

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month periods ended
31 March 2012 and 2011

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Lanna Resources Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries as at 31 March 2012, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2012 and 2011, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

I conducted my reviews in accordance with Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Accounting Standard 34 Interim Financial Reporting.

Statements of financial position as at 31 December 2011 for comparative purposes

I have previously audited the consolidated financial statements of Lanna Resources Public Company Limited and its subsidiaries and the separate financial statements of Lanna Resources Public Company Limited for the year ended 31 December 2011 in accordance with auditing standards, and based on my audit and the reports of the auditors of oversea subsidiary company, expressed an unqualified opinion and drew attention to the adoption of the new accounting standards on those statements under my report dated 23 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 11 May 2012

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2012 (Unaudited but reviewed)	31 December 2011 (Audited)	31 March 2012 (Unaudited but reviewed)	31 December 2011 (Audited)
Assets					
Current assets					
Cash and cash equivalents	3	932,475	1,212,391	489,047	381,840
Trade and other receivables	2, 4	1,035,085	1,197,935	220,727	199,829
Inventories	5	545,921	266,030	135,320	27,321
Cassava and sugar cane plantation costs		-	5,723	-	-
Input tax refundable		674,881	699,612	3,700	-
Prepaid income tax		152,861	103,558	18,058	18,266
Advance payments for goods	2	201,019	170,906	112,450	109,613
Other current assets		50,092	68,909	2,175	1,337
Total current assets		3,592,334	3,725,064	981,477	738,206
Non-current assets					
Restricted bank deposits	3	63,455	51,541	-	-
Investments in subsidiary companies	6	-	-	852,763	1,068,589
Investment in associated company	7	27,130	23,715	891	891
Long-term loans to related party	2	-	-	45,001	45,001
Investment properties		36,290	36,530	36,290	36,530
Property, plant and equipment	8	2,765,524	2,716,091	210,940	214,934
Goodwill		186,000	186,000	-	-
Intangible assets		3,460	3,504	1,786	1,765
Other non-current assets	9	489,902	475,122	93,606	95,159
Total non-current assets		3,571,761	3,492,503	1,241,277	1,462,869
Total assets		7,164,095	7,217,567	2,222,754	2,201,075

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2012 (Unaudited but reviewed)	31 December 2011 (Audited)	31 March 2012 (Unaudited but reviewed)	31 December 2011 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	10	613,520	563,000	-	-
Trade and other payables	2, 11	547,404	377,586	89,716	230,400
Current portion of long-term loan from financial institution	12	810,000	900,000	-	-
Accrued expenses		553,659	598,377	12,409	26,516
Income tax payable		89,941	408,516	-	-
Other current liabilities		88,921	168,838	7,083	10,654
Total current liabilities		2,703,445	3,016,317	109,208	267,570
Non-current liabilities					
Provision for long-term employee benefits		123,682	122,556	21,398	22,165
Total non-current liabilities		123,682	122,556	21,398	22,165
Total liabilities		2,827,127	3,138,873	130,606	289,735
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
350,000,000 ordinary shares of Baht 1 each		350,000	350,000	350,000	350,000
Share premium		680,400	680,400	680,400	680,400
Retained earnings					
Appropriated - Statutory reserve		35,000	35,000	35,000	35,000
Appropriated - General reserve		436,000	436,000	436,000	436,000
Unappropriated		2,138,798	1,891,579	590,748	409,940
Other components of shareholders' equity		(134,106)	(122,135)	-	-
Equity attributable to owners of the Company		3,506,092	3,270,844	2,092,148	1,911,340
Non-controlling interests of the subsidiaries		830,876	807,850	-	-
Total shareholders' equity		4,336,968	4,078,694	2,092,148	1,911,340
Total liabilities and shareholders' equity		7,164,095	7,217,567	2,222,754	2,201,075

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

Directors

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the three-month periods ended 31 March 2012 and 2011

(Unit: Thousand Baht except earnings per share presented in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenues					
Sales	2	2,670,627	2,700,243	432,509	406,071
Commission and marketing service income	2	-	-	24,004	27,579
Other income					
Dividend income	2, 6	-	-	161,114	134,447
Service income	2	-	-	7,376	8,567
Gain on exchange		-	-	-	1,483
Interest income	2	4,448	2,056	3,441	1,602
Others		56,866	35,703	33,924	1,081
Total other income		61,314	37,759	205,855	147,180
Total revenues		2,731,941	2,738,002	662,368	580,830
Expenses					
Cost of sales	2	1,693,689	1,515,543	365,743	376,881
Selling and distribution expenses		348,161	442,737	37,588	32,933
Administrative expenses		120,769	79,447	33,310	13,256
Loss on exchange		2,597	11,346	5,728	-
Total expenses		2,165,216	2,049,073	442,369	423,070
Profit before share of profit from investment,					
finance cost and corporate income tax		566,725	688,929	219,999	157,760
Share of profit from investment in associated company	7	3,415	458	-	-
Profit before finance cost and corporate income tax		570,140	689,387	219,999	157,760
Finance cost		(7,969)	(3,682)	-	(34)
Profit before corporate income tax		562,171	685,705	219,999	157,726
Withholding tax deducted at source		(36,936)	(16,634)	(36,936)	(16,634)
Corporate income tax		(126,931)	(191,607)	(2,255)	-
Profit for the period		398,304	477,464	180,808	141,092
Profit attributable to:					
Equity holders of the Company		271,846	293,359	180,808	141,092
Non-controlling interests of the subsidiaries		126,458	184,105		
		398,304	477,464		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	13	0.78	0.84	0.52	0.40

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 31 March 2012 and 2011

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit for the period	<u>398,304</u>	<u>477,464</u>	<u>180,808</u>	<u>141,092</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>(53,325)</u>	<u>16,469</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(53,325)</u>	<u>16,469</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>344,979</u></u>	<u><u>493,933</u></u>	<u><u>180,808</u></u>	<u><u>141,092</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>235,254</u>	<u>308,126</u>	<u><u>180,808</u></u>	<u><u>141,092</u></u>
Non-controlling interests of the subsidiaries	<u>109,725</u>	<u>185,807</u>		
	<u><u>344,979</u></u>	<u><u>493,933</u></u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries**Statements of cash flows****For the three-month periods ended 31 March 2012 and 2011**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities				
Profit before tax	562,171	685,705	219,999	157,726
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	39,337	50,027	6,978	7,741
Reduction of inventories to net realisable value (reversal)	2,563	(11,535)	-	1,769
Reduction of cassava plantation costs to net realisable value	-	2,993	-	-
Share of profit from investment in associated company	(3,415)	(458)	-	-
Gain from return on investment and disposal of investment in subsidiaries	-	-	(5,607)	-
Gain on disposal of fixed assets and investment properties	(523)	(856)	(523)	(708)
Loss on write-off of equipment and intangible assets	354	752	-	-
Dividend income	-	-	(161,114)	(134,447)
Reversal of provision for liabilities from lawsuit	-	(17,402)	-	(17,402)
Provision for long-term employee benefits (reversal)	5,239	(1,608)	665	498
Unrealised loss (gain) on exchange	645	(91)	645	2,481
Interest income	(4,448)	(2,056)	(3,441)	(1,602)
Interest expenses	7,969	3,682	-	34
Profit from operating activities before changes in operating assets and liabilities	609,892	709,153	57,602	16,090
Operating assets (increase) decrease				
Trade and other receivables	164,023	(12,008)	(19,717)	11,436
Inventories	(282,454)	(374,222)	(107,999)	(169,865)
Cassava and sugar cane plantation costs	5,723	(314)	-	-
Input tax refundable	24,731	(74,994)	(3,700)	(6,198)
Advance payments for goods	(30,832)	57,421	(3,556)	-
Other current assets	18,817	(9,247)	(838)	(294)
Operating liabilities increase (decrease)				
Trade and other payables	172,219	(24,541)	(140,258)	45,705
Accrued expenses	(46,100)	117,629	(15,539)	(17,615)
Other current liabilities	(79,917)	34,684	(3,571)	(1,917)
Cash from (used in) operating activities	556,102	423,561	(237,576)	(122,658)
Interest income	3,275	2,013	2,260	1,549
Cash paid for interest expenses	(8,019)	(3,734)	-	(34)
Cash paid for withholding tax deducted at source	(36,936)	(16,634)	(36,936)	(16,634)
Cash paid for corporate income tax	(494,809)	(362,131)	(2,047)	(41)
Net cash from (used in) operating activities	19,613	43,075	(274,299)	(137,818)

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries**Statements of cash flows (continued)**

For the three-month periods ended 31 March 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Increase in restricted bank deposits	(13,294)	(147)	-	-
Cash received from repayment of long-term loans to related party	-	-	-	53,681
Dividend received from subsidiaries	-	-	161,114	134,447
Cash received from return on investment and disposal of investment in subsidiaries	-	-	221,433	-
Proceeds from disposals of fixed assets and investment properties	766	1,897	766	1,339
Acquisitions of property, plant and equipment	(85,797)	(197,427)	(747)	(1,352)
Acquisitions of computer software	(211)	(121)	(173)	(74)
Increase in other non-current assets	(38,806)	(19,128)	(961)	(1,417)
Net cash from (used in) investing activities	<u>(137,342)</u>	<u>(214,926)</u>	<u>381,432</u>	<u>186,624</u>
Cash flows from financing activities				
Cash receipt from short-term loans from financial institutions	613,520	523,000	-	-
Repayment of short-term loans from financial institutions	(563,000)	(509,000)	-	-
Cash receipt from long-term loan from financial institution	-	155,262	-	-
Repayment of long-term loan from financial institution	(90,000)	-	-	-
Dividend paid	(86,729)	(110,002)	-	-
Increase (decrease) in non-controlling interests of the subsidiaries	(16,703)	50,192	-	-
Net cash from (used in) financing activities	<u>(142,912)</u>	<u>109,452</u>	<u>-</u>	<u>-</u>
Increase (decrease) in translation adjustments	<u>(19,349)</u>	<u>12,019</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(279,990)</u>	<u>(50,380)</u>	<u>107,133</u>	<u>48,806</u>
Cash and cash equivalents at beginning of period	1,212,391	829,223	381,840	26,343
Effect of change in foreign exchange rate on cash at bank balance	74	3	74	3
Cash and cash equivalents at end of period (Note 3)	<u>932,475</u>	<u>778,846</u>	<u>489,047</u>	<u>75,152</u>

Supplemental cash flows information:

Non-cash transactions

Decrease in payables for purchases of plant, equipment and intangible assets

(2,401) (100,477) (426) -

Transferred advance payment for purchase of

investment to investment in subsidiary company

- - - 151,509

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2012 and 2011

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company											
	Issued and paid-up share capital	Share premium	Retained earnings			Unappropriated	Exchange differences on translation of financial statements in foreign currency	Other component of shareholders' equity	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated									
			Statutory reserve	General reserve								
Balance as at 31 December 2010	350,000	680,400	35,000	429,000	1,327,681	(197,713)	(197,713)	2,624,368	559,517	3,183,885		
Total comprehensive income for the period	-	-	-	-	293,359	14,767	14,767	308,126	185,807	493,933		
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries (Note 14)	-	-	-	-	-	-	-	-	(110,002)	(110,002)		
Increase in non-controlling interests of the subsidiaries from increase in share capital	-	-	-	-	-	-	-	-	48,490	48,490		
Balance as at 31 March 2011	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>429,000</u>	<u>1,621,040</u>	<u>(182,946)</u>	<u>(182,946)</u>	<u>2,932,494</u>	<u>683,812</u>	<u>3,616,306</u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2012 and 2011

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										
	Issued and paid-up share capital	Share premium	Retained earnings			Exchange differences on translation of financial statements in foreign currency	Other component of shareholders' equity	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated		Unappropriated						
			Statutory reserve	General reserve							
Balance as at 31 December 2011	350,000	680,400	35,000	436,000	1,891,579	(122,135)	(122,135)	3,270,844	807,850	4,078,694	
Total comprehensive income for the period	-	-	-	-	271,846	(36,592)	(36,592)	235,254	109,725	344,979	
Effect of liquidation of the subsidiary	-	-	-	-	(24,627)	24,621	24,621	(6)	-	(6)	
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary (Note 14)	-	-	-	-	-	-	-	-	(86,729)	(86,729)	
Increase in non-controlling interests of the subsidiaries from disposal of investment in subsidiary	-	-	-	-	-	-	-	-	30	30	
Balance as at 31 March 2012	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>436,000</u>	<u>2,138,798</u>	<u>(134,106)</u>	<u>(134,106)</u>	<u>3,506,092</u>	<u>830,876</u>	<u>4,336,968</u>	

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2012 and 2011

(Unit: Thousand Baht)

	Separate financial statements					Total
	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	
			Appropriated			
			Statutory reserve	General reserve		
Balance as at 31 December 2010	350,000	680,400	35,000	429,000	199,664	1,694,064
Total comprehensive income for the period	-	-	-	-	141,092	141,092
Balance as at 31 March 2011	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>429,000</u>	<u>340,756</u>	<u>1,835,156</u>
Balance as at 31 December 2011	350,000	680,400	35,000	436,000	409,940	1,911,340
Total comprehensive income for the period	-	-	-	-	180,808	180,808
Balance as at 31 March 2012	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>436,000</u>	<u>590,748</u>	<u>2,092,148</u>

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

Lanna Resources Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month periods ended 31 March 2012 and 2011

1. General information

1.1 Corporate 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 coal. The registered office of the Company is at 888/99 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

1.2 Bases for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These interim consolidated financial statements included the financial statements of Lanna Resources Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2011. There have been no changes in the composition of the Group during the current period, except for the return on investment from a subsidiary and disposal of some ordinary shares of another subsidiary as discussed in Note 6.

1.4 New accounting standard issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the Thai Financial Reporting Standard No. 8 Operating Segments which is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that the above TFRS will not have any significant impact on the financial statements for the year when it is initially applied.

2. Related party transactions

During the periods, 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 its subsidiaries and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Purchase of coal	-	-	-	246,742
Dividend income	-	-	161,114	134,447
Commission and marketing service income	-	-	24,004	27,579
Service income	-	-	7,376	8,567
Interest income	-	-	403	1,366
<u>Transactions with major shareholder</u>				
Sales of coal	257,297	238,223	257,297	238,223
<u>Transactions with associated company</u>				
Purchase of coal	260,660	34,470	260,660	34,470
Freight charge	30,425	5,763	30,425	5,763

(Unaudited but reviewed)

	Transfer pricing policy
Sales of coal	Market price at which equivalent quality coal is sold to the same industry
Purchase of coal	Market price for equivalent quality coal
Commission and marketing service income	At the price agreed between the parties which is general price for the same business
Service income	At the agreed price as stipulated in the agreement
Dividend income	At the declared rate
Interest income	LIBOR + 3% per annum
Freight charge	Price comparable to freight charges paid to third parties

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
<u>Trade and other receivables - related parties (Note 4)</u>				
Major shareholder	106,569	66,025	106,569	66,025
Subsidiaries	-	-	20,765	19,412
Total trade and other receivables - related parties	<u>106,569</u>	<u>66,025</u>	<u>127,334</u>	<u>85,437</u>
<u>Advance payments for goods - related party</u>				
Associated company	100,230	87,030	100,230	87,030
Total advance payment for goods - related party	<u>100,230</u>	<u>87,030</u>	<u>100,230</u>	<u>87,030</u>
<u>Long-term loans to related party</u>				
Subsidiary	-	-	45,001	45,001
Total long-term loans to related party	<u>-</u>	<u>-</u>	<u>45,001</u>	<u>45,001</u>
<u>Trade and other payables - related parties (Note 11)</u>				
Subsidiary	-	-	-	205,590
Associated company	-	800	-	800
Total trade and other payables - related parties	<u>-</u>	<u>800</u>	<u>-</u>	<u>206,390</u>

The long-term loans to related party represent loans granted to PT. Lanna Mining Services. The loans are unsecured, with a term not exceeding 3 years and interest rate at LIBOR + 3% per annum. There was no movement in such loans during the period.

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	30	27	10	10
Post-employment benefits	2	3	1	1
Total	<u>32</u>	<u>30</u>	<u>11</u>	<u>11</u>

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	226	236	40	40
Bank deposits	545,704	984,696	39,007	102,800
Investments in bill of exchange and bond of the Bank of Thailand	450,000	279,000	450,000	279,000
Total	995,930	1,263,932	489,047	381,840
Less: Restricted bank deposits	(63,455)	(51,541)	-	-
Total	<u>932,475</u>	<u>1,212,391</u>	<u>489,047</u>	<u>381,840</u>

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

As at 31 March 2012, the oversea subsidiary companies had restricted bank deposits of approximately Baht 63 million (31 December 2011: Baht 52 million) to secure bank guarantees issued by banks on behalf of the subsidiary companies as discussed in Note 17.5.

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	106,569	66,025	122,705	80,269
Total trade receivables - related parties	106,569	66,025	122,705	80,269
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	904,462	1,122,975	75,708	112,529
Total trade receivable - unrelated parties	904,462	1,122,975	75,708	112,529
Total trade receivables	1,011,031	1,189,000	198,413	192,798
<u>Other receivables</u>				
Other receivable - related parties	-	-	4,629	5,168
Other receivable - unrelated parties	21,497	7,741	15,434	983
Advances	822	632	822	632
Interest receivable	1,735	562	1,429	248
Total other receivables	24,054	8,935	22,314	7,031
Total trade and other receivables	1,035,085	1,197,935	220,727	199,829

5. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value during the three-month period ended 31 March 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2011	6,136	-
Add: Reduced inventory value during the period	2,563	-
Balance as at 31 March 2012	8,699	-

(Unaudited but reviewed)

6. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Cost		Dividend received for the three-month periods ended	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
			2012	2011	2012	2011	2012	2011	2012	2011
					(%)	(%)				
PT. Lanna Mining Services (Incorporated in Indonesia)	Coal distribution	Direct holding and common directors	USD 2.1 million	USD 2.1 million	99.95	99.95	70,889	70,919	-	-
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Direct holding and common directors	Baht 800 million	Baht 800 million	75.75	75.75	606,038	606,038	-	-
PT. Singlurus Pratama (Incorporated in Indonesia)	Coal production and distribution	Direct holding and common directors	Rp 7,950 million	Rp 7,950 million	65.00	65.00	18,626	18,626	161,114	-
PT. Lanna Harita Indonesia (Incorporated in Indonesia)	Coal production and distribution	Direct holding and common directors	USD 8 million	USD 8 million	55.00	55.00	155,023	155,023	-	134,447
PT. Citra Harita Mineral (Incorporated in Indonesia)	Service in coal production and port and jetty service	Direct holding and common directors	Rp 1,000 million	Rp 1,000 million	55.00	55.00	2,187	2,187	-	-
Lanna (Singapore) Pte. Ltd. (Incorporated in Singapore)	Investment in foreign projects	Direct holding and common directors	-	SGD 9 million	-	100.00	-	215,796	-	-
Total							<u>852,763</u>	<u>1,068,589</u>	<u>161,114</u>	<u>134,447</u>

Oversea subsidiaries

Lanna (Singapore) Pte. Ltd.

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

In March 2012, the Company received its return on investment of Baht 221.4 million from Lanna (Singapore) Pte. Ltd. and recognised gain from return on investment of Baht 5.6 million in the income statement for the three-month period ended 31 March 2012. Currently, Lanna (Singapore) Pte. Ltd. is waiting for an official announcement of its dissolution from the Regulatory Authority.

PT. Lanna Mining Services

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

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

(Unaudited but reviewed)

7. Investment in associated company

(Unit: Thousand Baht)

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
			31 March	31 December	31 March	31 December	Carrying amounts based on equity method		Cost	
			2012	2011	2012	2011	31 March	31 December	31 March	31 December
					(%)	(%)				
United Bulk Shipping Pte. Ltd. (Incorporated in Singapore)	Shipping business and coal distribution	Direct holding	SGD 0.1 million	SGD 0.1 million	49	49	27,130	23,715	891	891
Total							27,130	23,715	891	891

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month period ended 31 March 2012 of approximately Baht 3.4 million (2011: Baht 0.5 million) had been calculated from the financial statements prepared by the management of the associated company and not being reviewed by its auditor.

The Company's management believes that the management accounts of the associated company would not be significantly different from the accounts reviewed by its auditor.

(Unaudited but reviewed)

8. Property, plant and equipment

Movements in the property, plant and equipment account for the three-month period ended 31 March 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2011	2,716,091	214,934
Acquisitions during the period - cost	83,321	304
Disposals and write-off during the period - net book value on disposal/write-off date	(355)	(3)
Depreciation for the period	(25,140)	(4,295)
Translation adjustments	(8,393)	-
Net book value as at 31 March 2012	<u>2,765,524</u>	<u>210,940</u>

A subsidiary has mortgaged part of its land and construction thereon with net book value as at 31 March 2012 amounting to approximately Baht 9.2 million as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 10 and 12.

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

	For the three-month periods ended 31 March	
	<u>2012</u>	<u>2011</u>
Interest expenses capitalised as costs of machinery and equipment (Thousand Baht)	9,639	7,995
Capitalisation rate (percent per annum)	4.31	3.80

9. Other non-current assets

Other non-current assets consist of the following items, which are shown net of relevant accumulated amortisation.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
Deferred expenses - Indonesia				
coal mine project	321,082	298,394	-	-
Deferred overburden removal				
expenses	17,913	19,210	-	-
Advance payment from				
purchases of machineries	52,481	59,747	-	-
Deferred transferred service				
fees according to contract	89,261	91,775	89,261	91,775
Others	9,165	5,996	4,345	3,384
Total other non-current assets	<u>489,902</u>	<u>475,122</u>	<u>93,606</u>	<u>95,159</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.

(Unaudited but reviewed)

10. Short-term loans from financial institutions

As at 31 March 2012, the local and oversea subsidiaries had short-term loans from financial institutions in the form of promissory notes which are repayable within 12 months. The loans bear interest at the rate of 3.80 - 6.63 percent per annum. The loan of a subsidiary amounting to Baht 150 million is secured by the mortgage of part of the subsidiary's land and construction thereon as discussed in Note 8.

11. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Trade payables - related parties	-	800	-	800
Trade payables - unrelated parties	521,822	341,398	87,333	21,053
Other payables - related parties	-	-	-	205,590
Other payables - unrelated parties	5,790	15,519	2,181	2,329
Payables for purchases of plant, equipment and intangible assets	8,380	10,781	164	590
Retention payable	11,412	9,088	38	38
Total trade and other payables	<u>547,404</u>	<u>377,586</u>	<u>89,716</u>	<u>230,400</u>

12. Long-term loan from financial institution

Movements of the long-term loan from financial institution for the three-month period ended 31 March 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2011	900,000	-
Less: Repayment during the period	(90,000)	-
Balance as at 31 March 2012	810,000	-
Less: Current portion	(810,000)	-
Long-term loan from financial institution - net	<u>-</u>	<u>-</u>

On 16 September 2009, a subsidiary entered into a loan agreement with a local bank, obtaining loan facilities of Baht 900 million for the construction of the second ethanol production plant and the purchase of machinery for this plant. The loan initially carries interest at a fixed rate of 3.8 percent per annum for the first 2 years, and THBFIX reference rate plus 2.1 percent per annum during the third to seventh year. The loan is repayable within 7 years with grace period of 30 months and then to be repaid in 10 semi-annually installments of Baht 90 million each from March 2012 to October 2016. The loan is secured by the mortgage of part of the subsidiary's land and construction thereon as discussed in Note 8.

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

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

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

As at 31 March 2012, the subsidiary could not maintain certain financial ratio as specified in the loan agreement, which empowered the bank to immediately call for loan settlement, thus the subsidiary classified the whole amount of this loan as current portion to reflect such condition. The subsidiary had negotiated with the bank, and had obtained a waiver letter for the condition to maintain certain financial ratios for the three-month period ended 31 March 2012 from that bank on 30 April 2012.

13. 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 period.

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit attributable to equity holders of the Company (Thousand Baht)	271,846	293,359	180,808	141,092
Weighted average number of ordinary shares (Thousand shares)	350,000	350,000	350,000	350,000
Basic earnings per share (Baht)	0.78	0.84	0.52	0.40

14. Dividend paid

Dividends paid by the Group during the three-month periods ended 31 March 2012 and 2011 are as follows:

PT. Singlurus Pratama

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>	<u>Paid on</u>
		(Thousand US Dollar)	(US Dollar)	
<u>2012</u>				
The second interim dividend for 2011	Board of Directors' meeting on 19 January 2012	7,950	1,000	26 January 2012
Total		<u>7,950</u>	<u>1,000</u>	

In the current period, the Company received dividend income at 65 percent for a total of USD 5.2 million or equivalent to Baht 161.1 million. The Company had been withheld the withholding tax deducted at source of Baht 32.2 million.

(Unaudited but reviewed)

PT. Lanna Harita Indonesia

<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>
<u>2011</u>				
The fourth interim dividend for 2010	Board of Directors' meeting on 19 January 2011	6,400	800	24 January 2011
The first interim dividend for 2011	Board of Directors' meeting on 10 March 2011	1,600	200	14 March 2011
Total		<u>8,000</u>	<u>1,000</u>	

During the three-month ended period 31 March 2011, the Company received dividend income at 55 percent for a total of USD 4.4 million or equivalent to Baht 134.5 million. The Company had been withheld the withholding tax deducted at source of Baht 10.1 million.

(Unaudited but reviewed)

15. Segment information

The Company's and its subsidiaries' current main operations involve coal mining and manufacture of ethanol, which are carried on in Thailand and Indonesia. Information of the Company and its subsidiaries for the three-month periods ended 31 March 2012 and 2011 by geographical and business segment is as follows:

(Unit: Thousand Baht)

Consolidated income statements for the three-month periods ended 31 March										
	Domestic coal business		Oversea coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues from external customers	432,509	406,071	1,950,344	2,063,187	287,774	230,985	-	-	2,670,627	2,700,243
Intersegment revenues	31,380	36,146	-	246,742	-	-	(31,380)	(282,888)	-	-
Total revenues	463,889	442,217	1,950,344	2,309,929	287,774	230,985	(31,380)	(282,888)	2,670,627	2,700,243
Operating income	98,146	65,336	817,501	1,149,328	90,417	4,616	(29,126)	(34,580)	976,938	1,184,700
Unallocated income (expenses)										
Other income									61,314	37,759
Share of profit from investment in associated company									3,415	458
Selling and distribution expenses									(348,161)	(442,737)
Administrative expenses									(120,769)	(79,447)
Loss on exchange									(2,597)	(11,346)
Finance cost									(7,969)	(3,682)
Withholding tax deducted at source									(36,936)	(16,634)
Corporate income tax									(126,931)	(191,607)
Non-controlling interests of the subsidiaries									(126,458)	(184,105)
Profit for the period									271,846	293,359

16. Significant contracts and agreements

16.1 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.

16.2 On 25 April 2008, the Company and Saraburi Resources Pte. Ltd., which was incorporated in Singapore (which received the right to sell coal from PT. Saraburi Batu Hitum in Indonesia) entered into the Agreement for Sale and Purchase of Steam Coal of 2 million metric tons, whereby the Company is to take delivery of coal for a term of about 2 years, and is to make advance payment amounting to USD 4 million to Saraburi Resources Pte. Ltd. On 6 May 2008, the Company made advance payment amounting to USD 2 million, or equivalent to Baht 63 million. Saraburi Resources Pte. Ltd. will refund the advance payment in the form of a deduction from the price of coal delivered to the Company, at a rate of USD 2 per ton, until the advance has been covered. Other conditions are specified in the agreements. PT. Saraburi Batu Hitum and two directors of Saraburi Resources Pte. Ltd. are guarantors for performance in accordance with the agreement, and a shareholder of PT. Saraburi Batu Hitum has pledged 3,000 shares of PT. Saraburi Batu Hitum and the shareholders of Saraburi Resources Pte. Ltd. have pledged 10,000 shares as share charge to guarantee performance bonds as required under the agreement.

Saraburi Resources Pte. Ltd. was obliged to start delivering coal within January 2009 but it was unable to comply with the agreement. The Company had sued Saraburi Resource Pte. Ltd. and on 23 May 2011, the arbitrator of SIAC ordered Saraburi Resources Pte. Ltd. to pay advance for purchase of coal of USD 2 million, together with interest and other expenses, to the Company. However, for a prudent reason, the Company has set full allowance for doubtful account for this advance payment.

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

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

(Unaudited but reviewed)

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

17. Commitments and contingent liabilities

17.1 Capital commitments

As at 31 March 2012, the subsidiary had capital commitments of approximately Baht 45.5 million and Euro 0.6 million, totalling Baht 70.5 million, relating to the construction of the first and the second ethanol production plant and the acquisitions of machinery and equipment. (31 December 2011: Baht 45.5 million and Euro 0.6 million, totaling Baht 70.4 million).

17.2 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. As at 31 March 2012, future minimum payments under these lease agreements are as follows:

	(Unit: Million Baht)	
<u>Payable within</u>	Consolidated financial statements	Separate financial statements
Less than 1 year	35	10
1 to 5 years	34	20

17.3 Long-term service and purchase commitments

- a) The Company and its subsidiaries have commitments under several service agreements in respect of the security service, cars maintenance service and other services. The terms of the agreements are generally between 1 and 5 years. As at 31 March 2012, future minimum payments under these agreements are as follows:

	(Unit: Million Baht)	
<u>Payable within</u>	Consolidated Financial Statements	Separate financial statements
Less than 1 year	4	1
1 to 5 years	4	4

(Unaudited but reviewed)

- b) The Company and its subsidiaries have commitments under service agreements with regard to the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 2.7 million (the Company only: Baht 0.5 million).
- c) The Company has commitment under the coal purchase agreement with an oversea company. The Company will purchase coals from such oversea company within 2012 which the price, coal quality and quantity to purchase are as 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 has commitment under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase and sales of molasses are those stipulated in the agreement.
- f) The local subsidiary has commitment under service agreement with regard to the consulting for the construction of the second ethanol production plant of Baht 2.7 million.

17.4 Coal supply agreement commitments

- a) 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 Indonesian government.
- b) PT. Lanna Mining Services has coal supply commitments under the Coal Supply Agreements with an oversea company. The subsidiary will supply coals to such oversea company which the price, coal quality and quantity to supply are as stipulated in the agreement.

17.5 Guarantees

As at 31 March 2012, the Company and its subsidiaries had bank guarantees of approximately Baht 10.5 million, USD 1.2 million and Rupiah 8,833 million and the Company had Baht 0.4 million (31 December 2011: Baht 5.5 million, USD 1.2 million Rupiah 3,693 million and the Company only of 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 2011 (Year 4) of the Energy Policy and Planning Office Ministry of Energy, and to guarantee contractual performance under the license for using of electric to Provincial Electricity Authority.

18. 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. The subsidiary's lawyer has opined that the subsidiary had not breached the above agreement and the subsidiary's management believes that the case will be settled in the favour of the subsidiary, without any significant losses. Therefore, the subsidiary has not made any provision for loss from the lawsuit in its accounts.

19. 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, with maturity of less than one year, when they consider appropriate.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2012 are summarised below.

Foreign currency	Financial Assets (Million)	Financial liabilities (Million)	Exchange rate as at 31 March 2012 (Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	6.9	0.5	30.6977	30.9885

(Unaudited but reviewed)

Foreign exchange contracts outstanding at 31 March 2012 are summarised below.

<u>Foreign currency</u>	<u>Bought amount</u>	<u>Contractual exchange rate for amount bought</u>	<u>Contractual Maturity date</u>
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.9	30.531 - 30.885	30 April 2012 - 31 May 2012

20. Events after the reporting period

20.1 Dividend

On 17 April 2012, the Annual General Meeting of the Company's shareholders passed a resolution approving the payment of a dividend in respect of the 2011 operating income of Baht 1.8 per share or a total of Baht 630 million. Following the Company's Board of Directors' Meeting on 16 November 2011, which passed a resolution approving the payment of interim dividend of Baht 0.8 per share or a total of Baht 280 million, the additional payment of dividend remains at Baht 1 per share or a total of Baht 350 million, which had been paid on 2 May 2012. In addition, the meeting approved to set aside a general reserve of Baht 59.9 million. The dividend and general reserve will be recorded in the second quarter of the current year.

20.2 Liquidation and dissolution of an overseas subsidiary

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

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 11 May 2012.