

Lanna Resources Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2012

Independent Auditor's Report

To the Shareholders of Lanna Resources Public Company Limited

I have audited the accompanying consolidated financial statements of Lanna Resources Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Lanna Resources Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the 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 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited

Bangkok: 21 February 2013

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	1,152,588,131	1,212,390,580	197,144,040	381,840,160
Current investments	8	439,000,000	-	439,000,000	-
Trade and other receivables	6, 9	865,838,067	1,197,934,596	142,438,812	199,828,808
Inventories	10	502,317,830	266,030,527	203,612,736	27,321,366
Cassava and sugar cane plantation costs		-	5,723,506	-	-
Input tax refundable		558,442,414	699,612,441	1,850,360	-
Prepaid income tax		321,703,093	103,558,079	132,178	18,265,829
Advance payments for goods	6, 29.2	78,423,478	170,906,117	5,663,058	109,613,269
Other current assets		35,354,536	68,908,721	1,428,937	1,336,501
Total current assets		3,953,667,549	3,725,064,567	991,270,121	738,205,933
Non-current assets					
Restricted bank deposits	7	66,377,364	51,541,193	-	-
Investments in subsidiaries	11	-	-	852,763,211	1,068,589,476
Investment in associated company	12	34,560,855	23,714,804	890,679	890,679
Long-term loans to related party	6	-	-	-	45,000,998
Investment properties	13	34,726,037	36,529,742	34,726,037	36,529,742
Property, plant and equipment	14	2,847,833,083	2,716,090,829	217,272,790	214,934,536
Goodwill		185,999,788	185,999,788	-	-
Intangible assets	15	3,945,583	3,503,932	1,514,587	1,765,261
Other non-current assets	16	433,204,529	475,122,264	79,804,959	95,158,831
Total non-current assets		3,606,647,239	3,492,502,552	1,186,972,263	1,462,869,523
Total assets		7,560,314,788	7,217,567,119	2,178,242,384	2,201,075,456

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 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	17	513,000,000	563,000,000	-	-
Trade and other payables	6, 18	751,146,728	377,585,721	66,999,754	230,400,190
Current portion of long-term loan from financial institution	19	180,000,000	900,000,000	-	-
Accrued expenses		614,090,205	581,366,295	16,655,822	26,515,787
Income tax payable		26,528,222	408,515,697	-	-
Other current liabilities		187,839,518	168,838,188	5,818,306	10,653,881
Total current liabilities		2,272,604,673	2,999,305,901	89,473,882	267,569,858
Non-current liabilities					
Long-term loan from financial institution - net of current portion	19	540,000,000	-	-	-
Provision for long-term employee benefits	20	176,265,497	122,556,463	22,741,583	22,165,420
Provision for mine reclamation and decommissioning costs	21	85,426,274	17,010,575	-	-
Total non-current liabilities		801,691,771	139,567,038	22,741,583	22,165,420
Total liabilities		3,074,296,444	3,138,872,939	112,215,465	289,735,278
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	23	35,000,000	35,000,000	35,000,000	35,000,000
Appropriated - General reserve		495,900,000	436,000,000	495,900,000	436,000,000
Unappropriated		2,197,856,699	1,891,579,408	504,726,919	409,940,178
Other components of shareholders' equity		(146,016,079)	(122,135,142)	-	-
Equity attributable to owners of the Company		3,613,140,620	3,270,844,266	2,066,026,919	1,911,340,178
Non-controlling interests of the subsidiaries		872,877,724	807,849,914	-	-
Total shareholders' equity		4,486,018,344	4,078,694,180	2,066,026,919	1,911,340,178
Total liabilities and shareholders' equity		7,560,314,788	7,217,567,119	2,178,242,384	2,201,075,456

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

Directors

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenues					
Sales	6	13,360,120,520	12,997,353,851	1,739,509,550	1,777,049,611
Commission and marketing service income	6	-	-	174,679,454	120,698,429
Other income					
Dividend income	6,11,12	-	-	568,802,185	771,465,580
Service income	6	-	-	53,769,923	39,077,376
Gain on exchange		-	-	2,833,801	9,512,894
Interest income	6	16,508,157	9,716,793	12,080,591	7,543,106
Others		72,663,167	149,678,318	35,879,715	6,250,175
Total other income		89,171,324	159,395,111	673,366,215	833,849,131
Total revenues		13,449,291,844	13,156,748,962	2,587,555,219	2,731,597,171
Expenses					
Cost of sales	6	8,626,457,709	7,845,545,225	1,486,919,150	1,607,865,838
Selling and distribution expenses		2,200,320,598	1,967,471,146	159,978,196	164,195,049
Administrative expenses		555,630,711	609,787,053	137,006,675	145,803,170
Loss on exchange		54,383,945	7,361,472	-	-
Total expenses	24	11,436,792,963	10,430,164,896	1,783,904,021	1,917,864,057
Profit before share of profit from investment, finance cost and income tax expenses		2,012,498,881	2,726,584,066	803,651,198	813,733,114
Share of profit from investment in associated company	12	18,532,191	5,903,773	-	-
Profit before finance cost and income tax expenses		2,031,031,072	2,732,487,839	803,651,198	813,733,114
Finance cost		(54,147,681)	(29,603,580)	-	(403,540)
Profit before income tax expenses		1,976,883,391	2,702,884,259	803,651,198	813,329,574
Withholding tax deducted at source		(121,709,287)	(123,553,771)	(121,709,287)	(123,553,771)
Income tax expenses		(482,364,953)	(824,601,310)	(2,255,170)	-
Profit for the year		1,372,809,151	1,754,729,178	679,686,741	689,775,803
Profit attributable to:					
Equity holders of the Company		915,804,278	1,043,398,752	679,686,741	689,775,803
Non-controlling interests of the subsidiaries		457,004,873	711,330,426		
		<u>1,372,809,151</u>	<u>1,754,729,178</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	26	2.62	2.98	1.94	1.97

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 year ended 31 December 2012

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit for the year	<u>1,372,809,151</u>	<u>1,754,729,178</u>	<u>679,686,741</u>	<u>689,775,803</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>(70,657,073)</u>	<u>106,117,487</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year	<u>(70,657,073)</u>	<u>106,117,487</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>1,302,152,078</u></u>	<u><u>1,860,846,665</u></u>	<u><u>679,686,741</u></u>	<u><u>689,775,803</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>867,302,666</u>	<u>1,118,971,054</u>	<u><u>679,686,741</u></u>	<u><u>689,775,803</u></u>
Non-controlling interests of the subsidiaries	<u>434,849,412</u>	<u>741,869,611</u>		
	<u><u>1,302,152,078</u></u>	<u><u>1,860,846,665</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 year ended 31 December 2012

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities				
Profit before tax	1,976,883,391	2,702,884,259	803,651,198	813,329,574
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	242,217,430	258,957,638	36,343,094	32,540,849
Reduction of inventory to net realisable value (reversal)	3,566,782	(7,168,235)	-	-
Write-off prepaid corporate income tax	-	17,822,450	-	-
Share of profit from investment in associated company	(18,532,191)	(5,903,773)	-	-
Gain from return on investment and disposal of investment in subsidiary	-	-	(5,606,521)	-
Gain on disposal of equipment and investment properties	(1,942,235)	(4,209,782)	(1,601,487)	(4,320,422)
Loss on write-off of inventories, equipment and intangible assets	8,484,163	29,716,264	48	29,669,937
Dividend income	-	-	(568,802,185)	(771,465,580)
Reversal of provision for liabilities from lawsuit	-	(17,402,198)	-	(17,402,198)
Provision for long-term employee benefits	72,075,007	34,202,739	2,343,013	4,006,686
Provision for mine reclamation and decommissioning costs	83,219,237	4,481,706	-	-
Unrealised loss (gain) on exchange	371,639	(1,541,186)	371,639	2,303,255
Interest income	(16,508,157)	(9,716,793)	(12,080,591)	(7,543,106)
Interest expenses	54,147,681	29,603,580	-	403,540
Profit from operating activities before changes in operating assets and liabilities	2,403,982,747	3,031,726,669	254,618,208	81,522,535
Operating assets (increase) decrease				
Trade and other receivables	333,213,475	(331,090,355)	58,820,942	13,634,750
Inventories	(239,854,085)	(35,017,158)	(176,291,370)	73,929,575
Cassava and sugar cane plantation costs	5,723,506	9,482,675	-	-
Input tax refundable	141,170,027	(323,057,561)	(1,850,360)	-
Advance payments for goods	92,284,841	(40,940,974)	103,752,413	(91,564,319)
Other current assets	33,554,185	(7,344,509)	(92,436)	449,439
Operating liabilities increase (decrease)				
Trade and other payables	382,795,923	(666,274)	(163,540,938)	(82,766,939)
Accrued expenses	32,561,839	177,865,902	(9,859,965)	4,260,873
Other current liabilities	19,001,330	108,568,060	(4,835,575)	4,161,575
Provision for long-term employee benefits	(7,409,478)	(394,363)	(1,766,850)	(58,500)
Provision for mine reclamation and decommissioning costs	(27,214,400)	(6,097,323)	-	-
Cash from operating activities	3,169,809,910	2,583,034,789	58,954,069	3,568,989
Interest income	15,391,211	9,207,706	10,649,645	7,296,790
Cash paid for interest expenses	(53,985,610)	(29,383,475)	-	(403,540)
Refund of corporate income tax	18,006,716	38,987,361	18,006,716	12,173,757
Cash paid for withholding tax deducted at source	(121,709,287)	(123,553,771)	(121,709,287)	(123,553,771)
Cash paid for corporate income tax	(1,100,504,158)	(738,042,613)	(2,128,235)	(36,501)
Net cash from (used in) operating activities	1,927,008,782	1,740,249,997	(36,227,092)	(100,954,276)

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

Lanna Resources Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2012

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Increase in current investments	(439,000,000)	-	(439,000,000)	-
Increase in restricted bank deposits	(16,559,458)	(21,023,711)	-	-
Cash received from repayment of long-term loans to related party	-	-	45,000,998	158,999,002
Dividend received from subsidiaries and associated company	7,686,140	-	568,802,185	771,465,580
Cash received from return on investment and disposal of investment in subsidiaries	-	-	221,432,786	-
Proceeds from disposals of equipment and investment properties	4,511,043	6,424,093	3,429,034	5,366,437
Cash received from government grants	9,577,360	15,000,000	-	-
Acquisitions of property, plant and equipment	(245,252,283)	(502,400,659)	(19,745,716)	(6,126,185)
Acquisitions of computer software	(384,851)	(791,656)	(228,711)	(622,756)
Increase in other non-current assets	(123,677,056)	(133,679,227)	(2,985,763)	(958,838)
Net cash from (used in) investing activities	(803,099,105)	(636,471,160)	376,704,813	928,123,240
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(50,000,000)	54,000,000	-	-
Cash receipt from long-term loan from financial institution	-	155,262,318	-	-
Repayment of long-term loans from financial institutions	(180,000,000)	-	-	-
Dividend paid	(894,851,997)	(1,014,527,195)	(525,000,000)	(472,500,000)
Increase (decrease) in non-controlling interests of the subsidiaries	(22,125,066)	34,137,278	-	-
Net cash used in financing activities	(1,146,977,063)	(771,127,599)	(525,000,000)	(472,500,000)
Increase (decrease) in translation adjustments	(36,561,222)	49,688,684	-	-
Net increase (decrease) in cash and cash equivalents	(59,628,608)	382,339,922	(184,522,279)	354,668,964
Cash and cash equivalents at beginning of year	1,212,390,580	829,222,524	381,840,160	26,343,062
Effect of change in foreign exchange rate on cash at bank balance	(173,841)	828,134	(173,841)	828,134
Cash and cash equivalents at end of year (Note 7)	1,152,588,131	1,212,390,580	197,144,040	381,840,160
Supplemental cash flows information:				
Non-cash transactions				
Increase (decrease) in accounts payable from purchases of plant, equipment and intangible assets	(9,234,916)	(117,446,625)	140,502	589,645
Transferred property, plant, and equipment to intangible assets	1,262,424	-	-	-
Transferred property, plant, and equipment to other non-current assets	5,005,173	-	-	-
Increase in property, plant, and equipment from recording of commissioning costs	12,979,613	-	-	-
Transferred advance payment for purchase of machineries to equipment	59,747,420	-	-	-
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	-	-

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 year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										
	Note	Retained earnings				Unappropriated	Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
		Issued and paid-up share capital	Share premium	Appropriated			Exchange differences on translation of financial statements in foreign currency	Total other component of shareholders' equity			
				Statutory reserve	General reserve						
Balance as at 1 January 2011		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	27	-	-	-	-	(472,500,000)	-	-	(472,500,000)	-	(472,500,000)
Unappropriated retained earnings transferred to general reserve	27	-	-	-	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
Decrease in non-controlling interest of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	(542,027,195)	(542,027,195)
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 year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company											
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Exchange differences on translation of financial statements in foreign currency	Other comprehensive income	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated		Unappropriated						
				Statutory reserve	General reserve							
Balance as at 1 January 2012		350,000,000	680,400,000	35,000,000	436,000,000	1,891,579,408	(122,135,142)	(122,135,142)	3,270,844,266	807,849,914	4,078,694,180	
Dividend paid	27	-	-	-	-	(525,000,000)	-	-	(525,000,000)	-	(525,000,000)	
Unappropriated retained earnings transferred to general reserve	27	-	-	-	59,900,000	(59,900,000)	-	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	915,804,278	(48,501,612)	(48,501,612)	867,302,666	434,849,412	1,302,152,078	
Effect of liquidation of the subsidiary		-	-	-	-	(24,626,987)	24,620,675	24,620,675	(6,312)	-	(6,312)	
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	(369,851,997)	(369,851,997)	
Increase in non-controlling interests from disposal of investment in subsidiary		-	-	-	-	-	-	-	-	30,395	30,395	
Balance as at 31 December 2012		<u>350,000,000</u>	<u>680,400,000</u>	<u>35,000,000</u>	<u>495,900,000</u>	<u>2,197,856,699</u>	<u>(146,016,079)</u>	<u>(146,016,079)</u>	<u>3,613,140,620</u>	<u>872,877,724</u>	<u>4,486,018,344</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 year ended 31 December 2012

(Unit: Baht)

		Separate financial statements					
				Retained earnings			
				Appropriated			
		Issued and paid-up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	Total
Note							
	Balance as at 1 January 2011	350,000,000	680,400,000	35,000,000	429,000,000	199,664,375	1,694,064,375
27	Dividend paid	-	-	-	-	(472,500,000)	(472,500,000)
27	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>
	Balance as at 1 January 2012	350,000,000	680,400,000	35,000,000	436,000,000	409,940,178	1,911,340,178
27	Dividend paid	-	-	-	-	(525,000,000)	(525,000,000)
27	Unappropriated retained earnings transferred to general reserve	-	-	-	59,900,000	(59,900,000)	-
	Total comprehensive income for the year	-	-	-	-	679,686,741	679,686,741
	Balance as at 31 December 2012	<u>350,000,000</u>	<u>680,400,000</u>	<u>35,000,000</u>	<u>495,900,000</u>	<u>504,726,919</u>	<u>2,066,026,919</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 year ended 31 December 2012

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	Relationship	Country of incorporation	Percentage of shareholding	
				<u>2012</u> Percent	<u>2011</u> Percent
<u>Held by the Company</u>					
PT. Lanna Mining Services	Coal distribution	Direct holding and common directors	Indonesia	99.95	99.995
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Direct holding and common directors	Thailand	75.75	75.75
PT. Singlurus Pratama	Coal production and distribution	Direct holding and common directors	Indonesia	65.00	65.00
PT. Lanna Harita Indonesia	Coal production and distribution	Direct holding and common directors	Indonesia	55.00	55.00
PT. Citra Harita Mineral	Service in coal production and port and jetty service	Direct holding and common directors	Indonesia	55.00	55.00
Lanna (Singapore) Pte. Ltd.	Investment in foreign projects	Direct holding and common directors	Singapore	-	100.00

Company's name	Nature of business	Relationship	Country of incorporation	Percentage of shareholding	
				<u>2012</u> Percent	<u>2011</u> Percent
<u>Held by associated company</u>					
PT. Lanna Mining Services	Coal distribution	Direct holding	Indonesia	0.05	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. New accounting standards 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

Financial Reporting Standard:

TFRS 8 Operating Segments

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 standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing the Company and its subsidiaries' brought-forward retained earnings of the year 2013 by approximately Baht 71 million (the Company only: increasing by approximately Baht 30 million).

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.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Inventories are valued at the lower of average cost and net realisable value. Cost of finished goods and work in process include cost of material, labour and overheads.

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.

Net realisable value is selling price in normal course of business less other costs incurred to sell the goods.

4.5 Cassava plantation costs

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

4.6 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.

4.7 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.

4.8 Investment properties

Investment properties, which are plots of land, 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.

4.9 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).

The cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing an item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 Long-term leases

Leases of assets which do not transfer substantially all the significant risk and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

4.15 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.

4.16 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.

4.17 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 and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and the subsidiary. 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 in 2011, 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 2011.

4.18 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.

4.19 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.

4.20 Provision for mine reclamation

The subsidiaries recognise a provision for mine reclamation where an obligation exists. The estimated amount of the eventual costs relating to the site restoration and reclamation is discounted to its present value. Such costs are included in profit or loss based on the unit-of-production method on the total estimated reclamation costs over the total proven reserves.

4.21 Income tax

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

4.22 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.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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 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.

Provision for mine reclamation

The majority of the decommissioning and reclamation costs is incurred at the end of a mine's life. In determining a provision for such costs, the management needs to make judgment regarding the expected future costs to be incurred, the timing of these expected future costs, largely dependent on the life of the mine, and the estimated future level of inflation.

Litigation

The subsidiary has contingent liabilities as a result of litigation. The management has used judgment to assess 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.

6. Related party transactions

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Purchase of coal	-	-	-	796,767,110
Dividend income	-	-	561,116,045	771,465,580
Commission and marketing service income	-	-	174,679,454	120,698,429
Service income	-	-	53,769,923	39,077,376
Interest income	-	-	904,139	3,491,400
<u>Transactions with major shareholder</u>				
Sales of coal	1,077,962,057	1,054,227,801	1,077,962,057	1,054,227,801
<u>Transactions with associated company</u>				
Purchase of coal	1,030,616,076	72,877,565	1,030,616,076	72,877,565
Freight charge	195,854,483	56,420,545	195,854,483	56,420,545
Dividend income	7,686,140	-	7,686,140	-
<u>Transfer pricing policy</u>				
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			
Freight charge	Price comparable to freight charges paid to third parties			

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Major shareholder	72,435,686	66,024,871	72,435,686	66,024,871
Subsidiaries	-	-	28,093,867	19,411,544
Total trade and other receivables - related parties	<u>72,435,686</u>	<u>66,024,871</u>	<u>100,529,553</u>	<u>85,436,415</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>-</u>	<u>87,030,477</u>	<u>-</u>	<u>87,030,477</u>
<u>Long-term loans to related party</u>				
Subsidiary	-	-	-	45,000,998
Total long-term loans to related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000,998</u>
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiaries	-	-	-	205,589,726
Associated company	841,672	799,920	841,672	799,920
Total trade and other payables - related parties	<u>841,672</u>	<u>799,920</u>	<u>841,672</u>	<u>206,389,646</u>

As at 31 December 2012 and 2011, the balances of long-term loans between the Company and those related companies and the movement are as follows:

(Unit: Baht)

	Balance as at	Decrease during the year	Balance as at
	31 December		31 December
	<u>2011</u>		<u>2012</u>
<u>Long-term loans to subsidiary company</u>			
PT. Lanna Mining Services	45,000,998	(45,000,998)	-

The long-term loans to related party represent loans granted to PT. Lanna Mining Services. The loans are unsecured, with a term not exceeding 3 years, and carry interest rate at LIBOR + 3% per annum.

Directors and management's benefits

During the years ended 31 December 2012 and 2011, 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	171,761,766	171,006,076	59,115,730	58,369,479
Post-employment benefits	19,217,766	10,220,403	1,682,063	2,448,119
Total	<u>190,979,532</u>	<u>181,226,479</u>	<u>60,797,793</u>	<u>60,817,598</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. The Company obtained an approval from the Securities and Exchange Commission of Thailand on 16 November 2011.

7. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	196,134	235,470	40,000	40,000
Bank deposits	1,180,769,361	984,696,303	159,104,040	102,800,160
Investments in bill of exchange and bond of the Bank of Thailand	38,000,000	279,000,000	38,000,000	279,000,000
Total	1,218,965,495	1,263,931,773	197,144,040	381,840,160
Less: Restricted bank deposits	(66,377,364)	(51,541,193)	-	-
Total	<u>1,152,588,131</u>	<u>1,212,390,580</u>	<u>197,144,040</u>	<u>381,840,160</u>

As at 31 December 2012, bank deposits in savings accounts, fixed deposits and short-term investments carried interests between 0.1 and 3 percent per annum (2011: between 0.05 and 6.5 percent per annum).

As at 31 December 2012, the overseas subsidiaries have restricted bank deposits of approximately Baht 66 million (2011: Baht 52 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 30.4.

8. Current investments

As at 31 December 2012, the Company had current investments in the form of bills of exchange amounting to Baht 439 million carrying interests at the rate of 3.1 - 3.5 percent per annum and due for redemption during January to June 2013.

9. Trade and other receivables

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	72,435,686	66,024,871	93,537,697	80,268,618
Total trade receivables - related parties	<u>72,435,686</u>	<u>66,024,871</u>	<u>93,537,697</u>	<u>80,268,618</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	789,436,267	1,122,974,899	39,882,124	112,528,986
Total trade receivable - unrelated parties	<u>789,436,267</u>	<u>1,122,974,899</u>	<u>39,882,124</u>	<u>112,528,986</u>
Total trade receivables	<u>861,871,953</u>	<u>1,188,999,770</u>	<u>133,419,821</u>	<u>192,797,604</u>
<u>Other receivables</u>				
Other receivable - related parties	-	-	6,991,856	5,167,797
Other receivable - unrelated parties	1,939,903	7,740,922	924	983,503
Advances	347,246	631,885	347,246	631,885
Interest receivable	1,678,965	562,019	1,678,965	248,019
Total other receivables	<u>3,966,114</u>	<u>8,934,826</u>	<u>9,018,991</u>	<u>7,031,204</u>
Total trade and other receivables	<u><u>865,838,067</u></u>	<u><u>1,197,934,596</u></u>	<u><u>142,438,812</u></u>	<u><u>199,828,808</u></u>

10. Inventories

(Unit: Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Coal and work in process	420,198,720	151,408,078	-	-	420,198,720
Finished goods - Ethanol	8,213,699	31,080,344	-	-	8,213,699	31,080,344
Work in process - Ethanol	20,467,375	7,097,086	-	-	20,467,375	7,097,086
Raw materials - Molasses	30,877,418	29,040,479	-	-	30,877,418	29,040,479
Raw materials - Cassava chips	18,868,326	45,479,802	(9,702,516)	(6,135,734)	9,165,810	39,344,068
Supplies	12,815,231	7,515,339	-	-	12,815,231	7,515,339
Spare parts	579,577	545,133	-	-	579,577	545,133
Total	512,020,346	272,166,261	(9,702,516)	(6,135,734)	502,317,830	266,030,527

(Unit: Baht)

Separated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Coal	203,612,736	27,321,366	-	-	203,612,736
Total	203,612,736	27,321,366	-	-	203,612,736	27,321,366

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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
			(%)	(%)				
PT. Lanna Mining Services (Incorporated in Indonesia)	USD 2.1 million	USD 2.1 million	99.95	99.995	70,888,512	70,918,908	-	-
Thai Agro Energy Public Co., Ltd.	Baht 800 million	Baht 800 million	75.75	75.75	606,037,733	606,037,733	-	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626,118	18,626,118	318,873,869	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	172,922,090	443,028,322
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	69,320,086	9,817,203
Lanna (Singapore) Pte. Ltd. (Incorporated in Singapore)	-	SGD 9 million	-	100.00	-	215,795,869	-	-
Total					852,763,211	1,068,589,476	561,116,045	771,465,580

(Unit: Baht)

Oversea subsidiaries

Lanna (Singapore) Pte. Ltd.

On 21 June 2010, the meeting of the Board of Directors of the Company passed a resolution approving the dissolution and liquidation of Lanna (Singapore) Pte. Ltd.

In March 2012, the Company received its return on investment of Baht 221.4 million from Lanna (Singapore) Pte. Ltd. and recognised gain from return on investment of Baht 5.6 million in the income statement for the year ended 31 December 2012.

On 28 June 2012, Lanna (Singapore) Pte. Ltd. had completed its liquidation and had submitted the related documents to the Regulatory Authority on 4 July 2012.

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 shareholding percentage 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 January 2012, the Company already sold such ordinary shares of the subsidiary to United Bulk Shipping Pte. Ltd.

PT. Citra Harita Mineral

On 17 April 2012, the meeting of the Board of Directors of the Company passed a resolution approving the dissolution and liquidation of PT. Citra Harita Mineral, which is a subsidiary incorporated in Indonesia. The dissolution and liquidation of this subsidiary is expected to be completed within 2013.

12. Investment in associated company

12.1 Detail of associated company

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
					Carrying amounts based on equity method		Cost	
	<u>2012</u>	<u>2011</u>	<u>2012</u> (%)	<u>2011</u> (%)	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	SGD 0.1 million	SGD 0.1 million	49	49	34,560,855	23,714,804	890,679	890,679
Total					<u>34,560,855</u>	<u>23,714,804</u>	<u>890,679</u>	<u>890,679</u>

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 for the years ended 31 December		Dividend received for the years ended 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
United Bulk Shipping Pte. Ltd.	18,532,191	5,903,773	7,686,140	-

Share of profit from United Bulk Shipping Pte. Ltd. for the years ended 31 December 2012 and 2011 had been calculated from the financial statements prepared by the management of the associated company and not being audited by its auditor.

The Company's management believes that the management accounts of the associated company would not be significantly different from the account 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		Total assets as at		Total liabilities as at		Total revenues		Profit for the years	
	31 December		31 December		31 December		for the years ended		ended 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
United Bulk Shipping Pte. Ltd.	SGD 0.1 million	SGD 0.1 million	164	134	100	90	1,219	151	38	12

13. Investment properties

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	<u>2012</u>	<u>2011</u>
Cost	37,496,182	39,299,887
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>34,726,037</u>	<u>36,529,742</u>

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	<u>2012</u>	<u>2011</u>
Net book value at beginning of year	36,529,742	37,552,650
Disposals - net book value on disposal date	(1,803,705)	(1,022,908)
Net book value at end of year	<u>34,726,037</u>	<u>36,529,742</u>

As at 31 December 2012, the Company had investment properties, which mainly are plots of land of Paka mine, with an aggregate net book value of approximately Baht 34.7 million (2011: Baht 36.5 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 (2011: Baht 1.6 million).

The fair value of the investment properties as at 31 December 2012 is Baht 48.8 million (2011: Baht 51.3 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 2011	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
Additions	3,269,365	-	12,324,397	15,142,676	21,509,128	10,795,200	811,100	235,048,808	298,900,674
Disposals/write-off	-	(3,794,379)	-	(1,685,174)	(18,207,033)	(4,392,234)	(3,275,551)	(6,188,223)	(37,542,594)
Transfer in (transfer out)	8,851,274	-	4,225,222	36,247,736	1,018,188,970	2,475,116	119,500	(1,076,375,415)	(6,267,597)
Capitalised interest	-	-	-	-	-	-	-	9,639,142	9,639,142
Cash received from government grants	-	-	-	-	-	-	-	(9,577,360)	(9,577,360)
Translation adjustments	(173,137)	-	(558,900)	(797,322)	(8,991,500)	(1,386,391)	(459,559)	(4,425,397)	(16,792,206)
31 December 2012	346,435,063	65,045,063	101,065,564	315,946,516	2,165,059,355	91,953,465	50,974,984	471,668,322	3,608,148,332

(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 2011	-	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
Depreciation for the year	-	-	2,577,234	12,130,072	108,315,954	12,782,493	4,842,891	-	140,648,644
Accumulated depreciation of the disposed assets/write-off	-	(3,794,379)	-	(207,872)	(17,298,790)	(4,138,046)	(2,856,138)	-	(28,295,225)
Transfer in (transfer out)	-	-	-	11,581	(6,386)	(5,195)	-	-	-
Translation adjustments	-	-	(558,900)	(162,958)	(4,163,274)	(754,873)	(95,609)	-	(5,735,614)
31 December 2012	-	65,045,063	24,660,470	42,864,480	528,694,609	62,618,622	36,432,005	-	760,315,249
Net book value									
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
31 December 2012	346,435,063	-	76,405,094	273,082,036	1,636,364,746	29,334,843	14,542,979	471,668,322	2,847,833,083

Depreciation for the year

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

98,512,980

2012 (Baht 104 million included in manufacturing cost, and the balance in selling and administrative expenses)

140,648,644

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 2011	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
Additions	-	-	12,324,398	388,852	93,064	3,138,548	-	3,736,772	19,681,634
Disposal/write-off	-	(3,794,379)	-	-	(10,146,125)	(1,385,373)	(2,046,598)	-	(17,372,475)
Transfer in (transfer out)	-	-	-	-	152,000	-	-	(152,000)	-
31 December 2012	180,000,000	65,045,063	28,122,642	5,344,568	80,044,360	26,441,919	12,098,528	3,736,772	400,833,852
Accumulated depreciation									
1 January 2011	-	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
Depreciation for the year	-	-	2,577,235	252,673	11,730,077	2,677,751	81,802	-	17,319,538
Accumulated depreciation of the disposed assets/write-off	-	(3,794,379)	-	-	(10,146,109)	(1,361,549)	(2,046,596)	-	(17,348,633)
31 December 2012	-	65,045,063	8,503,425	1,089,352	77,087,878	19,754,623	12,080,721	-	183,561,062
Net book value									
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
31 December 2012	180,000,000	-	19,619,217	4,255,216	2,956,482	6,687,296	17,807	3,736,772	217,272,790

Depreciation for the year

2011 (included in selling and administrative expenses)

18,472,565

2012 (included in selling and administrative expenses)

17,319,538

A subsidiary has mortgaged part of its land and construction thereon and machinery of the second ethanol production plant with net book value as at 31 December 2012 amounting to approximately Baht 1,175.9 million (2011: 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 assets under construction and installation with the capitalisation rate as follows:

	<u>2012</u>	<u>2011</u>
Interest expenses capitalised as assets under construction and installation (Baht)	9,639,142	31,347,753
Capitalisation rate (percent per annum)	4.31	3.53

During 2011, a subsidiary company received the subsidy of Baht 15 million, representing 75 percent of total subsidy, under the subsidy agreement made with the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project". During the year 2012, the subsidiary received the last 25 percent subsidy of Baht 5 million.

On 4 April 2012, a subsidiary entered into an additional subsidy agreement with the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project", obtaining financial subsidy of Baht 15.3 million for the construction of Biogas system. During the year 2012, the subsidiary received the first 30 percent subsidy of Baht 4.6 million.

On 22 November 2012, a subsidiary entered into an additional subsidy agreement with the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project", obtaining financial subsidy of Baht 20 million for the construction of Biogas system. Subsequently on 29 January 2013, the subsidiary received the first 30 percent subsidy of Baht 6 million.

However, the subsidiary is required to comply with the terms under the aforementioned agreements.

As at 31 December 2012, 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 135 million (2011: Baht 131 million) (the Company only: Baht 49 million, 2011: Baht 56 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 2011	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
Additions	589,435	433,295
Transfer in	1,262,424	-
Write-off	(1,735,618)	(410,093)
Translation adjustments	(20,768)	-
31 December 2012	9,805,733	4,121,839
Accumulated amortisation		
1 January 2011	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
Amortisation for the year	1,408,311	683,921
Accumulated amortisation of the write-off assets	(1,733,721)	(410,045)
Translation adjustments	(20,768)	-
31 December 2012	5,860,150	2,607,252
Net book value		
31 December 2011	3,503,932	1,765,261
31 December 2012	3,945,583	1,514,587

16. Other non-current assets

Other non-current assets as at 31 December 2012 and 2011 consist of the following and have been shown net of related accumulated amortisation.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Deferred expenses -				
Indonesia coal mine project	323,812,576	298,394,403	-	-
Deferred overburden removal expenses	13,952,831	19,209,561	-	-
Deferred transferred service fees according to contract	73,435,362	91,774,997	73,435,362	91,774,997
Advance payment from purchases of machineries	-	59,747,420	-	-
Others	<u>22,003,760</u>	<u>5,995,883</u>	<u>6,369,597</u>	<u>3,383,834</u>
Total other non-current assets	<u>433,204,529</u>	<u>475,122,264</u>	<u>79,804,959</u>	<u>95,158,831</u>
Amortisation expenses for the year	<u>100,160,475</u>	<u>159,243,103</u>	<u>18,339,635</u>	<u>13,506,842</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 118.3 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 2012, a subsidiary had short-term loans from financial institution of Baht 513 million (2011: Baht 563 million) in the form of promissory notes, which are repayable within 3 months. The loans bear interest at the rate of 3.95 - 4.85 percent per annum (2011: 3.8 - 6.63 percent per annum). The loan amounting to Baht 150 million (2011: 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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade payables - related parties	841,672	799,920	841,672	799,920
Trade payables - unrelated parties	711,903,236	341,398,119	62,774,927	21,053,121
Other payables - related parties	-	-	-	205,589,726
Other payables - unrelated parties	17,136,298	15,518,577	1,976,435	2,329,332
Payable for purchases of plant and equipment	1,341,342	10,780,842	525,563	589,645
Retention payable	19,924,180	9,088,263	881,157	38,446
Total trade and other payables	<u>751,146,728</u>	<u>377,585,721</u>	<u>66,999,754</u>	<u>230,400,190</u>

19. Long-term loan from financial institution

	Consolidated	
	financial statements	
	<u>2012</u>	<u>2011</u>
Long-term loan from financial institution	720,000,000	900,000,000
Less: Current portion	<u>(180,000,000)</u>	<u>(900,000,000)</u>
Long-term loan from financial institution - net of current portion	<u>540,000,000</u>	<u>-</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.

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. Subsequently on 14 January 2013, the bank had reduced the interest rate during January to December 2013 from THBFIX reference rate plus 2.1 percent per annum to THBFIX reference rate plus 1.95 percent per annum.

As at 31 December 2012 and 2011, the subsidiary could not maintain certain financial ratio as specified in the loan agreement. However, the subsidiary had negotiated with the bank, and had obtained a waiver letter for the condition to maintain certain financial ratios for the years ended 31 December 2012 and 2011 from that bank on 27 December 2012 and 7 February 2012, respectively. As at 31 December 2011, the subsidiary classified the whole amount of loan as current portion of long-term loan since it received the waiver letter from the bank after the end of the reporting period.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, was as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Defined benefit obligation at beginning of year	122,556,463	84,701,109	22,165,420	18,217,234
Current service cost	36,851,703	20,270,037	1,860,563	1,609,685
Interest cost	7,381,305	6,313,185	797,955	724,265
Benefits paid during the year	(7,409,478)	(394,363)	(1,766,850)	(58,500)
Actuarial (gain) loss	27,841,999	7,467,744	(315,505)	1,757,914
Transitional (assets) liabilities	-	151,773	-	(85,178)
Translation adjustment	(10,956,495)	4,046,978	-	-
Defined benefit obligation at end of year	<u>176,265,497</u>	<u>122,556,463</u>	<u>22,741,583</u>	<u>22,165,420</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current service cost	36,851,703	20,270,037	1,860,563	1,609,685
Interest cost	7,381,305	6,313,185	797,955	724,265
Actuarial (gain) loss recognised during the year	27,841,999	7,467,744	(315,505)	1,757,914
Transitional (assets) liabilities recognised during the year	-	151,773	-	(85,178)
Total expenses recognised in profit or loss	<u>72,075,007</u>	<u>34,202,739</u>	<u>2,343,013</u>	<u>4,006,686</u>

Line items under which such expenses are included in profit or loss

Cost of sales	490,139	422,495	-	-
Selling and administrative expenses	71,584,868	33,780,244	2,343,013	4,006,686

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.6 - 6	3.6 - 7	3.6	3.6
Future salary increase rate (depending on age)	6 - 9	6 - 9	6 - 7	6 - 7
Staff turnover rate	0 - 22	0 - 10	0 - 10	0 - 10

Amounts of defined benefit obligation for the current and previous two periods are as follows:

	(Unit: Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2012	176,265,497	22,741,583	2,184,033	-
Year 2011	122,556,463	22,165,420	756,184	1,757,914
Year 2010	84,701,109	18,217,234	755,350	-

21. Provision for mine reclamation and decommissioning costs

	(Unit: Baht)		
	Consolidated financial statements		
	Provision for mine reclamation	Provision for decommissioning costs	Total
As at 1 January 2011	17,721,125	-	17,721,125
Increase during the year	4,481,706	-	4,481,706
Decrease from actual paid	(6,097,323)	-	(6,097,323)
Translation adjustment	905,067	-	905,067
As at 31 December 2011	17,010,575	-	17,010,575
Increase during the year	83,219,237	12,979,613	96,198,850
Decrease from actual paid	(27,214,400)	-	(27,214,400)
Translation adjustment	(568,751)	-	(568,751)
As at 31 December 2012	72,446,661	12,979,613	85,426,274

22. 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 2012 amounted to Baht 5.9 million, and of the Company amounted to Baht 4.2 million (2011: Baht 5.6 million, the Company only: Baht 4 million).

23. 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. At present, the statutory reserve has fully been set aside.

24. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Purchase of finished goods	2,636,177,345	2,770,039,993	1,663,210,520	1,504,382,800
Raw materials and consumables used	824,400,195	839,859,285	-	-
Changes in inventories of finished goods and work in process (increase) decrease	(259,294,286)	53,904,766	(176,291,370)	103,483,038
Overburden removal expenses	4,156,869,323	2,293,293,148	-	-
Royalty fee	1,106,398,862	1,133,618,030	-	-
Freight and transportation of goods expenses	869,365,728	756,581,292	100,915,112	103,743,228
Depreciation and amortisation expenses	242,217,430	258,957,638	36,343,094	32,540,849
Salary, wages and other employee benefits	218,395,346	217,464,260	35,929,110	34,762,483
Management benefit expenses	190,979,532	181,226,479	60,797,793	60,817,598
Electricity and fuel expenses	129,080,534	145,077,179	6,719,058	6,208,890
Repair and maintenance expenses	119,686,413	48,644,431	6,054,063	8,651,274
Loss on exchange	54,383,945	7,361,472	-	-
Loss on write-off of inventories, fixed assets and intangible assets	8,484,163	29,716,264	48	29,669,937
Write-off prepaid corporate income tax	-	17,822,450	-	-

25. 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
Date	26 December 2003	19 November 2008
1. Promotional privileges for	Manufacture of alcohol	Manufacture of ethanol (99.5%)
2. Significant privileges		
2.1 Exemption from corporate income tax on income derived from the 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 (will expire on 1 April 2020)
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
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
3. Date of first earning operating income	31 January 2005	2 April 2012

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

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

	(Unit: Baht)	
	<u>2012</u>	<u>2011</u>
Revenues from sales		
Promoted operations	1,330,432,416	1,017,161,766
Non-promoted operations	<u>19,432,209</u>	<u>81,052,164</u>
Total	<u>1,349,864,625</u>	<u>1,098,213,930</u>

26. 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		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit attributable to equity holders of the Company (Baht)	915,804,278	1,043,398,752	679,686,741	689,775,803
Weighted average number of ordinary shares (shares)	350,000,000	350,000,000	350,000,000	350,000,000
Basic earnings per share (Baht)	2.62	2.98	1.94	1.97

27. Dividend paid

Dividends paid by the Company and its subsidiaries for the years ended 31 December 2012 and 2011 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>2012</u>				
Final dividends for 2011	Annual General Meeting of the shareholders on 17 April 2012	350,000,000	1.00	2 May 2012
Interim dividends for 2012	Board of Directors' meeting on 15 October 2012	175,000,000	0.50	14 November 2012
Total		<u>525,000,000</u>	<u>1.50</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>	

In addition, the Annual General Meeting of the Company's shareholders approved to set aside a general reserve of Baht 59.9 million (2011: Baht 7 million).

Oversea subsidiaries

PT. Singlurus Pratama

(Unit: US Dollar)

Dividends	Approved by	Total Dividends	Dividend per share	Paid on
<u>2012</u>				
The second interim dividends for 2011	Board of Directors' meeting on 19 January 2012	7,950,000	1,000	26 January 2012
The third interim dividends for 2011	Board of Directors' meeting on 6 June 2012	3,975,000	500	26 November 2012
The first interim dividends for 2012	Board of Directors' meeting on 13 December 2012	3,975,000	500	27 December 2012
Total		15,900,000	2,000	
<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
The first interim dividends for 2011	Board of Directors' meeting on 23 December 2011	7,950,000	1,000	27 December 2011
Total		15,900,000	2,000	

In the current year, the Company received dividend income at 65 percent for a total of USD 10.3 million or equivalent to Baht 318.9 million. The Company had been withheld the withholding tax deducted at source of Baht 63.8 million (2011: dividend income of USD 10.3 million or equivalent to Baht 318.6 million and withholding tax of Baht 63.7 million).

PT. Lanna Harita Indonesia

(Unit: US Dollar)

Dividends	Approved by	Total Dividends	Dividend per share	Paid on
<u>2012</u>				
Final dividends for 2011	Annual General Meeting of the shareholders on 7 June 2012	5,600,000	700	25 June 2012
The first interim dividends for 2012	Board of Directors' meeting on 7 June 2012	2,400,000	300	25 June 2012
The second interim dividends for 2012	Board of Directors' meeting on 13 December 2012	2,000,000	250	21 December 2012
Total		10,000,000	1,250	
<u>2011</u>				
The fourth interim dividends for 2010	Board of Directors' meeting on 19 January 2011	6,400,000	800	24 January 2011
The first interim dividends for 2011	Board of Directors' meeting on 10 March 2011	1,600,000	200	14 March 2011
The second interim dividends for 2011	Board of Directors' meeting on 27 May 2011	6,400,000	800	6 June 2011
The third interim dividends for 2011	Board of Directors' meeting on 16 September 2011	6,000,000	750	21 September 2011
The fourth interim dividends for 2011	Board of Directors' meeting on 13 December 2011	6,000,000	750	14 December 2011
Total		26,400,000	3,300	

In the current year, the Company received dividend income at 55 percent for a total of USD 5.5 million or equivalent to Baht 172.9 million. The Company had been withheld the withholding tax deducted at source of Baht 13 million (2011: dividend income 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).

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>2012</u>				
The first interim dividends for 2011	Extraordinary meeting of the shareholders on 28 May 2012	2,000,000	2,000	1 June 2012
The second interim dividends for 2011	Extraordinary meeting of the shareholders on 22 June 2012	1,600,000	1,600	26 July 2012
The first interim dividends for 2012	Extraordinary meeting of the shareholders on 6 September 2012	400,000	400	9 October 2012
Total		<u>4,000,000</u>	<u>4,000</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>	

In the current year, the Company received dividend income at 55 percent for a total of USD 2.2 million or equivalent to Baht 69.3 million. The Company had been withheld the withholding tax deducted at source of Baht 13.9 million (2011: dividend income of USD 0.3 million or equivalent to Baht 9.8 million and withholding tax of Baht 2 million).

28. 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 2012 and 2011 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers	1,739,509,550	1,777,049,611	10,270,746,345	10,122,090,310	1,349,864,625	1,098,213,930	-	-	13,360,120,520	12,997,353,851
Intersegment revenues	228,449,377	159,775,805	-	796,767,110	-	-	(228,449,377)	(956,542,915)	-	-
Total revenues	1,967,958,927	1,936,825,416	10,270,746,345	10,918,857,420	1,349,864,625	1,098,213,930	(228,449,377)	(956,542,915)	13,360,120,520	12,997,353,851
Operating income	481,039,777	328,959,578	4,191,866,919	4,932,600,343	279,449,348	36,400,024	(218,693,233)	(146,151,319)	4,733,662,811	5,151,808,626
Unallocated income (expenses)										
Other income									89,171,324	159,395,111
Share of profit from investment in associated company									18,532,191	5,903,773
Selling and distribution expenses									(2,200,320,598)	(1,967,471,146)
Administrative expenses									(555,630,711)	(609,787,053)
Loss on exchange									(54,383,945)	(7,361,472)
Finance cost									(54,147,681)	(29,603,580)
Withholding tax deducted at source									(121,709,287)	(123,553,771)
Income tax expenses									(482,364,953)	(824,601,310)
Non-controlling interests of the subsidiaries									(457,004,873)	(711,330,426)
Profit for the year									915,804,278	1,043,398,752

Consolidated statements of financial position as at 31 December												
	Domestic coal business		Oversea coal business		Ethanol business		Others		Elimination of inter-segment transactions		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Assets employed	451,640,280	271,166,789	1,060,861,690	771,235,408	2,292,391,208	2,314,188,019	4,818,849	4,818,849	-	-	3,809,712,027	3,361,409,065
General corporate assets	1,726,602,104	1,929,907,667	2,598,171,495	2,739,624,891	110,481,194	102,302,348	-	225,348,137	(684,652,032)	(1,141,024,989)	3,750,602,761	3,856,158,054
Total assets	2,178,242,384	2,201,074,456	3,659,033,185	3,510,860,299	2,402,872,402	2,416,490,367	4,818,849	230,166,986	(684,652,032)	(1,141,024,989)	7,560,314,788	7,217,567,119

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

29. Significant contracts and agreements

29.1 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.

29.2 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 guarantors, 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. Subsequently on 13 August 2012, the Supreme Court of Singapore ordered the guarantors to pay advance for purchase of coal of USD 2 million with interest at SIBOR+3.5% per annum and other expenses to the Company. However, for a prudent reason, the Company has still set full allowance for doubtful account for this advance payment.

29.3 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.

29.4 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.

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2012, the Company and a subsidiary had capital commitments of approximately Baht 109.2 million and Euro 0.4 million, totaling approximately Baht 125.8 million, relating to the construction of the Company’s jetty and the subsidiary’s the Biogas system and the second ethanol production plant, and the acquisitions of machinery and equipment (2011: Baht 45.5 million and Euro 0.6 million, totaling approximately Baht 70.4 million).

30.2 Operating lease commitments

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

Payable within	Consolidated		(Unit: Million Baht) Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Less than 1 year	44	29	10	10
1 to 5 years	35	31	14	23

30.3 Long-term service and purchase commitments

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

(Unit: Million Baht)

Payable within	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Less than 1 year	2	2	2	2
1 to 5 years	3	4	3	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 1.6 million (2011: Baht 1.7 million) and the Company only of Baht 0.5 million (2011: Baht 0.5 million).
- c) The Company had commitments under the coal purchase agreement with an oversea company 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 (2011: Baht 2.7 million).

30.4 Guarantees

As at 31 December 2012, the Company and its subsidiaries had bank guarantees of approximately Baht 16.9 million and Rupiah 18,337.8 million and the Company had Baht 0.4 million (2011: Baht 5.5 million, USD 1.2 million and Rupiah 3,693 million and the Company had 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 2012 (Year 5) of the Energy Policy and Planning Office Ministry of Energy, and to guarantee contractual performance under the license for electricity use to Provincial Electricity Authority.

31. Litigation

31.1 In 2008, a company sued the Company in the US court claiming 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. 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. Later, the US court cancelled the freezing of the cash of the Company and returned it to the Company 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.

31.2 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. On 8 November 2011, the subsidiary submitted the testimony to sue back that company, claiming a compensation for damage of Baht 82.4 million. As at 31 December 2012, the case is still being considered by the Civil Court. The subsidiary's lawyer 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 its accounts.

32. Financial instruments

32.1 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, trade and other payables, and short-term and long-term borrowings. 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, interest bearing loans and short-term and long-term borrowings. 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 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.

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2012

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	38	1,115	-	1,153	0.1 - 3
Current investments	439	-	-	439	3.1 - 3.5
Trade and other receivables	-	-	866	866	-
	<u>477</u>	<u>1,115</u>	<u>866</u>	<u>2,458</u>	
Financial liabilities					
Short-term loans from financial institutions	513	-	-	513	3.95 - 4.85
Trade and other payables	-	-	751	751	-
	<u>513</u>	<u>-</u>	<u>751</u>	<u>1,264</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2011

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	279	933	-	1,212	0.05 - 6.5
Trade and other receivables	-	-	1,198	1,198	-
	<u>279</u>	<u>933</u>	<u>1,198</u>	<u>2,410</u>	
Financial liabilities					
Short-term loans from financial institutions	563	-	-	563	3.8 - 6.63
Trade and other payables	-	-	378	378	-
	<u>563</u>	<u>-</u>	<u>378</u>	<u>941</u>	

Long-term loan from financial institution of Baht 720 million (2011: Baht 900 million) 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. On 15 February 2012, the bank had 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.

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2012					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	38	159	-	197	0.1 - 3
Current investments	439	-	-	439	3.1 - 3.5
Trade and other receivables	-	-	142	142	-
	<u>477</u>	<u>159</u>	<u>142</u>	<u>778</u>	
Financial liabilities					
Trade and other payables	-	-	67	67	-
	<u>-</u>	<u>-</u>	<u>67</u>	<u>67</u>	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2011					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	279	103	-	382	0.05 - 3.2
Trade and other receivables	-	-	200	200	-
Long-term loans to related party	-	45	-	45	LIBOR+3
	<u>279</u>	<u>148</u>	<u>200</u>	<u>627</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.

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

Foreign currency	As at 31 December 2012		Exchange rate	
	Financial assets (Million)	Financial liabilities (Million)	as at 31 December 2012 (Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	8.1	1.3	30.4857	30.7775

Foreign currency	As at 31 December 2011		Exchange rate	
	Financial assets (Million)	Financial liabilities (Million)	as at 31 December 2011 (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 2012 and 2011, the Company and its subsidiaries had no outstanding forward exchange contract.

32.2 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.

33. 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 2012, the Company and its subsidiaries' debt-to-equity ratio was 0.69:1 (2011: 0.77:1) and the Company's was 0.05:1 (2011: 0.15:1).

34. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 21 February 2013.