

Lanna Resources Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2013

## **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 2013, 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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### **Emphasis of matter**

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok: 25 February 2014

Lanna Resources Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
			(restated)		(restated)		
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	8	822,019,116	1,152,588,131	1,212,390,580	162,781,836	197,144,040	381,840,160
Current investments	9	380,000,000	439,000,000	-	380,000,000	439,000,000	-
Trade and other receivables	7, 10	864,118,312	865,838,067	1,197,934,596	329,590,051	142,438,812	199,828,808
Inventories	11	430,502,287	502,317,830	266,030,527	177,067,105	203,612,736	27,321,366
Cassava and sugar cane plantation costs		-	-	5,723,506	-	-	-
Input tax refundable		888,652,412	558,442,414	699,612,441	4,971,900	1,850,360	-
Prepaid income tax		584,946,998	321,703,093	103,558,079	95,676	132,178	18,265,829
Advance payments for goods	7, 12	419,494,851	78,423,478	170,906,117	87,089,520	5,663,058	109,613,269
Other current assets		28,315,796	35,354,536	68,908,721	1,742,266	1,428,937	1,336,501
<b>Total current assets</b>		<b>4,418,049,772</b>	<b>3,953,667,549</b>	<b>3,725,064,567</b>	<b>1,143,338,354</b>	<b>991,270,121</b>	<b>738,205,933</b>
<b>Non-current assets</b>							
Restricted bank deposits	8	60,162,181	66,377,364	51,541,193	-	-	-
Investments in subsidiaries	13	-	-	-	852,763,211	852,763,211	1,068,589,476
Investment in associated company	14	38,930,294	34,560,855	23,714,804	890,679	890,679	890,679
Long-term loans to related party		-	-	-	-	-	45,000,998
Investment properties	15	34,726,037	34,726,037	36,529,742	34,726,037	34,726,037	36,529,742
Property, plant and equipment	16	3,240,456,966	2,847,833,083	2,716,090,829	251,638,553	217,272,790	214,934,536
Goodwill		185,999,788	185,999,788	185,999,788	-	-	-
Intangible assets	17	3,374,913	3,945,583	3,503,932	1,415,072	1,514,587	1,765,261
Deferred tax assets	4, 28	68,849,024	89,854,024	97,296,538	18,237,639	30,065,580	31,135,143
Other non-current assets	18	489,111,366	433,204,529	475,122,264	61,756,838	79,804,959	95,158,831
<b>Total non-current assets</b>		<b>4,121,610,569</b>	<b>3,696,501,263</b>	<b>3,589,799,090</b>	<b>1,221,428,029</b>	<b>1,217,037,843</b>	<b>1,494,004,666</b>
<b>Total assets</b>		<b>8,539,660,341</b>	<b>7,650,168,812</b>	<b>7,314,863,657</b>	<b>2,364,766,383</b>	<b>2,208,307,964</b>	<b>2,232,210,599</b>

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

Lanna Resources Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
			(restated)		(restated)		
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Short-term loans from financial institutions	19	996,307,831	513,000,000	563,000,000	-	-	-
Trade and other payables	7, 20	677,372,135	751,146,728	377,585,721	109,014,918	66,999,754	230,400,190
Current portion of long-term loan from financial institution	21	180,000,000	180,000,000	900,000,000	-	-	-
Accrued expenses		552,002,924	614,090,205	581,366,295	17,942,679	16,655,822	26,515,787
Income tax payable		30,056,691	26,528,222	408,515,697	12,613,671	-	-
Other current liabilities		121,727,821	187,839,518	168,838,188	5,521,660	5,818,306	10,653,881
<b>Total current liabilities</b>		<b>2,557,467,402</b>	<b>2,272,604,673</b>	<b>2,999,305,901</b>	<b>145,092,928</b>	<b>89,473,882</b>	<b>267,569,858</b>
<b>Non-current liabilities</b>							
Long-term loan from financial institution - net of current portion	21	657,757,191	540,000,000	-	-	-	-
Provision for long-term employee benefits	22	156,141,009	176,265,497	122,556,463	24,573,278	22,741,583	22,165,420
Provision for mine reclamation and decommissioning costs	23	114,092,782	85,426,274	17,010,575	-	-	-
Deferred tax liabilities	4, 28	11,503,103	-	-	-	-	-
<b>Total non-current liabilities</b>		<b>939,494,085</b>	<b>801,691,771</b>	<b>139,567,038</b>	<b>24,573,278</b>	<b>22,741,583</b>	<b>22,165,420</b>
<b>Total liabilities</b>		<b>3,496,961,487</b>	<b>3,074,296,444</b>	<b>3,138,872,939</b>	<b>169,666,206</b>	<b>112,215,465</b>	<b>289,735,278</b>

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

Lanna Resources Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	Note	2013	2012	2013	2012	2012
					(restated)	
					(restated)	
<b>Shareholders' equity</b>						
<b>Share capital</b>	24					
Registered, issued and fully paid up						
524,999,679 ordinary shares of Baht 1 each						
(2012: 350,000,000 ordinary shares						
Baht 1 each)		524,999,679	350,000,000	350,000,000	524,999,679	350,000,000
Share premium		680,400,000	680,400,000	680,400,000	680,400,000	680,400,000
Retained earnings						
Appropriated - Statutory reserve	25	52,500,000	35,000,000	35,000,000	52,500,000	35,000,000
Appropriated - General reserve		650,600,000	495,900,000	436,000,000	650,600,000	495,900,000
Unappropriated		2,132,462,544	2,266,118,226	1,964,098,182	286,600,498	534,792,499
Other components of shareholders' equity		(37,625,949)	(146,001,533)	(121,400,746)	-	-
<b>Equity attributable to owners of the Company</b>		<b>4,003,336,274</b>	<b>3,681,416,693</b>	<b>3,344,097,436</b>	<b>2,195,100,177</b>	<b>2,096,092,499</b>
Non-controlling interests of the subsidiaries		1,039,362,580	894,455,675	831,893,282	-	-
<b>Total shareholders' equity</b>		<b>5,042,698,854</b>	<b>4,575,872,368</b>	<b>4,175,990,718</b>	<b>2,195,100,177</b>	<b>1,942,475,321</b>
<b>Total liabilities and shareholders' equity</b>		<b>8,539,660,341</b>	<b>7,650,168,812</b>	<b>7,314,863,657</b>	<b>2,364,766,383</b>	<b>2,232,210,599</b>

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

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Directors  
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Lanna Resources Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (restated)	2013	2012 (restated)
<b>Revenues</b>					
Sales	7	12,132,133,949	13,360,120,520	1,584,006,527	1,739,509,550
Commission and marketing service income	7	-	-	203,517,746	174,679,454
Other income					
Dividend income	7, 13, 14	-	-	267,433,623	568,802,185
Service income	7	-	-	63,219,874	53,769,923
Gain on exchange		-	-	17,528,552	2,833,801
Interest income	7	21,378,009	16,508,157	17,320,528	12,080,591
Others		10,447,738	72,663,167	5,634,644	35,879,715
Total other income		31,825,747	89,171,324	371,137,221	673,366,215
<b>Total revenues</b>		<b>12,163,959,696</b>	<b>13,449,291,844</b>	<b>2,158,661,494</b>	<b>2,587,555,219</b>
<b>Expenses</b>					
Cost of sales	7	8,070,769,890	8,626,457,709	1,345,278,970	1,486,919,150
Selling and distribution expenses		2,263,524,266	2,200,320,598	150,734,219	159,978,196
Administrative expenses		506,424,336	555,630,711	138,313,409	137,006,675
Loss on exchange		180,096,732	54,383,945	-	-
<b>Total expenses</b>	27	<b>11,020,815,224</b>	<b>11,436,792,963</b>	<b>1,634,326,598</b>	<b>1,783,904,021</b>
<b>Profit before share of profit from investment, finance cost and income tax expenses</b>		<b>1,143,144,472</b>	<b>2,012,498,881</b>	<b>524,334,896</b>	<b>803,651,198</b>
Share of profit from investment in associated company	14	15,730,958	18,532,191	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>1,158,875,430</b>	<b>2,031,031,072</b>	<b>524,334,896</b>	<b>803,651,198</b>
Finance cost		(59,511,344)	(54,147,681)	-	-
<b>Profit before income tax expenses</b>		<b>1,099,364,086</b>	<b>1,976,883,391</b>	<b>524,334,896</b>	<b>803,651,198</b>
Withholding tax deducted at source		(42,008,306)	(121,709,287)	(42,008,306)	(121,709,287)
Income tax expenses	28	(230,759,933)	(488,572,737)	(24,568,703)	(3,324,733)
<b>Profit for the year</b>		<b>826,595,847</b>	<b>1,366,601,367</b>	<b>457,757,887</b>	<b>678,617,178</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		572,294,206	911,547,031	457,757,887	678,617,178
Non-controlling interests of the subsidiaries		254,301,641	455,054,336		
		<u>826,595,847</u>	<u>1,366,601,367</u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	30	1.09	1.74	0.87	1.29

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

Lanna Resources Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u> (restated)	<u>2013</u>	<u>2012</u> (restated)
<b>Profit for the year</b>	<u>826,595,847</u>	<u>1,366,601,367</u>	<u>457,757,887</u>	<u>678,617,178</u>
<b>Other comprehensive income:</b>				
Exchange differences on translation of financial statements in foreign currency	<u>169,249,105</u>	<u>(71,891,803)</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year</b>	<u>169,249,105</u>	<u>(71,891,803)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>995,844,952</u>	<u>1,294,709,564</u>	<u>457,757,887</u>	<u>678,617,178</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>680,669,790</u>	<u>862,325,569</u>	<u>457,757,887</u>	<u>678,617,178</u>
Non-controlling interests of the subsidiaries	<u>315,175,162</u>	<u>432,383,995</u>		
	<u>995,844,952</u>	<u>1,294,709,564</u>		

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

**Lanna Resources Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2013**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>				
Profit before tax	1,099,364,086	1,976,883,391	524,334,896	803,651,198
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	246,909,132	242,217,430	31,504,713	36,343,094
Reduction of inventory to net realisable value (reversal)	(9,702,516)	3,566,782	-	-
Share of profit from investment in associated company	(15,730,958)	(18,532,191)	-	-
Gain from return on investment and disposal of investment in subsidiary	-	-	-	(5,606,521)
Gain on disposal of equipment and investment properties	(3,692,647)	(1,942,235)	(3,692,647)	(1,601,487)
Loss on write-off of equipment and intangible assets	1,865,557	8,484,163	-	48
Dividend income	-	-	(267,433,623)	(568,802,185)
Provision for long-term employee benefits	4,204,896	72,075,007	1,831,695	2,343,013
Provision for mine reclamation and decommissioning costs	46,782,156	83,219,237	-	-
Unrealised loss (gain) on exchange	39,444,035	371,639	(5,676,263)	371,639
Interest income	(21,378,009)	(16,508,157)	(17,320,528)	(12,080,591)
Interest expenses	59,511,344	54,147,681	-	-
Profit from operating activities before changes in operating assets and liabilities	1,447,577,076	2,403,982,747	263,548,243	254,618,208
Operating assets (increase) decrease				
Trade and other receivables	4,365,406	333,213,475	(121,511,389)	58,820,942
Inventories	81,518,059	(239,854,085)	26,545,631	(176,291,370)
Cassava and sugar cane plantation costs	-	5,723,506	-	-
Input tax refundable	(330,209,998)	141,170,027	(3,121,540)	(1,850,360)
Advance payments for goods	(341,071,373)	92,284,841	(77,972,868)	103,752,413
Other current assets	7,038,740	33,554,185	(313,329)	(92,436)
Operating liabilities increase (decrease)				
Trade and other payables	(122,193,342)	382,795,923	38,205,564	(163,540,938)
Accrued expenses	(65,163,010)	32,561,839	1,286,857	(9,859,965)
Other current liabilities	(85,507,924)	19,001,330	(296,646)	(4,835,575)
Provision for long-term employee benefits	(2,244,584)	(7,409,478)	-	(1,766,850)
Provision for mine reclamation and decommissioning costs	(27,674,137)	(27,214,400)	-	-
Cash from operating activities	566,434,913	3,169,809,910	126,370,523	58,954,069
Interest income	18,732,358	15,391,211	14,677,892	10,649,645
Cash paid for interest expenses	(51,209,054)	(53,985,610)	-	-
Refund of corporate income tax	39,223	18,006,716	36,502	18,006,716
Cash paid for withholding tax deducted at source	(42,008,306)	(121,709,287)	(42,008,306)	(121,709,287)
Cash paid for corporate income tax	(495,438,113)	(1,100,504,158)	(127,091)	(2,128,235)
<b>Net cash from (used in) operating activities</b>	<b>(3,448,979)</b>	<b>1,927,008,782</b>	<b>98,949,520</b>	<b>(36,227,092)</b>

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

**Lanna Resources Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2013**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Cash flows from investing activities</b>				
(Increase) decrease in current investments	59,000,000	(439,000,000)	59,000,000	(439,000,000)
(Increase) decrease in restricted bank deposits	10,943,483	(16,559,458)	-	-
Cash received from repayment of long-term loans to related party	-	-	-	45,000,998
Dividend received from subsidiaries and associated company	11,361,519	7,686,140	206,829,850	568,802,185
Cash received from return on investment and disposal of investment in subsidiary	-	-	-	221,432,786
Proceeds from disposals of equipment and investment properties	3,756,331	4,511,043	3,756,331	3,429,034
Cash received from government grants	12,338,181	9,577,360	-	-
Acquisitions of property, plant and equipment	(455,336,066)	(245,252,283)	(39,831,917)	(19,745,716)
Acquisitions of computer software	(989,261)	(384,851)	(731,462)	(228,711)
Increase in other non-current assets	(120,458,591)	(123,677,056)	(3,584,288)	(2,985,763)
<b>Net cash from (used in) investing activities</b>	<b>(479,384,404)</b>	<b>(803,099,105)</b>	<b>225,438,514</b>	<b>376,704,813</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	775,838,461	(50,000,000)	-	-
Repayment of long-term loans from financial institutions	(180,000,000)	(180,000,000)	-	-
Dividend paid	(509,622,239)	(894,851,997)	(358,750,209)	(525,000,000)
Increase (decrease) in non-controlling interests of the subsidiaries	60,873,521	(22,639,946)	-	-
<b>Net cash from (used in) financing activities</b>	<b>147,089,743</b>	<b>(1,147,491,943)</b>	<b>(358,750,209)</b>	<b>(525,000,000)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>5,174,654</b>	<b>(36,046,342)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(330,568,986)</b>	<b>(59,628,608)</b>	<b>(34,362,175)</b>	<b>(184,522,279)</b>
Cash and cash equivalents at beginning of year	1,152,588,131	1,212,390,580	197,144,040	381,840,160
Effect of change in foreign exchange rate on cash at bank balance	(29)	(173,841)	(29)	(173,841)
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>822,019,116</b>	<b>1,152,588,131</b>	<b>162,781,836</b>	<b>197,144,040</b>

**Supplemental cash flows information:**

**Non-cash transactions from investing activities**

Increase (decrease) in accounts payable from purchases of plant, equipment and intangible assets	48,364,615	(9,234,916)	3,638,857	140,502
Dividend receivable from subsidiary	-	-	60,603,773	-
Dividend payable	19,396,227	-	-	-
Transferred property, plant, and equipment to intangible assets	30,000	1,262,424	30,000	-
Transferred property, plant, and equipment to other non-current assets	-	5,005,173	-	-
Increase in property, plant, and equipment from recording of commissioning costs	24,704,091	12,979,613	-	-
Transferred advance payment for purchase of machineries to equipment	-	59,747,420	-	-
<b>Non-cash transaction from financing activities</b>				
Issue of stock dividend	174,999,679	-	174,999,679	-

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

Lanna Resources Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

<b>Consolidated financial statements</b>											
Equity attributable to owners of the Company											
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Statutory reserve	General reserve	Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency			
				Appropriated				Total other component of shareholders' equity			
<b>Balance as at 31 December 2011</b>											
- as previously reported		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
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	-	72,518,774	734,396	734,396	73,253,170	24,043,368	97,296,538
<b>Balance as at 31 December 2011</b>											
- as restated		350,000,000	680,400,000	35,000,000	436,000,000	1,964,098,182	(121,400,746)	(121,400,746)	3,344,097,436	831,893,282	4,175,990,718
Dividend paid	31	-	-	-	-	(525,000,000)	-	-	(525,000,000)	-	(525,000,000)
Unappropriated retained earnings transferred to general reserve	31	-	-	-	59,900,000	(59,900,000)	-	-	-	-	-
Total comprehensive income for the year											
- as restated		-	-	-	-	911,547,031	(49,221,462)	(49,221,462)	862,325,569	432,383,995	1,294,709,564
Effect of liquidation of the subsidiary		-	-	-	-	(24,626,987)	24,620,675	24,620,675	(6,312)	-	(6,312)
Decrease in non-controlling interest of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	(369,851,997)	(369,851,997)
Increase in non-controlling interests from increase in share capital of the subsidiary		-	-	-	-	-	-	-	-	30,395	30,395
<b>Balance as at 31 December 2012</b>											
- as restated		350,000,000	680,400,000	35,000,000	495,900,000	2,266,118,226	(146,001,533)	(146,001,533)	3,681,416,693	894,455,675	4,575,872,368

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

**Lanna Resources Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2013**

(Unit: Baht)

<b>Consolidated financial statements</b>											
Equity attributable to owners of the Company											
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Statutory reserve	General reserve	Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currency			
<b>Balance as at 31 December 2012</b>											
- as previously reported		350,000,000	680,400,000	35,000,000	495,900,000	2,197,856,699	(146,016,079)	(146,016,079)	3,613,140,620	872,877,724	4,486,018,344
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	-	68,261,527	14,546	14,546	68,276,073	21,577,951	89,854,024
<b>Balance as at 31 December 2012</b>											
- as restated		350,000,000	680,400,000	35,000,000	495,900,000	2,266,118,226	(146,001,533)	(146,001,533)	3,681,416,693	894,455,675	4,575,872,368
Dividend paid	31	174,999,679	-	-	-	(533,749,888)	-	-	(358,750,209)	-	(358,750,209)
Unappropriated retained earnings transferred to statutory reserve	25	-	-	17,500,000	-	(17,500,000)	-	-	-	-	-
Unappropriated retained earnings transferred to general reserve	31	-	-	-	154,700,000	(154,700,000)	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	572,294,206	108,375,584	108,375,584	680,669,790	315,175,162	995,844,952
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries		-	-	-	-	-	-	-	-	(170,268,257)	(170,268,257)
<b>Balance as at 31 December 2013</b>		<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>650,600,000</u>	<u>2,132,462,544</u>	<u>(37,625,949)</u>	<u>(37,625,949)</u>	<u>4,003,336,274</u>	<u>1,039,362,580</u>	<u>5,042,698,854</u>

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

Lanna Resources Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

		Separate financial statements					
				Retained earnings			
				Appropriated			
	Note	Issued and paid-up share capital	Share premium	Statutory reserve	General reserve	Unappropriated	Total
<b>Balance as at 31 December 2011 - as previously reported</b>		350,000,000	680,400,000	35,000,000	436,000,000	409,940,178	1,911,340,178
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	-	31,135,143	31,135,143
<b>Balance as at 31 December 2011 - as restated</b>		350,000,000	680,400,000	35,000,000	436,000,000	441,075,321	1,942,475,321
Dividend paid	31	-	-	-	-	(525,000,000)	(525,000,000)
Unappropriated retained earnings transferred to general reserve	31	-	-	-	59,900,000	(59,900,000)	-
Total comprehensive income for the year - as restated		-	-	-	-	678,617,178	678,617,178
<b>Balance as at 31 December 2012 - as restated</b>		<u>350,000,000</u>	<u>680,400,000</u>	<u>35,000,000</u>	<u>495,900,000</u>	<u>534,792,499</u>	<u>2,096,092,499</u>
<b>Balance as at 31 December 2012 - as previously reported</b>		350,000,000	680,400,000	35,000,000	495,900,000	504,726,919	2,066,026,919
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	-	30,065,580	30,065,580
<b>Balance as at 31 December 2012 - as restated</b>		350,000,000	680,400,000	35,000,000	495,900,000	534,792,499	2,096,092,499
Dividend paid	31	174,999,679	-	-	-	(533,749,888)	(358,750,209)
Unappropriated retained earnings transferred to statutory reserve	25	-	-	17,500,000	-	(17,500,000)	-
Unappropriated retained earnings transferred to general reserve	31	-	-	-	154,700,000	(154,700,000)	-
Total comprehensive income for the year		-	-	-	-	457,757,887	457,757,887
<b>Balance as at 31 December 2013</b>		<u>524,999,679</u>	<u>680,400,000</u>	<u>52,500,000</u>	<u>650,600,000</u>	<u>286,600,498</u>	<u>2,195,100,177</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 2013**

**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 Thai Financial Reporting 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>2013</u> Percent	<u>2012</u> Percent
<u>Held by the Company</u>					
PT. Lanna Mining Services	Coal distribution	Direct holding and common directors	Indonesia	99.95	99.95
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

Company's name	Nature of business	Relationship	Country of incorporation	Percentage of shareholding	
				<u>2013</u> Percent	<u>2012</u> Percent
<u>Held by associated company</u>					
PT. Lanna Mining Services	Coal distribution	Direct holding	Indonesia	0.05	0.05

- b) Subsidiaries are fully consolidated, 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

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Accounting standards that became effective in the current accounting year

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
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy as from 1 January 2013 and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

**(b) Accounting standards that will become effective in the future**

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

		<u>Effective date</u>
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

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

#### **4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard**

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
<b>Statements of financial position</b>						
Increase in deferred tax assets	68,849	89,854	97,297	18,238	30,066	31,135
Increase in deferred tax liabilities	11,503	-	-	-	-	-
Increase in other components of shareholders' equity	1,142	15	734	-	-	-
Increase in non-controlling interests of the subsidiaries	13,083	21,578	24,043	-	-	-
Increase in unappropriated retained earnings	43,121	68,261	72,518	18,238	30,066	31,135

(Unit: Thousand Baht)

	For the years ended 31 December				
	Consolidated financial statements		Separate financial statements		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<b>Income statements</b>					
Increase in income tax		34,466	6,208	11,828	1,070
Decrease in profit attributable to non-controlling interest of the subsidiaries		(9,325)	(1,951)	-	-
Decrease in profit attributable to equity holders of the Company		(25,141)	(4,257)	(11,828)	(1,070)
Decrease in basic earnings per share (Baht)		(0.05)	(0.008)	(0.023)	(0.002)
<b>Statements of comprehensive income</b>					
Increase (decrease) in exchange differences on translation of financial statements in foreign currency		1,959	(1,235)	-	-

## **5. Significant accounting policies**

### **5.1 Revenue Recognition**

#### *Sales of goods*

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

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

#### *Commission and marketing service income*

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

#### *Service income*

Service income is recognised on an accrual basis when a subsidiary company sells coal which is produced from its concession area to the buyer.

#### *Interest income*

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

#### *Dividends*

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

### **5.2 Cash and cash equivalents**

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

### **5.3 Trade accounts receivable**

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

### **5.4 Inventories**

Inventories are valued at the lower of 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.

### **5.5 Cassava plantation costs**

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

### **5.6 Sugar cane plantation costs**

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

## 5.7 Investments

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

## 5.8 Investment properties

Investment properties, 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.

## 5.9 Property, plant and equipment and depreciation

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

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
Machinery and equipment	4 - 30 years
Furniture and office equipment	3 - 10 years
Vehicles	5 - 10 years

Depreciation is included in determining income.

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

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

#### **5.10 Borrowing costs**

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

#### **5.11 Intangible assets**

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

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

Intangible asset with finite useful lives, which is computer software, has useful lives of 3 - 10 years.

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

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

## **5.12 Goodwill**

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

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

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

## **5.13 Related party transactions**

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

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

## **5.14 Long-term leases**

Leases of assets 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.

### **5.15 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

### **5.16 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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

## **5.17 Employee benefits**

### ***Short-term employee benefits***

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

### ***Post-employment benefits***

#### *Defined contribution plans*

The Company, a subsidiary 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.

#### **5.18 Government grants related to assets**

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

#### **5.19 Provisions**

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

#### **5.20 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.

#### **5.21 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current 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.

## **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **5.22 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. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

## **6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements 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 judgement 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 judgement 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 judgement 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 judgements 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.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **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 judgement 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 Company and the subsidiaries have contingent liabilities as a result of litigation. The management has used judgement 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.

## **7. Related party transactions**

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Purchase of coal	-	-	82,342	-
Dividend income	-	-	256,072	561,116
Commission and marketing service income	-	-	203,518	174,679
Service income	-	-	63,220	53,770
Interest income	-	-	-	904
Advance payments for goods	-	-	87,090	-
<u>Transactions with major shareholder</u>				
Sales of coal	1,371,420	1,077,962	1,371,420	1,077,962
<u>Transactions with associated company</u>				
Purchase of coal	747,928	1,030,616	747,928	1,030,616
Freight charge	159,634	195,854	159,634	195,854
Dividend income	11,362	7,686	11,362	7,686

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Transfer pricing policy

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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 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 10)</b>				
Major shareholder	169,098	72,436	169,098	72,436
Subsidiaries	-	-	138,977	28,094
Total trade and other receivables - related parties	<u>169,098</u>	<u>72,436</u>	<u>308,075</u>	<u>100,530</u>
<b><u>Advance payments for goods - related party</u></b>				
<b>(Note 12)</b>				
Subsidiary	-	-	87,090	-
Total advance payment for goods - related party	<u>-</u>	<u>-</u>	<u>87,090</u>	<u>-</u>
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 20)</b>				
Subsidiaries	-	-	5,544	-
Associated company	3,652	842	3,652	842
Total trade and other payables - related parties	<u>3,652</u>	<u>842</u>	<u>9,196</u>	<u>842</u>

#### **Directors and management's benefits**

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	175,403	171,762	62,045	59,116
Post-employment benefits	685	19,218	1,288	1,682
Total	<u>176,088</u>	<u>190,980</u>	<u>63,333</u>	<u>60,798</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.

### **8. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash	180	196	40	40
Bank deposits	832,001	1,180,769	112,742	159,104
Investments in bill of exchange and bond of the Bank of Thailand	50,000	38,000	50,000	38,000
Total	882,181	1,218,965	162,782	197,144
Less: Restricted bank deposits	(60,162)	(66,377)	-	-
Total	<u>822,019</u>	<u>1,152,588</u>	<u>162,782</u>	<u>197,144</u>

As at 31 December 2013, bank deposits in savings account, fixed deposits and short-term investments carried interests between 0.02 and 9.5 percent per annum (2012: between 0.1 and 3 percent per annum).

As at 31 December 2013, the overseas subsidiaries have restricted bank deposits of approximately Baht 60 million (2012: Baht 66 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 34.5.

### **9. Current investments**

As at 31 December 2013, the Company had current investments in the form of bills of exchange amounting to Baht 380 million (2012: Baht 439 million) carrying interests at the rate of 3.1 - 3.35 percent per annum (2012: 3.1 - 3.5 percent per annum) and due for redemption during January to June 2014.

## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b><u>Trade receivables - related parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	169,098	72,436	192,631	93,538
Past due				
Up to 3 months	-	-	31,707	-
Total trade receivables - related parties	<u>169,098</u>	<u>72,436</u>	<u>224,338</u>	<u>93,538</u>
<b><u>Trade receivables - unrelated parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	<u>684,138</u>	<u>789,436</u>	<u>16,588</u>	<u>39,882</u>
Total trade receivable - unrelated parties	<u>684,138</u>	<u>789,436</u>	<u>16,588</u>	<u>39,882</u>
Total trade receivables	<u>853,236</u>	<u>861,872</u>	<u>240,926</u>	<u>133,420</u>
<b><u>Other receivables</u></b>				
Other receivables - related parties	-	-	83,737	6,992
Other receivables - unrelated parties	6,163	1,940	211	1
Advances	394	347	394	347
Interest receivable	<u>4,325</u>	<u>1,679</u>	<u>4,322</u>	<u>1,679</u>
Total other receivables	<u>10,882</u>	<u>3,966</u>	<u>88,664</u>	<u>9,019</u>
Total trade and other receivables	<u><u>864,118</u></u>	<u><u>865,838</u></u>	<u><u>329,590</u></u>	<u><u>142,439</u></u>

During the year, the local subsidiary entered into the factoring agreements with a local financial institution for total factoring facilities of Baht 50 million. As at 31 December 2013, no outstanding balance of its trade accounts receivable was factored at a discount to a financial institution.

The overseas subsidiary has pledged its accounts receivable to the bank as collateral for the credit facilities of trust receipt. As at 31 December 2013 the balance of accounts receivable totalling Rupiah 61,000 million or equivalent to Baht 163.3 million were placed as collateral for such credit facilities.

## 11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Coal and work in process	332,767	420,199	-	-	332,767	420,199
Finished goods - Ethanol	20,807	8,214	-	-	20,807	8,214
Work in process - Ethanol	10,183	20,467	-	-	10,183	20,467
Raw materials - Molasses	43,397	30,877	-	-	43,397	30,877
Raw materials - Cassava chips	-	18,868	-	(9,702)	-	9,166
Supplies	16,177	12,815	-	-	16,177	12,815
Spare parts	7,171	580	-	-	7,171	580
<b>Total</b>	<b>430,502</b>	<b>512,020</b>	<b>-</b>	<b>(9,702)</b>	<b>430,502</b>	<b>502,318</b>

(Unit: Thousand Baht)

Separated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Coal	177,067	203,613	-	-	177,067	203,613
<b>Total</b>	<b>177,067</b>	<b>203,613</b>	<b>-</b>	<b>-</b>	<b>177,067</b>	<b>203,613</b>

## 12. Advance payments for goods

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Advance payments for goods - related party	-	-	87,090	-
Advance payments for goods - unrelated parties	419,495	139,394	-	66,634
<b>Total</b>	<b>419,495</b>	<b>139,394</b>	<b>87,090</b>	<b>66,634</b>
Less: Allowance for doubtful debts	-	(60,971)	-	(60,971)
<b>Advance payments for goods - net</b>	<b>419,495</b>	<b>78,423</b>	<b>87,090</b>	<b>5,663</b>

On 6 May 2008, the Company made advance payment amounting to USD 2 million to Saraburi Resources Pte. Ltd. according to the agreement for sales and purchase of steam coal of 2 million tons. 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, the Company believed that the Company will not receive the payment for such advance payment. The Company wrote off the advance payments for goods as bad debt of approximately Baht 65 million and reversed the allowance for doubtful accounts previously set aside for such receivable.

During the current year, the local subsidiary had significant business transactions with local companies in respect of purchases of molasses and cassava chips under the purchase and sales of molasses agreement and cassava chips agreement. To comply with the conditions in the agreements, as at 31 December 2013, the subsidiary had paid advance payments for purchase of molasses and cassava chips amounting to Baht 366.9 million (2012: Baht 46.6 million).

### 13. 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		(Unit: Thousand Baht) Dividend received for the years ended 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			(%)	(%)				
PT. Lanna Mining Services (Incorporated in Indonesia)	USD 2.1 million	USD 2.1 million	99.95	99.95	70,889	70,889	-	-
Thai Agro Energy Public Co., Ltd.	Baht 800 million	Baht 800 million	75.75	75.75	606,038	606,038	78,785	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626	18,626	-	318,874
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	177,287	172,922
PT. Citra Harita Mineral (Incorporated in Indonesia)	Rp 1,000 million	Rp 1,000 million	55.00	55.00	2,187	2,187	-	69,320
Total					<u>852,763</u>	<u>852,763</u>	<u>256,072</u>	<u>561,116</u>

## **Local subsidiary**

### Thai Agro Energy Public Co., Ltd.

On 18 September 2013, the Extraordinary General Meeting of the Company's shareholders No. 1/2556 passed the following resolutions.

- a) Approved the plan for the listing of Thai Agro Energy Public Co., Ltd. in the Stock Exchange of Thailand. The listing shall proceed by the initial public offering (IPO) and the offer to the Company's shareholders by pre-emptive right according to shareholding proportion in the Company totaling 296,037,733 shares at the par value of Baht 1 per share, totaling Baht 296,037,733 consisting of:
  1. Capital increase ordinary shares in Thai Agro Energy Public Co., Ltd. of 200,000,000 shares at the par value of Baht 1 per share, totaling Baht 200,000,000.
  2. Ordinary shares in Thai Agro Energy Public Co., Ltd. originally held by the Company of 96,037,733 shares at the par value of Baht 1 per share, totaling Baht 96,037,733.
- b) Approved the allocation of the capital increase ordinary shares in Thai Agro Energy Public Co., Ltd. of 105,037,733 shares to the Company's shareholders for subscription by pre-emptive right according to their shareholding proportion in the Company. The offer price shall be the same as the initial public offering price.
- c) Approved the sale of ordinary shares in Thai Agro Energy Public Co., Ltd. originally held by the Company of 96,037,733 shares, to be offered together with the public offering of newly issued capital increase ordinary shares of Thai Agro Energy Public Co., Ltd. The offer price shall be the same as the initial public offering price.

On 19 September 2013, the Extraordinary General Meeting of Thai Agro Energy Public Co., Ltd.'s shareholders passed a resolution to approve the increase in its registered capital from Baht 800,000,000 (800,000,000 shares of Baht 1 each) to Baht 1,000,000,000 (1,000,000,000 shares of Baht 1 each) to support the initial public offering to public and the subsidiary's shareholders. The subsidiary registered the increase of its capital with Ministry of Commerce on 2 October 2013.

## **Overseas subsidiary**

### 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. Currently, the subsidiary is in the process of dissolution and liquidation.

## 14. Investment in associated company

### 14.1 Detail of associated company

Company's name	Paid-up capital		Shareholding percentage		Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
					Carrying amounts based on equity method		Cost	
	<u>2013</u>	<u>2012</u>	<u>2013</u> (%)	<u>2012</u> (%)	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	SGD 0.1 million	SGD 0.1 million	49	49	38,930	34,561	891	891
Total					<u>38,930</u>	<u>34,561</u>	<u>891</u>	<u>891</u>

### 14.2 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:

Company's name	Consolidated financial statements		(Unit: Thousand Baht) 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
United Bulk Shipping Pte. Ltd.	15,731	18,532	11,362	7,686

Share of profit from United Bulk Shipping Pte. Ltd. for the years ended 31 December 2013 and 2012 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.

### 14.3 Summarised financial information of associated company

Financial information of the associated company is summarised below.

(Unit: Thousand 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
United Bulk Shipping Pte. Ltd.	SGD 0.1	SGD 0.1	155,540	164,387	77,172	100,197	945,157	1,218,162	32,104	37,821
	million	million								

## 15. Investment properties

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2013</u>	<u>2012</u>
Cost	37,496	37,496
Less: Accumulated depreciation	(1,200)	(1,200)
Less: Allowance for diminution in value	(1,570)	(1,570)
Net book value	<u>34,726</u>	<u>34,726</u>

A reconciliation of the net book value of investment properties for the years 2013 and 2012 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2013</u>	<u>2012</u>
Net book value at beginning of year	34,726	36,530
Disposals - net book value on disposal date	-	(1,804)
Net book value at end of year	<u>34,726</u>	<u>34,726</u>

As at 31 December 2013, 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 (2012: Baht 34.7 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 (2012: Baht 1.6 million).

The fair value of the investment properties as at 31 December 2013 is Baht 51.6 million (2012: Baht 48.8 million), which is determined based on the price appraised by the Department of Land.

## 16. Property, plant and equipment

### Consolidated financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Buildings and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
1 January 2012	334,488	68,839	85,075	267,039	1,152,560	84,462	53,779	1,323,546	3,369,788
Additions	3,269	-	12,324	15,143	21,509	10,795	811	235,049	298,900
Disposals/write-off	-	(3,794)	-	(1,685)	(18,207)	(4,392)	(3,276)	(6,188)	(37,542)
Transfer in (transfer out)	8,851	-	4,225	36,247	1,018,189	2,475	120	(1,076,375)	(6,268)
Capitalised interest	-	-	-	-	-	-	-	9,639	9,639
Cash received from government grants	-	-	-	-	-	-	-	(9,577)	(9,577)
Translation adjustments	(173)	-	(559)	(797)	(8,992)	(1,386)	(460)	(4,425)	(16,792)
31 December 2012	346,435	65,045	101,065	315,947	2,165,059	91,954	50,974	471,669	3,608,148
Additions	6,655	-	3,715	318,818	23,506	5,730	68	170,014	528,506
Disposals/write-off	(251)	-	-	(812)	(15,551)	(4,766)	(1,230)	-	(22,610)
Transfer in (transfer out)	-	-	1,907	9,352	15,588	582	-	(27,459)	(30)
Cash received from government grants	-	-	-	-	(6,338)	-	-	(6,000)	(12,338)
Translation adjustments	1,165	-	1,151	3,896	29,742	3,363	946	8,082	48,345
31 December 2013	354,004	65,045	107,838	647,201	2,212,006	96,863	50,758	616,306	4,150,021

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Buildings and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
<b>Accumulated depreciation</b>									
1 January 2012	-	68,839	22,642	31,094	441,847	54,734	34,541	-	653,697
Depreciation for the year	-	-	2,577	12,130	108,316	12,783	4,843	-	140,649
Accumulated depreciation of the disposed assets/write-off	-	(3,794)	-	(208)	(17,299)	(4,138)	(2,856)	-	(28,295)
Transfer in (transfer out)	-	-	-	11	(6)	(5)	-	-	-
Translation adjustments	-	-	(559)	(163)	(4,163)	(755)	(96)	-	(5,736)
31 December 2012	-	65,045	24,660	42,864	528,695	62,619	36,432	-	760,315
Depreciation for the year	-	-	3,213	19,330	115,561	13,122	4,501	-	155,727
Accumulated depreciation of the disposed assets/write-off	-	-	-	(176)	(15,441)	(3,834)	(1,230)	-	(20,681)
Translation adjustments	-	-	1,151	497	10,213	2,027	315	-	14,203
31 December 2013	-	65,045	29,024	62,515	639,028	73,934	40,018	-	909,564
<b>Net book value</b>									
31 December 2012	346,435	-	76,405	273,083	1,636,364	29,335	14,542	471,669	2,847,833
31 December 2013	354,004	-	78,814	584,686	1,572,978	22,929	10,740	616,306	3,240,457

**Depreciation for the year**

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

140,649

2013 (Baht 110 million included in manufacturing cost, and the balance in selling and administrative expenses)

155,727

## Separate financial statements

(Unit: Thousand Baht)

	Land	Ore	Land improvement	Buildings and amenities	Machinery and equipment	Office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
1 January 2012	180,000	68,839	15,798	4,956	89,945	24,689	14,146	152	398,525
Additions	-	-	12,324	389	93	3,138	-	3,737	19,681
Disposal/write-off	-	(3,794)	-	-	(10,146)	(1,385)	(2,047)	-	(17,372)
Transfer in (transfer out)	-	-	-	-	152	-	-	(152)	-
31 December 2012	180,000	65,045	28,122	5,345	80,044	26,442	12,099	3,737	400,834
Additions	-	-	3,715	1,300	11,118	2,123	-	25,371	43,627
Disposal/write-off	-	-	-	-	(15,128)	(1,864)	(1,230)	-	(18,222)
Transfer in (transfer out)	-	-	1,907	-	-	582	-	(2,519)	(30)
31 December 2013	180,000	65,045	33,744	6,645	76,034	27,283	10,869	26,589	426,209
<b>Accumulated depreciation</b>									
1 January 2012	-	68,839	5,926	837	75,504	18,438	14,046	-	183,590
Depreciation for the year	-	-	2,577	253	11,730	2,678	82	-	17,320
Accumulated depreciation of the disposed assets/write-off	-	(3,794)	-	-	(10,146)	(1,362)	(2,047)	-	(17,349)
31 December 2012	-	65,045	8,503	1,090	77,088	19,754	12,081	-	183,561
Depreciation for the year	-	-	3,213	295	2,535	3,118	6	-	9,167
Accumulated depreciation of the disposed assets/write-off	-	-	-	-	(15,128)	(1,800)	(1,230)	-	(18,158)
31 December 2013	-	65,045	11,716	1,385	64,495	21,072	10,857	-	174,570
<b>Net book value</b>									
31 December 2012	180,000	-	19,619	4,255	2,956	6,688	18	3,737	217,273
31 December 2013	180,000	-	22,028	5,260	11,539	6,211	12	26,589	251,639
<b>Depreciation for the year</b>									
2012 (included in selling and administrative expenses)									17,320
2013 (included in selling and administrative expenses)									9,167

The subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 31 December 2013 amounting to approximately Baht 1,198.7 million (2012: Baht 1,175.9 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 19 and 21.

During 2012, the subsidiary received the subsidy of Baht 5 million, from the subsidy agreement with the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project".

On 4 April 2012, the 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 additionally received the first subsidy of Baht 4.6 million and during the year 2013, the Company additionally received the second and the last subsidy totally of Baht 6.3 million.

On 22 November 2012, the 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. During the year 2013, the subsidiary received the first subsidy of Baht 6 million.

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

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

	<u>2013</u>	<u>2012</u>
Interest expenses capitalised as cost of machinery and equipment (Thousand Baht)	-	9,639
Capitalisation rate (percent per annum)	-	4.31

As at 31 December 2013, 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 196 million (2012: Baht 135 million) (the Company only: Baht 89 million, 2012: Baht 49 million).

## 17. Intangible assets

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
1 January 2012	9,710	4,099
Additions	589	433
Transfer from assets under installation	1,262	-
Write-off	(1,735)	(410)
Translation adjustments	(20)	-
31 December 2012	9,806	4,122
Additions	888	576
Transfer from assets under installation	30	30
Write-off	(4)	(4)
Translation adjustments	43	-
31 December 2013	10,763	4,724
<b>Accumulated amortisation</b>		
1 January 2012	6,206	2,333
Amortisation for the year	1,408	684
Accumulated amortisation of the write-off assets	(1,734)	(410)
Translation adjustments	(20)	-
31 December 2012	5,860	2,607
Amortisation for the year	1,488	705
Accumulated amortisation of the write-off assets	(3)	(3)
Translation adjustments	43	-
31 December 2013	7,388	3,309
<b>Net book value</b>		
31 December 2012	3,946	1,515
31 December 2013	3,375	1,415

## 18. Other non-current assets

Other non-current assets as at 31 December 2013 and 2012 consist of the following and have been shown net of related accumulated amortisation.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Deferred expenses - Indonesia coal mine project	398,514	323,813	-	-
Deferred overburden removal expenses	12,132	13,953	-	-
Deferred transferred service fees according to contract	51,803	73,435	51,803	73,435
Others	26,662	22,004	9,954	6,370
Total other non-current assets	<u>489,111</u>	<u>433,205</u>	<u>61,757</u>	<u>79,805</u>
Amortisation expenses for the year	<u>89,694</u>	<u>100,160</u>	<u>21,632</u>	<u>18,340</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.

## 19. Short-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2013</u>	<u>2012</u>
Promissory notes	604,684	513,000
Trust receipts	297,504	-
Short-term loans from financial institution	94,120	-
<b>Total</b>	<b><u>996,308</u></b>	<b><u>513,000</u></b>

As at 31 December 2013, the local subsidiary had short-term loans from financial institution of Baht 604.7 million (2012: Baht 513 million) in the form of promissory notes, which are repayable within 3 months. The loans bear interest at the rate of 3.7 - 4.1 percent per annum (2012: 3.95 - 4.85 percent per annum). The loan amounting to Baht 604.7 million (2012: Baht 150 million) is secured by the mortgage of part of the subsidiary's land and construction thereon and machinery as discussed in Note 16.

The subsidiaries entered into the credit facilities agreements with two financial institutions of Baht 200 million and USD 5 million. As at 31 December 2013, the subsidiaries had outstanding balance of trust receipts of Baht 140 million and USD 4.8 million, totalling Baht 297.5 million, with interest at the rate of 3.7 percent per annum and 6.34 percent per annum, respectively.

Trust receipt of USD 4.8 million are secured by pledge of accounts receivable of Rupiah 61,000 million or Baht 163.3 million as discussed in Note 10.

As at 31 December 2013 the overseas subsidiary had short-term loans from financial institution of approximately USD 2.9 million or Baht 94.1 million, which are repayable within 1 year. The loans bear interest at the rate 3.74 percent per annum.

## 20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Trade payables - related parties	3,652	842	3,652	842
Trade payables - unrelated parties	568,163	711,903	93,359	62,775
Other payables - related parties	-	-	5,544	-
Other payables - unrelated parties	17,793	17,137	1,675	1,976
Payable for purchases of plant and equipment	49,808	1,341	4,369	526
Retention payable	37,956	19,924	416	881
<b>Total trade and other payables</b>	<b><u>677,372</u></b>	<b><u>751,147</u></b>	<b><u>109,015</u></b>	<b><u>67,000</u></b>

## 21. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2013</u>	<u>2012</u>
Long-term loan from financial institution	837,757	720,000
Less: Current portion	(180,000)	(180,000)
Long-term loan from financial institution - net of current portion	<u>657,757</u>	<u>540,000</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 and machinery as discussed in Note 16.

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

On 15 February 2012, the bank had reduced the interest rate during March 2012 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 2013 to December 2013 from THBFIX reference rate plus 2.1 percent per annum to THBFIX reference rate plus 1.95 percent per annum.

Subsequently, on 6 November 2013, the subsidiary entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 845 million, for the debt refinance with another local bank. On 18 December 2013, the subsidiary withdrew the loan for the debt refinance and repaid all of short-term and long-term loans to that local bank totaling Baht 837.8 million. The loan initially carries interest rate at THBFIX reference rate plus 1.75 percent per annum for the first year, and the interest rate increases by 0.05 percent per annum from the second to fifth year. The loan is repayable within 5 years in 10 semi-annually installments of Baht 90 million during the first to ninth year, and remaining balance is repayable in the tenth year. The repayment period is from June 2014 to December 2018. The loan is secured by the mortgage of a part of the subsidiary's land and construction thereon and machinery as discussed in Note 16.

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

As at 31 December 2013 and 2012, the subsidiary could not maintain certain financial ratios 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 2013 and 2012 from that bank on 27 December 2013 and 27 December 2012.

## 22. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Defined benefit obligation at beginning of year</b>	176,265	122,556	22,742	22,165
Current service cost	28,420	36,852	1,527	1,861
Interest cost	10,078	7,381	1,067	798
Benefits paid during the year	(2,245)	(7,409)	-	(1,767)
Actuarial (gain) loss	(34,292)	27,841	(763)	(315)
Translation adjustments	(22,085)	(10,956)	-	-
<b>Defined benefit obligation at end of year</b>	<b>156,141</b>	<b>176,265</b>	<b>24,573</b>	<b>22,742</b>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current service cost	28,420	36,852	1,527	1,861
Interest cost	10,078	7,381	1,067	798
Actuarial (gain) loss recognised during the year	(34,292)	27,841	(763)	(315)
<b>Total expenses recognised in profit or loss</b>	<b>4,206</b>	<b>72,074</b>	<b>1,831</b>	<b>2,344</b>

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

Cost of sales	335	490	-	-
Selling and administrative expenses	3,871	71,584	1,831	2,344

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.64 - 9	3.6 - 6	4.64	3.6
Future salary increase rate (depending on age)	4.7 - 9	6 - 9	7.63	6 - 7
Staff turnover rate	0 - 29	0 - 22	0 - 15	0 - 10

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

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	156,141	24,573	(7,462)	3,807
Year 2012	176,265	22,742	2,184	-
Year 2011	122,556	22,165	756	1,758
Year 2010	84,701	18,217	755	-

## 23. Provision for mine reclamation and decommissioning costs

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for		Total
	Provision for mine reclamation	decommissioning costs	
<b>As at 1 January 2012</b>	17,011	-	17,011
Increase during the year	83,219	12,980	96,199
Decrease from actual paid	(27,214)	-	(27,214)
Translation adjustments	(570)	-	(570)
<b>As at 31 December 2012</b>	72,446	12,980	85,426
Increase during the year	46,782	24,704	71,486
Decrease from actual paid	(27,674)	-	(27,674)
Translation adjustments	(8,911)	(6,234)	(15,145)
<b>As at 31 December 2013</b>	<u>82,643</u>	<u>31,450</u>	<u>114,093</u>

## 24. Share capital

On 22 April 2013, the Annual General Meeting of the Company's shareholders passed the resolutions to increase the Company's registered share capital in order to support the dividend payment at Baht 175,000,000 by issuing new ordinary shares of 175,000,000 shares, having a par value of Baht 1 per share, which shall result in an increase of previous registered share capital of Baht 350,000,000, consisting of 350,000,000 ordinary shares at a par value of Baht 1 per share to become a new registered share capital of Baht 525,000,000, consisting of 525,000,000 ordinary shares at par value of Baht 1 per share. The Company registered the share capital increase with the Ministry of Commerce on 30 April 2013.

Subsequently, on 18 September 2013, the Extraordinary General Meeting of the Company's shareholders No. 1/2556 passed the resolution to approve the reduction of the Company's registered capital from Baht 525,000,000 consisting of 525,000,000 ordinary shares at a par value of Baht 1 per share to become Baht 524,999,679, consisting of 524,999,679 ordinary shares at par value of Baht 1 per share by writing off the unsold ordinary shares of 321 shares at the par value of Baht 1 per share, totaling Baht 321. The Company registered the share capital decrease with the Ministry of Commerce on 20 September 2013.

## 25. 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.

During the year 2013, the Company set aside an additional statutory reserve by amount of Baht 17.5 million or a total sum of Baht 52.5 million.

## 26. Provident fund

The Company and the 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 2013 amounted to Baht 6.4 million, and of the Company amounted to Baht 4.6 million (2012: Baht 5.9 million, the Company only: Baht 4.2 million).

## 27. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Purchase of finished goods	1,699,388	2,636,177	1,318,733	1,663,211
Raw materials and consumables used	1,223,192	824,400	-	-
Changes in inventories of finished goods and work in process (increase) decrease	85,123	(259,294)	26,546	(176,291)
Overburden removal expenses	4,315,701	4,156,869	-	-
Royalty fee	1,107,320	1,106,399	-	-
Freight and transportation of goods expenses	1,015,905	869,366	95,533	100,915
Depreciation and amortisation expenses	246,909	242,217	31,505	36,343
Salary, wages and other employee benefits	192,949	218,395	31,637	35,929
Management benefit expenses	176,088	190,980	63,333	60,798
Electricity and fuel expenses	117,090	129,081	6,142	6,719
Repair and maintenance expenses	107,535	119,686	5,019	6,054
Loss on exchange	180,097	54,384	-	-

## 28. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
<b>Current income tax:</b>				
Current income tax charge	196,294	482,365	12,741	-
Adjustment in respect of current income tax of previous year	-	-	-	2,255
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	27,604	5,771	11,828	1,070
Effects of changes in applicable tax rates	-	437	-	-
Deferred tax assets not recognised	6,862	-	-	-
<b>Income tax expense reported in the statement of income</b>	<u>230,760</u>	<u>488,573</u>	<u>24,569</u>	<u>3,325</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Accounting profit before tax	<u>1,099,364</u>	<u>1,976,883</u>	<u>524,335</u>	<u>803,651</u>
Applicable tax rate	10-30%	10-30%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	288,957	561,683	104,867	184,840
Adjustment in respect of current income tax of previous year	-	2,255	-	2,255
Withholding tax deducted at source	(31,371)	(27,993)	(31,371)	(27,993)
Effects of changes in the applicable tax rates	-	437	-	-
Effects of:				
Promotional privileges (Note 29)	(33,939)	(37,491)	-	-
Utilisation of tax loss carry forward	(9,170)	(17,341)	(9,170)	(17,341)
Non-deductible expenses	3,465	10,113	1,596	969
Income not subject to tax	(10,703)	(3,489)	(53,487)	(139,383)
Additional expense deductions allowed	(60)	(22)	(60)	(22)
Loss which may not be utilised in the future	4,706	-	-	-
Others	305	423	-	-
Total	(45,396)	(47,807)	(61,121)	(155,777)
Write-off deferred tax assets	12,194	-	12,194	-
Deferred tax assets not recognised	6,862	-	-	-
Translation adjustments	(486)	(2)	-	-
<b>Income tax expenses reported in the statement of income</b>	<u>230,760</u>	<u>488,573</u>	<u>24,569</u>	<u>3,325</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(Restated)			(Restated)	
<b>Deferred tax assets</b>						
Provision for long-term						
employee benefits	46,535	42,502	32,705	4,915	4,549	4,433
Accumulated depreciation - ore						
plant and equipment	25,534	26,365	28,406	13,009	13,009	13,768
Tax loss carried forward	20,250	18,250	17,694	-	-	-
Allowance for doubtful						
accounts	-	12,194	12,620	-	12,194	12,620
Government grants	4,479	2,769	1,425	-	-	-
Accumulated amortisation -						
deferred exploration and						
development cost	-	-	4,133	-	-	-
Others	314	485	314	314	314	314
<b>Total</b>	<b>97,112</b>	<b>102,565</b>	<b>97,297</b>	<b>18,238</b>	<b>30,066</b>	<b>31,135</b>
<b>Deferred tax liabilities</b>						
Accumulated amortisation -						
deferred exploration and						
development cost	39,766	12,711	-	-	-	-
<b>Total</b>	<b>39,766</b>	<b>12,711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, the subsidiary has unused tax losses totalling Baht 34 million (2012: Nil), on which deferred tax assets have not been recognised as the subsidiary has received the promotion privileges and there are uncertain economic future which affect the utilisation of unused tax losses.

## 29. 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 (expired)	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: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Revenues from sales		
Promoted operations	1,593,732	1,330,432
Non-promoted operations	65,320	19,432
Total	<u>1,659,052</u>	<u>1,349,864</u>

### 30. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of stock dividend, as discussed in Note 24. The number of ordinary shares is adjusted as if the distribution of stock dividend had occurred at the beginning of the earliest period reported.

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

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u> (restated)	<u>2013</u>	<u>2012</u> (restated)
Profit attributable to equity holders of the Company (Thousand Baht)	572,294	911,547	457,758	678,617
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	1.09	1.74	0.87	1.29

### 31. Dividend paid

Dividends paid by the Company and its subsidiaries for the years ended 31 December 2013 and 2012 are as follows:

#### The Company

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
<b><u>2013</u></b>				
Final dividends for 2012	Annual General Meeting of the shareholders on 22 April 2013	175,000	0.50	21 May 2013
Stock dividends for 2012	Annual General Meeting of the shareholders on 22 April 2013	175,000 <sup>(1)</sup>	0.50	21 May 2013
Interim dividends for 2013	Board of Directors' meeting on 21 October 2013	183,750	0.35	20 November 2013
Total		<u>533,750</u>	<u>1.35</u>	
<b><u>2012</u></b>				
Final dividends for 2011	Annual General Meeting of the shareholders on 17 April 2012	350,000	1.00	2 May 2012
Interim dividends for 2012	Board of Directors' meeting on 15 October 2012	175,000	0.50	14 November 2012
Total		<u>525,000</u>	<u>1.50</u>	

<sup>(1)</sup> On 22 April 2013, the Annual General Meeting of the Company's shareholders approved the Company's distribution of a stock dividend totaling 175 million shares at Baht 1 each, by allocating these newly issued shares to the Company's existing shareholders in proportion to their shareholding at the ratio of 2 existing issued ordinary shares to 1 stock dividend at the par value of Baht 1 per share, or dividend payment at Baht 0.50 per share. In case of any fraction of shares from the allocation of newly issued shares, it shall be rounded off and paid in cash instead of stock dividend with calculation based on the stock dividend payment ratio at amount of Baht 0.50 per share.

In addition, the Annual General Meeting of the shareholders approved to set aside a general reserve of Baht 154.7 million (2012: Baht 59.9 million).

## Subsidiaries

### Thai Agro Energy Public Co., Ltd.

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<b><u>2013</u></b>				
Final dividends for 2012	Annual General Meeting of the shareholders on 23 April 2013	24,000	0.03	20 May 2013
Interim dividends for 2013	Board of Directors' meeting on 19 December 2013	80,000	0.10	17 January 2014
Total		104,000	0.13	

During the current year, the Company received dividend income at 75.75 percent for a total of Baht 78.8 million.

## Overseas subsidiaries

### PT. Singlurus Pratama

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

In 2012, 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.

PT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<b>2013</b>				
The third interim dividends for 2012	Board of Directors' meeting on 19 March 2013	2,000	250	22 March 2013
Final dividends for 2012	Board of Directors' meeting on 3 June 2013	3,600	450	26 June 2013
The first interim dividends for 2013	Board of Directors' meeting on 9 September 2013	2,400	300	17 September 2013
The second interim dividends for 2013	Board of Directors' meeting on 11 November 2013	2,400	300	2 December 2013
Total		10,400	1,300	
<b>2012</b>				
Final dividends for 2011	Board of Directors' meeting on 7 June 2012	5,600	700	25 June 2012
The first interim dividends for 2012	Board of Directors' meeting on 7 June 2012	2,400	300	25 June 2012
The second interim dividends for 2012	Board of Directors' meeting on 13 December 2012	2,000	250	21 December 2012
Total		10,000	1,250	

During the current year, the Company received dividend income at 55 percent for a total of USD 5.7 million or equivalent to Baht 177.3 million. The Company had been withheld the withholding tax deducted at source of Baht 13.3 million (2012: dividend income 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).

## PT. Citra Harita Mineral

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
<b><u>2012</u></b>				
The first interim dividends for 2011	Extraordinary meeting of the shareholders on 28 May 2012	2,000	2,000	1 June 2012
The second interim dividends for 2011	Extraordinary meeting of the shareholders on 22 June 2012	1,600	1,600	26 July 2012
The first interim dividends for 2012	Extraordinary meeting of the shareholders on 6 September 2012	400	400	9 October 2012
Total		<u>4,000</u>	<u>4,000</u>	

In 2012, 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.

### **32. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

1. Domestic coal segment, which purchases and sells of coal
2. Overseas coal segment, which produces and sells of coal
3. Ethanol segment, which produces and sells of ethanol

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

	For the years ended 31 December											
	Domestic coal business		Overseas coal business		Ethanol business		Total segments		Adjustments and eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue from external customers	1,584	1,740	8,889	10,270	1,659	1,350	12,132	13,360	-	-	12,132	13,360
Inter-segment revenue	267	228	82	-	-	-	267	228	(349)	(228)	-	-
Interest income	17	12	4	6	-	-	21	18	-	(1)	21	17
Interest expenses	-	-	1	1	59	54	60	55	-	(1)	60	54
Depreciation and amortisation	32	36	118	121	99	86	249	243	(2)	(1)	247	242
Share of profit from investment in associated company accounted for by the equity method	16	19	-	-	-	-	16	19	-	-	16	19
Income tax expenses	25	3	210	484	(4)	2	231	489	-	-	231	489
<b>Segment profit</b>	<b>505</b>	<b>481</b>	<b>3,547</b>	<b>4,192</b>	<b>268</b>	<b>279</b>	<b>4,320</b>	<b>4,952</b>	<b>(259)</b>	<b>(218)</b>	<b>4,061</b>	<b>4,734</b>
<b>Segment total assets</b>	<b>2,551</b>	<b>2,394</b>	<b>4,165</b>	<b>3,701</b>	<b>2,888</b>	<b>2,421</b>	<b>9,604</b>	<b>8,516</b>	<b>(1,064)</b>	<b>(865)</b>	<b>8,540</b>	<b>7,651</b>
Investment in associated company accounted for by equity method	39	35	-	-	-	-	39	35	-	-	39	35
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	16	(61)	386	154	38	(18)	440	75	2	28	442	103

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Revenue from external customers		
Thailand	3,243,059	3,089,374
Switzerland	3,669,283	4,397,862
India	1,784,342	1,795,899
Australia	1,114,866	1,762,260
Singapore	2,135,491	1,902,118
Others	185,093	412,608
Total	<u>12,132,134</u>	<u>13,360,121</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	2,783,630	2,725,229
Indonesia	1,269,132	881,418
Total	<u>4,052,762</u>	<u>3,606,647</u>

## Major customers

For the year 2013, the Company and its subsidiaries have revenue from two major customers in amount of Baht 3,669 million and Baht 1,371 million, arising from sales by the overseas coal business and domestic coal business (2012: Baht 4,398 million and Baht 1,762 derived from two major customers, arising from sales by the overseas coal business).

### 33. Significant contracts and agreements

33.1 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.

33.2 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.

33.3 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.

## 34. Commitments and contingent liabilities

### 34.1 Capital commitments

As at 31 December 2013, the Company and its subsidiary had capital commitments of approximately Baht 194 million, relating to the construction of the Company’s machinery, installation of building system and coal conveyance, the construction of the subsidiary’s biogas system and the second ethanol production plant, and the acquisitions of machinery and equipment (the Company only: Baht 17.7 million) (2012: Baht 109.2 million and Euro 0.4 million, totaling approximately Baht 125.8 million (the Company only: Baht 3.4 million)).

### 34.2 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:

(Unit: Million Baht)

Payable within	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Less than 1 year	36	44	11	10
In over 1 and up to 5 years	31	35	19	14

### 34.3 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 financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Less than 1 year	3	2	2	2
In over 1 and up to 5 years	2	3	2	3

- b) The Company and its subsidiaries had commitments under service agreements with regard to the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 1.7 million (the Company only: Baht 0.5 million) (2012: the legal, consulting for the construction of the biogas system, consulting for mining, environment and safety and other consulting of Baht 4.3 million (the Company only of Baht 0.5 million)).
- c) The Company had commitments under the coal purchase agreement with an overseas 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) During the year 2013, the local subsidiary had additional two commitments under the purchase of molasses agreements with 5-years duration under which the price is to be determined before shipment in the next period and the quantity to purchase of molasses are those stipulated in the agreements.
- g) The local subsidiary had commitments under service agreement with advisory companies with regards to the consulting and financial advisory service and legal service for a subsidiary to list on the Stock Exchange of Thailand. The service fees are to be paid as stipulated in the agreement.

#### **34.4 Coal supply agreement commitments**

PT. Lanna Harita Indonesia and PT. Singlurus Pratama have coal supply commitments to domestic customers in accordance with the Domestic Market Obligation regulation required by the Indonesian government.

#### **34.5 Guarantees**

As at 31 December 2013, the Company and its subsidiaries had bank guarantees of approximately Baht 11.5 million, Rupiah 21,892 million and USD 0.03 million (the Company only: Baht 0.4 million) (31 December 2012: Baht 16.9 million and Rupiah 18,337.8 million (the Company only: Baht 0.4 million)) issued by banks on behalf of the Company and its subsidiaries in respect of mine reclamation of the oversea 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 using of electric to the Provincial Electricity Authority.

#### **35. Litigation**

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 2013, the case is still being conciliated 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.

## **36. Financial instruments**

### **36.1 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, investments, trade and other payables, 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, and interest bearing 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 2013

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
<b>Financial assets</b>					
Cash and cash equivalents	50	772	-	882	0.02 - 9.5
Current investments	380	-	-	380	3.1 - 3.35
Trade and other receivables	-	-	864	864	-
	<u>430</u>	<u>772</u>	<u>864</u>	<u>2,066</u>	
<b>Financial liabilities</b>					
Short-term loans from financial institutions	996	-	-	996	3.7 - 6.34
Trade and other payables	-	-	677	677	-
	<u>996</u>	<u>-</u>	<u>677</u>	<u>1,673</u>	

(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)
<b>Financial assets</b>					
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>	
<b>Financial liabilities</b>					
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>	

As at 31 December 2013, long-term loan from bank of Baht 837.8 million carries interest at THBFIX reference rate plus 1.75 percent per annum for the first year, and the interest rate increases by 0.05 percent per annum from the second to fifth year.

As at 31 December 2012, long-term loan from bank of Baht 720 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 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 2013					
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)	
<b>Financial assets</b>					
Cash and cash equivalents	50	113	-	163	0.02 - 2.4
Current investments	380	-	-	380	3.1 - 3.35
Trade and other receivables	-	-	330	330	-
	<u>430</u>	<u>113</u>	<u>330</u>	<u>873</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	109	109	-
	<u>-</u>	<u>-</u>	<u>109</u>	<u>109</u>	

(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)	
<b>Financial assets</b>					
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>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	67	67	-
	<u>-</u>	<u>-</u>	<u>67</u>	<u>67</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 had balances of financial assets and liabilities denominated in foreign currencies as follows:

As at 31 December 2013				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	as at 31 December 2013	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	5.1	0.3	32.6778	32.9494

  

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

As at 31 December 2013 and 2012, the Company and its subsidiaries had no outstanding forward exchange contract.

### **36.2 Fair values of financial instruments**

Since the majority of the Company's and its subsidiaries' financial instruments 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.

### **37. 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 2013, the Company and its subsidiaries' debt-to-equity ratio was 0.69:1 (2012: 0.67:1) and the Company's was 0.08:1 (2012: 0.05:1).

### **38. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 25 February 2014.