

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month period ended 31 March 2015

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 2015, the related consolidated statements of income and comprehensive income, and the related consolidated statements of 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*.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 14 May 2015

Lanna Resources Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|------|---|----------------------------------|---|----------------------------------|
| | | 31 March 2015 (Unaudited but reviewed) | 31 December 2014 (Audited) | 31 March 2015 (Unaudited but reviewed) | 31 December 2014 (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 695,639 | 446,919 | 64,499 | 19,975 |
| Current investments | 6 | 779,927 | 767,216 | 779,447 | 766,781 |
| Trade and other receivables | 4, 7 | 831,102 | 723,944 | 263,499 | 255,488 |
| Inventories | 8 | 830,076 | 564,295 | 195,067 | 162,577 |
| Input tax refundable | | 667,070 | 983,831 | 2,277 | 6,016 |
| Prepaid income tax | | 386,167 | 403,675 | - | - |
| Advance payments for goods | 4, 9 | 331,093 | 669,758 | - | 3,437 |
| Other current assets | | 40,531 | 8,911 | 1,756 | 2,037 |
| Total current assets | | 4,561,605 | 4,568,549 | 1,306,545 | 1,216,311 |
| Non-current assets | | | | | |
| Restricted bank deposits | 5 | 93,859 | 87,488 | - | - |
| Investments in subsidiaries | 10 | - | - | 754,566 | 754,566 |
| Investment in associated company | 11 | 56,464 | 50,250 | 891 | 891 |
| Investment properties | | 34,726 | 34,726 | 34,726 | 34,726 |
| Property, plant and equipment | 12 | 3,339,346 | 3,388,361 | 268,638 | 270,551 |
| Goodwill | | 186,000 | 186,000 | - | - |
| Intangible assets | | 4,479 | 4,905 | 992 | 1,055 |
| Deferred tax assets | | 31,998 | 45,688 | 19,329 | 19,252 |
| Other non-current assets | 13 | 543,918 | 595,564 | 36,449 | 42,914 |
| Total non-current assets | | 4,290,790 | 4,392,982 | 1,115,591 | 1,123,955 |
| Total assets | | 8,852,395 | 8,961,531 | 2,422,136 | 2,340,266 |

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 | |
|---|-------|-----------------------------------|-------------|-------------------------------|-------------|
| | | 31 March | 31 December | 31 March | 31 December |
| | | 2015 | 2014 | 2015 | 2014 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | | | | | |
| | 14 | 922,683 | 1,197,731 | - | - |
| Trade and other payables | | | | | |
| | 4, 15 | 512,343 | 462,803 | 76,536 | 61,391 |
| Current portion of liabilities under finance lease agreements | | | | | |
| | | 978 | 916 | - | - |
| Current portion of long-term loan from financial institution | | | | | |
| | 16 | 180,000 | 180,000 | - | - |
| Accrued expenses | | | | | |
| | | 354,201 | 365,726 | 3,502 | 19,343 |
| Income tax payable | | | | | |
| | | 32,430 | 8,783 | 14,700 | 8,783 |
| Other current liabilities | | | | | |
| | | 105,448 | 134,876 | 14,724 | 20,405 |
| Total current liabilities | | | | | |
| | | 2,108,083 | 2,350,835 | 109,462 | 109,922 |
| Non-current liabilities | | | | | |
| Liabilities under finance lease agreements | | | | | |
| | | - net of current portion | 4,033 | 4,326 | - |
| Long-term loan from financial institution | | | | | |
| | 16 | - net of current portion | 477,757 | 477,757 | - |
| Provision for long-term employee benefits | | | | | |
| | | 152,313 | 167,435 | 27,868 | 27,484 |
| Provision for mine reclamation and decommissioning costs | | | | | |
| | | 88,524 | 84,943 | - | - |
| Deferred tax liabilities | | | | | |
| | | 41,326 | 33,896 | - | - |
| Total non-current liabilities | | | | | |
| | | 763,953 | 768,357 | 27,868 | 27,484 |
| Total liabilities | | | | | |
| | | 2,872,036 | 3,119,192 | 137,330 | 137,406 |

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)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|---|----------------------------------|---|----------------------------------|
| | 31 March 2015 (Unaudited but reviewed) | 31 December 2014 (Audited) | 31 March 2015 (Unaudited but reviewed) | 31 December 2014 (Audited) |
| Liabilities and shareholders' equity (continued) | | | | |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Registered, issued and fully paid up | | | | |
| 524,999,679 ordinary shares of Baht 1 each | 525,000 | 525,000 | 525,000 | 525,000 |
| Share premium | 680,400 | 680,400 | 680,400 | 680,400 |
| Retained earnings | | | | |
| Appropriated - Statutory reserve | 52,500 | 52,500 | 52,500 | 52,500 |
| Appropriated - General reserve | 727,200 | 727,200 | 727,200 | 727,200 |
| Unappropriated | 2,274,113 | 2,154,008 | 299,706 | 217,760 |
| Other components of shareholders' equity | <u>24,937</u> | <u>44,980</u> | <u>-</u> | <u>-</u> |
| Equity attributable to owners of the Company | 4,284,150 | 4,184,088 | 2,284,806 | 2,202,860 |
| Non-controlling interests of the subsidiaries | <u>1,696,209</u> | <u>1,658,251</u> | <u>-</u> | <u>-</u> |
| Total shareholders' equity | <u>5,980,359</u> | <u>5,842,339</u> | <u>2,284,806</u> | <u>2,202,860</u> |
| Total liabilities and shareholders' equity | <u>8,852,395</u> | <u>8,961,531</u> | <u>2,422,136</u> | <u>2,340,266</u> |

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

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Directors
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Lanna Resources Public Company Limited and its subsidiaries

Income statements

For the three-month period ended 31 March 2015

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|-------|-----------------------------------|--------------------|-------------------------------|----------------|
| | | 2015 | 2014 (Restated) | 2015 | 2014 |
| Revenues | | | | | |
| Sales | 4 | 2,889,517 | 3,287,994 | 529,375 | 546,369 |
| Commission and marketing service income | 4 | - | - | 45,326 | 49,206 |
| Other income | | | | | |
| Dividend income | 4, 10 | - | - | 28,665 | 28,145 |
| Service income | 4 | - | - | 12,560 | 14,893 |
| Gain on exchange | | - | 58,740 | 1,030 | - |
| Interest income | | 5,981 | 5,221 | 3,268 | 3,427 |
| Others | | 2,709 | 1,933 | 1,635 | 766 |
| Total other income | | 8,690 | 65,894 | 47,158 | 47,231 |
| Total revenues | | 2,898,207 | 3,353,888 | 621,859 | 642,806 |
| Expenses | | | | | |
| Cost of sales | 4 | 2,046,949 | 2,220,105 | 450,460 | 472,406 |
| Selling and distribution expenses | | 439,856 | 538,557 | 46,005 | 41,161 |
| Administrative expenses | | 90,260 | 157,570 | 28,095 | 28,886 |
| Loss on exchange | | 40,161 | - | - | 871 |
| Total expenses | | 2,617,226 | 2,916,232 | 524,560 | 543,324 |
| Profit before share of profit from investment, finance cost and income tax expenses | | 280,981 | 437,656 | 97,299 | 99,482 |
| Share of profit from investment in associated company | 11 | 6,214 | 6,351 | - | - |
| Profit before finance cost and income tax expenses | | 287,195 | 444,007 | 97,299 | 99,482 |
| Finance cost | | (19,985) | (17,408) | - | - |
| Profit before income tax expenses | | 267,210 | 426,599 | 97,299 | 99,482 |
| Income tax expenses | 18 | (73,105) | (105,444) | (15,353) | (16,064) |
| Profit for the period | | 194,105 | 321,155 | 81,946 | 83,418 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 120,591 | 217,005 | 81,946 | 83,418 |
| Non-controlling interests of the subsidiaries | | 73,514 | 104,150 | | |
| | | 194,105 | 321,155 | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company (Baht) | 19 | 0.23 | 0.41 | 0.16 | 0.16 |

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|--|---------------------------|--------------------------------------|----------------------|
| | <u>2015</u> | <u>2014</u> (Restated) | <u>2015</u> | <u>2014</u> |
| Profit for the period | <u>194,105</u> | <u>321,155</u> | <u>81,946</u> | <u>83,418</u> |
| Other comprehensive income | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of financial statements in foreign currency | <u>(31,921)</u> | <u>(29,726)</u> | <u>-</u> | <u>-</u> |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | <u>(31,921)</u> | <u>(29,726)</u> | <u>-</u> | <u>-</u> |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i> | | | | |
| Actuarial loss | (1,020) | (1,198) | - | - |
| Less: Income tax effect | <u>309</u> | <u>359</u> | <u>-</u> | <u>-</u> |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | <u>(711)</u> | <u>(839)</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income for the period | <u>(32,632)</u> | <u>(30,565)</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u><u>161,473</u></u> | <u><u>290,590</u></u> | <u><u>81,946</u></u> | <u><u>83,418</u></u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 100,062 | 197,615 | <u>81,946</u> | <u>83,418</u> |
| Non-controlling interests of the subsidiaries | <u>61,411</u> | <u>92,975</u> | | |
| | <u><u>161,473</u></u> | <u><u>290,590</u></u> | | |

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|--|---------------------------|--------------------------------------|-------------|
| | <u>2015</u> | <u>2014</u> (Restated) | <u>2015</u> | <u>2014</u> |
| Cash flows from operating activities | | | | |
| Profit before tax | 267,210 | 426,599 | 97,299 | 99,482 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities | | | | |
| Depreciation and amortisation | 175,634 | 197,244 | 6,830 | 6,923 |
| Reversal of reduction of inventories to net realisable value | (16,179) | - | - | - |
| Gain on disposals and change in value of investments in trading securities | (1,675) | (123) | (1,630) | (123) |
| Share of profit from investment in associated company | (6,214) | (6,351) | - | - |
| Write-off of input tax refundable and prepaid income tax | 3,736 | 37,539 | - | - |
| Loss (gain) on disposal of equipment | (446) | 2 | - | 2 |
| Dividend income | - | - | (28,665) | (28,145) |
| Provision for long-term employee benefits | 1,402 | 18,868 | 384 | 728 |
| Reversal of provision for mine reclamation and decommissioning costs | 16,458 | 5,353 | - | - |
| Share-based payment transactions | - | 556 | - | - |
| Unrealised loss (gain) on exchange | 46,018 | (13,446) | 357 | 1,098 |
| Interest income | (5,981) | (5,221) | (3,268) | (3,427) |
| Interest expenses | 19,462 | 17,408 | - | - |
| Profit from operating activities before changes in operating assets and liabilities | 499,425 | 678,428 | 71,307 | 76,538 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (109,888) | (125,696) | (6,076) | 72,671 |
| Inventories | (249,602) | (417,456) | (32,490) | 40,479 |
| Input tax refundable | 255,523 | (147,687) | 3,739 | 306 |
| Advance payments for goods | 338,665 | 132,727 | 3,437 | (70,517) |
| Other current assets | (31,620) | 8,124 | 281 | 249 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 62,675 | 317,299 | 21,859 | (50,047) |
| Accrued expenses | (10,986) | 89,147 | (15,841) | (12,859) |
| Other current liabilities | (23,399) | 116,826 | 348 | 1,910 |
| Provision for long-term employee benefits | (9,667) | (2,827) | - | - |
| Provision for mine reclamation | (7,565) | (2,740) | - | - |
| Cash from operating activities | 713,561 | 646,145 | 46,564 | 58,730 |

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

Lanna Resources Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------------------|-------------------------------|-----------------|
| | 2015 | 2014 (Restated) | 2015 | 2014 |
| Cash flows from operating activities (continued) | | | | |
| Interest income | 3,839 | 7,759 | 1,163 | 6,038 |
| Cash paid for interest expenses | (19,896) | (20,676) | - | - |
| Refund of income tax | 12,928 | - | - | - |
| Cash paid for income tax | (39,127) | (102,937) | (15,542) | (8,701) |
| Net cash from operating activities | 671,305 | 530,291 | 32,185 | 56,067 |
| Cash flows from investing activities | | | | |
| Increase in current investments | (11,222) | (39,000) | (11,222) | (39,000) |
| Increase in restricted bank deposits | (7,454) | (32,666) | - | - |
| Dividend received from subsidiaries company | - | - | 28,665 | 28,145 |
| Proceeds from disposals of equipment | 446 | 113 | - | 11 |
| Cash received from government grants | 4,872 | - | - | - |
| Acquisitions of property, plant and equipment | (21,643) | (101,235) | (7,323) | (14,663) |
| Acquisitions of computer software | (147) | (112) | (147) | (49) |
| Decrease (increase) in other non-current assets | (82,101) | (189,625) | 2,405 | (685) |
| Net cash from (used in) investing activities | (117,249) | (362,525) | 12,378 | (26,241) |
| Cash flows from financing activities | | | | |
| Decrease in short-term loans from financial institutions | (275,048) | (222,834) | - | - |
| Cash paid for liabilities under finance lease agreements | (336) | - | - | - |
| Dividend paid | (23,453) | (23,027) | - | - |
| Decrease in non-controlling interests of the subsidiaries | (11,879) | (10,926) | - | - |
| Net cash used in financing activities | (310,716) | (256,787) | - | - |
| Increase in translation adjustments | 5,419 | 15,536 | - | - |
| Net increase (decrease) in cash and cash equivalents | 248,759 | (73,485) | 44,563 | 29,826 |
| Cash and cash equivalents at beginning of period | 446,919 | 822,019 | 19,975 | 162,782 |
| Effect of change in foreign exchange rate | | | | |
| on cash at bank balance | (39) | 299 | (39) | 299 |
| Cash and cash equivalents at end of period (Note 5) | 695,639 | 748,833 | 64,499 | 192,907 |

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 period ended 31 March 2015

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|-------------|--------------------------------------|-------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| | | (Restated) | | |
| Supplemental cash flows information: | | | | |
| Non-cash transactions from investing activities | | | | |
| Increase (decrease) in accounts payable from purchases | | | | |
| of plant, equipment and intangible assets | (13,097) | (3,929) | (6,676) | 1,210 |

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 period ended 31 March 2015

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | | | | |
|--|----------------|-------------------|-----------------|----------------|----------------------------|---|---|--|---|--|--|----------------------------|
| Equity attributable to owners of the Company | | | | | | | | | | | | |
| | | | | | Other component of equity | | | | | | | |
| | | | | | Other comprehensive income | Exchange differences on translation of financial statements in foreign currency | Surplus on change in the percentage of shareholding in subsidiary | Capital reserve for share-based payment transactions | 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 |
| | | Retained earnings | | | Unappropriated | foreign currency | in subsidiary | payment transactions | equity | the Company | the subsidiaries | equity |
| Issued and paid up share capital | Share premium | Statutory reserve | General reserve | Appropriated | | | | | | | | |
| Balance as at 1 January 2014 | 525,000 | 680,400 | 52,500 | 650,600 | 2,193,890 | (37,626) | - | - | (37,626) | 4,064,764 | 1,083,613 | 5,148,377 |
| Profit for the period (restated) | - | - | - | - | 217,005 | - | - | - | - | 217,005 | 104,150 | 321,155 |
| Other comprehensive income for the period (restated) | - | - | - | - | (590) | (18,800) | - | - | (18,800) | (19,390) | (11,175) | (30,565) |
| Total comprehensive income for the period (restated) | - | - | - | - | 216,415 | (18,800) | - | - | (18,800) | 197,615 | 92,975 | 290,590 |
| Adjustment of capital reserve for share-based payment transactions (Note 17) | - | - | - | - | - | - | - | 556 | 556 | 556 | - | 556 |
| Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries | - | - | - | - | - | - | - | - | - | - | (23,027) | (23,027) |
| Balance as at 31 March 2014 | 525,000 | 680,400 | 52,500 | 650,600 | 2,410,305 | (56,426) | - | 556 | (55,870) | 4,262,935 | 1,153,561 | 5,416,496 |
| Balance as at 1 January 2015 | 525,000 | 680,400 | 52,500 | 727,200 | 2,154,008 | (31,525) | 75,949 | 556 | 44,980 | 4,184,088 | 1,658,251 | 5,842,339 |
| Profit for the period | - | - | - | - | 120,591 | - | - | - | - | 120,591 | 73,514 | 194,105 |
| Other comprehensive income for the period | - | - | - | - | (486) | (20,043) | - | - | (20,043) | (20,529) | (12,103) | (32,632) |
| Total comprehensive income for the period | - | - | - | - | 120,105 | (20,043) | - | - | (20,043) | 100,062 | 61,411 | 161,473 |
| Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries | - | - | - | - | - | - | - | - | - | - | (23,453) | (23,453) |
| Balance as at 31 March 2015 | 525,000 | 680,400 | 52,500 | 727,200 | 2,274,113 | (51,568) | 75,949 | 556 | 24,937 | 4,284,150 | 1,696,209 | 5,980,359 |

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 period ended 31 March 2015

(Unit: Thousand Baht)

| | Separate financial statements | | | | | Total shareholders' equity |
|---|----------------------------------|----------------|-------------------|-----------------|----------------|----------------------------|
| | Issued and paid up share capital | Share premium | Retained earnings | | Unappropriated | |
| | | | Appropriated | | | |
| | | | Statutory reserve | General reserve | | |
| Balance as at 1 January 2014 | 525,000 | 680,400 | 52,500 | 650,600 | 286,600 | 2,195,100 |
| Profit for the period | - | - | - | - | 83,418 | 83,418 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 83,418 | 83,418 |
| Balance as at 31 March 2014 | <u>525,000</u> | <u>680,400</u> | <u>52,500</u> | <u>650,600</u> | <u>370,018</u> | <u>2,278,518</u> |
| Balance as at 1 January 2015 | 525,000 | 680,400 | 52,500 | 727,200 | 217,760 | 2,202,860 |
| Profit for the period | - | - | - | - | 81,946 | 81,946 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 81,946 | 81,946 |
| Balance as at 31 March 2015 | <u>525,000</u> | <u>680,400</u> | <u>52,500</u> | <u>727,200</u> | <u>299,706</u> | <u>2,284,806</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 2015

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 Basis of preparation of interim financial statements

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) *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 2014. There have been no significant changes in the composition of the Group during the current period.

1.4 New financial reporting standards

During the period, the Group has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current period's transactions and restated the prior period's consolidated financial statements, presented as comparative information, as if the Group had always applied this accounting policy. The effect of changes in accounting policies is presented in Note 3 to the financial statements. However, the change has no impact on the separate statement of financial position as at 31 December 2014, and the separate income statements for the three-month period ended 31 March 2014, presented as comparative information.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This financial reporting standard interpretation establishes the accounting for stripping costs in the production phase of a surface mine. This TFRIC requires the stripping costs during the production phase are capitalised as part of the deferred stripping costs if, and only if, all of the following are met:

- a) It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the subsidiaries.
- b) The subsidiaries can identify the component of the ore body for which access has been improved.
- c) The costs relating to the stripping activity associated with that component can be measured reliably.

The deferred stripping costs shall be initially recognised at cost and subsequently stated at cost less accumulated amortisation, which is calculated using the proportion of unit produced to total reserves, and allowance for impairment (if any). In case when the future benefit of these assets is in doubt, they are written off to period expenses immediately.

In 2014, the Group has early adopted this TFRIC which resulted in the initial recognition of deferred stripping costs and subsequent amortisation is determined by reference to components of the ore body rather than by reference to the entire operation. In addition, the amortisation of deferred stripping costs shall be calculated using the proportion of unit produced rather than using the stripping ratios. The Group has restated the consolidated statements of income and comprehensive income for the three-month period ended 31 March 2014, presented as comparative information. The effect of this standard is shown in Note 3 to financial statements.

2. 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 2014, except the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in note 1.4 to the financial statements.

3. Cumulative effect of changes in accounting policy due to the adoption of new financial reporting standard

As described in Note 1.4 and Note 2 to the financial statements, during the current period, the Group has changed some of their accounting policies, as a result of the adoption of new and revised financial reporting standards.

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

| | (Unit: Thousand Baht) |
|--|--------------------------------------|
| | Consolidated financial statements |
| | For the three-month period ended |
| | 31 March 2014 |
| Statements of income: | |
| Decrease in cost of sales | 10,575 |
| Decrease in administrative expenses | 1,198 |
| Increase in income tax expenses | 7,188 |
| Profit attributable to: | |
| Increase in profit attributable to equity holders of the Company | 1,962 |
| Increase in profit attributable to non-controlling interest of the subsidiaries | 2,623 |
| Statements of comprehensive income: | |
| Other comprehensive income | |
| Increase in exchange differences on translation of financial statements in foreign currency | 1,234 |
| Actuarial loss - net of income tax | 839 |
| Comprehensive income attributable to: | |
| Increase in profit attributable to equity holders of the Company | 664 |
| Increase in profit attributable to non-controlling interest of the subsidiaries | 1,848 |

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>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| <u>Transactions with subsidiaries</u> | | | | |
| (eliminated from the consolidated financial statements) | | | | |
| Dividend income | - | - | 28,665 | 28,145 |
| Commission and marketing service income | - | - | 45,326 | 49,206 |
| Service income | - | - | 12,560 | 14,893 |
| <u>Transactions with major shareholder</u> | | | | |
| Sales of coal | 455,428 | 460,338 | 455,428 | 460,338 |
| <u>Transactions with associated company</u> | | | | |
| Purchase of coal | 336,807 | 293,568 | 336,807 | 293,568 |
| Freight charge | 57,708 | 56,572 | 57,708 | 56,572 |

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 | Rate comparable paid to third parties |
| Dividend income | At the declared rate |
| Freight charge | Price comparable to freight charges paid to third parties |

(Unaudited but reviewed)

As at 31 March 2015 and 31 December 2014, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 31 March | 31 December | 31 March | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| <u>Trade and other receivables - related parties</u> | | | | |
| (Note 7) | | | | |
| Major shareholder | 179,144 | 143,073 | 179,144 | 143,073 |
| Subsidiaries | - | - | 44,808 | 76,044 |
| Total trade and other receivables - related parties | <u>179,144</u> | <u>143,073</u> | <u>223,952</u> | <u>219,117</u> |
| <u>Advance payments for goods - related parties</u> | | | | |
| (Note 9) | | | | |
| Associated company | - | 3,437 | - | 3,437 |
| Total advance payment for goods - related parties | <u>-</u> | <u>3,437</u> | <u>-</u> | <u>3,437</u> |
| <u>Trade and other payables - related parties</u> | | | | |
| (Note 15) | | | | |
| Associated company | 7,800 | 1,366 | 7,800 | 1,366 |
| Total trade and other payables - related parties | <u>7,800</u> | <u>1,366</u> | <u>7,800</u> | <u>1,366</u> |

Directors and management's benefits

During the three-month periods ended 31 March 2015 and 2014, 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 | financial statements | financial statements |
| | 2015 | 2014 | 2015 | 2014 |
| Short-term employee benefits | 32,862 | 33,471 | 11,541 | 10,911 |
| Post-employment benefits | 5,655 | 3,853 | 224 | 579 |
| Total | <u>38,517</u> | <u>37,324</u> | <u>11,765</u> | <u>11,490</u> |

Employee Joint Investment Program

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

5. Cash and cash equivalents

| | (Unit: Thousand Baht) | | | |
|--------------------------------|-----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 |
| Cash | 164 | 180 | 40 | 40 |
| Bank deposits | 789,334 | 534,227 | 64,459 | 19,935 |
| Total | 789,498 | 534,407 | 64,499 | 19,975 |
| Less: Restricted bank deposits | (93,859) | (87,488) | - | - |
| Total | 695,639 | 446,919 | 64,499 | 19,975 |

As at 31 March 2015, bank deposits in savings account and fixed deposits carried interests between 0.10 and 9.75 percent per annum (31 December 2014: between 0.10 and 9.75 percent per annum).

As at 31 March 2015, the overseas subsidiaries have restricted bank deposits of Baht 94 million (31 December 2014: Baht 87 million) as collateral for the credit facilities of trust receipt and to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 14 and Note 23.5, respectively.

6. Current investments

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 |
| Investments in trading securities - fair value | 433,108 | 267,216 | 432,628 | 266,781 |
| Investment in bonds | 9,819 | - | 9,819 | - |
| Fixed deposit | - | 150,000 | - | 150,000 |
| Investments in bills of exchange | 337,000 | 350,000 | 337,000 | 350,000 |
| Total | 779,927 | 767,216 | 779,447 | 766,781 |

(Unaudited but reviewed)

As at 31 March 2015, the Company had current investments in the form of bonds and bills of exchange amounting to Baht 347 million (31 December 2014: current investments in the form of fixed deposit and bills of exchange amounting to Baht 500 million) carried interests between 2.8 and 4.0 percent per annum (31 December 2014: between 2.7 and 3.0 percent per annum) and due for redemption during April to September 2015.

7. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 |
| <u>Trade receivables - related parties</u> | | | | |
| Age on the basis of due dates | | | | |
| Not yet due | 179,144 | 143,073 | 194,313 | 160,109 |
| Past due | | | | |
| Up to 3 months | - | - | 17,122 | 22,671 |
| Over 3 months to 6 months | - | - | - | 13,772 |
| Over 6 months to 9 months | - | - | - | 1 |
| Total trade receivables - related parties | 179,144 | 143,073 | 211,435 | 196,553 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Age on the basis of due dates | | | | |
| Not yet due | 634,023 | 558,203 | 32,435 | 31,074 |
| Past due | | | | |
| Over 9 months to 12 months | - | 3,698 | - | - |
| Over 12 months | 3,652 | - | - | - |
| Total trade receivables - unrelated parties | 637,675 | 561,901 | 32,435 | 31,074 |
| Total trade receivables | 816,819 | 704,974 | 243,870 | 227,627 |
| <u>Other receivables</u> | | | | |
| Other receivables - related parties | - | - | 12,517 | 22,564 |
| Other receivables - unrelated parties | 7,132 | 13,897 | - | 226 |
| Advances | 400 | 464 | 400 | 464 |
| Interest receivable | 6,751 | 4,609 | 6,712 | 4,607 |
| Total other receivables | 14,283 | 18,970 | 19,629 | 27,861 |
| Total trade and other receivables | 831,102 | 723,944 | 263,499 | 255,488 |

The overseas subsidiary has pledged its accounts receivable to the bank for the credit facilities of trust receipts. As at 31 March 2015, the balance of accounts receivable totalling Rupiah 37,936 million or approximately Baht 94.4 million (31 December 2014: Rupiah 45,000 million or approximately Baht 118.7 million) were placed as collateral for such credit facilities.

(Unaudited but reviewed)

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 2015 are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|--|---|-------------------------------------|
| Balance as at 31 December 2014 | 20,844 | - |
| Less: Reversal of reduction of inventory value during the period | (16,179) | - |
| Less: Translation adjustments | (258) | - |
| Balance as at 31 March 2015 | <u>4,407</u> | <u>-</u> |

9. Advance payments for goods

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 |
| Advance payments for goods - related parties | - | 3,437 | - | 3,437 |
| Advance payments for goods - unrelated parties | 331,093 | 666,321 | - | - |
| Total advance payments for goods | <u>331,093</u> | <u>669,758</u> | <u>-</u> | <u>3,437</u> |

The local subsidiary had significant business transactions with local companies in respect of purchases of molasses and cassava chips under the purchase of molasses agreement and cassava chips agreement. To comply with the conditions in the agreements, as at 31 March 2015, the subsidiary had outstanding advance payments for purchase of molasses and cassava chips amounting to Baht 310.1 million (31 December 2014: Baht 629.2 million).

(Unaudited but reviewed)

10. Investments in subsidiaries

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

| Company's name | Paid up capital | | Shareholding percentage | | Cost | | Allowance for impairment of investments | | Cost - net | | (Unit: Thousand Baht) Dividend received for the three-month periods ended | |
|---|--------------------|--------------------|-------------------------|------------------|----------------|------------------|---|------------------|----------------|------------------|--|---------------|
| | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 March 2014 |
| | | | (%) | (%) | | | | | | | | |
| Local subsidiary | | | | | | | | | | | | |
| Thai Agro Energy Public Co., Ltd. | Baht 1,000 million | Baht 1,000 million | 51.00 | 51.00 | 510,000 | 510,000 | - | - | 510,000 | 510,000 | - | - |
| Overseas subsidiaries | | | | | | | | | | | | |
| PT. Lanna Mining Services (Incorporated in Indonesia) | USD 2.1 million | USD 2.1 million | 99.95 | 99.95 | 70,889 | 70,889 | - | - | 70,889 | 70,889 | - | - |
| PT. Singlurus Pratama (Incorporated in Indonesia) | Rp 7,950 million | Rp 7,950 million | 65.00 | 65.00 | 18,626 | 18,626 | - | - | 18,626 | 18,626 | - | - |
| PT. Lanna Harita Indonesia (Incorporated in Indonesia) | USD 8 million | USD 8 million | 55.00 | 55.00 | 155,023 | 155,023 | - | - | 155,023 | 155,023 | 28,665 | 28,145 |
| PT. Citra Harita Mineral (Incorporated in Indonesia) | Rp 1,000 million | Rp 1,000 million | 55.00 | 55.00 | 2,187 | 2,187 | (2,159) | (2,159) | 28 | 28 | - | - |
| Total | | | | | <u>756,725</u> | <u>756,725</u> | <u>(2,159)</u> | <u>(2,159)</u> | <u>754,566</u> | <u>754,566</u> | <u>28,665</u> | <u>28,145</u> |

Overseas subsidiary

PT. Citra Harita Mineral

On 17 April 2012, the meeting of the Board of Directors of the Company passed a resolution to approve the dissolution and liquidation of PT. Citra Harita Mineral, which is a subsidiary incorporated in Indonesia. Currently, the subsidiary is in the process of dissolution and liquidation.

(Unaudited but reviewed)

11. 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 | | | |
|---|---|----------------|---|------------------|---|------------------|-----------------------------------|------------------|-------------------------------|------------------|---------------|---------------|
| | | | Carrying amounts based on equity method | | Dividend received for the three-month periods ended | | Cost | | | | | |
| | | | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 | 31 March 2015 | 31 March 2014 |
| 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 (%) | 56,464 | 50,250 | 891 | 891 | - | - |
| Total | | | | | | | 56,464 | 50,250 | 891 | 891 | - | - |

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month period ended 31 March 2015 of approximately Baht 6.2 million (2014: Baht 6.4 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.

12. Property, plant and equipment

Movements in the property, plant and equipment account for the three-month period ended 31 March 2015 are summarised below.

| | (Unit: Thousand Baht) | |
|---------------------------------------|---|-------------------------------------|
| | Consolidated financial statements | Separate financial Statements |
| Net book value as at 31 December 2014 | 3,388,361 | 270,551 |
| Acquisitions during the period - cost | 8,529 | 720 |
| Depreciation for the period | (48,153) | (2,633) |
| Translation adjustments | (9,391) | - |
| Net book value as at 31 March 2015 | <u>3,339,346</u> | <u>268,638</u> |

As at 31 March 2015, a subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 4.8 million (31 December 2014: Baht 5.0 million).

The subsidiary has mortgaged part of its land and construction thereon and machinery with net book value as at 31 March 2015 amounting to approximately Baht 1,173.7 million (31 December 2014: Baht 1,183.0 million) as collateral for short-term and long-term loans and credit facilities granted by a commercial bank as discussed in Note 14 and 16.

13. 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 2015 | 31 December 2014 | 31 March 2015 | 31 December 2014 |
| Deferred expenses - Indonesia coal mine project | 387,198 | 401,453 | - | - |
| Deferred stripping costs | 103,694 | 134,419 | - | - |
| Deferred transferred service fees according to contract | 29,859 | 33,919 | 29,859 | 33,919 |
| Others | 23,167 | 25,773 | 6,590 | 8,995 |
| Total other non-current assets | <u>543,918</u> | <u>595,564</u> | <u>36,449</u> | <u>42,914</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.

14. Short-term loans from financial institutions

| | (Unit: Thousand Baht) | |
|------------------|--------------------------------------|---------------------|
| | Consolidated financial statements | |
| | 31 March 2015 | 31 December 2014 |
| Promissory notes | 805,823 | 831,210 |
| Trust receipts | 116,860 | 366,521 |
| Total | <u>922,683</u> | <u>1,197,731</u> |

As at 31 March 2015, the local subsidiary had short-term loans from financial institutions in form of promissory notes of Baht 805.8 million (31 December 2014: Baht 831.2 million), which bear interests between 3.5 and 3.9 percent per annum (31 December 2014: between 3.6 and 3.9 percent per annum). The loan amounting to Baht 805.8 million (31 December 2014: Baht 831.2 million) is secured by the mortgage of part of the subsidiary’s land and construction thereon and machinery as discussed in Note 12.

(Unaudited but reviewed)

Two subsidiaries entered into the credit facilities agreements with two financial institutions of Baht 200 million and USD 7.9 million. As at 31 March 2015, the subsidiaries had outstanding balance of trust receipts of Baht 46.1 million and USD 2.2 million, totaling Baht 116.9 million (31 December 2014: Baht 131.9 million and USD 7.1 million, totaling Baht 366.5 million), with interest rates of 3.5 percent per annum and 6.0 percent per annum, respectively (31 December 2014: 3.5 percent per annum and 6.0 percent per annum, respectively).

As at 31 March 2015, trust receipts of USD 2.2 million or approximately Baht 70.8 million (31 December 2014: USD 7.1 million or approximately Baht 234.6 million) are secured by pledge of restricted deposit and accounts receivable of USD 0.6 million or approximately Baht 19.5 million and Rupiah 37,936 million or Baht 94.4 million, respectively (31 December 2014: USD 0.6 million or approximately Baht 19.8 million and Rupiah 45,000 million or approximately Baht 118.7 million) as discussed in Note 5 and 7 and containing covenants which the overseas subsidiary has to comply, pertaining to matters such as requesting for approval from the financial institution for negative pledge.

15. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|------------------------------------|-----------------------|----------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| 31 March | 31 December | 31 March | 31 December | |
| 2015 | 2014 | 2015 | 2014 | |
| Trade payables - related parties | 7,800 | 1,366 | 7,800 | 1,366 |
| Trade payables - unrelated parties | 467,627 | 413,738 | 65,856 | 51,615 |
| Other payables - unrelated parties | 36,916 | 47,699 | 2,880 | 8,410 |
| Total trade and other payables | 512,343 | 462,803 | 76,536 | 61,391 |

(Unaudited but reviewed)

16. Long-term loan from financial institution

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|----------------|
| | 31 March | 31 December |
| | 2015 | 2014 |
| Long-term loan from financial institution | 657,757 | 657,757 |
| Less: Current portion | (180,000) | (180,000) |
| Long-term loan from financial institution - net of current portion | <u>477,757</u> | <u>477,757</u> |

Movements in the long-term loan from financial institution during the three-month period ended 31 March 2015 are summarised below.

(Unit: Thousand Baht)

| | |
|-----------------------------------|----------------|
| Balance as at 1 January 2015 | 657,757 |
| Less: Repayment during the period | - |
| Balance as at 31 March 2015 | <u>657,757</u> |

On 6 November 2013, the local subsidiary entered into long-term loan agreement with a local bank, obtaining loan facilities of Baht 845 million, for the debt refinance with an another local bank. Then, on 18 December 2013, the subsidiary withdrew the loan for the debt refinance and repaid all of short-term and long-term loans to that local bank totaling Baht 837.8 million. The loan initially carries interest rate at THBFIX reference rate plus 1.75 percent per annum for the first year, and the interest rate increases by 0.05 percent per annum from the second to fifth year. The loan is repayable within 5 years in 10 semi-annually installments of Baht 90 million during the first to ninth installment, and remaining balance is repayable in the tenth installment. The repayment period is from June 2014 to December 2018. The loan is secured by the mortgage of a part of the subsidiary's land and construction thereon and machinery as discussed in Note 12.

On 7 March 2014, the subsidiary made executed an annex of the long-term loan agreement with the bank to revise certain conditions and debt service coverage ratios for the subsidiary's financial statements of year 2014.

(Unaudited but reviewed)

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

As at 31 March 2015, the subsidiary could maintain certain financial ratios as specified in the long-term loan agreement (31 December 2014: the subsidiary could maintain certain financial ratios as specified in the memorandum attached to the long-term loan agreement).

17. Capital reserve for share-based payment transactions

During the year 2011, a shareholder of the local subsidiary sold 3.1 million shares to directors and employees of the subsidiary at a price of Baht 1 per share. This transaction falls under the scope of TFRS 2 (revised 2012): Share-based Payment, which requires that the subsidiary records the difference between the selling price and the fair value of shares as an expense. The subsidiary considered that the book value approach is appropriate to determine fair value as book value was calculated based on the financial statements as at 31 December 2010, which was close to the transaction date. However, the resulting difference of Baht 0.6 million was recorded as an expense in profit or loss in the consolidated income statement for the three-month period ended 31 March 2014 and as capital reserve for share-based payment transactions in the consolidated statement of financial position as at 31 March 2014.

(Unaudited but reviewed)

18. 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 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 31 March | | | |
|---|--|----------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| | | (Restated) | | |
| Current income tax: | | | | |
| Interim corporate income tax charge | 49,273 | 97,143 | 13,280 | 14,098 |
| Withholding tax deducted at source recognised as expenses during the period | 2,150 | 2,111 | 2,150 | 2,111 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 21,682 | 6,190 | (77) | (145) |
| Income tax expense reported in the statements of income | <u>73,105</u> | <u>105,444</u> | <u>15,353</u> | <u>16,064</u> |

The amount of income tax related to each component of comprehensive income statements for the three-month periods ended 31 March 2015 and 2014 are as follow:

(Unit: Thousand Baht)

| | For the three-month periods ended 31 March | | | |
|---|--|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| | | (Restated) | | |
| Deferred tax relating to actuarial loss | 309 | 359 | - | - |

19. 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.

The following tables set forth the computation of basic earnings per share:

| | For the three-month periods ended 31 March | | | |
|--|--|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Profit attributable to equity holders of the Company (Thousand Baht) | 120,591 | 217,005 | 81,946 | 83,418 |
| Weighted average number of ordinary shares (Thousand shares) | 525,000 | 525,000 | 525,000 | 525,000 |
| Basic earnings per share (Baht) | 0.23 | 0.41 | 0.16 | 0.16 |

20. Dividend paid

Dividends paid by the Group during the three-month periods ended 31 March 2015 and 2014 are as follows:

Overseas subsidiaryPT. Lanna Harita Indonesia

| <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>2015</u> | | | | |
| The second interim dividend for 2014 | Board of Directors' meeting On 10 March 2015 | 1,600 | 200 | 19 March 2015 |
| | | <u>1,600</u> | <u>200</u> | |
| <u>2014</u> | | | | |
| The third interim dividend for 2013 | Board of Directors' meeting On 10 March 2014 | 1,600 | 200 | 19 March 2014 |
| Total | | <u>1,600</u> | <u>200</u> | |

During the three-month period ended 31 March 2015, the Company received dividend income at 55 percent for a total of USD 0.88 million or equivalent to Baht 28.7 million. The Company had been withheld the withholding tax deducted at source of Baht 2.1 million (2014: dividend income at 55 percent for a total of USD 0.88 million or equivalent to Baht 28.1 million. The Company had been withheld the withholding tax deducted at source of Baht 2.1 million).

(Unaudited but reviewed)

21. 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 access its performance.

The Company and its subsidiaries are organised into business units based on its products. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding of the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2015 and 2014:

(Unit: Million Baht)

| | For the three-month periods ended 31 March | | | | | | | | | |
|---|--|------------|-----------------------|--------------|------------------|------------|---|-------------|--------------|--------------|
| | Domestic coal business | | Oversea coal business | | Ethanol business | | Elimination of inter-segment transactions | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues from external customers | 529 | 546 | 1,667 | 2,111 | 694 | 631 | - | - | 2,890 | 3,288 |
| Inter-segment revenues | 58 | 64 | - | - | - | - | (58) | (64) | - | - |
| Total revenue | 587 | 610 | 1,667 | 2,111 | 694 | 631 | (58) | (64) | 2,890 | 3,288 |
| Operating results | 137 | 138 | 610 | 863 | 151 | 127 | (56) | (60) | 842 | 1,068 |
| Segment profit | | | | | | | | | | |
| Other income | | | | | | | | | 9 | 7 |
| Share of profit from investment in associated company | | | | | | | | | 6 | 6 |
| Gain (loss) on exchange | | | | | | | | | (40) | 59 |
| Selling and distribution expenses | | | | | | | | | (440) | (538) |
| Administrative expenses | | | | | | | | | (90) | (158) |
| Finance cost | | | | | | | | | (20) | (17) |
| Profit before income tax expenses | | | | | | | | | 267 | 427 |
| Income tax expenses | | | | | | | | | (73) | (106) |
| Non-controlling interests of the subsidiaries | | | | | | | | | (73) | (104) |
| Profit for the period | | | | | | | | | 121 | 217 |

(Unaudited but reviewed)

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 March 2015 and 31 December 2014:

(Unit: Million Baht)

| Segment assets | Domestic coal | Overseas coal | Ethanol business | Total Segments | Adjustments and | Consolidated |
|---------------------|---------------|---------------|------------------|----------------|-----------------|--------------|
| | business | business | | | eliminations | |
| At 31 March 2015 | 2,608 | 3,685 | 3,320 | 9,613 | (761) | 8,852 |
| At 31 December 2014 | 2,526 | 3,847 | 3,385 | 9,758 | (796) | 8,962 |

22. Significant contracts and agreements

22.1 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.

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

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

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

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 31 March 2015, a subsidiary had capital commitments of approximately Baht 6.9 Million (31 December 2014: Baht 4.8 million), relating to the subsidiary’s construction of Biogas systems and the acquisitions of machinery and equipment.

23.2 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:

(Unit: Million Baht)

| Payable within | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | 31 March | 31 December | 31 March | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| Less than 1 year | 37 | 35 | 12 | 11 |
| In over 1 and up to 5 years | 22 | 26 | 10 | 9 |

23.3 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 financial statements | | Separate financial statements | |
|------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | 31 March | 31 December | 31 March | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| Less than 1 year | 2 | 3 | 2 | 2 |

- b) The Company and its subsidiaries have commitments under service agreements regarding the legal consulting, the consulting for mining, environment and safety and other consulting of Baht 2 million (the Company only: Baht 0.9 million) (31 December 2014: Baht 2 million (the Company only: Baht 0.9 million)).
- c) The Company had commitment under the coal purchase agreements with an overseas company which the price, coal quality and quantity to purchase are stipulated in the agreements.
- 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 of molasses are those stipulated in the agreement. In addition, the subsidiary had additional two commitments under the purchase of molasses agreements with 5-year duration under which the price is to be determined before shipment in the next period and the quantity to purchase of molasses are those stipulated in the agreements.

23.4 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.

23.5 Guarantees

As at 31 March 2015, the Company and its subsidiaries had bank guarantees of approximately Baht 6 million, Rupiah 15,690 million and USD 0.6 million (the Company only: Baht 0.6 million) issued by banks on behalf of the Company and its subsidiaries in respect of mine reclamation of the overseas subsidiaries to the government, guarantee for a local subsidiary's contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department and to guarantee contractual performance under the license for using of electric to the Provincial Electricity Authority. (31 December 2014: Baht 5.9 million, Rupiah 15,689 million and USD 0.6 million (the Company only: Baht 0.8 million) issued by banks on behalf of the Company and its subsidiaries in respect of mine reclamation of the overseas subsidiaries to the government, guarantee for a local subsidiary's contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department, Biogas Technologic promotion project 2012 (Year 5) of the Energy Policy and Planning Office Ministry of Energy, and to guarantee contractual performance under the license for using of electric to the Provincial Electricity Authority).

24. Litigation

In September 2011, a subsidiary company was sued by a company for its alleged 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 and countersued that company, claiming a compensation for damage of Baht 82.4 million.

On 9 October 2014, the Civil Court dismissed the lawsuit filed by that company and ordered it to make payments for purchases of cassava chip that the subsidiary paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2014 (the countersue date) until completion of payment. In addition, that company shall pay for charges and partial lawyer fee for the subsidiary.

On 3 December 2014, the subsidiary lodged an appeal with the Court of Appeal. As at 31 March 2015, the case is under consideration of the Appeal Court and the subsidiary has not received such payment; therefore, the subsidiary has not recorded in its account.

25. 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 2015 | | | | |
|---------------------|------------------|-----------------------|------------------------------------|---------------------|
| Foreign currency | Financial assets | Financial liabilities | Exchange rate | |
| | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| | | | <u>Buying rate</u> | <u>Selling rate</u> |
| US dollar | 3.3 | 0.2 | 32.4074 | 32.7028 |

| As at 31 December 2014 | | | | |
|------------------------|------------------|-----------------------|------------------------------------|---------------------|
| Foreign currency | Financial assets | Financial liabilities | Exchange rate | |
| | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| | | | <u>Buying rate</u> | <u>Selling rate</u> |
| US dollar | 2.6 | - | 32.8128 | 33.1132 |

As at 31 March 2015 and 31 December 2014, the Company and its subsidiaries had no outstanding forward exchange contract.

26. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

(Unaudited but reviewed)

Level 1 - Use of quoted market prices in an observable active market for such assets

Level 2 - Use of other observable inputs for such assets, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As of 31 March 2015, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|---------|----------------------|---------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | Level 2 | Total | Level 2 | Total |
| Financial assets measured at fair value | | | | |
| Held for trade investments | | | | |
| Equity instruments | 433,108 | 433,108 | 432,628 | 432,628 |

Valuation techniques and inputs to Level 2 and valuations

The fair value of investments in equity instruments has been determined by their net asset value as announced by commercial bank.

27. Events after the reporting period

Dividend paid of the Company

On 27 April 2015, the Annual General Meeting of the Company's shareholders passed a resolution approving the payment of dividend in respect of the 2014 operating income of Baht 0.75 per share or a total of Baht 393.75 million. Following the Company's Board of Directors' Meeting on 19 November 2014, which passed a resolution approving the payment of interim dividend of Baht 0.35 per share or a total of Baht 183.75 million, the additional payment of dividend remains at Baht 0.40 per share or a total of Baht 210 million, which will be paid on 15 May 2015. In addition, the meeting approved to set aside general reserve of Baht 7.70 million. The dividend and general reserve will be recorded in the second quarter of the current year.

Dividend paid of the subsidiary

On 20 April 2015, the Annual General Meeting of Thai Agro Energy Public Company Limited (“the subsidiary”) passed a resolution to approve the payment of dividend in respect of operation income from BOI promoted operation for the period from July to December 2014 to the subsidiary’s shareholders for 1,000 million shares of Baht 0.05 per share, or a totaling of Baht 50 million, additional from the interim dividends of Baht 0.10 per share. The total dividend payment is Baht 0.15 per share. The Company will receive such dividend at 51 percent for a total of Baht 25.5 million. The subsidiary will pay dividend on 20 May 2015.

28. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company’s authorised directors on 14 May 2015.