

Lanna Resources Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
For the three-month period ended 31 March 2013

## **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 2013, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lanna Resources Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai 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 Thai Standards on Auditing 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 review, 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 Thai Accounting Standard 34 *Interim Financial Reporting*.

### **Emphasis of matter**

I draw attention to Note 3 to the financial statements regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 *Income Taxes*. My conclusion is not qualified in respect of this matter.

**Other matter**

The consolidated statement of financial position of Lanna Resources Public Company Limited and its subsidiaries, and the separate statement of financial position of Lanna Resources Public Company Limited as at 31 December 2012, presented as comparative information, were audited by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 21 February 2013. The consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2012 of Lanna Resources Public Company Limited and its subsidiaries, and the separate financial statements of Lanna Resources Public Company Limited for the same period, presented herein as comparative information, were also reviewed by the aforementioned auditor who concluded, under her report dated 11 May 2012, that nothing had come to her attention that caused her to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok: 14 May 2013

Lanna Resources Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 March	31 December	1 January	31 March	31 December	1 January
		2013	2012	2012	2013	2012	2012
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	5	947,032	1,152,588	1,212,391	204,636	197,144	381,840
Current investments	6	450,000	439,000	-	450,000	439,000	-
Trade and other receivables	4, 7	858,291	865,838	1,197,935	167,621	142,439	199,829
Inventories	8	580,483	502,318	266,030	221,669	203,613	27,321
Cassava and sugar cane plantation costs		-	-	5,723	-	-	-
Input tax refundable		586,240	558,442	699,612	6,468	1,850	-
Prepaid income tax		346,638	321,703	103,558	149	132	18,266
Advance payments for goods	20.2	139,877	78,423	170,906	4,077	5,663	109,613
Other current assets		43,637	35,355	68,909	1,762	1,429	1,337
<b>Total current assets</b>		<b>3,952,198</b>	<b>3,953,667</b>	<b>3,725,064</b>	<b>1,056,382</b>	<b>991,270</b>	<b>738,206</b>
<b>Non-current assets</b>							
Restricted bank deposits	5	94,709	66,377	51,541	-	-	-
Investments in subsidiaries	9	-	-	-	852,763	852,763	1,068,589
Investment in associated company	10	37,173	34,561	23,715	891	891	891
Long-term loans to related party	4	-	-	-	-	-	45,001
Investment properties		34,726	34,726	36,530	34,726	34,726	36,530
Property, plant and equipment	11	2,859,638	2,847,833	2,716,091	230,418	217,273	214,934
Goodwill		186,000	186,000	186,000	-	-	-
Intangible assets		3,703	3,946	3,504	1,438	1,515	1,765
Deferred tax assets	3	67,284	71,604	79,603	29,668	30,066	31,135
Other non-current assets	12	412,457	433,205	475,122	74,667	79,805	95,159
<b>Total non-current assets</b>		<b>3,695,690</b>	<b>3,678,252</b>	<b>3,572,106</b>	<b>1,224,571</b>	<b>1,217,039</b>	<b>1,494,004</b>
<b>Total assets</b>		<b>7,647,888</b>	<b>7,631,919</b>	<b>7,297,170</b>	<b>2,280,953</b>	<b>2,208,309</b>	<b>2,232,210</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: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 March	31 December	1 January	31 March	31 December	1 January
		2013	2012	2012	2013	2012	2012
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Short-term loans from financial institution	13	532,000	513,000	563,000	-	-	-
Trade and other payables	4, 14	725,854	751,147	377,586	79,544	67,000	230,400
Current portion of long-term loan from financial institution	15	180,000	180,000	900,000	-	-	-
Accrued expenses		669,657	614,090	581,366	5,176	16,656	26,516
Income tax payable		2,299	26,528	408,516	-	-	-
Other current liabilities		82,447	187,840	168,838	6,320	5,818	10,654
<b>Total current liabilities</b>		<b>2,192,257</b>	<b>2,272,605</b>	<b>2,999,306</b>	<b>91,040</b>	<b>89,474</b>	<b>267,570</b>
<b>Non-current liabilities</b>							
Long-term loan from financial institution - net of current portion	15	450,000	540,000	-	-	-	-
Provision for long-term employee benefits		178,824	176,265	122,556	23,387	22,742	22,165
Provision for mine reclamation and decommissioning costs		122,010	85,426	17,011	-	-	-
<b>Total non-current liabilities</b>		<b>750,834</b>	<b>801,691</b>	<b>139,567</b>	<b>23,387</b>	<b>22,742</b>	<b>22,165</b>
<b>Total liabilities</b>		<b>2,943,091</b>	<b>3,074,296</b>	<b>3,138,873</b>	<b>114,427</b>	<b>112,216</b>	<b>289,735</b>
<b>Shareholders' equity</b>							
<b>Share capital</b>							
Registered, issued and fully paid up							
350,000,000 ordinary shares of Baht 1 each		350,000	350,000	350,000	350,000	350,000	350,000
Share premium		680,400	680,400	680,400	680,400	680,400	680,400
<b>Retained earnings</b>							
Appropriated - Statutory reserve		35,000	35,000	35,000	35,000	35,000	35,000
Appropriated - General reserve		495,900	495,900	436,000	495,900	495,900	436,000
Unappropriated		2,430,278	2,252,294	1,950,695	605,226	534,793	441,075
Other components of shareholders' equity		(204,421)	(146,001)	(121,401)	-	-	-
<b>Equity attributable to owners of the Company</b>		<b>3,787,157</b>	<b>3,667,593</b>	<b>3,330,694</b>	<b>2,166,526</b>	<b>2,096,093</b>	<b>1,942,475</b>
Non-controlling interests of the subsidiaries		917,640	890,030	827,603	-	-	-
<b>Total shareholders' equity</b>		<b>4,704,797</b>	<b>4,557,623</b>	<b>4,158,297</b>	<b>2,166,526</b>	<b>2,096,093</b>	<b>1,942,475</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,647,888</b>	<b>7,631,919</b>	<b>7,297,170</b>	<b>2,280,953</b>	<b>2,208,309</b>	<b>2,232,210</b>

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

Directors

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries****Income statement****For the three-month period ended 31 March 2013**

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

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
<b>Revenues</b>					
Sales	4	2,858,761	2,670,627	346,488	432,509
Commission and marketing service income	4	-	-	46,021	24,004
Other income					
Dividend income	4, 9	-	-	32,017	161,114
Service income	4	-	-	13,671	7,376
Interest income	4	5,127	4,448	4,130	3,441
Others		5,031	56,866	3,732	33,924
Total other income		10,158	61,314	53,550	205,855
<b>Total revenues</b>		<b>2,868,919</b>	<b>2,731,941</b>	<b>446,059</b>	<b>662,368</b>
<b>Expenses</b>					
Cost of sales	4	1,873,053	1,693,689	298,069	365,743
Selling and distribution expenses		506,502	348,161	35,230	37,588
Administrative expenses		118,925	120,769	28,512	33,310
Loss on exchange		8,612	2,597	3,678	5,728
<b>Total expenses</b>		<b>2,507,092</b>	<b>2,165,216</b>	<b>365,489</b>	<b>442,369</b>
<b>Profit before share of profit from investment, finance cost and income tax expenses</b>		<b>361,827</b>	<b>566,725</b>	<b>80,570</b>	<b>219,999</b>
Share of profit from investment in associated company	10	2,612	3,415	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>364,439</b>	<b>570,140</b>	<b>80,570</b>	<b>219,999</b>
Finance cost		(13,153)	(7,969)	-	-
<b>Profit before income tax expenses</b>		<b>351,286</b>	<b>562,171</b>	<b>80,570</b>	<b>219,999</b>
Withholding tax deducted at source		(9,739)	(36,936)	(9,739)	(36,936)
Income tax expenses	16	(77,992)	(126,825)	(398)	(2,757)
<b>Profit for the period</b>		<b>263,555</b>	<b>398,410</b>	<b>70,433</b>	<b>180,306</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		177,984	271,829	70,433	180,306
Non-controlling interests of the subsidiaries		85,571	126,581		
		<b>263,555</b>	<b>398,410</b>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company (Baht)	17	0.51	0.78	0.20	0.52

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

(Unaudited but reviewed)

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

**Statement of comprehensive income**

**For the three-month period ended 31 March 2013**

(Unit: Thousand 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 period</b>	<u>263,555</u>	<u>398,410</u>	<u>70,433</u>	<u>180,306</u>
<b>Other comprehensive income:</b>				
Exchange differences on translation of financial statements in foreign currency	<u>(90,185)</u>	<u>(54,580)</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>(90,185)</u>	<u>(54,580)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>173,370</u>	<u>343,830</u>	<u>70,433</u>	<u>180,306</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	119,564	234,501	<u>70,433</u>	<u>180,306</u>
Non-controlling interests of the subsidiaries	<u>53,806</u>	<u>109,329</u>		
	<u>173,370</u>	<u>343,830</u>		

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries****Cash flow statement****For the three-month period ended 31 March 2013**

(Unit: Thousand 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 operating activities</b>				
Profit before tax	351,286	562,171	80,570	219,999
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	59,369	39,337	7,788	6,978
Reduction of inventories to net realisable value (reversal)	(9,703)	2,563	-	-
Share of profit from investment in associated company	(2,612)	(3,415)	-	-
Gain from return on investment and disposal of investment in subsidiaries	-	-	-	(5,607)
Gain on disposal of fixed assets and investment properties	(3,693)	(523)	(3,693)	(523)
Loss on write-off of equipment and intangible assets	381	354	-	-
Dividend income	-	-	(32,017)	(161,114)
Provision for long-term employee benefits	10,901	5,239	645	665
Provision for mine reclamation and decommissioning costs	40,273	-	-	-
Unrealised loss on exchange	172	645	172	645
Interest income	(5,127)	(4,448)	(4,130)	(3,441)
Interest expenses	13,153	7,969	-	-
Profit from operating activities before changes in operating assets and liabilities	454,400	609,892	49,335	57,602
Operating assets (increase) decrease				
Trade and other receivables	9,451	164,023	(23,335)	(19,717)
Inventories	(68,462)	(282,454)	(18,056)	(107,999)
Cassava and sugar cane plantation costs	-	5,723	-	-
Input tax refundable	(27,798)	24,731	(4,618)	(3,700)
Advance payments for goods	(61,638)	(30,832)	1,402	(3,556)
Other current assets	(8,136)	18,817	(187)	(838)
Operating liabilities increase (decrease)				
Trade and other payables	(30,203)	172,219	13,129	(140,258)
Accrued expenses	55,782	(45,645)	(11,480)	(15,539)
Other current liabilities	(105,393)	(79,917)	502	(3,571)
Provision for long-term employee benefit	(1,174)	-	-	-
Cash from (used in) operating activities	216,829	556,557	6,692	(237,576)
Interest income	3,223	3,275	2,283	2,260
Cash paid for interest expenses	(13,368)	(8,019)	-	-
Cash paid for withholding tax deducted at source	(9,739)	(36,936)	(9,739)	(36,936)
Cash paid for corporate income tax	(124,646)	(494,809)	(17)	(2,047)
<b>Net cash from (used in) operating activities</b>	<b>72,299</b>	<b>20,068</b>	<b>(781)</b>	<b>(274,299)</b>

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



(Unaudited but reviewed)

## Lanna Resources Public Company Limited and its subsidiaries

## Cash flow statement (continued)

For the three-month period ended 31 March 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Cash flows from investing activities</b>				
Increase in current investments	-11,000	-	(11,000)	-
Increase in restricted bank deposits	(31,199)	(13,294)	-	-
Dividend received from subsidiaries	-	-	32,017	161,114
Cash received from return on investment and disposal of investment in subsidiaries	-	-	-	221,433
Proceeds from disposals of fixed assets and investment properties	3,756	766	3,756	766
Cash received from government grants	6,000	-	-	-
Acquisitions of property, plant and equipment	(71,670)	(85,797)	(16,475)	(747)
Acquisitions of computer software	(292)	(211)	(292)	(173)
(Increase) decrease in other non-current assets	(15,812)	(38,806)	294	(961)
<b>Net cash from (used in) investing activities</b>	<b>(120,217)</b>	<b>(137,342)</b>	<b>8,300</b>	<b>381,432</b>
<b>Cash flows from financing activities</b>				
Cash receipt from short-term loans from financial institutions	532,000	613,520	-	-
Repayment of short-term loans from financial institutions	(513,000)	(563,000)	-	-
Repayment of long-term loan from financial institution	(90,000)	(90,000)	-	-
Dividend paid	(26,196)	(86,729)	-	-
Decrease in non-controlling interests of the subsidiaries	(31,765)	(16,703)	-	-
<b>Net cash used in financing activities</b>	<b>(128,961)</b>	<b>(142,912)</b>	<b>-</b>	<b>-</b>
<b>Decrease in translation adjustments</b>	<b>(28,650)</b>	<b>(19,804)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(205,529)</b>	<b>(279,990)</b>	<b>7,519</b>	<b>107,133</b>
Cash and cash equivalents at beginning of period	1,152,588	1,212,391	197,144	381,840
Effect of change in foreign exchange rate on cash at bank balance	(27)	74	(27)	74
<b>Cash and cash equivalents at end of period (Note 5)</b>	<b>947,032</b>	<b>932,475</b>	<b>204,636</b>	<b>489,047</b>

**Supplemental cash flows information:**

## Non-cash transactions

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

-4,802	(2,401)	(692)	(426)
--------	---------	-------	-------

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

(Unaudited but reviewed)

## Lanna Resources Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the three-month period ended 31 March 2013

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>												
Equity attributable to owners of the Company												
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Exchange differences on translation of financial statements in foreign currency	Other comprehensive income	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Statutory reserve	General reserve	Unappropriated						
<b>Balance as at 31 December 2011</b>												
- as previously reported		350,000	680,400	35,000	436,000	1,891,579	(122,135)	(122,135)	3,270,844	807,850	4,078,694	
Cumulative effect of change in accounting policy for deferred tax	3	-	-	-	-	59,116	734	734	59,850	19,753	79,603	
<b>Balance as at 31 December 2011 - as restated</b>		350,000	680,400	35,000	436,000	1,950,695	(121,401)	(121,401)	3,330,694	827,603	4,158,297	
Total comprehensive income for the period - as restated		-	-	-	-	271,829	(37,328)	(37,328)	234,501	109,329	343,830	
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	18	-	-	-	-	-	-	-	-	(86,729)	(86,729)	
Increase in non-controlling interests of the subsidiaries from disposal of investment in subsidiary		-	-	-	-	-	-	-	-	30	30	
<b>Balance as at 31 March 2012 - as restated</b>		<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>436,000</u>	<u>2,197,897</u>	<u>(134,108)</u>	<u>(134,108)</u>	<u>3,565,189</u>	<u>850,233</u>	<u>4,415,422</u>	

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

(Unaudited but reviewed)

## Lanna Resources Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2013

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
Note	Issued and paid-up share capital	Share premium	Retained earnings			Exchange differences on translation of financial statements in foreign currency	Other comprehensive income	Total other component of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Statutory reserve	General reserve	Unappropriated						
<b>Balance as at 31 December 2012</b>											
	- as previously reported	350,000	680,400	35,000	495,900	2,197,857	(146,016)	(146,016)	3,613,141	872,878	4,486,019
	Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	54,437	15	15	54,452	17,152	71,604
3											
<b>Balance as at 31 December 2012</b>											
	- as restated	350,000	680,400	35,000	495,900	2,252,294	(146,001)	(146,001)	3,667,593	890,030	4,557,623
	Total comprehensive income for the period	-	-	-	-	177,984	(58,420)	(58,420)	119,564	53,806	173,370
	Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	-	-	-	-	-	-	-	-	(26,196)	(26,196)
18											
<b>Balance as at 31 March 2013</b>											
		350,000	680,400	35,000	495,900	2,430,278	(204,421)	(204,421)	3,787,157	917,640	4,704,797

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the three-month period ended 31 March 2013

(Unit: Thousand Baht)

<b>Separate financial statements</b>						
<b>Note</b>	Issued and paid-up share capital	Share premium	Retained earnings			Total shareholders' equity
			Appropriated		Unappropriated	
			Statutory reserve	General reserve		
<b>Balance as at 31 December 2011 - as previously reported</b>	350,000	680,400	35,000	436,000	409,940	1,911,340
Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	31,135	31,135
<b>Balance as at 31 December 2011 - as restated</b>	350,000	680,400	35,000	436,000	441,075	1,942,475
Total comprehensive income for the period - as restated	-	-	-	-	180,306	180,306
<b>Balance as at 31 March 2012 - as restated</b>	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>436,000</u>	<u>621,381</u>	<u>2,122,781</u>
<b>Balance as at 31 December 2012 - as previously reported</b>	350,000	680,400	35,000	495,900	504,727	2,066,027
Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	30,066	30,066
<b>Balance as at 31 December 2012 - as restated</b>	350,000	680,400	35,000	495,900	534,793	2,096,093
Total comprehensive income for the period	-	-	-	-	70,433	70,433
<b>Balance as at 31 March 2013</b>	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>495,900</u>	<u>605,226</u>	<u>2,166,526</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 period ended 31 March 2013**

**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 2012. There have been no significant changes in the composition of the Group during the current period.

#### 1.4 Application of new accounting standards during the period

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
--------	--------------------

Accounting Standard Interpretations:

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 in this current quarter 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 3.

## **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2012, except for the change in the accounting policies due to the adoption of TAS 12 Income Taxes as follow:

### **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.

**2. New accounting standards issued during the period and not yet effective**

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette during the current period, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows.

	<u>Effective date</u>
Financial Reporting Standard:	
TFRS 4 Insurance Contracts	1 January 2016
Accounting Standard Interpretation:	
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
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 Economics	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

The management of the Company and its subsidiaries have assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believe that they are not relevant to the businesses of the Company and its subsidiaries, except TFRIC 1, TFRIC 5 and TFRIC 10, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.



(Unaudited but reviewed)

### 3. Cumulative effect of the change in accounting policy due to the adoption of new accounting standard

During the current period, the Company and its subsidiaries made the change described in Note 1.4 to the financial statements to its significant accounting policy, as a result of the adoption of TAS 12 Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 31 March 2013	As at 31 December 2012	As at 1 January 2012	As at 31 March 2013	As at 31 December 2012	As at 1 January 2012
<b>Statements of financial position</b>						
Increase in deferred tax assets	67,284	71,604	79,603	29,668	30,066	31,135
(Increase) decrease in other components of shareholders' equity	1,051	15	(734)	-	-	-
Increase in non-controlling interests of the subsidiaries	(15,309)	(17,152)	(19,753)	-	-	-
Increase in unappropriated retained earnings	(53,026)	(54,437)	(59,116)	(29,668)	(30,066)	(31,135)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month period ended 31 March 2013	31 March 2012	For the three-month period ended 31 March 2013	31 March 2012	
<b>Income statements</b>					
Increase (decrease) in income tax		2,510	(106)	398	502
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries		(1,099)	123	-	-
Decrease in profit attributable to equity holders of the Company		(1,411)	(17)	(398)	(502)
<b>Statements of comprehensive income</b>					
Decrease in exchange differences on translation of financial statements in foreign currency		(1,810)	(1,255)	-	-

#### 4. 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	32,017	161,114
Commission and marketing service income	-	-	46,021	24,004
Service income	-	-	13,671	7,376
Interest income	-	-	-	403
<u>Transactions with major shareholder</u>				
Sales of coal	289,291	257,297	289,291	257,297
<u>Transactions with associated company</u>				
Purchase of coal	202,762	260,660	202,762	260,660
Freight charge	39,270	30,425	39,270	30,425

#### 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

(Unaudited but reviewed)

As at 31 March 2013 and 31 December 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	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
<b><u>Trade and other receivables - related parties</u></b>				
<b>(Note 7)</b>				
Major shareholder	108,457	72,436	108,457	72,436
Subsidiaries	-	-	36,021	28,094
Total trade and other receivables - related parties	<u>108,457</u>	<u>72,436</u>	<u>144,478</u>	<u>100,530</u>
<b><u>Trade and other payables - related parties</u></b>				
<b>(Note 14)</b>				
Associated company	<u>16,046</u>	<u>842</u>	<u>16,046</u>	<u>842</u>
Total trade and other payables - related parties	<u>16,046</u>	<u>842</u>	<u>16,046</u>	<u>842</u>

**Directors and management's benefits**

During the three-month periods ended 31 March 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	29,689	30,057	10,605	9,843
Post-employment benefits	<u>3,179</u>	<u>2,122</u>	<u>429</u>	<u>429</u>
Total	<u>32,868</u>	<u>32,179</u>	<u>11,034</u>	<u>10,272</u>

(Unaudited but reviewed)

## 5. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Cash	192	196	40	40
Bank deposits	891,549	1,180,769	54,596	159,104
Investments in bill of exchange and bond of the Bank of Thailand	150,000	38,000	150,000	38,000
Total	1,041,741	1,218,965	204,636	197,144
Less: Restricted bank deposits	(94,709)	(66,377)	-	-
Total	947,032	1,152,588	204,636	197,144

As at 31 March 2013, bank deposits in savings account, fixed deposits and investments in bill of exchange and bond carried interests between 0.01 and 2.75 percent per annum (31 December 2012: between 0.1 and 3 percent per annum).

As at 31 March 2013, the oversea subsidiaries had restricted bank deposits of approximately Baht 95 million (31 December 2012: Baht 66 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 21.5.

## 6. Current investments

As at 31 March 2013, the Company had current investments in the form of bills of exchange amounting to Baht 450 million (31 December 2012: Baht 439 million) carrying interest at the rate of 2.85 - 3.25 percent per annum (31 December 2012: 3.1 - 3.5 percent per annum) and due for redemption in April - July 2013.

(Unaudited but reviewed)

## 7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
<b><u>Trade receivables - related parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	108,457	72,436	136,325	93,538
Total trade receivables - related parties	108,457	72,436	136,325	93,538
<b><u>Trade receivables - unrelated parties</u></b>				
<b>Age on the basis of due dates</b>				
Not yet due	743,824	789,436	19,081	39,882
Total trade receivable - unrelated parties	743,824	789,436	19,081	39,882
Total trade receivables	852,281	861,872	155,406	133,420
<b><u>Other receivables</u></b>				
Other receivable - related parties	-	-	8,153	6,992
Other receivable - unrelated parties	1,892	1,940	1	1
Advances	535	347	535	347
Interest receivable	3,583	1,679	3,526	1,679
Total other receivables	6,010	3,966	12,215	9,019
Total trade and other receivables	858,291	865,838	167,621	142,439

## 8. 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 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2012	9,703	-
Less: Reversal of reduction of inventory value during the period	(9,703)	-
Balance as at 31 March 2013	-	-

(Unaudited but reviewed)

**9. Investments in subsidiaries**

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

(Unit: Thousand Baht)

Dividend received for the  
three-month period ended

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Cost		Dividend received for the three-month period ended	
			31 March 2013	31 December 2012	31 March 2013 (%)	31 December 2012 (%)	31 March 2013	31 December 2012	31 March 2013	31 March 2012
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	70,889	-	-
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	32,017	-
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	-	-
Total							<u>852,763</u>	<u>852,763</u>	<u>32,017</u>	<u>161,114</u>

## **Oversea subsidiaries**

### Lanna (Singapore) Pte. Ltd.

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

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

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

### PT. Citra Harita Mineral

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

(Unaudited but reviewed)

**10. Investment in associated company**

(Unit: Thousand Baht)

Company	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
			31 March 2013	31 December 2012	31 March 2013	31 December 2012	Carrying amounts based on equity method		Cost	
					(%)	(%)	31 March 2013	31 December 2012	31 March 2013	31 December 2012
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	37,173	34,561	891	891
Total							37,173	34,561	891	891

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month period ended 31 March 2013 of approximately Baht 2.6 million (2012: Baht 3.4 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)

## 11. Property, plant and equipment

Movements in the property, plant and equipment account for the three-month period ended 31 March 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2012	2,847,833	217,273
Acquisitions during the period - cost	76,651	15,982
Disposals and write-off during the period - net book value on disposal/write-off date	(444)	(63)
Cash received from government grants	(6,000)	-
Depreciation for the period	(37,698)	(2,774)
Translation adjustments	(20,704)	-
Net book value as at 31 March 2013	<u>2,859,638</u>	<u>230,418</u>

A subsidiary has mortgaged part of its land and construction thereon and machinery of the second ethanol production plant with net book value as at 31 March 2013 amounting to approximately Baht 1,149.8 million (31 December 2012: 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 13 and 15.

During the current period, a subsidiary received the first 30 percent subsidy of Baht 6 million from the subsidy agreement with the Energy Conservation Promotion Fund under "Biogas Technology for Industry Project". However, the subsidiary is required to comply with the terms under the aforementioned agreements

A subsidiary has temporarily ceased the production of the first ethanol production plant for maintenance since 1 January 2013. It restarts the production of Ethanol in March 2013.

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 period ended 31 March	
	<u>2013</u>	<u>2012</u>
Interest expenses capitalised as costs of machinery and equipment (Thousand Baht)	-	9,639
Capitalisation rate (percent per annum)	-	4.31

(Unaudited but reviewed)

## 12. 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		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
Deferred expenses - Indonesia coal mine project	310,271	323,813	-	-
Deferred overburden removal expenses	12,540	13,953	-	-
Deferred transferred service fees according to contract	68,591	73,435	68,591	73,435
Others	21,055	22,004	6,076	6,370
Total other non-current assets	<u>412,457</u>	<u>433,205</u>	<u>74,667</u>	<u>79,805</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 stipulates 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 agrees 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)

### 13. Short-term loans from financial institutions

As at 31 March 2013, a subsidiary had short-term loans from financial institutions in the form of promissory notes which are repayable within 3 months. The loans bear interest at the rate of 3.95 - 4.8 percent per annum. The loan amounting to Baht 150 million is secured by the mortgage of part of the subsidiary's land and construction thereon and machinery of the second ethanol production plant as discussed in Note 11.

### 14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Trade payables - related parties	16,046	842	16,046	842
Trade payables - unrelated parties	660,163	711,903	60,181	62,775
Other payables - unrelated parties	20,119	17,137	2,433	1,976
Payables for purchases of plant, equipment and intangible assets	6,347	1,341	38	526
Retention payable	23,179	19,924	846	881
Total trade and other payables	<u>725,854</u>	<u>751,147</u>	<u>79,544</u>	<u>67,000</u>

### 15. Long-term loan from financial institution

Movements in the long-term loan from financial institution for the three-month period ended 31 March 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2012	720,000	-
Less: Repayment during the period	(90,000)	-
Balance as at 31 March 2013	630,000	-
Less: Current portion	(180,000)	-
Long-term loan from financial institution - net	<u>450,000</u>	<u>-</u>

(Unaudited but reviewed)

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 the seventh year. The loan is repayable within 7 years with grace period of 30 months and then to be repaid in 10 semi-annual 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 of the second ethanol production plant as discussed in Note 11. 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 14 January 2013, the above bank has reduced the interest rate during January to December 2013 from THBFIX reference rate plus 2.1 percent per annum to THBFIX reference rate plus 1.95 percent per annum.

As at 31 March 2013, the subsidiary could not maintain certain financial ratios as specified in the loan agreement. However, the subsidiary had negotiated with the bank, and had already obtained a waiver letter for the condition to maintain certain financial ratios for the period ended 31 March 2013 from that bank on 26 March 2013.

## 16. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2013 and 2012 are made up as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	75,482	126,931	-	2,255
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>2,510</u>	<u>(106)</u>	<u>398</u>	<u>502</u>
<b>Income tax expense reported in the statements of income</b>	<u>77,992</u>	<u>126,825</u>	<u>398</u>	<u>2,757</u>

**17. 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 period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Profit attributable to equity holders of the Company (Thousand Baht)	177,984	271,829	70,433	180,306
Weighted average number of ordinary shares (Thousand shares)	350,000	350,000	350,000	350,000
Basic earnings per share (Baht)	0.51	0.78	0.20	0.52

**18. Dividend paid**

Dividends paid by the Group during the three-month periods ended 31 March 2013 and 2012 are as follows:

**Subsidiaries**PT. Singlurus Pratama

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand US Dollar)	<u>Dividend per share</u> (US Dollar)	<u>Paid on</u>
<b><u>2012</u></b>				
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>	

During the three-month period ended 31 March 2012, 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.

PT. Lanna Harita Indonesia

Dividends	Approved by	Total dividends (Thousand US Dollar)	Dividend per share (US Dollar)	Paid on
<b><u>2013</u></b>				
The third interim dividend for 2012	Board of Directors' meeting on 19 March 2013	2,000	250	22 March 2013
Total		2,000	250	

During the three-month period ended 31 March 2013, the Company received dividend income at 55 percent for a total of USD 1.1 million or equivalent to Baht 32 million. The Company had been withheld the withholding tax deducted at source of Baht 2.4 million.

### 19. 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 on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company's and its subsidiaries' financing activities, which give rise to finance costs and finance income, and income taxes are managed on a Group basis. Therefore these income and expenses are not allocated to operating segments.

Inter-segment revenues are eliminated on consolidation.

(Unaudited but reviewed)

The following table presents revenue and profit information regarding of the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2013 and 2012.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March									
	Domestic coal business		Oversea coal business		Ethanol business		Elimination of inter-segment transactions		Total	
	<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>
Revenues from external customers	346,488	432,509	2,105,878	1,950,344	406,395	287,774	-	-	2,858,761	2,670,627
Intersegment revenues	59,692	31,380	-	-	-	-	(59,692)	(31,380)	-	-
Total revenues	<u>406,180</u>	<u>463,889</u>	<u>2,105,878</u>	<u>1,950,344</u>	<u>406,395</u>	<u>287,774</u>	<u>(59,692)</u>	<u>(31,380)</u>	<u>2,858,761</u>	<u>2,670,627</u>
Operating income	108,111	98,146	862,349	817,501	72,458	90,417	(57,210)	(29,126)	985,708	976,938
Unallocated income (expenses)										
Other income									10,158	61,314
Share of profit from investment in associated company									2,612	3,415
Selling and distribution expenses									(506,502)	(348,161)
Administrative expenses									(118,925)	(120,769)
Loss on exchange									(8,612)	(2,597)
Finance cost									(13,153)	(7,969)
Withholding tax deducted at source									(9,739)	(36,936)
Corporate income tax									(77,992)	(126,825)
Non-controlling interests of the subsidiaries									<u>(85,571)</u>	<u>(126,581)</u>
Profit for the period									<u>177,984</u>	<u>271,829</u>

(Unaudited but reviewed)

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 March 2013 and 31 December 2012:

(Unit: Thousand Baht)

Segment assets	Domestic coal	Oversea coal	Ethanol business	Total Segments	Unallocated	Consolidated
	business	business			assets	
At 31 March 2013	482,856	1,093,033	2,289,684	3,865,573	3,782,315	7,647,888
At 31 December 2012	451,640	1,060,862	2,292,391	3,804,893	3,827,026	7,631,919



## **20. Significant contracts and agreements**

20.1 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.

20.2 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 guarantors, and on 23 May 2011, the arbitrator of SIAC ordered Saraburi Resources Pte. Ltd. to pay advance for purchase of coal of USD 2 million, together with interest and other expenses, to the Company. Subsequently on 13 August 2012, the Supreme Court of Singapore ordered the guarantors to pay advance for purchase of coal of USD 2 million with interest at SIBOR+3.5% per annum and other expenses to the Company. However, for a prudent reason, the Company has still set full allowance for doubtful account for this advance payment.

(Unaudited but reviewed)

20.3 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.

20.4 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.

## 21. Commitments and contingent liabilities

### 21.1 Capital commitments

As at 31 March 2013, the Company and its subsidiary had capital commitments of approximately Baht 86.8 million and Euro 0.4 million, totaling Baht 102.1 million, relating to the construction of the subsidiary’s biogas systems and the second ethanol production plant, and the acquisitions of machinery and equipment (31 December 2012: Baht 109.2 million and Euro 0.4 million, totaling approximately Baht 125.8 million).

### 21.2 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 payments under these lease agreements are as follows:

Payable within	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		Financial statements	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
Less than 1 year	43	44	9	10
1 to 5 years	33	35	13	14

### 21.3 Long-term service and purchase commitments

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

(Unit: Million Baht)

Payable within	Consolidated		Separate	
	financial statements		Financial statements	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Less than 1 year	5	2	2	2
1 to 5 years	3	3	3	3

- 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 2.1 million (the Company only: Baht 0.5 million) (31 December 2012: Baht 1.6 million (the Company only: Baht 0.5 million)).
- c) The Company has commitment under the coal purchase agreement with an oversea company. The price, coal quality and quantity 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 2012 to 20 December 2013, 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 biogas system and other service of Baht 3.6 million (31 December 2012: Baht 2.7 million).

### 21.4 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.

## 21.5 Guarantees

As at 31 March 2013, the Company and its subsidiaries had bank guarantees of approximately Baht 16.9 million and Rupiah 31,275.1 million and the Company had Baht 0.4 million (31 December 2012: Baht 16.9 million and Rupiah 18,337.8 million and the Company had Baht 0.4 million) issued by banks on behalf of the Company and its subsidiaries in respect of mine reclamation of the 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.

## 22. 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 March 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.

## 23. 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 are summarised below.

As at 31 March 2013				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	Buying rate	Selling rate
US dollar	4.56	0.58	29.1693	29.4476
SG dollar	-	0.01	23.3971	23.8598

(Unaudited but reviewed)

As at 31 December 2012

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

Foreign exchange contracts outstanding at 31 March 2013 are summarised below.

Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual Maturity date
	(Million)		
US dollar	2	29.223	30 April 2013

## 24. Events after the reporting period

### The Company

On 22 April 2013, the Annual General Meeting of the Company's shareholders passed the following resolutions.

- a) Approved the payment of dividend for 2012 to the Company's shareholders at Baht 1.50 per share or a total of Baht 525 million. Following the Company's Board of Directors' Meeting on 14 November 2012, which passed a resolution approving the payment of interim dividend of Baht 0.50 per share or a total of Baht 175 million, the additional payment of dividend remains at Baht 1 per share which will be paid in two parts on 21 May 2013 as follows:
  1. Paid as ordinary shares of the Company totaling 175 million shares at Baht 1 each, at the proportion of 2 original shares to 1 stock dividend, totaling Baht 175 million, 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.
  2. Paid as cash at Baht 0.50 per share, totaling Baht 175 million.
- b) Approved to set aside a general reserve of Baht 154.7 million.

- c) Approved to increase the Company's registered share capital in order to support such dividend payment at Baht 175 million by issuing new ordinary shares of 175 million shares, having a par value of Baht 1 per share, which shall result in an increase of previous registered share capital of Baht 350 million, consisting of 350 million ordinary shares at a par value of Baht 1 per share to become a new registered share capital of Baht 525 million, consisting of 525 million ordinary shares at par value of Baht 1 per share.
- d) Approved to amend the Memorandum of Association to adjust number of share from registered share capital of Baht 350 million, consisting of 350 million ordinary shares at a par value of Baht 1 per share to registered share capital of Baht 525 million, consisting of 525 million ordinary shares at a par value of Baht 1 per share.
- e) Approved the allocation of capital increase ordinary shares of 175 million shares in order to support such dividend payment 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 totaling Baht 175 million. 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 the case that there are newly issued ordinary shares remaining from such allocation, the Company's Board of Directors shall propose to the Shareholders' Meeting to consider allocating such remaining shares at the next Shareholders' Meeting and also to register the change in the paid-up capital accordingly after the completion of such allocation of capital increase ordinary shares.

#### Subsidiary

On 23 April 2013, the Annual General Meeting of a subsidiary's shareholders passed the following resolutions.

- a) Approved the payment of dividend for 2012 in respect of the operating income from BOI promoted operation of 2012 to a subsidiary's shareholders at Baht 0.03 per share or a total of Baht 24 million.
- b) Approved to set aside a legal reserve in respect of the operating income from BOI promoted operation of 2012 of Baht 14.9 million.

#### **25. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's authorised directors on 14 May 2013.