.003 million. Later, in September 2011, the Supreme Court ordered the subsidiary to pay the compensation of Rupiah 5 million or equivalent to approximately Baht 0.02 million.

30.3 In September 2011, a subsidiary company was sued by a company for its non-compliance with the cassava chip purchase agreement dated 21 January 2011 and memorandum dated 29 April 2011, claiming a compensation for damage of Baht 186.9 million. The subsidiary has advance payments for purchase of goods with that company of approximately Baht 6.9 million. The subsidiary is in the process of preparing the testimony to sue back that company. The subsidiary's lawyer has opined that the subsidiary had not breached the above agreement and the subsidiary's management believes that the case will be settled in the favour of the subsidiary, without any significant losses. Therefore, the subsidiary has not made any provision for loss from the lawsuit in the accounts.

31. Financial instruments

31.1 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 and other receivables, 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 statements of financial position.

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 2011 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				Interest rate (% per annum)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)				
Financial assets					
Cash and cash equivalents	279	933	-	1,212	0.05 - 6.5
Trade and other receivables	-	-	1,198	1,198	-
Investment in associated company	-	-	24	24	-
	<u>279</u>	<u>933</u>	<u>1,222</u>	<u>2,434</u>	
Financial liabilities					
Short-term loans from financial institutions	563	-	-	563	3.80 - 6.63
Trade accounts payables	-	-	378	378	-
	<u>563</u>	<u>-</u>	<u>378</u>	<u>941</u>	

Long-term loan from financial institution of Baht 900 million 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.

On 15 February 2012, the bank has reduced the interest rate during March to December 2012 from THBFIX reference rate plus 2.1 percent per annum to THBFIX reference rate plus 1.85 percent per annum.

	Separate financial statements				
	Fixed	Floating	Non-interest	Total	Interest rate
	interest rates	interest	bearing		
	within	rate			
1 year				(% per annum)	
	(Million Baht)				
Financial assets					
Cash and cash equivalents	279	103	-	382	0.05 - 3.2
Trade and other receivables	-	-	200	200	-
Investments in subsidiary and associated companies accounted for under cost method	-	-	1,069	1,069	-
Long-term loans to related party	-	45	-	45	LIBOR+3
	<u>279</u>	<u>148</u>	<u>1,269</u>	<u>1,696</u>	
Financial liabilities					
Trade and other payables	-	-	230	230	-
	<u>-</u>	<u>-</u>	<u>230</u>	<u>230</u>	

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 2011, the Company and local subsidiary had balances of financial assets and liabilities denominated in foreign currencies as follows:

Foreign currency	Financial	Financial	Exchange rate	
	assets	liabilities	as at 31 December 2011	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	8.8	0.1	31.5505	31.8319
SG dollar	-	3.6	24.1566	24.6141
Euro	-	0.6	40.7150	41.3397

As at 31 December 2011, the Company and its subsidiaries had no outstanding forward exchange contract.

31.2 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 statements of financial position.

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.

32. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Company and its subsidiaries' debt-to-equity ratio was 0.77:1 (2010: 0.85:1) and the Company's was 0.15:1 (2010: 0.22:1).

33. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 23 February 2012.