

Lanna Resources Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and six-month periods ended
30 June 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 30 June 2013, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2013, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2013, 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 (before restatement), 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 and comprehensive income for the three-month and six-month periods ended 30 June 2012 (before restatement), and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2012 (before restatement) of Lanna Resources Public Company Limited and its subsidiaries, and the separate financial statements of Lanna Resources Public Company Limited for the same period, were also reviewed by the aforementioned auditor who concluded, under her report dated 6 August 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: 8 August 2013

Lanna Resources Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements			
	30 June	31 December	1 January	30 June	31 December	1 January	
	Note	2013	2012	2012	2013	2012	
		(Unaudited but reviewed)	(Audited (Restated))		(Unaudited but reviewed)	(Audited (Restated))	
Assets							
Current assets							
Cash and cash equivalents	5	996,005	1,152,588	1,212,391	204,145	197,144	381,840
Current investments	6	450,000	439,000	-	450,000	439,000	-
Trade and other receivables	4, 7	822,088	865,838	1,197,935	147,043	142,439	199,829
Inventories	8	708,683	502,318	266,030	171,058	203,613	27,321
Cassava and sugar cane plantation costs		-	-	5,723	-	-	-
Input tax refundable		668,504	558,442	699,612	-	1,850	-
Prepaid income tax		419,437	321,703	103,558	166	132	18,266
Advance payments for goods	22.2	191,785	78,423	170,906	3,019	5,663	109,613
Other current assets		52,338	35,355	68,909	1,732	1,429	1,337
Total current assets		4,308,840	3,953,667	3,725,064	977,163	991,270	738,206
Non-current assets							
Restricted bank deposits	5	88,681	66,377	51,541	-	-	-
Investments in subsidiaries	9	-	-	-	852,763	852,763	1,068,589
Investment in associated company	10	30,272	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	2,864,712	2,847,833	2,716,091	230,397	217,273	214,934
Goodwill		186,000	186,000	186,000	-	-	-
Intangible assets		3,757	3,946	3,504	1,507	1,515	1,765
Deferred tax assets	3	67,714	71,604	79,603	30,524	30,066	31,135
Other non-current assets	12	454,944	433,205	475,122	71,784	79,805	95,159
Total non-current assets		3,730,806	3,678,252	3,572,106	1,222,592	1,217,039	1,494,004
Total assets		8,039,646	7,631,919	7,297,170	2,199,755	2,208,309	2,232,210

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		
		30 June	31 December	1 January	30 June	31 December	1 January
		2013	2012	2012	2013	2012	2012
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	13	692,000	513,000	563,000	-	-	-
Trade and other payables	4, 14	621,125	751,147	377,586	42,706	67,000	230,400
Current portion of long-term loan from financial institution	15	180,000	180,000	900,000	-	-	-
Factoring liabilities	16	49,957	-	-	-	-	-
Accrued expenses		736,323	614,090	581,366	9,602	16,656	26,516
Income tax payable		12,222	26,528	408,516	-	-	-
Other current liabilities		119,991	187,840	168,838	7,285	5,818	10,654
Total current liabilities		2,411,618	2,272,605	2,999,306	59,593	89,474	267,570
Non-current liabilities							
Long-term loan from financial institution - net of current portion	15	450,000	540,000	-	-	-	-
Provision for long-term employee benefits		197,648	176,265	122,556	24,032	22,742	22,165
Provision for mine reclamation and decommissioning costs		114,954	85,426	17,011	-	-	-
Deferred tax liabilities	3	743	-	-	-	-	-
Total non-current liabilities		763,345	801,691	139,567	24,032	22,742	22,165
Total liabilities		3,174,963	3,074,296	3,138,873	83,625	112,216	289,735

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)

	Consolidated financial statements			Separate financial statements		
	30 June	31 December	1 January	30 June	31 December	1 January
	Note	2013	2012	2013	2012	2012
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited) (Restated)	
Shareholders' equity						
Share capital	17					
Registered						
525,000,000 ordinary shares of Baht 1 each						
(2012: 350,000,000 ordinary shares						
Baht 1 each)		525,000	350,000	525,000	350,000	350,000
Issued and fully paid up						
524,999,679 ordinary shares of Baht 1 each						
(2012: 350,000,000 ordinary shares						
Baht 1 each)		525,000	350,000	525,000	350,000	350,000
Share premium		680,400	680,400	680,400	680,400	680,400
Retained earnings						
Appropriated - Statutory reserve		35,000	35,000	35,000	35,000	35,000
Appropriated - General reserve		650,600	495,900	650,600	495,900	436,000
Unappropriated		2,092,640	2,252,294	225,130	534,793	441,075
Other components of shareholders' equity		(118,103)	(146,001)	-	-	-
Equity attributable to owners of the Company		3,865,537	3,667,593	2,116,130	2,096,093	1,942,475
Non-controlling interests of the subsidiaries		999,146	890,030	-	-	-
Total shareholders' equity		4,864,683	4,557,623	2,116,130	2,096,093	1,942,475
Total liabilities and shareholders' equity		8,039,646	7,631,919	2,199,755	2,208,309	2,232,210
		-	-	-	-	-

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 30 June 2013

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

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Sales	4	2,841,608	3,899,396	339,868	480,817
Commission and marketing service income	4	-	-	45,874	37,733
Other income					
Dividend income	4, 9, 10	-	-	90,843	181,942
Service income	4	-	-	13,541	10,234
Gain on exchange		-	4,800	6,538	7,661
Interest income	4	5,407	3,335	4,265	2,136
Others		1,980	5,703	152	1,534
Total other income		7,387	13,838	115,339	203,507
Total revenues		2,848,995	3,913,234	501,081	722,057
Expenses					
Cost of sales	4	1,799,054	2,470,821	287,931	420,831
Selling and distribution expenses		532,081	564,028	34,871	44,560
Administrative expenses		138,751	129,233	40,063	40,538
Loss on exchange		17,781	-	-	-
Total expenses		2,487,667	3,164,082	362,865	505,929
Profit before share of profit from investment,					
finance cost and income tax expenses		361,328	749,152	138,216	216,128
Share of profit from investment in associated company	10	4,461	4,214	-	-
Profit before finance cost and income tax expenses		365,789	753,366	138,216	216,128
Finance cost		(15,184)	(16,067)	-	-
Profit before income tax expenses		350,605	737,299	138,216	216,128
Withholding tax deducted at source		(14,468)	(22,249)	(14,468)	(22,249)
Income tax expenses	18	(79,504)	(192,526)	856	(230)
Profit for the period		256,633	522,524	124,604	193,649
Profit attributable to:					
Equity holders of the Company		167,062	337,541	124,604	193,649
Non-controlling interests of the subsidiaries		89,571	184,983		
		256,633	522,524		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	19	0.32	0.64	0.24	0.37

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 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Profit for the period	<u>256,633</u>	<u>522,524</u>	<u>124,604</u>	<u>193,649</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>134,226</u>	<u>65,608</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>134,226</u>	<u>65,608</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>390,859</u></u>	<u><u>588,132</u></u>	<u><u>124,604</u></u>	<u><u>193,649</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>253,380</u>	<u>379,938</u>	<u><u>124,604</u></u>	<u><u>193,649</u></u>
Non-controlling interests of the subsidiaries	<u>137,479</u>	<u>208,194</u>		
	<u><u>390,859</u></u>	<u><u>588,132</u></u>		

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

(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Income statement

For the six-month period ended 30 June 2013

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

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Sales	4	5,700,369	6,570,023	686,356	913,326
Commission and marketing service income	4	-	-	91,895	61,737
Other income					
Dividend income	4, 9, 10	-	-	122,860	343,056
Service income	4	-	-	27,212	17,610
Gain on exchange		-	2,203	2,860	1,933
Interest income	4	10,534	7,783	8,395	5,577
Others		7,011	62,569	3,884	35,458
Total other income		17,545	72,555	165,211	403,634
Total revenues		5,717,914	6,642,578	943,462	1,378,697
Expenses					
Cost of sales	4	3,672,107	4,164,510	586,000	786,574
Selling and distribution expenses		1,042,016	912,189	70,101	82,148
Administrative expenses		254,243	249,930	68,575	73,848
Loss on exchange		26,393	-	-	-
Total expenses		4,994,759	5,326,629	724,676	942,570
Profit before share of profit from investment,					
 finance cost and income tax expenses					
		723,155	1,315,949	218,786	436,127
Share of profit from investment in associated company	10	7,073	7,629	-	-
Profit before finance cost and income tax expenses		730,228	1,323,578	218,786	436,127
Finance cost		(28,337)	(24,108)	-	-
Profit before income tax expenses		701,891	1,299,470	218,786	436,127
Withholding tax deducted at source		(24,207)	(59,185)	(24,207)	(59,185)
Income tax expenses	18	(157,496)	(319,351)	458	(2,987)
Profit for the period		520,188	920,934	195,037	373,955
Profit attributable to:					
Equity holders of the Company		345,046	609,370	195,037	373,955
Non-controlling interests of the subsidiaries		175,142	311,564		
		520,188	920,934		
Basic earnings per share					
	19				
Profit attributable to equity holders of the Company (Baht)		0.66	1.16	0.37	0.71

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 six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Profit for the period	<u>520,188</u>	<u>920,934</u>	<u>195,037</u>	<u>373,955</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>44,041</u>	<u>11,028</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>44,041</u>	<u>11,028</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>564,229</u></u>	<u><u>931,962</u></u>	<u><u>195,037</u></u>	<u><u>373,955</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>327,944</u>	<u>614,439</u>	<u><u>195,037</u></u>	<u><u>373,955</u></u>
Non-controlling interests of the subsidiaries	<u>191,285</u>	<u>317,523</u>		
	<u><u>564,229</u></u>	<u><u>931,962</u></u>		

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

Lanna Resources Public Company Limited and its subsidiaries

Cash flow statement

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	701,891	1,299,470	218,786	436,127
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	115,228	98,417	14,809	14,852
Reversal of reduction of inventory value	(9,703)	(3,590)	-	-
Share of profit from investment in associated company	(7,073)	(7,629)	-	-
Gain from return on investment and disposal of investment in subsidiaries	-	-	-	-5,607
Gain on disposal of fixed assets and investment properties	(3,692)	(1,510)	(3,692)	(1,507)
Loss on write-off of equipment and intangible assets	1,174	622	-	-
Dividend income	-	-	(122,860)	(343,056)
Provision for long-term employee benefits	23,786	20,182	1,290	1,294
Provision for mine reclamation and decommissioning costs	40,880	-	-	-
Unrealised gain on exchange	(318)	(79)	(318)	(79)
Interest income	(10,534)	(7,783)	(8,395)	(5,577)
Interest expenses	28,337	24,108	-	-
Profit from operating activities before changes in operating assets and liabilities	879,976	1,422,208	99,620	96,447
Operating assets (increase) decrease				
Trade and other receivables	43,724	202,093	(4,634)	(60,714)
Inventories	(196,662)	(319,560)	32,555	(193,093)
Cassava and sugar cane plantation costs	-	5,723	-	-
Input tax refundable	(110,062)	(100,552)	1,850	(7,404)
Advance payments for goods	(113,271)	113,924	2,735	98,673
Other current assets	(16,983)	28,857	(303)	(1,649)
Operating liabilities increase (decrease)				
Trade and other payables	(132,081)	245,953	(23,789)	(167,324)
Accrued expenses	122,195	36,379	(7,054)	(17,897)
Other current liabilities	(67,849)	(54,501)	1,467	(4,390)
Provision for long-term employee benefits	(1,220)	(6,288)	-	(1,432)
Provision for mine reclamation and decommissioning costs	(12,735)	-	-	-
Cash from (used in) operating activities	395,032	1,574,236	102,447	(258,783)
Interest income	10,560	8,013	8,425	5,740
Cash paid for interest expenses	(28,299)	(24,210)	-	-
Refund of corporate income tax	36	17,852	36	17,852
Cash paid for withholding tax deducted at source	(24,207)	(59,185)	(24,207)	(59,185)
Cash paid for corporate income tax	(264,460)	(663,598)	(70)	(2,091)
Net cash from (used in) operating activities	88,662	853,108	86,631	(296,467)

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

Lanna Resources Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Increase in current investments	-11,000	-	(11,000)	-
(Increase) decrease in restricted bank deposits	-21,231	7,187	-	-
Dividend received from subsidiary and associated companies	11,362	7,686	122,860	343,056
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	3,652	3,756	3,327
Cash received from government grants	6,000	5,000	-	-
Acquisitions of property, plant and equipment	(91,148)	(171,457)	(18,574)	(1,976)
Acquisitions of computer software	(507)	(484)	(307)	(198)
Increase in other non-current assets	(53,717)	(82,294)	(1,592)	(5,662)
Net cash from (used in) investing activities	(156,485)	(230,710)	95,143	559,980
Cash flows from financing activities				
Cash receipt from short-term loans from financial institutions	692,000	523,000	-	-
Repayment of short-term loans from financial institutions	(513,000)	(563,000)	-	-
Cash received from factoring liabilities	49,957	-	-	-
Repayment of long-term loan from financial institution	(90,000)	(90,000)	-	-
Dividend paid	(257,169)	(579,303)	(175,000)	(350,000)
Decrease in non-controlling interests of the subsidiaries	16,143	5,907	-	-
Net cash used in financing activities	(102,069)	(703,396)	(175,000)	(350,000)
Increase in translation adjustments	13,082	1,916	-	-
Net increase (decrease) in cash and cash equivalents	(156,810)	(79,082)	6,774	(86,487)
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	227	31	227	31
Cash and cash equivalents at end of period (Note 5)	996,005	1,133,340	204,145	295,384

Supplemental cash flows information:

Non-cash transactions from investing activities

Increase (decrease) in payables for purchases of plant, equipment and intangible assets	2,059	(6,500)	(505)	(385)
Transferred property, plant and equipment to other non-current assets	238	-	-	-
Transferred property, plant and equipment to intangible assets	30	1,100	30	-
Non-cash transaction from financing activities				
Issuance of stock dividend	175	-	175	-

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 six-month period ended 30 June 2013

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
	Note	Retained earnings				Unappropriated	Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
		Issued and paid-up share capital	Share premium	Appropriated	General reserve		Other comprehensive income	Exchange differences on translation of financial statements in foreign currency			
			Statutory reserve	General reserve							
Balance as at 31 December 2011											
- 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 income taxes	3	-	-	-	-	59,116	734	734	59,850	19,753	79,603
Balance as at 31 December 2011											
- as restated		350,000	680,400	35,000	436,000	1,950,695	(121,401)	(121,401)	3,330,694	827,603	4,158,297
Dividend paid	20	-	-	-	-	(350,000)	-	-	(350,000)	-	(350,000)
Unappropriated retained earnings transferred to general reserve	20	-	-	-	59,900	(59,900)	-	-	-	-	-
Effect of liquidation of the subsidiary		-	-	-	-	(24,627)	24,621	24,621	(6)	-	(6)
Total comprehensive income for the period - as restated		-	-	-	-	609,370	5,069	5,069	614,439	317,523	931,962
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	20	-	-	-	-	-	-	-	-	(229,303)	(229,303)
Increase in non-controlling interests of the subsidiaries from disposal of investment in subsidiary		-	-	-	-	-	-	-	-	30	30
Balance as at 30 June 2012 - as restated		350,000	680,400	35,000	495,900	2,125,538	(91,711)	(91,711)	3,595,127	915,853	4,510,980

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 six-month period ended 30 June 2013

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
	Note	Retained earnings				Unappropriated	Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
		Issued and paid-up share capital	Share premium	Appropriated			Exchange differences on translation of financial statements in foreign currency	Total other component of shareholders' equity			
			Statutory reserve	General reserve							
Balance as at 31 December 2012											
- 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 income taxes	3	-	-	-	-	54,437	15	15	54,452	17,152	71,604
Balance as at 31 December 2012											
- 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
Dividend paid	20	175,000	-	-	-	(350,000)	-	-	(175,000)	-	(175,000)
Unappropriated retained earnings transferred to general reserve	20	-	-	-	154,700	(154,700)	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	345,046	27,898	27,898	372,944	191,285	564,229
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiaries	20	-	-	-	-	-	-	-	-	(82,169)	(82,169)
Balance as at 30 June 2013		<u>525,000</u>	<u>680,400</u>	<u>35,000</u>	<u>650,600</u>	<u>2,092,640</u>	<u>(118,103)</u>	<u>(118,103)</u>	<u>3,865,537</u>	<u>999,146</u>	<u>4,864,683</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 six-month period ended 30 June 2013

(Unit: Thousand Baht)

Separate financial statements							
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity	
				Appropriated			Unappropriated
				Statutory reserve	General reserve		
Balance as at 31 December 2011 - as previously reported		350,000	680,400	35,000	436,000	409,940	1,911,340
Cumulative effect of change in accounting policy for income taxes	3	-	-	-	-	31,135	31,135
Balance as at 31 December 2011 - as restated		350,000	680,400	35,000	436,000	441,075	1,942,475
Dividend paid	20	-	-	-	-	(350,000)	(350,000)
Unappropriated retained earnings transferred to general reserve	20	-	-	-	59,900	(59,900)	-
Total comprehensive income for the period - as restated		-	-	-	-	373,955	373,955
Balance as at 30 June 2012 - as restated		<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>495,900</u>	<u>405,130</u>	<u>1,966,430</u>
Balance as at 31 December 2012 - as previously reported		350,000	680,400	35,000	495,900	504,727	2,066,027
Cumulative effect of change in accounting policy for income taxes	3	-	-	-	-	30,066	30,066
Balance as at 31 December 2012 - as restated		350,000	680,400	35,000	495,900	534,793	2,096,093
Dividend paid	20	175,000	-	-	-	(350,000)	(175,000)
Unappropriated retained earnings transferred to general reserve	20	-	-	-	154,700	(154,700)	-
Total comprehensive income for the period		-	-	-	-	195,037	195,037
Balance as at 30 June 2013		<u>525,000</u>	<u>680,400</u>	<u>35,000</u>	<u>650,600</u>	<u>225,130</u>	<u>2,116,130</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 and six-month periods ended 30 June 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 Basis 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 since 1 January 2013 and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 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

Since 1 January 2013, 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 30 June 2013	As at 31 December 2012	As at 1 January 2012	As at 30 June 2013	As at 31 December 2012	As at 1 January 2012
Statements of financial position						
Increase in deferred tax assets	67,714	71,604	79,603	30,524	30,066	31,135
Increase in deferred tax liabilities	743	-	-	-	-	-
Increase in other components of shareholders' equity	299	15	734	-	-	-
Increase in non-controlling interests of the subsidiaries	15,130	17,152	19,753	-	-	-
Increase in unappropriated retained earnings	51,542	54,437	59,116	30,524	30,066	31,135

(Unit: Thousand Baht)

	For the three-month periods ended 30 June				
	Consolidated financial statements		Separate financial statements		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Income statements					
Increase (decrease) in income tax		2,602	11,116	(856)	230
Decrease in profit attributable to non-controlling interest of the subsidiaries		(1,118)	(4,020)	-	-
Increase (decrease) in profit attributable to equity holders of the Company		(1,484)	(7,096)	856	(230)
Increase (decrease) in basic earnings per share (Baht)		(0.003)	(0.014)	0.002	-
Statements of comprehensive income					
Increase in exchange differences on translation of financial statements in foreign currency		2,289	1,457	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June 2013			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Income statements				
Increase (decrease) in income tax	5,112	11,010	(458)	732
Decrease in profit attributable to non-controlling interest of the subsidiaries	(2,217)	(3,897)	-	-
Increase (decrease) in profit attributable to equity holders of the Company	(2,895)	(7,113)	458	(732)
Increase (decrease) in basic earnings per share (Baht)	(0.006)	(0.014)	0.001	(0.001)
Statements of comprehensive income				
Increase in exchange differences on translation of financial statements in foreign currency	479	202	-	-

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 30 June			
	Consolidated		Separate	
	<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	-	-	79,481	174,256
Commission and marketing service income	-	-	45,874	37,733
Service income	-	-	13,541	10,234
Interest income	-	-	-	395
<u>Transactions with major shareholder</u>				
Sales of coal	283,634	274,157	283,634	274,157
<u>Transactions with associated company</u>				
Purchase of coal	138,484	388,395	138,484	388,395
Freight charge	25,002	64,311	25,002	64,311
Dividend income	11,362	7,686	11,362	7,686

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements	financial statements	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	-	-	111,498	335,370
Commission and marketing				
service income	-	-	91,895	61,737
Service income	-	-	27,212	17,610
Interest income	-	-	-	798
<u>Transactions with major shareholder</u>				
Sales of coal	572,925	531,454	572,925	531,454
<u>Transactions with associated company</u>				
Purchase of coal	341,246	649,055	341,246	649,055
Freight charge	64,272	94,736	64,272	94,736
Dividend income	11,362	7,686	11,362	7,686

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 30 June 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	
30 June 2013	31 December 2012	30 June 2013	31 December 2012	
<u>Trade and other receivables - related parties</u>				
(Note 7)				
Major shareholder	101,636	72,436	101,636	72,436
Subsidiaries	-	-	22,018	28,094
Total trade and other receivables - related parties	101,636	72,436	123,654	100,530
<u>Advance payments for goods-related parties</u>				
Associated company	1,539	-	1,539	-
Total advance payments for goods-related parties	1,539	-	1,539	-
<u>Trade and other payables - related parties</u>				
(Note 14)				
Associated company	743	842	743	842
Total trade and other payables - related parties	743	842	743	842

Directors and management's benefits

During the three-month and six-month periods ended 30 June 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 30 June			
	Consolidated		Separate	
financial statements		financial statements		
<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Short-term employee benefits	40,522	47,610	18,804	19,253
Post-employment benefits	3,353	6,067	429	429
Total	43,875	53,677	19,233	19,682

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
financial statements		financial statements		
<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Short-term employee benefits	70,211	77,666	29,409	29,097
Post-employment benefits	6,532	8,190	858	858
Total	76,743	85,856	30,267	29,955

5. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
Cash	191	196	40	40
Bank deposits	982,495	1,180,769	102,105	159,104
Investments in bill of exchange and bond of the Bank of Thailand	102,000	38,000	102,000	38,000
Total	1,084,686	1,218,965	204,145	197,144
Less: Restricted bank deposits	(88,681)	(66,377)	-	-
Total	996,005	1,152,588	204,145	197,144

As at 30 June 2013, bank deposits in savings account, fixed deposits and investments in bill of exchange and bond carried interests between 0.1 and 3 percent per annum (31 December 2012: between 0.1 and 3 percent per annum).

As at 30 June 2013, the oversea subsidiaries had restricted bank deposits of approximately Baht 89 million (31 December 2012: Baht 66 million) to secure bank guarantees issued by banks on behalf of the subsidiaries as discussed in Note 23.5.

6. Current investments

As at 30 June 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 - 3.35 percent per annum (31 December 2012: 3.1 - 3.5 percent per annum) and due for redemption in July 2013 and February 2014.

(Unaudited but reviewed)

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	101,636	72,436	118,201	93,538
Total trade receivables - related parties	101,636	72,436	118,201	93,538
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	716,655	789,436	21,338	39,882
Total trade receivable - unrelated parties	716,655	789,436	21,338	39,882
Total trade receivables	818,291	861,872	139,539	133,420
<u>Other receivables</u>				
Other receivable - related parties	-	-	5,453	6,992
Other receivable - unrelated parties	1,743	1,940	1	1
Advances	401	347	401	347
Interest receivable	1,653	1,679	1,649	1,679
Total other receivables	3,797	3,966	7,504	9,019
Total trade and other receivables	822,088	865,838	147,043	142,439

A subsidiary entered into the factoring agreements with a local financial institution for total factoring facilities of Baht 50 million. As at 30 June 2013, such a subsidiary sold its trade accounts receivable of Baht 49.96 million at a discount to a financial institution, with full recourse guarantee obligations.

8. Reduction of inventory to net realisable value

Movements in the reduction of inventory to net realisable value during the six-month period ended 30 June 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate 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 30 June 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
six-month period ended

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Cost		Dividend received for the six-month period ended	
			30 June 2013	31 December 2012	30 June 2013 (%)	31 December 2012 (%)	30 June 2013	31 December 2012	30 June 2013	30 June 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	18,181	-
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	93,317	139,380
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	-	34,876
Total							<u>852,763</u>	<u>852,763</u>	<u>111,498</u>	<u>335,370</u>

Overseas 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 six-month period ended 30 June 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			
							Carrying amounts based on equity method		Cost		Dividend received for the six-month periods ended	
			30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
			2013	2012	2013	2012	2013	2012	2013	2012	2013	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	30,272	34,561	891	891	11,362	7,686
Total							30,272	34,561	891	891	11,362	7,686

Share of profit from United Bulk Shipping Pte. Ltd. for the three-month and six-month periods ended 30 June 2013 of approximately Baht 4.5 million and Baht 7.1 million, respectively (2012: Baht 4.2 million and Baht 7.6 million, respectively) 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 six-month period ended 30 June 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	93,213	18,075
Disposals and write-off during the period - net book value on disposal/write-off date	(1,238)	(64)
Transfer to intangible assets	(30)	(30)
Transfer to other non-current assets	(238)	-
Cash received from government grants	(6,000)	-
Depreciation for the period	(76,581)	(4,857)
Translation adjustments	7,753	-
Net book value as at 30 June 2013	<u>2,864,712</u>	<u>230,397</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 30 June 2013 amounting to approximately Baht 1,140.5 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 had temporary ceased the ethanol production of the first plant on 1 January 2013 for machine maintenance and then continued to start the ethanol production in March 2013. On 6 April 2013, a subsidiary had temporary ceased the ethanol production of the first plant again due to the ethanol production of the second plant already reach the full capacity which enough for ethanol distribution.

(Unaudited but reviewed)

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 30 June		For the six-month period ended 30 June	
	<u>2013</u>	<u>2012</u>	<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

12. Other non-current assets

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

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Deferred expenses - Indonesia coal mine project	352,088	323,813	-	-
Deferred overburden removal expenses	12,893	13,953	-	-
Deferred transferred service fees according to contract	63,822	73,435	63,822	73,435
Others	26,141	22,004	7,962	6,370
Total other non-current assets	<u>454,944</u>	<u>433,205</u>	<u>71,784</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 30 June 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 3.85 - 6.63 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	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Trade payables - related parties	743	842	743	842
Trade payables - unrelated parties	598,950	711,903	39,309	62,775
Other payables - unrelated parties	14,110	17,137	1,593	1,976
Payables for purchases of plant, equipment and intangible assets	3,604	1,341	225	526
Retention payable	3,718	19,924	836	881
Total trade and other payables	<u>621,125</u>	<u>751,147</u>	<u>42,706</u>	<u>67,000</u>

15. Long-term loan from financial institution

Movements in the long-term loan from financial institution for the six-month period ended 30 June 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	<u>(90,000)</u>	<u>-</u>
Balance as at 30 June 2013	630,000	-
Less: Current portion	<u>(180,000)</u>	<u>-</u>
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 30 June 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 30 June 2013 from that bank on 28 June 2013.

16. Factoring liabilities

As at 30 June 2013, a subsidiary had the factoring liabilities with a financial institution for its trade accounts receivable as discussed in Note 7. The credit is provided at 90 percent of the invoiced value, with interest rate of 5.23 percent per annum.

17. Share capital

On 22 April 2013, the Annual General Meeting of the Company's shareholders passed the resolutions to increase the Company's registered share capital in order to support the dividend payment at Baht 175 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. The Company registered the share capital increase with the Ministry of Commerce on 30 April 2013.

(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 and six-month periods ended 30 June 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Restated)		(Restated)	
Current income tax:				
Interim corporate income tax charge	76,902	181,410	-	-
Deferred tax:				
Relating to origination and reversal				
of temporary differences	2,602	11,116	(856)	230
Income tax expense reported in the statements of income	<u>79,504</u>	<u>192,526</u>	<u>(856)</u>	<u>230</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Restated)		(Restated)	
Current income tax:				
Interim corporate income tax charge	152,384	308,341	-	2,255
Deferred tax:				
Relating to origination and reversal				
of temporary differences	5,112	11,010	(458)	732
Income tax expense reported in the statements of income	<u>157,496</u>	<u>319,351</u>	<u>(458)</u>	<u>2,987</u>

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, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of stock dividend, as discussed in Note 17. The number of ordinary shares is adjusted as if the distribution of stock dividend had occurred at the beginning of the earliest period reported.

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Restated)		(Restated)	
Profit attributable to equity holders of the Company (Thousand Baht)	167,062	337,541	124,604	193,649
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.32	0.64	0.24	0.37
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Profit attributable to equity holders of the Company (Thousand Baht)	345,046	609,370	195,037	373,955
Weighted average number of ordinary shares (Thousand shares)	525,000	525,000	525,000	525,000
Basic earnings per share (Baht)	0.66	1.16	0.37	0.71

20. Dividend paid

Dividends paid by the Group during the six-month periods ended 30 June 2013 and 2012 are as follows:

The Company

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2013</u>				
Final dividends for 2012	Annual General Meeting of the shareholders on 22 April 2013	175,000	0.50	21 May 2013
Stock dividends for 2012	Annual General Meeting of the shareholders on 22 April 2013	175,000 ⁽¹⁾	0.50	21 May 2013
Total		350,000	1.00	
<u>2012</u>				
Final dividends for 2011	Annual General Meeting of the shareholders on 17 April 2012	350,000	1.00	2 May 2012
Total		350,000	1.00	

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

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

(Unaudited but reviewed)

Subsidiaries

Thai Agro Energy Public Co., Ltd.

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
2013				
Final dividends for 2012	Annual General Meeting of the shareholders on 23 April 2013	24,000	0.03	20 May 2013
Total		<u>24,000</u>	<u>0.03</u>	

PT. Singlurus Pratama

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
2012				
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 six-month period ended 30 June 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

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
2013				
The third interim dividend for 2012	Board of Directors' meeting on 19 March 2013	2,000	250	22 March 2013
Final dividends for 2012	Board of Directors' meeting on 3 June 2013	3,600	450	26 June 2013
Total		<u>5,600</u>	<u>700</u>	

(Unaudited but reviewed)

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
<u>2012</u>				
Final dividends for 2011	Annual General Meeting of the shareholders on 7 June 2012	5,600	700	25 June 2012
The first interim dividend for 2012	Board of Directors' meeting on 7 June 2012	2,400	300	25 June 2012
Total		<u>8,000</u>	<u>1,000</u>	

During the six-month period ended 30 June 2013, the Company received dividend income at 55 percent for a total of USD 3.1 million or equivalent to Baht 93.3 million. The Company had been withheld the withholding tax deducted at source of Baht 7 million (2012: dividend income of USD 4.4 million or equivalent to Baht 139.4 million. The Company had been withheld the withholding tax deducted at source of Baht 10.5 million).

PT. Citra Harita Mineral

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand US Dollar)</u>	<u>Dividend per share (US Dollar)</u>	<u>Paid on</u>
<u>2012</u>				
Final dividends for 2011	Extraordinary meeting of the shareholders on 28 May 2012	2,000	2,000	1 June 2012
Total		<u>2,000</u>	<u>2,000</u>	

During the six-month period ended 30 June 2012, the Company received dividend income at 55 percent for a total of USD 1.1 million or equivalent to Baht 34.9 million. The Company had been withheld the withholding tax deducted at source of Baht 7 million.

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 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 and six-month periods ended 30 June 2013 and 2012.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June									
	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	339,868	480,817	2,097,865	2,999,745	403,875	418,834	-	-	2,841,608	3,899,396
Intersegment revenues	59,415	47,967	-	-	-	-	(59,415)	(47,967)	-	-
Total revenues	<u>399,283</u>	<u>528,784</u>	<u>2,097,865</u>	<u>2,999,745</u>	<u>403,875</u>	<u>418,834</u>	<u>(59,415)</u>	<u>(47,967)</u>	<u>2,841,608</u>	<u>3,899,396</u>
Operating income	111,352	107,953	924,776	1,256,516	63,319	109,723	(56,893)	(45,617)	1,042,554	1,428,575
Unallocated income (expenses)										
Other income									7,387	9,038
Share of profit from investment in associated company									4,461	4,214
Gain (loss) on exchange									(17,781)	4,800
Selling and distribution expenses									(532,081)	(564,028)
Administrative expenses									(138,751)	(129,233)
Finance cost									(15,184)	(16,067)
Withholding tax deducted at source									(14,468)	(22,249)
Corporate income tax									(79,504)	(192,526)
Non-controlling interests of the subsidiaries									(89,571)	(184,983)
Profit for the period									<u>167,062</u>	<u>337,541</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	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	686,356	913,326	4,203,743	4,950,089	810,270	706,608	-	-	5,700,369
Intersegment revenues	119,107	79,347	-	-	-	-	(119,107)	(79,347)	-	-
Total revenues	<u>805,463</u>	<u>992,673</u>	<u>4,203,743</u>	<u>4,950,089</u>	<u>810,270</u>	<u>706,608</u>	<u>(119,107)</u>	<u>(79,347)</u>	<u>5,700,369</u>	<u>6,570,023</u>
Operating income	219,463	206,099	1,787,125	2,074,017	135,777	200,140	(114,103)	(74,743)	2,028,269	2,405,513
Unallocated income (expenses)										
Other income									17,545	70,352
Share of profit from investment in associated company									7,073	7,629
Gain (loss) on exchange									(26,393)	2,203
Selling and distribution expenses									(1,042,016)	(912,189)
Administrative expenses									(254,243)	(249,930)
Finance cost									(28,337)	(24,108)
Withholding tax deducted at source									(24,207)	(59,185)
Corporate income tax									(157,496)	(319,351)
Non-controlling interests of the subsidiaries									(175,142)	(311,564)
Profit for the period									<u>345,046</u>	<u>609,370</u>

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 30 June 2013 and 31 December 2012:

(Unit: Thousand Baht)

Segment assets	Domestic coal business	Oversea coal business	Ethanol business	Total Segments	Unallocated assets	Consolidated
At 30 June 2013	<u>432,015</u>	<u>1,236,063</u>	<u>2,427,221</u>	<u>4,095,299</u>	<u>3,944,347</u>	<u>8,039,646</u>
At 31 December 2012	<u>451,640</u>	<u>1,060,862</u>	<u>2,292,391</u>	<u>3,804,893</u>	<u>3,827,026</u>	<u>7,631,919</u>

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 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)

22.3 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.

22.4 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.

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 30 June 2013, the Company and its subsidiary had capital commitments of approximately Baht 115.3 million and Euro 0.4 million, totaling Baht 131.8 million, relating to the construction of the Company’s machinery, installation of building system and coal conveyance, the construction of the subsidiary’s biogas systems, and the acquisitions of machinery and equipment (the Company only: Baht 34.4 million) (31 December 2012: Baht 109.2 million and Euro 0.4 million, totaling approximately Baht 125.8 million (the Company only: Baht 3.4 million)).

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:

Payable within	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		Financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
Less than 1 year	44	44	8	10
1 to 5 years	31	35	11	14

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		Separate	
	financial statements		Financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Less than 1 year	4	2	2	2
1 to 5 years	2	3	2	3

- b) The Company and its subsidiaries have commitments under service agreements with regard to the legal consulting, consulting for the construction of the biogas system, the consulting for mining, environment and safety and other consulting of Baht 4.6 million (the Company only: Baht 0.5 million) (31 December 2012: Baht 4.3 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 2010 to 20 December 2011, and being automatically renewed for every one-year period. The subsidiary shall pay power supply at the rate as stipulated in the agreement.
- e) The local subsidiary has commitment under the purchase of molasses agreement with 15-year duration under which the price is to be determined every 5 years commencing the first year in 2005. The price for the first three years is that stipulated in the agreement and for the fourth and fifth year, using the average actual market price of the first three years for comparison and the quantity to purchase and sales of molasses are those stipulated in the agreement.
- f) A subsidiary had commitments under service agreement with a financial advisory company with regards to the consulting and financial advisory service for a subsidiary to list on the Stock Exchange of Thailand. The service fees are to be paid as stipulated in the agreement.

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 30 June 2013, the Company and its subsidiaries had bank guarantees of approximately Baht 16.6 million, Rupiah 29,900.3 million and USD 0.03 million (the Company only: Baht 0.4 million) (31 December 2012: Baht 16.9 million and Rupiah 18,337.8 million (the Company only: Baht 0.4 million)) issued by banks on behalf of the Company and its subsidiaries in respect of mine reclamation of the oversea subsidiaries to the government, guarantee for a local subsidiary's contractual performance under the license for production and distribution of ethanol-for-fuel from the Excise Department, Biogas Technologic promotion project 2012 (Year 5) of the Energy Policy and Planning Office Ministry of Energy, and to guarantee contractual performance under the license for using of electric to the Provincial Electricity Authority.

24. 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 30 June 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.

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.

(Unaudited but reviewed)

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

As at 30 June 2013				
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	5.69	0.06	30.9867	31.2675
SG dollar	-	0.01	24.3658	24.8277

As at 31 December 2012				
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	8.1	1.3	30.4857	30.7775

As at 30 June 2013 and 31 December 2012, the Company and its subsidiaries had no outstanding forward exchange contract.

26. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 8 August 2013.