

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

**Statements of financial position**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	As at		As at		
	<u>Note</u>	<u>30 September 2012</u>	<u>31 December 2011</u>	<u>30 September 2012</u>	<u>31 December 2011</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	706,907	1,212,391	336,863	381,840
Current investments	4	150,000	-	150,000	-
Trade and other receivables	2, 5	972,880	1,197,935	174,394	199,829
Inventories	6	726,585	266,030	222,035	27,321
Cassava and sugar cane plantation costs		-	5,723	-	-
Input tax refundable		869,574	699,612	6,528	-
Prepaid income tax		196,337	103,558	95	18,266
Advance payments for goods	2	170,877	170,906	8,525	109,613
Other current assets		51,728	68,909	2,920	1,337
<b>Total current assets</b>		<b>3,844,888</b>	<b>3,725,064</b>	<b>901,360</b>	<b>738,206</b>
<b>Non-current assets</b>					
Restricted bank deposits	3	67,806	51,541	-	-
Investments in subsidiary companies	7	-	-	852,763	1,068,589
Investment in associated company	8	29,399	23,715	891	891
Long-term loans to related party	2	-	-	-	45,001
Investment properties		34,726	36,530	34,726	36,530
Property, plant and equipment	9	2,792,643	2,716,091	208,437	214,934
Goodwill		186,000	186,000	-	-
Intangible assets		4,086	3,504	1,463	1,765
Other non-current assets	10	486,296	475,122	87,756	95,159
<b>Total non-current assets</b>		<b>3,600,956</b>	<b>3,492,503</b>	<b>1,186,036</b>	<b>1,462,869</b>
<b>Total assets</b>		<b>7,445,844</b>	<b>7,217,567</b>	<b>2,087,396</b>	<b>2,201,075</b>

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>		
	As at		As at		
	<u>Note</u>	<u>30 September 2012</u>	<u>31 December 2011</u>	<u>30 September 2012</u>	<u>31 December 2011</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	11	543,000	563,000	-	-
Trade and other payables	2, 12	657,025	377,586	42,617	230,400
Current portion of long-term loan from financial institution	13	180,000	900,000	-	-
Accrued expenses		699,155	581,366	13,736	26,516
Income tax payable		2,088	408,516	-	-
Other current liabilities		98,582	168,838	5,923	10,654
<b>Total current liabilities</b>		<u>2,179,850</u>	<u>2,999,306</u>	<u>62,276</u>	<u>267,570</u>
<b>Non-current liabilities</b>					
Long-term loan from financial institution - net of current portion	13	540,000	-	-	-
Provision for long-term employee benefits		141,783	122,556	22,317	22,165
Provision for mine reclamation		16,548	17,011	-	-
<b>Total non-current liabilities</b>		<u>698,331</u>	<u>139,567</u>	<u>22,317</u>	<u>22,165</u>
<b>Total liabilities</b>		<u>2,878,181</u>	<u>3,138,873</u>	<u>84,593</u>	<u>289,735</u>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered, issued and fully paid up					
350,000,000 ordinary shares of Baht 1 each		350,000	350,000	350,000	350,000
Share premium		680,400	680,400	680,400	680,400
Retained earnings					
Appropriated - Statutory reserve		35,000	35,000	35,000	35,000
Appropriated - General reserve		495,900	436,000	495,900	436,000
Unappropriated		2,231,982	1,891,579	441,503	409,940
Other components of shareholders' equity		(136,127)	(122,135)	-	-
<b>Equity attributable to owners of the Company</b>		<u>3,657,155</u>	<u>3,270,844</u>	<u>2,002,803</u>	<u>1,911,340</u>
Non-controlling interests of the subsidiaries		910,508	807,850	-	-
<b>Total shareholders' equity</b>		<u>4,567,663</u>	<u>4,078,694</u>	<u>2,002,803</u>	<u>1,911,340</u>
<b>Total liabilities and shareholders' equity</b>		<u>7,445,844</u>	<u>7,217,567</u>	<u>2,087,396</u>	<u>2,201,075</u>
		-	-	-	-

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

Directors

## Lanna Resources Public Company Limited and its subsidiaries

## Income statements

For the three-month periods ended 30 September 2012 and 2011

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Revenues</b>					
Sales	2	2,979,588	3,433,063	434,484	514,608
Commission and marketing service income	2	-	-	44,361	30,972
Other income					
Dividend income	2, 7	-	-	27,734	107,973
Service income	2	-	-	13,456	10,354
Gain on exchange		-	8,719	-	5,565
Interest income	2	4,047	3,102	3,013	2,061
Others		2,639	39,142	9	1,452
Total other income		6,686	50,963	44,212	127,405
<b>Total revenues</b>		<b>2,986,274</b>	<b>3,484,026</b>	<b>523,057</b>	<b>672,985</b>
<b>Expenses</b>					
Cost of sales	2	2,022,743	2,135,024	371,803	470,617
Selling and distribution expenses	2	525,945	548,738	41,035	41,694
Administrative expenses	2	132,132	114,949	29,569	28,773
Loss on exchange		1,781	-	201	-
<b>Total expenses</b>		<b>2,682,601</b>	<b>2,798,711</b>	<b>442,608</b>	<b>541,084</b>
<b>Profit before share of profit from investment, finance cost and corporate income tax</b>		<b>303,673</b>	<b>685,315</b>	<b>80,449</b>	<b>131,901</b>
Share of profit from investment in associated company	8	5,741	1,764	-	-
<b>Profit before finance cost and corporate income tax</b>		<b>309,414</b>	<b>687,079</b>	<b>80,449</b>	<b>131,901</b>
Finance cost		(15,310)	(9,136)	-	-
<b>Profit before corporate income tax</b>		<b>294,104</b>	<b>677,943</b>	<b>80,449</b>	<b>131,901</b>
Withholding tax deducted at source		(13,673)	(26,328)	(13,673)	(26,328)
Corporate income tax		(65,951)	(203,214)	-	-
<b>Profit for the period</b>		<b>214,480</b>	<b>448,401</b>	<b>66,776</b>	<b>105,573</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		158,447	266,567	66,776	105,573
Non-controlling interests of the subsidiaries		56,033	181,834		
		214,480	448,401		
<b>Basic earnings per share</b>					
	14				
Profit attributable to equity holders of the Company (Baht)		0.45	0.76	0.19	0.30

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries**  
**Statements of comprehensive income**  
**For the three-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Profit for the period</b>	<u>214,480</u>	<u>448,401</u>	<u>66,776</u>	<u>105,573</u>
<b>Other comprehensive income:</b>				
Exchange differences on translation of financial statements in foreign currency	<u>(66,311)</u>	<u>23,557</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>(66,311)</u>	<u>23,557</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>148,169</u>	<u>471,958</u>	<u>66,776</u>	<u>105,573</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>114,885</u>	<u>281,348</u>	<u>66,776</u>	<u>105,573</u>
Non-controlling interests of the subsidiaries	<u>33,284</u>	<u>190,610</u>		
	<u>148,169</u>	<u>471,958</u>		

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries****Income statements****For the nine-month periods ended 30 September 2012 and 2011**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>					
Sales	2	9,549,611	9,340,466	1,347,810	1,420,609
Commission and marketing service income	2	-	-	106,098	85,771
Other income					
Dividend income	2, 7, 8	-	-	370,790	507,249
Service income	2	-	-	31,066	27,004
Gain on exchange		422	7,864	1,732	5,821
Interest income	2	11,830	6,256	8,590	4,574
Others		65,208	115,584	35,467	5,608
Total other income		<u>77,460</u>	<u>129,704</u>	<u>447,645</u>	<u>550,256</u>
<b>Total revenues</b>		<u>9,627,071</u>	<u>9,470,170</u>	<u>1,901,553</u>	<u>2,056,636</u>
<b>Expenses</b>					
Cost of sales	2	6,187,253	5,489,585	1,158,377	1,306,965
Selling and distribution expenses	2	1,438,134	1,466,938	123,183	115,277
Administrative expenses	2	<u>382,062</u>	<u>345,367</u>	<u>103,417</u>	<u>79,081</u>
<b>Total expenses</b>		<u>8,007,449</u>	<u>7,301,890</u>	<u>1,384,977</u>	<u>1,501,323</u>
<b>Profit before share of profit from investment, finance cost and corporate income tax</b>		1,619,622	2,168,280	516,576	555,313
Share of profit from investment in associated company	8	<u>13,370</u>	<u>3,857</u>	-	-
<b>Profit before finance cost and corporate income tax</b>		1,632,992	2,172,137	516,576	555,313
Finance cost		<u>(39,418)</u>	<u>(20,921)</u>	-	(403)
<b>Profit before corporate income tax</b>		1,593,574	2,151,216	516,576	554,910
Withholding tax deducted at source		(72,858)	(76,729)	(72,858)	(76,729)
Corporate income tax		<u>(374,292)</u>	<u>(630,798)</u>	<u>(2,255)</u>	-
<b>Profit for the period</b>		<u>1,146,424</u>	<u>1,443,689</u>	<u>441,463</u>	<u>478,181</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		774,930	858,409	<u>441,463</u>	<u>478,181</u>
Non-controlling interests of the subsidiaries		<u>371,494</u>	<u>585,280</u>		
		<u>1,146,424</u>	<u>1,443,689</u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company (Baht)	14	<u>2.21</u>	<u>2.45</u>	<u>1.26</u>	<u>1.37</u>

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

(Unaudited but reviewed)

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

**Statements of comprehensive income**

**For the nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Profit for the period</b>	<u>1,146,424</u>	<u>1,443,689</u>	<u>441,463</u>	<u>478,181</u>
<b>Other comprehensive income:</b>				
Exchange differences on translation of financial statements in foreign currency	<u>(55,485)</u>	<u>73,781</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>(55,485)</u>	<u>73,781</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>1,090,939</u></u>	<u><u>1,517,470</u></u>	<u><u>441,463</u></u>	<u><u>478,181</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	736,317	912,958	<u>441,463</u>	<u>478,181</u>
Non-controlling interests of the subsidiaries	<u>354,622</u>	<u>604,512</u>		
	<u><u>1,090,939</u></u>	<u><u>1,517,470</u></u>		

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

(Unaudited but reviewed)

**Lanna Resources Public Company Limited and its subsidiaries****Statements of cash flows****For the nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>				
Profit before tax	1,593,574	2,151,216	516,576	554,910
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	168,800	170,834	23,839	23,616
Reduction of inventory to net realisable value (reversal)	(3,590)	(1,115)	-	947
Write-off prepaid corporate income tax	-	17,356	-	-
Share of profit from investment in associated company	(13,370)	(3,857)	-	-
Gain from return on investment and disposal of investment in subsidiaries	-	-	(5,607)	-
Gain on disposal of equipment and investment properties	(1,806)	(4,338)	(1,515)	(4,184)
Loss on write-off of equipment and intangible assets	2,101	11,671	-	30
Dividend income	-	-	(370,790)	(507,249)
Reversal of provision for liabilities from lawsuit	-	(17,402)	-	(17,402)
Provision for long-term employee benefits	33,448	12,534	1,919	1,666
Unrealised loss (gain) on exchange	254	(1,212)	254	1,331
Interest income	(11,830)	(6,256)	(8,590)	(4,574)
Interest expenses	39,418	20,921	-	403
Profit from operating activities before changes in operating assets and liabilities	1,806,999	2,350,352	156,086	49,494
Operating assets (increase) decrease				
Trade and other receivables	226,814	(291,497)	27,508	27,029
Inventories	(456,965)	(537,896)	(194,714)	(118,205)
Cassava and sugar cane plantation costs	5,723	11,010	-	-
Input tax refundable	(169,962)	(227,044)	(6,528)	-
Advance payments for goods	(210)	24,529	100,849	-
Other current assets	17,181	18,110	(1,583)	(334)
Operating liabilities increase (decrease)				
Trade and other payables	288,452	37,365	(188,531)	27,272
Accrued expenses	117,391	334,338	(13,115)	(9,976)
Other current liabilities	(70,256)	54,712	(4,731)	621
Provision for long-term employee benefits	(6,330)	-	(1,432)	-
Cash from (used in) operating activities	1,758,837	1,773,979	(126,191)	(24,099)
Interest income	10,071	5,925	6,517	4,233
Cash paid for interest expenses	(39,355)	(20,891)	-	(403)
Refund of corporate income tax	18,007	-	18,007	-
Cash paid for withholding tax deducted at source	(72,858)	(76,729)	(72,858)	(76,729)
Cash paid for corporate income tax	(891,506)	(608,301)	(2,091)	(48)
<b>Net cash from (used in) operating activities</b>	<b>783,196</b>	<b>1,073,983</b>	<b>(176,616)</b>	<b>(97,046)</b>

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 nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from investing activities</b>				
Increase in current investments	(150,000)	-	(150,000)	-
Increase in restricted bank deposits	(17,668)	(26,317)	-	-
Cash received from repayment of long-term loans to related party	-	-	45,001	158,364
Increase in loan to related party	-	-	-	(45,000)
Dividend received from subsidiary and associated companies	7,686	-	370,790	507,249
Cssh received from return on investment and disposal of investment in subsidiaries	-	-	221,433	-
Proceeds from disposals of equipment and investment properties	4,420	6,140	3,338	5,097
Cash received from government grants	5,000	-	-	-
Acquisitions of property, plant and equipment	(205,326)	(388,584)	(5,591)	(5,948)
Acquisitions of computer software	(353)	(316)	(197)	(170)
Increase in other non-current assets	(87,783)	(61,364)	(3,120)	(2,391)
<b>Net cash from (used in) investing activities</b>	<b>(444,024)</b>	<b>(470,441)</b>	<b>481,654</b>	<b>617,201</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	543,000	593,000	-	-
Repayment of short-term loans from financial institutions	(563,000)	(509,000)	-	-
Net cash received from sales of trade accounts receivable at a discount	-	24,068	-	-
Cash received from long-term loan from financial institution	-	155,262	-	-
Repayment of long-term loan from financial institution	(180,000)	-	-	-
Dividend paid	(601,994)	(563,570)	(350,000)	(192,500)
Increase (decrease) in non-controlling interests of the subsidiaries	(16,842)	67,722	-	-
<b>Net cash used in financing activities</b>	<b>(818,836)</b>	<b>(232,518)</b>	<b>(350,000)</b>	<b>(192,500)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>(25,805)</b>	<b>35,341</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(505,469)</b>	<b>406,365</b>	<b>(44,962)</b>	<b>327,655</b>
Cash and cash equivalents at beginning of period	1,212,391	829,223	381,840	26,343
Effect of change in foreign exchange rate on cash at bank balance	(15)	622	(15)	622
<b>Cash and cash equivalents at end of period (Note 3)</b>	<b>706,907</b>	<b>1,236,210</b>	<b>336,863</b>	<b>354,620</b>

**Supplemental cash flows information:**

## Non-cash transactions

Increase (decrease) in accounts payable from purchases of

plant, equipment and intangible assets

(9,013) (123,600) 748 192

Transferred property, plant and equipment to intangible assets

1,262 - - -

Transferred advance payment for purchase of

investment to investment in subsidiary company

- - - 151,509

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



(Unaudited but reviewed)

Lanna Resources Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the nine-month periods ended 30 September 2012 and 2011

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>										
Equity attributable to owners of the Company										
		Retained earnings			Other component of shareholders' equity					
		Appropriated			Other comprehensive income		Exchange differences on translation of financial statements in foreign currency		Total other component of shareholders' equity	
		Unappropriated					Total equity attributable to owners of the Company		Equity attributable to non-controlling interests of the subsidiaries	
		Statutory reserve			General reserve				Total shareholders' equity	
		share capital			Share premium					
		paid-up								
<b>Balance as at 31 December 2010</b>	350,000	680,400	35,000	429,000	1,327,681	(197,713)	(197,713)	2,624,368	559,517	3,183,885
Dividend paid (Note 15)	-	-	-	-	(192,500)	-	-	(192,500)	-	(192,500)
Unappropriated retained earnings transferred to general reserve (Note 15)	-	-	-	7,000	(7,000)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	858,409	54,549	54,549	912,958	604,512	1,517,470
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries (Note 15)	-	-	-	-	-	-	-	-	(371,070)	(371,070)
Increase in non-controlling interests of the subsidiaries from increase in share capital	-	-	-	-	-	-	-	-	48,490	48,490
<b>Balance as at 30 September 2011</b>	<b>350,000</b>	<b>680,400</b>	<b>35,000</b>	<b>436,000</b>	<b>1,986,590</b>	<b>(143,164)</b>	<b>(143,164)</b>	<b>3,344,826</b>	<b>841,449</b>	<b>4,186,275</b>

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 nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>					<b>Total</b>
	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	
			Appropriated			
			Statutory reserve	General reserve		
<b>Balance as at 31 December 2010</b>	350,000	680,400	35,000	429,000	199,664	1,694,064
Dividend paid (Note 15)	-	-	-	-	(192,500)	(192,500)
Unappropriated retained earnings transferred to general reserve (Note 15)	-	-	-	7,000	(7,000)	-
Total comprehensive income for the period	-	-	-	-	478,181	478,181
<b>Balance as at 30 September 2011</b>	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>436,000</u>	<u>478,345</u>	<u>1,979,745</u>
<b>Balance as at 31 December 2011</b>	350,000	680,400	35,000	436,000	409,940	1,911,340
Dividend paid (Note 15)	-	-	-	-	(350,000)	(350,000)
Unappropriated retained earnings transferred to general reserve (Note 15)	-	-	-	59,900	(59,900)	-
Total comprehensive income for the period	-	-	-	-	441,463	441,463
<b>Balance as at 30 September 2012</b>	<u>350,000</u>	<u>680,400</u>	<u>35,000</u>	<u>495,900</u>	<u>441,503</u>	<u>2,002,803</u>

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